

# European Union Foreign Affairs Journal

**eQuarterly for European Foreign, Foreign Trade, Development, Security Policy, EU-Third Country Relations and Regional Integration (EUFAJ)**

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## European Union Foreign Affairs Journal (EUFAJ)

eQuarterly for European Foreign, Foreign Trade, Development, Security Policy, EU-Third Country Relations and Regional Integration

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# The EUFAJ Blog



- between the quarterly EUFAJ issues, for topical subjects and announcements, for new publications:

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With contributions on EU policies, Member State trends, regional megatrends (like in Scotland, Catalonia etc.), Eastern Partnership member states, frozen conflicts, the Eurasian Economic Union, Turkey, UN policy, Africa, Asia, the Americas, the Caribbean, university cooperation, new books and their authors etc.

The blog counts more than 18.300 views from about 155 countries. You can also follow this blog - then you will be alerted via e-mail.

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## *Editorial*

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*Dear readers,*

*after some years we finally found the time to put our editorial policy in a few phrases. It should become a very short manifest only, and it is good to write it once the policy has been confirmed many times. Please see the text following this Editorial.*

*The highlights of this EUFAJ number are quite simple:*

*First the new EU Global Strategy for its foreign and security policy, then the Joint Declaration EU/NATO from 8th April 2016. This is a kind of documentary part.*

*Then the Eastern Partnership countries: Georgia's South Ossetia - a portrait with an accent on security policy, by Grazvydas Jasutis, a Lithuanian expert for the region, Azerbaijan's civil society and the Ukrainian humanitarian crisis, for which we are most grateful to our colleagues of "Ukraine Analytica".*

*Thirdly, the Eurasian integration and the EU, with a paper by the European Council of Foreign Relations, and a refreshing paper on the United States of Europe - by a student from the United States of America.*

*Finally the Russian-Chinese-Indian triangle, mainly under economic auspices.*

*With best regards,*



*Hans-Jürgen Zahorka*

## **Editorial Guidelines of European Union Foreign Affairs Journal (EUFAJ)**

(as of August 2016)

1. The Paper covers European Foreign, Foreign Trade, Development, Security Policy, EU-Third Country Relations and Regional Integration as well as everything which is related to the EU internal policy and is of interest to third countries. The subject of EUFAJ is, therefore, rather large than narrow.
2. EUFAJ openly pleads for an integrationist view on the subjects mentioned, above in 1., i.e. also a critical approach towards all the aspects of European policies, noted in 1.
3. Among the various subjects, especially, the European values after Art. 2 of TEU and human rights are of a particular scrutiny.
4. EUFAJ aims to contribute to knowledge, understanding, cultural, political, social and economic as well as administrative and scientific contacts and all kinds of non-state, public diplomacy between peoples, regions and countries in the world.
5. EUFAJ works according to the "internal freedom of press", i.e. there might be also published contributions which do not reflect the positions of the editors. However, they have always the right to add a comment or another article debating the particular subject and/or view.
6. Contributions which are of an anti-European, extremist, xenophobic or likewise character may be refused.
7. The editors and the publisher are fully responsible for the paper. Therefore, the right to the publication of certain articles does not extend to any third person, including the members of the Editorial Advisory Board.
8. However, the Editorial Advisory Board has been constituted upon a goodwill action with the objective to broaden the advice - if appropriate - and the *fundus* for collaborators and contributions.
9. EUFAJ comprises of articles by established scientists, but also by young ones, including students and young graduates, as well as by politicians, political observers and those of all other relevant fields, e.g. administrative staff, journalists, non-governmental organisations, business and all other suitable persons. EUFAJ includes scientific articles, policy papers, comments and all kinds of not necessarily scientific papers.

# *A Global Strategy for the European Union's Foreign and Security Policy: "Shared Vision, Common Action: A Stronger Europe"*

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*The paper was prepared for the European Union Global Strategy (<http://europa.eu/globalstrategy/en>) in June 2016, formulated by EU High Representative Federica Mogherini, the EEAS, and numerous stakeholders.*

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## **Foreword by Federica Mogherini**

The purpose, even existence, of our Union is being questioned. Yet, our citizens and the world need a strong European Union like never before. Our wider region has become more unstable and more insecure. The crises within and beyond our borders are affecting directly our citizens' lives. In challenging times, a strong Union is one that thinks strategically, shares a vision and acts together. This is even truer after the British referendum. We will indeed have to rethink the way our Union works, but we perfectly know what to work for. We know what our principles, our interests and our priorities are. This is no time for uncertainty: our Union needs a Strategy. We need a shared vision, and common action.

None of our countries has the strength nor the resources to address these threats and seize the opportunities of our time alone. But as a Union of almost half a billion citizens, our potential

is unparalleled. Our diplomatic network runs wide and deep in all corners of the globe. Economically, we are in the world's G3.



*Federica Mogherini, High Representative of the Union for Foreign Affairs and Security Policy  
Vice-President of the European Commission*

We are the first trading partner and the first foreign investor for almost every country in the globe. Together we invest more in development cooperation than the rest of the world combined. It is also clear, though, that we are not making full use of this potential yet. A vast majority of our citizens understands that we need to collectively take responsibility for our role in the world. And wherever I travel, our partners expect the European Union to play a major role, including as a global security provider. We will deliver on our citizens' needs and make our partnerships work only if we act together, united. This is exactly the aim of the Global Strategy for European Foreign and Security Policy.

“Global” is not just intended in a geographical sense: it also refers to the wide array of policies and instruments the Strategy promotes. It focuses on military capabilities and anti-terrorism as much as on job opportunities, inclusive societies and human rights. It deals with peace-building and the resilience of States and societies, in and around Europe. The European Union has always prided itself on its soft power – and it will keep doing so, because we are the best in this field. However, the idea that Europe is an exclusively “civilian power” does not do justice to an evolving reality. For instance, the European Union currently deploys seventeen military and civilian operations, with thousands of men and women serving under the European flag for peace and security – our own security, and our partners'. For Europe, soft and hard power go hand in hand.

The Strategy nurtures the ambition of strategic autonomy for the European Union. This is necessary to promote the common interests of our citizens, as well as our principles and values. Yet we know that such priorities are best served when we are not alone. And they are best served in an international system based on rules and on multilateralism. This is no time for global policemen and lone warriors. Our foreign and security policy has to handle global pressures and local dynamics, it has to cope with super-powers as well as with increasingly fractured identities. Our Union will work to strengthen our partners: We will keep deepening the transatlantic bond and our partnership with NATO, while we will also connect to new players and explore new formats. We will invest in regional orders, and in cooperation among

and within regions. And we will promote reformed global governance, one that can meet the challenges of this 21st century. We will engage in a practical and principled way, sharing global responsibilities with our partners and contributing to their strengths. We have learnt the lesson: my neighbour's and my partner's weaknesses are my own weaknesses. So we will invest in win-win solutions, and move beyond the illusion that international politics can be a zero-sum game.

All of this will make each of our Member States – and each citizen of our Union – better off. All these goals can only be achieved by a truly united and committed Europe. Joining all our cultures together to achieve our shared goals and serve our common interests is a daily challenge, but it is also our greatest strength: diversity is what makes us strong.

Yes, our interests are indeed common European interests: the only way to serve them is by common means. This is why we have a collective responsibility to make our Union a stronger Union. The people of Europe need unity of purpose among our Member States, and unity in action across our policies. A fragile world calls for a more confident and responsible European Union, it calls for an outward- and forward-looking European foreign and security policy. This Global Strategy will guide us in our daily work towards a Union that truly meets its citizens' needs, hopes and aspirations; a Union that builds on the success of 70 years of peace; a Union with the strength to contribute to peace and security in our region and in the whole world.

*Federica Mogherini*

## **Executive Summary**

We need a stronger Europe. This is what our citizens deserve, this is what the wider world expects. We live in times of existential crisis, within and beyond the European Union. Our Union is under threat. Our European project, which has brought unprecedented peace, prosperity and democracy, is being questioned. To the east, the European security order has been violated, while terrorism and violence plague North Africa and the Middle East, as well as Europe itself. Economic growth is yet to outpace demography in parts of Africa, security tensions in Asia are mounting, while climate change causes further disruption.

Yet these are also times of extraordinary opportunity. Global growth, mobility, and technological progress – alongside our deepening partnerships – enable us to thrive, and allow ever more people to escape poverty and live longer and freer lives. We will navigate this difficult, more connected, contested and complex world guided by our shared interests, principles and priorities. Grounded in the values enshrined in the Treaties and building on our many strengths and historic achievements, we will stand united in building a stronger Union, playing its collective role in the world.

## 1. Our Shared Interests and Principles

The European Union will promote peace and guarantee the security of its citizens and territory. Internal and external security are ever more intertwined: our security at home depends on peace beyond our borders. The EU will advance the prosperity of its people. Prosperity must be shared and requires fulfilling the Sustainable Development Goals worldwide, including in Europe. A prosperous Union also hinges on an open and fair international economic system and sustainable access to the global commons. The EU will foster the resilience of its democracies. Consistently living up to our values will determine our external credibility and influence.

The EU will promote a rules-based global order. We have an interest in promoting agreed rules to provide global public goods and contribute to a peaceful and sustainable world. The EU will promote a rules-based global order with multilateralism as its key principle and the United Nations at its core.

We will be guided by clear principles. These stem as much from a realistic assessment of the current strategic environment as from an idealistic aspiration to advance a better world. Principled pragmatism will guide our external action in the years ahead.

In a more complex world, we must stand united. Only the combined weight of a true union has the potential to deliver security, prosperity and democracy to its citizens and make a positive difference in the world.

In a more connected world, the EU will engage with others. The Union cannot pull up a drawbridge to ward off external threats. To promote the security and prosperity of our citizens and to safeguard our democracies, we will manage interdependence, with all the opportunities, challenges and fears it brings about, by engaging the wider world.

In a more contested world, the EU will be guided by a strong sense of responsibility. We will engage responsibly across Europe and the surrounding regions to the east and south. We will act globally to address the root causes of conflict and poverty, and to promote human rights.

The EU will be a responsible global stakeholder, but responsibility must be shared. Responsibility goes hand in hand with revamping our external partnerships. In the pursuit of our goals, we will reach out to states, regional bodies and international organisations. We will work with core partners, like-minded countries and regional groupings. We will deepen our partnerships with civil society and the private sector as key players in a networked world.

## 2. The Priorities of our External Action

To promote our shared interests, adhering to clear principles, the EU will pursue five priorities.

**The Security of our Union.** The EU Global Strategy starts at home. Our Union has enabled citizens to enjoy unprecedented security, democracy and prosperity. Yet today terrorism,

hybrid threats, economic volatility, climate change and energy insecurity endanger our people and territory. An appropriate level of ambition and strategic autonomy is important for Europe's ability to promote peace and security within and beyond its borders. We will therefore enhance our efforts on defence, cyber, counterterrorism, energy and strategic communications. Member States must translate their commitments to mutual assistance and solidarity enshrined in the Treaties into action. The EU will step up its contribution to Europe's collective security, working closely with its partners, beginning with NATO.

**State and Societal Resilience to our East and South.** It is in the interests of our citizens to invest in the resilience of states and societies to the east stretching into Central Asia, and to the south down to Central Africa. Under the current EU enlargement policy, a credible accession process grounded in strict and fair conditionality is vital to enhance the resilience of countries in the Western Balkans and of Turkey. Under the European Neighbourhood Policy (ENP), many people wish to build closer relations with the Union: our enduring power of attraction can spur transformation in these countries. But resilience is also a priority in other countries within and beyond the ENP. The EU will support different paths to resilience, targeting the most acute cases of governmental, economic, societal and climate/energy fragility, as well as develop more effective migration policies for Europe and its partners.

**An Integrated Approach to Conflicts.** When violent conflicts erupt, our shared vital interests are threatened. The EU will engage in a practical and principled way in peacebuilding, and foster human security through an integrated approach. Implementing the 'comprehensive approach to conflicts and crises' through a coherent use of all policies at the EU's disposal is essential. But the meaning and scope of the 'comprehensive approach' will be expanded. The EU will act at all stages of the conflict cycle, acting promptly on prevention, responding responsibly and decisively to crises, investing in stabilisation, and avoiding premature disengagement when a new crisis erupts. The EU will act at different levels of governance: conflicts such as those in Syria and Libya have local, national, regional and global dimensions which must be addressed. Finally, none of these conflicts can be solved by us alone. Sustainable peace can only be achieved through comprehensive agreements rooted in broad, deep and durable regional and international partnerships, which the EU will foster and support.

**Cooperative Regional Orders.** In a world caught between global pressures and local pushback, regional dynamics come to the fore. Voluntary forms of regional governance offer states and peoples the opportunity to better manage security concerns, reap the economic gains of globalisation, express more fully cultures and identities, and project influence in world affairs. This is a fundamental rationale for the EU's own peace and development in the 21st century, and this is why we will support cooperative regional orders worldwide. In different regions – in Europe; in the Mediterranean, Middle East and Africa; across the Atlantic, both north and south; in Asia; and in the Arctic – the EU will be driven by specific goals.

**Global Governance for the 21st Century.** The EU is committed to a global order based on international law, which ensures human rights, sustainable development and lasting access to the global commons. This commitment translates into an aspiration to transform rather than to simply preserve the existing system. The EU will strive for a strong UN as the bedrock of the

multilateral rules-based order, and develop globally coordinated responses with international and regional organisations, states and non-state actors.

### **3. From Vision to Action**

We will pursue our priorities by mobilising our unparalleled networks, our economic weight and all the tools at our disposal in a coherent way. To fulfil our goals, we must collectively invest in a credible, responsive and joined-up Union.

**A Credible Union.** To engage responsibly with the world, credibility is vital. The EU's credibility hinges on our unity, on our many achievements, our enduring power of attraction, the effectiveness and consistency of our policies, and adherence to our values. A stronger Union also requires investing in all dimensions of foreign policy. In particular, investment in security and defence is a matter of urgency. Full spectrum defence capabilities are necessary to respond to external crises, build our partners' capacities, and to guarantee Europe's safety. Member States remain sovereign in their defence decisions: nevertheless, to acquire and maintain many of these capabilities, defence cooperation must become the norm. The EU will systematically encourage defence cooperation and strive to create a solid European defence industry, which is critical for Europe's autonomy of decision and action.

**A Responsive Union.** Our diplomatic action must be fully grounded in the Lisbon Treaty. The Common Security and Defence Policy must become more responsive. Enhanced cooperation between Member States should be explored, and might lead to a more structured form of cooperation, making full use of the Lisbon Treaty's potential. Development policy also needs to become more flexible and aligned with our strategic priorities.

**A Joined-up Union.** We must become more joined up across our external policies, between Member States and EU institutions, and between the internal and external dimensions of our policies. This is particularly relevant to the implementation of the Sustainable Development Goals, migration, and security, notably counter-terrorism. We must also systematically mainstream human rights and gender issues across policy sectors and institutions.

This Strategy is underpinned by the vision of and ambition for a stronger Union, willing and able to make a positive difference in the world. Our citizens deserve a true Union, which promotes our shared interests by engaging responsibly and in partnership with others. It is now up to us to translate this into action.

### **Introduction**

We need a stronger Europe. This is what our citizens deserve, this is what the wider world expects. We live in times of existential crisis, within and beyond the European Union. Our Union is under threat. Our European project, which has brought unprecedented peace, prosperity and democracy, is being questioned. To the east, the European security order has

been violated, while terrorism and violence plague North Africa and the Middle East, as well as Europe itself. Economic growth is yet to outpace demography in parts of Africa, security tensions in Asia are mounting, while climate change causes further disruption. Yet these are also times of extraordinary opportunity. Global growth, mobility, and technological progress – alongside our deepening partnerships – enable us to thrive, and allow ever more people to escape poverty and live longer and freer lives. We will navigate this difficult, more connected, contested and complex world guided by our shared interests, principles and priorities. Grounded in the values enshrined in the Treaties and building on our many strengths and historic achievements, we will stand united in building a stronger Union, playing its collective role in the world.

## **1. A Global Strategy to Promote our Citizens' Interests**

Our interests and values go hand in hand. We have an interest in promoting our values in the world. At the same time, our fundamental values are embedded in our interests. Peace and security, prosperity, democracy and a rules-based global order are the vital interests underpinning our external action.

**“Our interests and values go hand in hand. We have an interest in promoting our values in the world. At the same time, our fundamental values are embedded in our interests.”**

### **Peace and Security**

The European Union will promote peace and guarantee the security of its citizens and territory. This means that Europeans, working with partners, must have the necessary capabilities to defend themselves and live up to their commitments to mutual assistance and solidarity enshrined in the Treaties.

**“Europeans, working with partners, must have the necessary capabilities to defend themselves and live up to their commitments to mutual assistance and solidarity enshrined in the Treaties. Internal and external security are ever more intertwined: our security at home entails a parallel interest in peace in our neighbouring and surrounding regions.”**

Internal and external security are ever more intertwined: our security at home entails a parallel interest in peace in our neighbouring and surrounding regions. It implies a broader interest in preventing conflict, promoting human security, addressing the root causes of instability and working towards a safer world.

### **Prosperity**

The EU will advance the prosperity of its people. This means promoting growth, jobs, equality, and a safe and healthy environment. While a prosperous Union is the basis for a stronger Europe in the world, prosperity must be shared and requires fulfilling the Sustainable Development Goals (SDGs) worldwide, including in Europe. Furthermore, with most world

growth expected to take place outside the EU in near future, trade and investment will increasingly underpin our prosperity: a prosperous Union hinges on a strong internal market and an open international economic system. We have an interest in fair and open markets, in shaping global economic and environmental rules, and in sustainable access to the global commons through open sea, land, air and space routes. In view of the digital revolution, our prosperity also depends on the free flow of information and global value chains facilitated by a free and secure Internet.

## **Democracy**

The EU will foster the resilience of its democracies, and live up to the values that have inspired its creation and development. These include respect for and promotion of human rights, fundamental freedoms and the rule of law. They encompass justice, solidarity, equality, non-discrimination, pluralism, and respect for diversity. Living up consistently to our values internally will determine our external credibility and influence.

**“Living up consistently to our values internally will determine our external credibility and influence.”**

To safeguard the quality of our democracies, we will respect domestic, European and international law across all spheres, from migration and asylum to energy, counter-terrorism and trade. Remaining true to our values is a matter of law as well as of ethics and identity.

## **A Rules-Based Global Order**

The EU will promote a rules-based global order with multilateralism as its key principle and the United Nations at its core. As a Union of medium-to-small sized countries, we have a shared European interest in facing the world together.

**“As a Union of medium-to-small sized countries, we have a shared European interest in facing the world together.”**

Through our combined weight, we can promote agreed rules to contain power politics and contribute to a peaceful, fair and prosperous world. The Iranian nuclear agreement is a clear illustration of this fact. A multilateral order grounded in international law, including the principles of the UN Charter and the Universal Declaration of Human Rights, is the only guarantee for peace and security at home and abroad. A rules-based global order unlocks the full potential of a prosperous Union with open economies and deep global connections, and embeds democratic values within the international system.

## **2. The Principles Guiding our External Action**

We will be guided by clear principles. These stem as much from a realistic assessment of the strategic environment as from an idealistic aspiration to advance a better world.

**“Principled pragmatism will guide our external action in the years ahead.”**

In charting the way between the Scylla of isolationism and the Charybdis of rash interventionism, the EU will engage the world manifesting responsibility towards others and sensitivity to contingency. Principled pragmatism will guide our external action in the years ahead.

## **Unity**

In a more complex world of global power shifts and power diffusion, the EU must stand united. Forging unity as Europeans – across institutions, states and peoples – has never been so vital nor so urgent. Never has our unity been so challenged. Together we will be able to achieve more than Member States acting alone or in an uncoordinated manner.

**“Forging unity as Europeans has never been so vital nor so urgent. There is no clash between national and European interests. Our shared interests can only be served by standing and acting together.”**

There is no clash between national and European interests. Our shared interests can only be served by standing and acting together. Only the combined weight of a true union has the potential to deliver security, prosperity and democracy to its citizens and make a positive difference in the world. The interests of our citizens are best served through unity of purpose between Member States and across institutions, and unity in action by implementing together coherent policies.

## **Engagement**

In a more connected world, the EU will reach out and engage with others. In light of global value chains, galloping technological advances and growing migration, the EU will participate fully in the global marketplace and co-shape the rules that govern it. The Union cannot pull up a drawbridge to ward off external threats. Retreat from the world only deprives us of the opportunities that a connected world presents.

**“The Union cannot pull up a drawbridge to ward off external threats. Retreat from the world only deprives us of the opportunities that a connected world presents.”**

Environmental degradation and resource scarcity know no borders, neither do transnational crime and terrorism. The external cannot be separated from the internal. In fact, internal policies often deal only with the consequences of external dynamics. We will manage interdependence, with all the opportunities, challenges and fears it brings about, by engaging in and with the wider world.

## **Responsibility**

In a more contested world, the EU will be guided by a strong sense of responsibility. There is no magic wand to solve crises: there are no neat recipes to impose solutions elsewhere.

**“We will take responsibility foremost in Europe and its surrounding regions, while pursuing targeted engagement further afield. We will act globally to address the root**

**causes of conflict and poverty, and to champion the indivisibility and universality of human rights.”**

However, responsible engagement can bring about positive change. We will therefore act promptly to prevent violent conflict, be able and ready to respond responsibly yet decisively to crises, facilitate locally owned agreements, and commit long-term. We will take responsibility foremost in Europe and its surrounding regions, while pursuing targeted engagement further afield. We will act globally to address the root causes of conflict and poverty, and to champion the indivisibility and universality of human rights.

### **Partnership**

The EU will be a responsible global stakeholder, but responsibility must be shared and requires investing in our partnerships. Co-responsibility will be our guiding principle in advancing a rules-based global order.

**“The EU will be a responsible global stakeholder, but responsibility must be shared and requires investing in our partnerships.”**

In pursuing our goals, we will reach out to states, regional bodies and international organisations. We will work with core partners, like-minded countries and regional groupings. We will partner selectively with players whose cooperation is necessary to deliver global public goods and address common challenges. We will deepen our partnerships with civil society and the private sector as key actors in a networked world. We will do so through dialogue and support, but also through more innovative forms of engagement.

### **3. The Priorities of our External Action**

To promote our shared interests, adhering to clear principles, we will pursue five broad priorities.

The EU Global Strategy starts at home. Over the decades, our Union has enabled citizens to enjoy unprecedented security, democracy and prosperity. We will build on these achievements in the years ahead. Yet today terrorism, hybrid threats, climate change, economic volatility and energy insecurity endanger our people and territory.

**“The EU Global Strategy starts at home. To preserve and develop what we achieved so far, a step change is essential. We must translate our commitments to mutual assistance and solidarity into action.”**

The politics of fear challenges European values and the European way of life. To preserve and develop what we achieved so far, a step change is essential. To guarantee our security, promote our prosperity and safeguard our democracies, we will strengthen ourselves on security and defence in full compliance with human rights and the rule of law. We must translate our

commitments to mutual assistance and solidarity into action, and contribute more to Europe's collective security through five lines of action.

## **Security and Defence**

As Europeans we must take greater responsibility for our security. We must be ready and able to deter, respond to, and protect ourselves against external threats. While NATO exists to defend its members – most of which are European – from external attack, Europeans must be better equipped, trained and organised to contribute decisively to such collective efforts, as well as to act autonomously if and when necessary.

**“As Europeans we must take greater responsibility for our security. We must be ready and able to deter, respond to, and protect ourselves against external threats.”**

An appropriate level of ambition and strategic autonomy is important for Europe's ability to foster peace and safeguard security within and beyond its borders.

Europeans must be able to protect Europe, respond to external crises, and assist in developing our partners' security and defence capacities, carrying out these tasks in cooperation with others. Alongside external crisis management and capacity-building, the EU should also be able to assist in protecting its Members upon their request, and its institutions.

This means living up to our commitments to mutual assistance and solidarity and includes addressing challenges with both an internal and external dimension, such as terrorism, hybrid threats, cyber and energy security, organised crime and external border management. For instance, Common Security and Defence Policy (CSDP) missions and operations can work alongside the European Border and Coast Guard and EU specialised agencies to enhance border protection and maritime security in order to save more lives, fight cross-border crime and disrupt smuggling networks.

When it comes to collective defence, NATO remains the primary framework for most Member States. At the same time, EU-NATO relations shall not prejudice the security and defence policy of those Members which are not in NATO. The EU will therefore deepen cooperation with the North Atlantic Alliance in complementarity, synergy, and full respect for the institutional framework, inclusiveness and decision-making autonomy of the two.

**“The EU needs to be strengthened as a security community: European security and defence efforts should enable the EU to act autonomously while also contributing to and undertaking actions in cooperation with NATO.”**

In this context, the EU needs to be strengthened as a security community: European security and defence efforts should enable the EU to act autonomously while also contributing to and undertaking actions in cooperation with NATO. A more credible European defence is essential also for the sake of a healthy transatlantic partnership with the United States.

Member States need the technological and industrial means to acquire and sustain those capabilities which underpin their ability to act autonomously. While defence policy and

spending remain national prerogatives, no Member State can afford to do this individually: this requires a concerted and cooperative effort. Deeper defence cooperation engenders interoperability, effectiveness, efficiency and trust: it increases the output of defence spending. Developing and maintaining defence capabilities requires both investments and optimising the use of national resources through deeper cooperation.

The EU will assist Member States and step up its contribution to Europe's security and defence in line with the Treaties. Gradual synchronization and mutual adaptation of national defence planning cycles and capability development practices can enhance strategic convergence between Member States. Union funds to support defence research and technologies and multinational cooperation, and full use of the European Defence Agency's potential are essential prerequisites for European security and defence efforts underpinned by a strong European defence industry.

### **Counter-terrorism**

Major terrorist attacks have been carried out on European soil and beyond. Increased investment in and solidarity on counter-terrorism are key. We will therefore encourage greater information sharing and intelligence cooperation between Member States and EU agencies. This entails shared alerts on violent extremism, terrorist networks and foreign terrorist fighters, as well as monitoring and removing unlawful content from the media.

**“The EU will live up to its values internally and externally: this is the strongest antidote we have against violent extremism.”**

Alongside, the EU will support the swift recovery of Member States in the event of attacks through enhanced efforts on security of supply, the protection of critical infrastructure, and strengthening the voluntary framework for cyber crisis management. We will deepen work on education, communication, culture, youth and sport to counter violent extremism. We will work on counter-radicalisation by broadening our partnerships with civil society, social actors, the private sector and the victims of terrorism, as well as through inter-religious and inter-cultural dialogue. Most crucially of all, the EU will live up to its values internally and externally: this is the strongest antidote we have against violent extremism. We will also further develop human rights-compliant anti-terrorism cooperation with North Africa, the Middle East, the Western Balkans and Turkey, among others, and work with partners around the world to share best practices and develop joint programmes on countering violent extremism and radicalisation.

### **Cyber Security**

The EU will increase its focus on cyber security, equipping the EU and assisting Member States in protecting themselves against cyber threats while maintaining an open, free and safe cyberspace. This entails strengthening the technological capabilities aimed at mitigating threats and the resilience of critical infrastructure, networks and services, and reducing cybercrime. It means fostering innovative information and communication technology (ICT) systems which guarantee the availability and integrity of data, while ensuring

security within the European digital space through appropriate policies on the location of data storage and the certification of digital products and services. It requires weaving cyber issues across all policy areas, reinforcing the cyber elements in CSDP missions and operations, and further developing platforms for cooperation. The EU will support political, operational and technical cyber cooperation between Member States, notably on analysis and consequence management, and foster shared assessments between EU structures and the relevant institutions in Member States. It will enhance its cyber security cooperation with core partners such as the US and NATO. The EU's response will also be embedded in strong public-private partnerships. Cooperation and information-sharing between Member States, institutions, the private sector and civil society can foster a common cyber security culture, and raise preparedness for possible cyber disruptions and attacks.

### **Energy Security**

The Energy Union represents an integrated effort to work on the internal and external dimensions of European energy security. In line with the goals of the Energy Union, the EU will seek to diversify its energy sources, routes and suppliers, particularly in the gas domain, as well as to promote the highest nuclear safety standards in third countries. Through our energy diplomacy, we will strengthen relations worldwide with reliable energy-producing and transit countries, and support the establishment of infrastructure to allow diversified sources to reach European markets.

**“Through our energy diplomacy, we will strengthen relations worldwide with reliable energy-producing and transit countries, and support the establishment of infrastructure to allow diversified sources to reach European markets.”**

However, binding infrastructure agreements with third countries can have a differentiated impact on the security of supply within the Union or hinder the functioning of the internal energy market. Therefore, such agreements must be transparent and any new infrastructure must be fully compliant with applicable EU law, including the Third Energy Package. Internally, the EU will work on a fully functioning internal energy market, focus on sustainable energy and energy efficiency, and develop coherently reverse flow, interconnection, and liquefied natural gas (LNG) storage infrastructure.

### **Strategic Communications**

The EU will enhance its strategic communications, investing in and joining-up public diplomacy across different fields, in order to connect EU foreign policy with citizens and better communicate it to our partners. We will improve the consistency and speed of messaging on our principles and actions. We will also offer rapid, factual rebuttals of disinformation. We will continue fostering an open and inquiring media environment within and beyond the EU, also working with local players and through social media.

### 3.2 State and Societal Resilience to our East and South

It is in the interests of our citizens to invest in the resilience of states and societies to the east stretching into Central Asia, and south down to Central Africa. Fragility beyond our borders threatens all our vital interests. By contrast, resilience – the ability of states and societies to reform, thus withstanding and recovering from internal and external crises – benefits us and countries in our surrounding regions, sowing the seeds for sustainable growth and vibrant societies.

**“It is in the interests of our citizens to invest in the resilience of states and societies to the east stretching into Central Asia, and south down to Central Africa. A resilient society featuring democracy, trust in institutions, and sustainable development lies at the heart of a resilient state.”**

Together with its partners, the EU will therefore promote resilience in its surrounding regions. A resilient state is a secure state, and security is key for prosperity and democracy. But the reverse holds true as well. To ensure sustainable security, it is not only state institutions that we will support. Echoing the Sustainable Development Goals, resilience is a broader concept, encompassing all individuals and the whole of society. A resilient society featuring democracy, trust in institutions, and sustainable development lies at the heart of a resilient state.

#### **Enlargement Policy**

Any European state which respects and promotes the values enshrined in our Treaties may apply to become a Member of the Union. A credible enlargement policy grounded on strict and fair conditionality is an irreplaceable tool to enhance resilience within the countries concerned, ensuring that modernisation and democratisation proceed in line with the accession criteria.

**“A credible enlargement policy represents a strategic investment in Europe’s security and prosperity, and has already contributed greatly to peace in formerly war-torn areas.”**

A credible enlargement policy represents a strategic investment in Europe’s security and prosperity, and has already contributed greatly to peace in formerly war-torn areas.

Within the scope of the current enlargement policy, the challenges of migration, energy security, terrorism and organised crime are shared between the EU, the Western Balkans and Turkey. They can only be addressed together. Yet the resilience of these countries cannot be taken for granted. The EU enjoys a unique influence in all these countries. The strategic challenge for the EU is therefore that of promoting political reform, rule of law, economic convergence and good neighbourly relations in the Western Balkans and Turkey, while coherently pursuing cooperation across different sectors.

EU policy towards the candidate countries will continue to be based on a clear, strict and fair accession process. It will focus on fundamental requirements for membership first and feature greater scrutiny of reforms, clearer reform requirements, and feedback from the European Commission and Member States, as well as local civil societies. At the same time, EU support for and cooperation with these countries must deliver concrete benefits today, and must be

communicated well. This means cooperating on counter-terrorism, security sector reform, migration, infrastructure, energy and climate, deepening people-to-people contacts, and retailoring some of the EU's assistance with the aim of visibly improving citizens' wellbeing.

## **Our Neighbours**

State and societal resilience is our strategic priority in the neighbourhood. Many people within the scope of the European Neighbourhood Policy (ENP) both to the east and to the south wish to build closer relations with the Union. Our enduring power of attraction can spur transformation and is not aimed against any country. Within this group are currently countries such as Tunisia or Georgia, whose success as prosperous, peaceful and stable democracies would reverberate across their respective regions. The ENP has recommitted to Eastern Partnership and southern Mediterranean countries wishing to develop stronger relations with us. We will support these countries in implementing association agreements, including Deep and Comprehensive Free Trade Areas (DCFTAs). We will also think creatively about deepening tailor-made partnerships further. Possibilities include the creation of an economic area with countries implementing DCFTAs, the extension of Trans-European Networks and the Energy Community, as well as building physical and digital connections. Societal links will also be strengthened through enhanced mobility, cultural and educational exchanges, research cooperation and civil society platforms. Full participation in EU programmes and agencies will be pursued alongside strategic dialogue with a view to paving the way for these countries' further involvement in CSDP.

Resilience is a strategic priority across the EU's east and south both in countries that want stronger ties with the EU and in those – within and beyond the ENP – that have no wish to do so. The EU will support different paths to resilience to its east and south, focusing on the most acute dimensions of fragility and targeting those where we can make a meaningful difference.

## **Resilience in our Surrounding Regions**

The EU will pursue a multifaceted approach to resilience in its surrounding regions. While repressive states are inherently fragile in the long term, there are many ways to build inclusive, prosperous and secure societies. We will therefore pursue tailor-made policies to support inclusive and accountable governance, critical for the fight against terrorism, corruption and organised crime, and for the protection of human rights. Repression suffocates outlets for discontent and marginalises communities. The EU will therefore promote human rights through dialogue and support, including in the most difficult cases. Through long-term engagement, we will persistently seek to advance human rights protection. We will pursue locally owned rights-based approaches to the reform of the justice, security and defence sectors, and support fragile states in building capacities, including cyber. We will work through development, diplomacy, and CSDP, ensuring that our security sector reform efforts enable and enhance our partners' capacities to deliver security within the rule of law. We will cooperate with other international players, coordinating our work on capacity-building with the UN and NATO in particular.

**“Echoing the Sustainable Development Goals, the EU will adopt a joined-up approach to its humanitarian, development, migration, trade, investment, infrastructure, education, health and research policies, as well as improve horizontal coherence between the EU and its Member States. We will nurture societal resilience also by deepening work on education, culture and youth to foster pluralism, coexistence and respect.”**

States are resilient when societies feel they are becoming better off and have hope in the future. Echoing the Sustainable Development Goals, the EU will adopt a joined-up approach to its humanitarian, development, migration, trade, investment, infrastructure, education, health and research policies, as well as improve horizontal coherence between the EU and its Member States. We will fight poverty and inequality, widen access to public services and social security, and champion decent work opportunities, notably for women and youth. We will foster an enabling environment for new economic endeavours, employment and the inclusion of marginalised groups. Development funds should catalyse strategic investments through public-private partnerships, driving sustainable growth, job creation, and skills and technological transfers. We will use our trade agreements to underpin sustainable development, human rights protection and rules-based governance.

Societal resilience will be strengthened by deepening relations with civil society, notably in its efforts to hold governments accountable. We will reach out more to cultural organisations, religious communities, social partners and human rights defenders, and speak out against the shrinking space for civil society including through violations of the freedoms of speech and association. Positive change can only be home-grown, and may take years to materialise. Our commitment to civil society will therefore be long-term. We will nurture societal resilience also by deepening work on education, culture and youth to foster pluralism, coexistence and respect.

Finally, the EU will seek to enhance energy and environmental resilience. Energy transition is one of the major challenges in our surrounding regions, but must be properly managed to avoid fuelling social tensions. Climate change and environmental degradation exacerbate potential conflict, in light of their impact on desertification, land degradation, and water and food scarcity. Mirroring security sector reform efforts, energy and environmental sector reform policies can assist partner countries along a path of energy transition and climate action. Through such efforts, we will encourage energy liberalisation, the development of renewables, better regulation and technological transfers, alongside climate change mitigation and adaptation. We will also support governments to devise sustainable responses to food production and the use of water and energy through development, diplomacy and scientific cooperation.

### **A More Effective Migration Policy**

A special focus in our work on resilience will be on origin and transit countries of migrants and refugees. We will significantly step up our humanitarian efforts in these countries, focusing on education, women and children. Together with countries of origin and transit, we will develop common and tailor-made approaches to migration featuring development, diplomacy,

mobility, legal migration, border management, readmission and return. Through development, trust funds, preventive diplomacy and mediation we will work with countries of origin to address and prevent the root causes of displacement, manage migration, and fight trans-border crime. We will support transit countries by improving reception and asylum capacities, and by working on migrants' education, vocational training and livelihood opportunities. We must stem irregular flows by making returns more effective as well as by ensuring regular channels for human mobility.

**“Together with countries of origin and transit, we will develop common and tailor-made approaches to migration featuring development, diplomacy, mobility, legal migration, border management, readmission and return. We will work with our international partners to ensure shared global responsibilities and solidarity.”**

This means enhancing and implementing existing legal and circular channels for migration. It also means working on a more effective common European asylum system which upholds the right to seek asylum by ensuring the safe, regulated and legal arrival of refugees seeking international protection in the EU. At the same time, we will work with our international partners to ensure shared global responsibilities and solidarity. We will establish more effective partnerships on migration management with UN agencies, emerging players, regional organisations, civil society and local communities.

### **3.3 An Integrated Approach to Conflicts and Crises**

We increasingly observe fragile states breaking down in violent conflict. These crises, and the unspeakable violence and human suffering to which they give rise, threaten our shared vital interests. The EU will engage in a practical and principled way in peacebuilding, concentrating our efforts in surrounding regions to the east and south, while considering engagement further afield on a case by case basis. The EU will foster human security through an integrated approach.

All of these conflicts feature multiple dimensions – from security to gender, from governance to the economy. Implementing a multi-dimensional approach through the use of all available policies and instruments aimed at conflict prevention, management and resolution is essential. But the scope of the ‘comprehensive approach’ will be expanded further. There are no quick fixes to any of these conflicts. Experience in Somalia, Mali, Afghanistan and elsewhere highlights their protracted nature. The EU will therefore pursue a multi-phased approach, acting at all stages of the conflict cycle. We will invest in prevention, resolution and stabilisation, and avoid premature disengagement when a new crisis erupts elsewhere. The EU will therefore engage further in the resolution of protracted conflicts in the Eastern Partnership countries. None of these conflicts plays out at a single level of governance. Conflicts such as those in Syria and Libya often erupt locally, but the national, regional and global overlay they acquire is what makes them so complex. The EU will therefore pursue a multi-level approach to conflicts acting at the local, national, regional and global levels. Finally, none of these

conflicts can be solved by the EU alone. We will pursue a multi-lateral approach engaging all those players present in a conflict and necessary for its resolution.

**“The EU will engage in a practical and principled way in peacebuilding, concentrating our efforts in surrounding regions to the east and south, while considering engagement further afield on a case by case basis. We will pursue a multi-level approach to conflicts acting at the local, national, regional and global levels; a multi-lateral approach engaging all players present in a conflict and necessary for its resolution.”**

We will partner more systematically on the ground with regional and international organisations, bilateral donors and civil society. Greater cooperation will also be sought at the regional and international levels. Sustainable peace can only be achieved through comprehensive agreements rooted in broad, deep and durable regional and international partnerships.

### **Pre-emptive Peace**

It has long been known that preventing conflicts is more efficient and effective than engaging with crises after they break out. Once a conflict does erupt, it typically becomes ever more intractable over time. The EU enjoys a good record on pre-emptive peacebuilding and diplomacy. We will therefore redouble our efforts on prevention, monitoring root causes such as human rights violations, inequality, resource stress, and climate change – which is a threat multiplier that catalyses water and food scarcity, pandemics and displacement.

Early warning is of little use unless it is followed by early action. This implies regular reporting and proposals to the Council, engaging in preventive diplomacy and mediation by mobilising EU Delegations and Special Representatives, and deepening partnerships with civil society. We must develop a political culture of acting sooner in response to the risk of violent conflict.

### **Security and Stabilisation**

The EU will engage more systematically on the security dimension of these conflicts. In full compliance with international law, European security and defence must become better equipped to build peace, guarantee security and protect human lives, notably civilians. The EU must be able to respond rapidly, responsibly and decisively to crises, especially to help fight terrorism.

**“European security and defence must become better equipped to build peace, guarantee security and protect human lives, notably civilians. The EU must be able to respond rapidly, responsibly and decisively to crises, especially to help fight terrorism.”**

It must be able to provide security when peace agreements are reached and transition governments established or in the making. When they are not, the EU should be ready to support and help consolidating local ceasefires, paving the way for capacity building. At the same time, through a coherent use of internal and external policies, the EU must counter the spill-over of insecurity that may stem from such conflicts, ranging from trafficking and smuggling to terrorism.

When the prospect of stabilisation arises, the EU must enable legitimate institutions to rapidly deliver basic services and security to local populations, reducing the risk of relapse into violence and allowing displaced persons to return. We will therefore seek to bridge gaps in our response between an end of violence and long-term recovery, and develop the dual – security and development – nature of our engagement.

### **Conflict Settlement**

Each conflict country will need to rebuild its own social contract between the state and its citizens. The Union will support such efforts, fostering inclusive governance at all levels. When the “centre” is broken, acting only top-down has limited impact. An inclusive political settlement requires action at all levels. Through CSDP, development, and dedicated financial instruments, we will blend top-down and bottom-up efforts fostering the building blocks of sustainable statehood rooted in local agency. Working at the local level – for instance with local authorities and municipalities – can help basic services be delivered to citizens, and allows for deeper engagement with rooted civil society. Working in this direction will also improve our local knowledge, helping us distinguish between those groups we will talk to without supporting, and those we will actively support as champions of human security and reconciliation.

The EU will also foster inclusive governance at all levels through mediation and facilitation. At the same time, we will develop more creative approaches to diplomacy. This also means promoting the role of women in peace efforts – from implementing the UNSC Resolution on Women, Peace and Security to improving the EU’s internal gender balance. It entails having more systematic recourse to cultural, inter-faith, scientific and economic diplomacy in conflict settings.

### **Political Economy of Peace**

The EU will foster the space in which the legitimate economy can take root and consolidate. In the midst of violent conflict, this means ensuring humanitarian aid access to allow basic goods and services to be provided.

**“A political economy of peace calls for greater synergies between humanitarian and development assistance, channelling our support to provide health, education, protection, basic goods and legitimate employment.”**

It also means working to break the political economy of war and to create possibilities for legitimate sustenance to exist. This calls for greater synergies between humanitarian and development assistance, channelling our support to provide health, education, protection, basic goods and legitimate employment. When the prospects for stabilisation arise, trade and development – working in synergy – can underpin long-term peacebuilding.

Restrictive measures, coupled with diplomacy, are key tools to bring about peaceful change. They can play a pivotal role in deterrence, conflict prevention and resolution. Smart sanctions, in compliance with international and EU law, will be carefully calibrated and monitored to

support the legitimate economy and avoid harming local societies. To fight the criminal war economy, the EU must also modernise its policy on export control for dual-use goods, and fight the illegal trafficking of cultural goods and natural resources.

### 3.4 Cooperative Regional Orders

In a world caught between global pressures and local pushback, regional dynamics come to the fore. As complex webs of power, interaction and identity, regions represent critical spaces of governance in a de-centred world. Voluntary forms of regional governance offer states and peoples the opportunity to better manage security concerns, reap the economic gains of globalisation, express more fully cultures and identities, and project influence in world affairs. This is a fundamental rationale for the EU's own peace and development in the 21st century.

**“This cooperation is a fundamental rationale for the EU’s own peace and development in the 21st century. This is why we will promote and support cooperative regional orders worldwide, including in the most divided areas.”**

This is why we will promote and support cooperative regional orders worldwide, including in the most divided areas. Regional orders do not take a single form. Where possible and when in line with our interests, the EU will support regional organisations. We will not strive to export our model, but rather seek reciprocal inspiration from different regional experiences. Cooperative regional orders, however, are not created only by organisations. They comprise a mix of bilateral, sub-regional, regional and inter-regional relations. They also feature the role of global players interlinked with regionally-owned cooperative efforts. Taken together these can address transnational conflicts, challenges and opportunities. In different world regions, the EU will be driven by specific goals. Across all regions, we will invest in cooperative relationships to spur shared global responsibilities.

### The European Security Order

The sovereignty, independence and territorial integrity of states, the inviolability of borders and the peaceful settlement of disputes are key elements of the European security order. These principles apply to all states, both within and beyond the EU's borders.

However, peace and stability in Europe are no longer a given. Russia's violation of international law and the destabilisation of Ukraine, on top of protracted conflicts in the wider Black Sea region, have challenged the European security order at its core. The EU will stand united in upholding international law, democracy, human rights, cooperation and each country's right to choose its future freely.

Managing the relationship with Russia represents a key strategic challenge. A consistent and united approach must remain the cornerstone of EU policy towards Russia. Substantial changes in relations between the EU and Russia are premised upon full respect for international law and the principles underpinning the European security order, including the Helsinki Final Act and the Paris Charter. We will not recognise Russia's illegal annexation of Crimea nor accept

the destabilisation of eastern Ukraine. We will strengthen the EU, enhance the resilience of our eastern neighbours, and uphold their right to determine freely their approach towards the EU. At the same time, the EU and Russia are interdependent. We will therefore engage Russia to discuss disagreements and cooperate if and when our interests overlap.

**“Substantial changes in relations between the EU and Russia are premised upon full respect for international law. At the same time, we will engage Russia to discuss disagreements and cooperate if and when our interests overlap.”**

In addition to those foreign policy issues on which we currently cooperate, selective engagement could take place over matters of European interest too, including climate, the Arctic, maritime security, education, research and cross-border cooperation. Engagement should also include deeper societal ties through facilitated travel for students, civil society and business.

Spanning the region, the EU will foster cooperation with the Council of Europe and the Organisation for Security and Cooperation in Europe. The OSCE, as a Europe-wide organisation stretching into Central Asia with a transatlantic link, lies at the heart of the European security order. The EU will strengthen its contribution within and its cooperation with the OSCE as a pillar of European security.

### **A Peaceful and Prosperous Mediterranean, Middle East and Africa**

The Mediterranean, Middle East and parts of sub-Saharan Africa are in turmoil, the outcome of which will likely only become clear decades from now. Solving conflicts and promoting development and human rights in the south is essential to addressing the threat of terrorism, the challenges of demography, migration and climate change, and to seizing the opportunity of shared prosperity. The EU will intensify its support for and cooperation with regional and sub-regional organisations in Africa and the Middle East, as well as functional cooperative formats in the region.

**“We will foster dialogue and negotiation over regional conflicts such as those in Syria and Libya. On the Palestinian-Israeli conflict, the EU will work closely with the Quartet, the Arab League and all key stakeholders to preserve the prospect of a viable two-state solution based on 1967 lines with equivalent land swaps, and to recreate the conditions for meaningful negotiations.”**

However, regional organisations do not address all relevant dynamics, and some reflect existing cleavages. We will therefore also act flexibly to help bridge divides and support regional players in delivering concrete results. This will be achieved by mobilising our bilateral and multilateral policies and frameworks as well as by partnering with civil societies in the region.

The EU will follow five lines of action. First, in the Maghreb and the Middle East, the EU will support functional multilateral cooperation. We will back practical cooperation, including through the Union for the Mediterranean, on issues such as border security, trafficking,

counter-terrorism, non-proliferation, water and food security, energy and climate, infrastructure and disaster management. We will foster dialogue and negotiation over regional conflicts such as those in Syria and Libya. On the Palestinian-Israeli conflict, the EU will work closely with the Quartet, the Arab League and all key stakeholders to preserve the prospect of a viable two-state solution based on 1967 lines with equivalent land swaps, and to recreate the conditions for meaningful negotiations. The EU will also promote full compliance with European and international law in deepening cooperation with Israel and the Palestinian Authority.

Second, the EU will deepen sectoral cooperation with Turkey, while striving to anchor Turkish democracy in line with its accession criteria, including the normalisation of relations with Cyprus. The EU will therefore pursue the accession process – sticking to strict and fair accession conditionality – while coherently engaging in dialogue on counter-terrorism, regional security and refugees. We will also work on a modernised customs union and visa liberalisation, and cooperate further with Turkey in the fields of education, energy and transport.

Third, the EU will pursue balanced engagement in the Gulf. It will continue to cooperate with the Gulf Cooperation Council (GCC) and individual Gulf countries. Building on the Iran nuclear deal and its implementation, it will also gradually engage Iran on areas such as trade, research, environment, energy, anti-trafficking, migration and societal exchanges. It will deepen dialogue with Iran and GCC countries on regional conflicts, human rights and counter-terrorism, seeking to prevent contagion of existing crises and foster the space for cooperation and diplomacy.

**“We will deepen dialogue with Iran and GCC countries on regional conflicts, human rights and counter-terrorism, seeking to prevent contagion of existing crises and foster the space for cooperation and diplomacy.”**

Fourth, in light of the growing interconnections between North and sub-Saharan Africa, as well as between the Horn of Africa and the Middle East, the EU will support cooperation across these sub-regions. This includes fostering triangular relationships across the Red Sea between Europe, the Horn and the Gulf to face shared security challenges and economic opportunities. It means systematically addressing cross-border dynamics in North and West Africa, the Sahel and Lake Chad regions through closer links with the African Union, the Economic Community of Western African States (ECOWAS) and the G5 Sahel.

Finally, we will invest in African peace and development as an investment in our own security and prosperity. We will intensify cooperation with and support for the African Union, as well as ECOWAS, the Inter-Governmental Authority on Development in eastern Africa, and the East African Community, among others. We must enhance our efforts to stimulate growth and jobs in Africa. The Economic Partnership Agreements can spur African integration and mobility, and encourage Africa’s full and equitable participation in global value chains. A quantum leap in European investment in Africa is also needed to support sustainable development.

**“We will invest in African peace and development as an investment in our own security and prosperity. We must enhance our efforts to stimulate growth and jobs in Africa.”**

We will build stronger links between our trade, development and security policies in Africa, and blend development efforts with work on migration, health, education, energy and climate, science and technology, notably to improve food security. We will continue to support peace and security efforts in Africa, and assist African organisations’ work on conflict prevention, counter-terrorism and organised crime, migration and border management. We will do so through diplomacy, CSDP and development, as well as trust funds to back up regional strategies.

### **A Closer Atlantic**

The EU will invest further in strong bonds across the Atlantic, both north and south. A solid transatlantic partnership through NATO and with the United States and Canada helps us strengthen resilience, address conflicts, and contribute to effective global governance. NATO, for its members, has been the bedrock of Euro-Atlantic security for almost 70 years. It remains the strongest and most effective military alliance in the world.

**“The EU will invest further in strong bonds across the Atlantic, both north and south. A solid transatlantic partnership helps us strengthen resilience, address conflicts, and contribute to effective global governance.”**

The EU will deepen its partnership with NATO through coordinated defence capability development, parallel and synchronised exercises, and mutually reinforcing actions to build the capacities of our partners, counter hybrid and cyber threats, and promote maritime security.

With the US, the EU will strive for a Transatlantic Trade and Investment Partnership (TTIP). Like the Comprehensive Economic and Trade Agreement (CETA) with Canada, TTIP demonstrates the transatlantic commitment to shared values and signals our willingness to pursue an ambitious rules-based trade agenda. On the broader security agenda, the US will continue to be our core partner. The EU will deepen cooperation with the US and Canada on crisis management, counter-terrorism, cyber, migration, energy and climate action.

In the wider Atlantic space, the Union will expand cooperation and build stronger partnerships with Latin America and the Caribbean, grounded on shared values and interests. It will develop multilateral ties with the Community of Latin American and Caribbean States (CELAC) and with different regional groupings according to their competitive advantage. We will step up political dialogue and cooperation on migration, maritime security and ocean life protection, climate change and energy, disarmament, non-proliferation and arms control, and countering organised crime and terrorism. We will pursue a free trade agreement with Mercosur, build on the Political Dialogue and Cooperation Agreement with Cuba, and invest in deeper socio-economic connections with Latin American and Caribbean countries through visa facilitation, student exchanges, twinning, research cooperation and technical projects. We will also actively support the negotiation and implementation of peace agreements in the region, as we are doing in Colombia.

## **A Connected Asia**

There is a direct connection between European prosperity and Asian security. In light of the economic weight that Asia represents for the EU – and vice versa – peace and stability in Asia are a prerequisite for our prosperity. We will deepen economic diplomacy and scale up our security role in Asia.

The EU will engage China based on respect for rule of law, both domestically and internationally. We will pursue a coherent approach to China's connectivity drives westwards by maximising the potential of the EU-China Connectivity Platform, and the ASEM and EU-ASEAN frameworks. The EU will also deepen trade and investment with China, seeking a level playing field, appropriate intellectual property rights protection, greater cooperation on high-end technology, and dialogue on economic reform, human rights and climate action.

**“The EU will deepen trade and investment with China, seeking a level playing field, intellectual property rights protection, greater cooperation on high-end technology, dialogue on economic reform, human rights and climate action.”**

In parallel, the EU will deepen its economic diplomacy in the region, working towards ambitious free trade agreements with strategic partners such as Japan and India, as well as ASEAN member states, with the goal of an eventual EU-ASEAN agreement.

We will also develop a more politically rounded approach to Asia, seeking to make greater practical contributions to Asian security. We will expand our partnerships, including on security, with Japan, the Republic of Korea, Indonesia and others. We will continue to support state-building and reconciliation processes in Afghanistan together with our regional and international partners. We will promote non-proliferation in the Korean peninsula. In East and Southeast Asia, we will uphold freedom of navigation, stand firm on the respect for international law, including the Law of the Sea and its arbitration procedures, and encourage the peaceful settlement of maritime disputes. We will help build maritime capacities and support an ASEAN-led regional security architecture. In Central and South Asia, we will deepen cooperation on counter-terrorism, anti-trafficking and migration, as well as enhance transport, trade and energy connectivity. Across the Indo Pacific and East Asian regions, the EU will promote human rights and support democratic transitions such as in Myanmar/Burma.

## **A Cooperative Arctic**

With three Member States and two European Economic Area members being Arctic states, the EU has a strategic interest in the Arctic remaining a low-tension area, with ongoing cooperation ensured by the Arctic Council, a well-functioning legal framework, and solid political and security cooperation. The EU will contribute to this through enhanced work on climate action and environmental research, sustainable development, telecommunications, and search & rescue, as well as concrete cooperation with Arctic states, institutions, indigenous peoples and local communities.

### 3.5 Global Governance for the 21st Century

Without global norms and the means to enforce them, peace and security, prosperity and democracy – our vital interests – are at risk. Guided by the values on which it is founded, the EU is committed to a global order based on international law, including the principles of the UN Charter, which ensure peace, human rights, sustainable development and lasting access to the global commons.

**“The EU is committed to a global order based on international law, including the principles of the UN Charter. This commitment translates into an aspiration to transform rather than simply preserve the existing system.”**

This commitment translates into an aspiration to transform rather than simply preserve the existing system. The EU will strive for a strong UN as the bedrock of the multilateral rules-based order, and develop globally coordinated responses with international and regional organisations, states and non-state actors.

#### **Reforming**

A commitment to global governance must translate in the determination to reform the UN, including the Security Council, and the International Financial Institutions (IFIs). Resisting change risks triggering the erosion of such institutions and the emergence of alternative groupings to the detriment of all EU Member States. The EU will stand up for the principles of accountability, representativeness, responsibility, effectiveness and transparency. The practical meaning of such principles will be fleshed out case-by-case. We will continue to call upon members of the UN Security Council not to vote against credible draft resolutions on timely and decisive action to prevent or end mass atrocities.

Across multilateral fora – and in particular the UN, the IFIs and the international justice organisations – the EU will strengthen its voice and acquire greater visibility and cohesion. We will work towards an increasingly unified representation of the euro area in the International Monetary Fund.

#### **Investing**

Believing in the UN means investing in it, notably in its peacekeeping, mediation, peacebuilding and humanitarian functions. The EU and its Member States, as already the first contributor to UN humanitarian agencies, will invest even further in their work. CSDP could assist further and complement UN peacekeeping through bridging, stabilisation or other operations. The EU will also enhance synergy with UN peacebuilding efforts, through greater coordination in the planning, evolution and withdrawal of CSDP capacity-building missions in fragile settings.

#### **Implementing**

The EU will lead by example by implementing its commitments on sustainable development and climate change. It will increase climate financing, drive climate mainstreaming in

multilateral fora, raise the ambition for review foreseen in the Paris agreement, and work for clean energy cost reductions. The SDGs will inform the post-Cotonou partnership and drive reform in development policy, including the EU Consensus on Development. Moreover, implementing the SDGs will require change across all internal and external policies, galvanising public-private partnerships, and leveraging the experience of the European Investment Bank (EIB) in providing technical assistance and building capacities in developing and middle income countries.

**“The EU will lead by example by implementing its commitments on sustainable development and climate change.”**

### **Deepening**

As the world’s largest economy, the EU is a prime mover in global trade and investment, areas in which rules can be deepened further. Our prosperity hinges on an open and rules-based economic system with a true level playing field, which our economic diplomacy will further promote. We will pursue comprehensive free trade agreements with the US, Japan, Mercosur, India, ASEAN and others as building blocks of global free trade. Ambitious agreements built on mutual benefits such as TTIP and CETA can promote international regulatory standards, consumer protection, as well as labour, environmental, health and safety norms. New generation trade agreements which include services, the digital economy, energy and raw materials can reduce legal fragmentation and barriers, and regulate access to natural resources. The EU will ensure that all its trade agreements are pursued in a manner that supports returning the World Trade Organisation (WTO) to the centre of global negotiations.

**“Our prosperity hinges on an open and rules-based economic system with a true level playing field, which our economic diplomacy will further promote.”**

Connected to the EU’s interest in an open and fair economic system is the need for global maritime growth and security, ensuring open and protected ocean and sea routes critical for trade and access to natural resources. The EU will contribute to global maritime security, building on its experience in the Indian Ocean and the Mediterranean, and exploring possibilities in the Gulf of Guinea, the South China Sea and the Straits of Malacca. As a global maritime security provider, the EU will seek to further universalise and implement the UN Convention on the Law of the Sea, including its dispute settlement mechanisms. We will also promote the conservation and sustainable use of marine resources and biological diversity and the growth of the blue economy by working to fill legal gaps and enhancing ocean knowledge and awareness.

### **Widening**

We will seek to widen the reach of international norms, regimes and institutions. The proliferation of weapons of mass destruction and their delivery systems remains a growing threat to Europe and the wider world. The EU will strongly support the expanding membership, universalisation, full implementation and enforcement of multilateral disarmament, non-proliferation and arms control treaties and regimes. We will use every means at our disposal to

assist in resolving proliferation crises, as we successfully did on the Iranian nuclear programme.

**“The EU will strongly support the expanding membership, universalisation, full implementation and enforcement of multilateral disarmament, non-proliferation and arms control treaties and regimes. We will use every means at our disposal to assist in resolving proliferation crises, as we successfully did on the Iranian nuclear programme.”**

The EU will actively participate in export control regimes, strengthen common rules governing Member States’ export policies of military – including dual-use – equipment and technologies, and support export control authorities in third countries and technical bodies that sustain arms control regimes. The EU will also promote the responsibility to protect, international humanitarian law, international human rights law and international criminal law. We will support the UN Human Rights Council and encourage the widest acceptance of the jurisdiction of the International Criminal Court and the International Court of Justice.

### **Developing**

At the frontiers of global affairs, rules must be further developed to ensure security and sustainable access to the global commons. The EU will be a forward-looking cyber player, protecting our critical assets and values in the digital world, notably by promoting a free and secure global Internet. We will engage in cyber diplomacy and capacity building with our partners, and seek agreements on responsible state behaviour in cyberspace based on existing international law. We will support multilateral digital governance and a global cooperation framework on cybersecurity, respecting the free flow of information. In space, we will promote the autonomy and security of our space-based services and work on principles for responsible space behaviour, which could lead to the adoption of an international voluntary code of conduct. On energy, we will encourage multilateral mechanisms aimed at ensuring sustainable energy patterns both by developing our own sustainable policies and by deepening dialogue with major energy consumers and producers. On health, we will work for more effective prevention, detection and responses to global pandemics. Global rules are also necessary in fields such as biotechnology, artificial intelligence, robotics and remotely piloted systems, to avoid the related security risks and reap their economic benefits. On all such issues, the EU will promote exchanges with relevant multilateral fora to help spearhead the development of rules and build partnerships at the frontiers of global affairs.

### **Partnering**

The EU will lead by example on global governance. But it cannot deliver alone. It will act as an agenda-shaper, a connector, coordinator and facilitator within a networked web of players. It will partner with states and organisations, but also with the private sector and civil society. On the vast majority of global governance issues, we will work with the UN as the framework of the multilateral system and a core partner for the Union, with other core partners such as the US, with regional organisations, and with like-minded and strategic partners in Asia, Africa and the Americas.

**“The EU will invest in pivotal non-state actors. We will sharpen the means to protect and empower civic actors, notably human rights defenders, sustaining a vibrant civil society worldwide.”**

The EU will also invest in pivotal non-state actors, particularly within civil society. In spite of increasing repression, global civil society is growing and fostering new types of activism. The EU will sharpen the means to protect and empower civic actors, notably human rights defenders, sustaining a vibrant civil society worldwide.

The format to deliver effective global governance may vary from case to case. On cyber, global governance hinges on a progressive alliance between states, international organisations, industry, civil society and technical experts. On maritime multilateralism, the EU will work with the UN and its specialised agencies, NATO, our strategic partners, and ASEAN. On humanitarian action, sustainable development and climate change, the EU will partner with the UN and the G20, as well as new donors, civil society and the private sector. On counterterrorism, we will deepen dialogue with the UN, while building broad partnerships with states, regional organisations, civil society and the private sector on issues such as countering violent extremism and terrorist financing.

#### **4. From Vision to Action**

We will pursue our priorities by mobilising our unparalleled networks, our economic weight and all the tools at our disposal in a coherent and coordinated way. To fulfil our goals, however, we must collectively invest in a credible, responsive and joined-up Union.

##### **A Credible Union**

To engage responsibly with the world, credibility is essential. The EU’s credibility hinges on our unity, on our many achievements, our enduring power of attraction, the effectiveness and consistency of our policies, and adherence to our values. A stronger Union requires investing in all dimensions of foreign policy, from research and climate to infrastructure and mobility, from trade and sanctions to diplomacy and development.

**“To engage responsibly with the world, credibility is essential. In this fragile world, soft power is not enough.”**

In this fragile world, soft power is not enough: we must enhance our credibility in security and defence. To respond to external crises, build our partners’ capacities and protect Europe, Member States must channel a sufficient level of expenditure to defence, make the most efficient use of resources, and meet the collective commitment of 20% of defence budget spending devoted to the procurement of equipment and Research & Technology.

**“A sectoral strategy, to be agreed by the Council, should further specify the civil-military level of ambition, tasks, requirements and capability priorities stemming from this Strategy.”**

Capabilities should be developed with maximum interoperability and commonality, and be made available where possible in support of EU, NATO, UN and other multinational efforts. While a sectoral strategy, to be agreed by the Council, should further specify the civil-military level of ambition, tasks, requirements and capability priorities stemming from this Strategy, some such areas can already be highlighted in line with commitments made by the European Council.

First, European security hinges on better and shared assessments of internal and external threats and challenges. Europeans must improve the monitoring and control of flows which have security implications. This requires investing in Intelligence, Surveillance and Reconnaissance, including Remotely Piloted Aircraft Systems, satellite communications, and autonomous access to space and permanent earth observation. As regards counter-terrorism, Member States must implement legislation concerning explosives, firearms and Passenger Name Records (PNRs), as well as invest in detection capabilities and the cross-border tracing of weapons. Second, Europeans must invest in digital capabilities to secure data, networks and critical infrastructure within the European digital space. We must develop capabilities in trusted digital services and products and in cyber technologies to enhance our resilience. We will encourage greater investments and skills across Member States through cooperative research and development, training, exercises and procurement programmes. Third, regarding high-end military capabilities, Member States need all major equipment to respond to external crises and keep Europe safe. This means having full-spectrum land, air, space and maritime capabilities, including strategic enablers.

To acquire and maintain many of these capabilities, Member States will need to move towards defence cooperation as the norm. Member States remain sovereign in their defence decisions: nevertheless, nationally-oriented defence programmes are insufficient to address capability shortfalls.

**“To acquire and maintain many of these capabilities, Member States will need to move towards defence cooperation as the norm. The voluntary approach to defence cooperation must translate into real commitment. A sustainable, innovative and competitive European defence industry is essential for Europe’s strategic autonomy and for a credible CSDP.”**

We remain far from achieving our collective benchmarks, including 35% of total equipment spending in collaborative procurement. The voluntary approach to defence cooperation must translate into real commitment. An annual coordinated review process at EU level to discuss Member States’ military spending plans could instil greater coherence in defence planning and capability development. This should take place in full coherence with NATO’s defence planning process. The European Defence Agency (EDA) has a key role to play by strengthening the Capability Development Plan, acting as an interface between Member States and the Commission, and assisting Member States to develop the capabilities stemming from the political goals set out in this Strategy.

Defence cooperation between Member States will be systematically encouraged. Regular assessments of EDA benchmarks can create positive peer pressure among Member States. Crucially, EU funding for defence research and technology, reflected first in the mid-term review of the Multiannual Financial Framework, and then in a fully-fledged programme in the next budget cycle, will prove instrumental in developing the defence capabilities Europe needs.

A sustainable, innovative and competitive European defence industry is essential for Europe's strategic autonomy and for a credible CSDP. It can also stimulate growth and jobs. A solid European defence, technological and industrial base needs a fair, functioning and transparent internal market, security of supply, and a structured dialogue with defence relevant industries. Furthermore, ensuring participation of small and medium sized enterprises (SMEs) in the defence sector can improve innovation and investment in the military technologies of tomorrow.

### **A Responsive Union**

We live in a world of predictable unpredictability. We will therefore equip ourselves to respond more rapidly and flexibly to the unknown lying ahead. A more responsive Union requires change. We need it in diplomacy, CSDP and development, as well as investment in the knowledge base underpinning our external action.

First, our diplomatic action must be fully grounded in the Lisbon Treaty. EU foreign policy is not a solo performance: it is an orchestra which plays from the same score. Our diversity is a tremendous asset provided we stand united and work in a coordinated way. Cooperation between Member States can strengthen our engagement in the world. A Member State or a group of Member States who are willing and able to contribute may be invited by the High Representative (HR), under the responsibility of the Council, to implement agreed positions of the Council. The HR shall keep the Council fully informed and shall ensure consistency with agreed EU policies.

**“EU foreign policy is not a solo performance: it is an orchestra which plays from the same score. Our diversity is a tremendous asset provided we stand united and work in a coordinated way.”**

Second, CSDP must become more rapid and effective. Europeans must be ready to rapidly respond to crises in full compliance with the UN Charter. This requires Member States to enhance the deployability and interoperability of their forces through training and exercises. We must develop the capacity for rapid response also by tackling the procedural, financial and political obstacles which prevent the deployment of the Battlegroups, hamper force generation and reduce the effectiveness of CSDP military operations. At the same time, we must further develop our civilian missions – a trademark of CSDP – by encouraging force generation, speeding up deployment, and providing adequate training based on EU-wide curricula.

**“We must develop the capacity for rapid response also by tackling the procedural, financial and political obstacles which prevent the deployment of the Battlegroups. Enhanced cooperation between Member States should be explored in this domain. If**

**successful and repeated over time, this might lead to a more structured form of cooperation, making full use of the Lisbon Treaty’s potential.”**

A responsive CSDP also requires streamlining our institutional structure. We must strengthen operational planning and conduct structures, and build closer connections between civilian and military structures and missions, bearing in mind that these may be deployed in the same theatre. Enhanced cooperation between Member States should be explored in this domain. If successful and repeated over time, this might lead to a more structured form of cooperation, making full use of the Lisbon Treaty’s potential.

Third, development policy will become more flexible and aligned with our strategic priorities. We reaffirm our collective commitment to achieve the 0.7% ODA/GNI target in line with DAC principles. Development funds must be stable, but lengthy programming cycles limit the timely use of EU support, and can reduce our visibility and impact. The availability of limited sums for activities on the ground, notably for conflict prevention and civil society support, should be made more flexible. Across the Commission, flexibility will be built into our financial instruments, allowing for the use of uncommitted funds in any given year to be carried on to subsequent years to respond to crises.

**“Development policy will become more flexible and aligned with our strategic priorities.”**

This will also help fill the gaps between financial instruments and budgetary headings. In parallel, the time has come to consider reducing the number of instruments to enhance our coherence and flexibility, while raising the overall amount dedicated to development.

Responsive external action must be underpinned by a strong knowledge base. Targeted approaches to resilience, conflict prevention and resolution require deeper situational awareness. The EU will invest in the EEAS and coordinate better across institutions and Member States. Putting our diverse national cultures at the service of our shared interests is a challenge, but the pool of talent available to us is unrivalled. To make the most of this, we will invest in people, particularly those on the ground. This means equipping our delegations with the necessary expertise, including on sectoral issues and in local languages, valuing experience in and of a region, beefing up the political sections of delegations, and encouraging operational staff to use their expertise more politically. It means strengthening the participation of women in foreign policy-making. It means investing in the EU Conflict Early Warning System, and making all our external engagement conflict- and rights-sensitive. We will also pursue greater information sharing and joint reporting, analysis and response planning between Member State embassies, EU Delegations, Commission services, EU Special Representatives and CSDP missions. We will encourage cross-fertilisation between us and regional and international organisations, civil society, academia, think tanks and the private sector. We will do so both in traditional ways – through dialogue, cooperation and support – and through innovative formats such as exchanges, embedded personnel and joint facilities, harnessing knowledge and creativity in our system.

## A Joined-up Union

Finally, our external action will become more joined-up. Over the years, important steps have been taken to this effect: these include institutional innovations, such as the Lisbon Treaty's creation of the double-hatted High Representative and Vice President of the European Commission (HRVP) and the European External Action Service (EEAS). A strong EEAS working together with other EU institutions lies at the heart of a coherent EU role in the world. Efforts at coherence also include policy innovations such as the "comprehensive approach to conflicts and crises" and joint programming in development, which must be further enhanced. New fields of our joined-up external action include energy diplomacy, cultural diplomacy and economic diplomacy.

**“Joint programming in development must be further enhanced. New fields of our joined-up external action include energy diplomacy, cultural diplomacy and economic diplomacy. A more prosperous Union calls for greater coordination between the EU and Member States, the EIB and the private sector. We must become more joined-up across internal and external policies.”**

A more prosperous Union requires economic priorities to be set in relations with all countries and regions, and integrated into the external dimensions of all internal policies. A more prosperous Union calls for greater coordination between the EU and Member States, the EIB and the private sector. The Sustainable Development Goals also represent an opportunity to catalyse such coherence. Implementing them will generate coherence between the internal and external dimensions of our policies and across financial instruments. It allows us to develop new ways to blend grants, loans and private-public partnerships. The SDGs also encourage us to expand and apply the principle of policy coherence for development to other policy areas, and encourage joint analysis and engagement across Commission services, institutions and Member States.

We must become more joined-up across internal and external policies. The migration phenomenon, for example, requires a balanced and human rights-compliant policy mix addressing the management of the flows and the structural causes. This means overcoming the fragmentation of external policies relevant to migration. In particular, we will develop stronger links between humanitarian and development efforts through joint risk analysis, and multiannual programming and financing. We will also make different external policies and instruments migration-sensitive – from diplomacy and CSDP to development and climate – and ensure their coherence with internal ones regarding border management, homeland security, asylum, employment, culture and education.

In security terms, terrorism, hybrid threats and organised crime know no borders. This calls for tighter institutional links between our external action and the internal area of freedom, security and justice. Closer ties will be fostered through joint Council meetings and joint task forces between the EEAS and the Commission. Defence policy also needs to be better linked to policies covering the internal market, industry and space. Member State efforts should also be more joined-up: cooperation between our law enforcement, judicial and intelligence services

must be strengthened. We must use the full potential of Europol and Eurojust, and provide greater support for the EU Intelligence Centre. We must feed and coordinate intelligence extracted from European databases, and put ICT – including big data analysis – at the service of deeper situational awareness. Our citizens need better protection also in third countries through joint contingency plans and crisis response exercises between Member States.

We must become more joined-up in our security and development policies. CSDP capacity building missions must be coordinated with security sector and rule of law work by the Commission. Capacity Building for Security and Development can play a key role in empowering and enabling our partners to prevent and respond to crises, and will need to be supported financially by the EU. Our peace policy must also ensure a smoother transition from short-term crisis management to long-term peacebuilding to avoid gaps along the conflict cycle. Long-term work on pre-emptive peace, resilience and human rights must be tied to crisis response through humanitarian aid, CSDP, sanctions and diplomacy.

Finally, we will systematically mainstream human rights and gender issues across policy sectors and institutions, as well as foster closer coordination regarding digital matters. Greater awareness and expertise on such issues is needed within the EEAS and the Commission. Better coordination between institutions would also add consistency and spread best practices, helping us build a stronger Union and a more resilient, peaceful and sustainable world.

### **The Way Ahead**

This Strategy is underpinned by the vision of, and ambition for, a stronger Union, willing and able to make a positive difference to its citizens and in the world. We must now swiftly translate this into action. First, we will revise existing sectoral strategies, as well as devise and implement new thematic or geographic strategies in line with the political priorities of this Strategy. Such work must begin with clear procedures and timeframes agreed promptly by all relevant players. Second, the EU Global Strategy itself will require periodic reviewing in consultation with the Council, the Commission and the European Parliament. On a yearly basis we will reflect on the state of play of the Strategy, pointing out where further implementation must be sought.

**“We must now swiftly translate this vision into action.”**

Finally, a new process of strategic reflection will be launched whenever the EU and its Member States deem it necessary to enable the Union to navigate effectively our times. Our citizens deserve a true Union, which promotes our shared interests by engaging responsibly and in partnership with others.

## *Joint Declaration EU-NATO from 8 July 2016*

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**By the President of the European Council, the President of the European Commission and the Secretary General of the North Atlantic Treaty Organization (at the Warsaw NATO Summit in July 2016)**

We believe that the time has come to give new impetus and new substance to the NATO-EU strategic partnership.

In consultation with the EU Member States and the NATO Allies, working with, and for the benefit of all, this partnership will take place in the spirit of full mutual openness and in compliance with the decision-making autonomy and procedures of our respective organisations and without prejudice to the specific character of the security and defence policy of any of our members.

Today, the Euro-Atlantic community is facing unprecedented challenges emanating from the South and East. Our citizens demand that we use all ways and means available to address these challenges so as to enhance their security.

All Allies and Member States, as well as the EU and NATO per se, are already making significant contributions to Euro-Atlantic security. The substantial cooperation between NATO and the EU, unique and essential partners, established more than 15 years ago, also contributes to this end.

In light of the common challenges we are now confronting, we have to step-up our efforts: we need new ways of working together and a new level of ambition; because our security is interconnected; because together we can mobilize a broad range of tools to respond to the challenges we face; and because we have to make the most efficient use of resources. A stronger NATO and a stronger EU are mutually reinforcing. Together they can better provide security in Europe and beyond.

We are convinced that enhancing our neighbours' and partners' stability in accordance with our values, as enshrined in the UN Charter, contributes to our security and to sustainable peace and prosperity. So that our neighbours and partners are better able to address the numerous challenges they currently face, we will continue to support their sovereignty, territorial integrity and independence, as well as their reform efforts.

In fulfilling the objectives above, we believe there is an urgent need to:

Boost our ability to counter hybrid threats, including by bolstering resilience, working together on analysis, prevention, and early detection, through timely information sharing and, to the

extent possible, intelligence sharing between staffs; and cooperating on strategic communication and response. The development of coordinated procedures through our respective playbooks will substantially contribute to implementing our efforts.

Broaden and adapt our operational cooperation including at sea, and on migration, through increased sharing of maritime situational awareness as well as better coordination and mutual reinforcement of our activities in the Mediterranean and elsewhere.

Expand our coordination on cyber security and defence including in the context of our missions and operations, exercises and on education and training.

Develop coherent, complementary and interoperable defence capabilities of EU Member States and NATO Allies, as well as multilateral projects.

Facilitate a stronger defence industry and greater defence research and industrial cooperation within Europe and across the Atlantic.

Step up our coordination on exercises, including on hybrid, by developing as the first step parallel and coordinated exercises for 2017 and 2018.

Build the defence and security capacity and foster the resilience of our partners in the East and South in a complementary way through specific projects in a variety of areas for individual recipient countries, including by strengthening maritime capacity.

Cooperation in these areas is a strategic priority. Speedy implementation is essential. The European External Action Service and the NATO International Staff, together with Commission services as appropriate, will develop concrete options for implementation, including appropriate staff coordination mechanisms, to be presented to us and our respective Councils by December 2016. On the EU side, the High Representative/Vice President of the Commission will steer and coordinate this endeavour.

We will review progress on a regular basis.

We call on both organisations to invest the necessary political capital and resources to make this reinforced partnership a success.

# *The Destiny of South Ossetia: Between Independence and Integration into Russia*

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## **Gražvydas Jasutis**



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ABK – Abkhazia

AF – Armed Forces

EU – European Union

EUMM – European Union Monitoring Mission in Georgia IDP – Internally Displaced Person

OSCE – Organization for Security and Cooperation in Europe RF – Russian Federation

SO – South Ossetia

UN – United Nations

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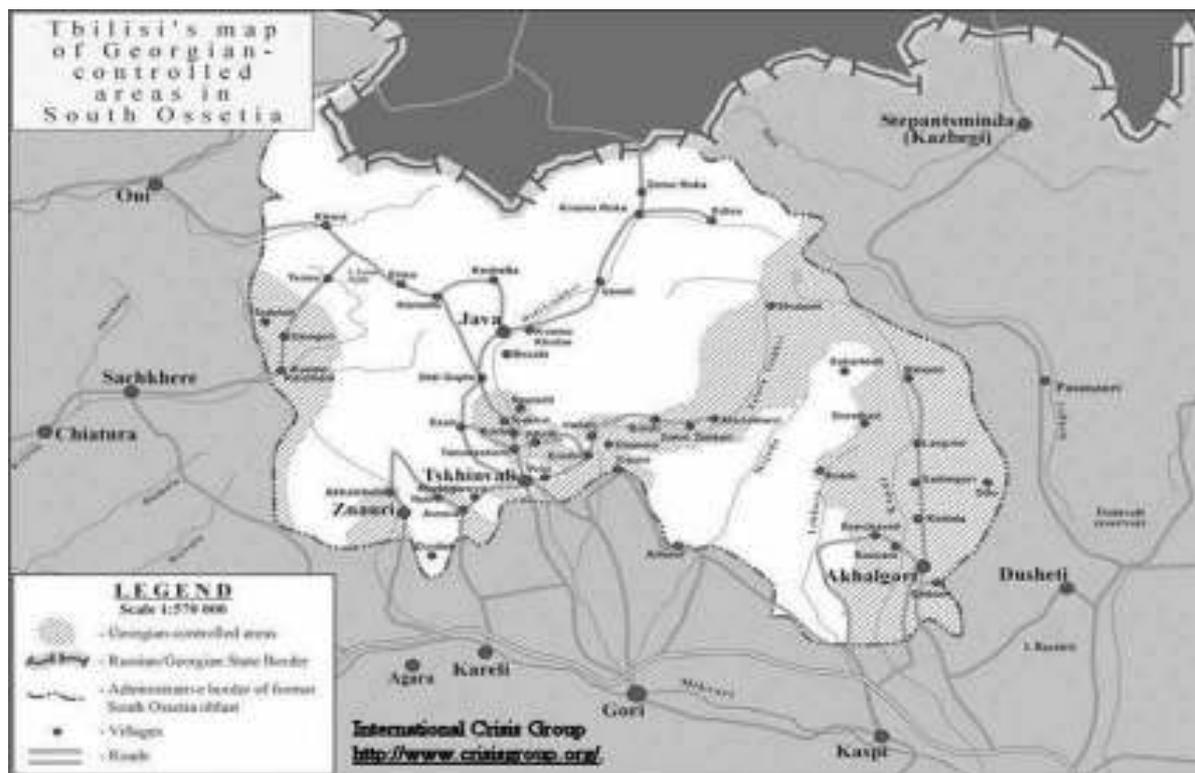
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## Introduction

The Georgian and South Ossetian conflict has been often mercurial over the last twenty years, fluctuating between peaceful moments and high-intensity crises which left thousands of refugees and internally displaced persons, a destroyed infrastructure, economy, trade and social life, and killed and maimed inhabitants in Georgia and South Ossetia. It has been seven years since the 2008 war between Georgia and Russia started in the context of occupying or liberating South Ossetia, which reached the critical peak again after the 1991-1992, and 2004 bloody strife and reminded the international community of the fragile and vibrant situation in South Caucasus.

The 2008 war resulted in the Six Point cease-fire agreement followed by an immediate deployment of the European Union Monitoring Mission (hereinafter referred as EUMM) across the country. Since then South Ossetia has been de jure recognized by the Russian Federation and has taken persistent efforts to make de facto “independence” irreversible and final. Over the last years the multiple processes of borderisation, fencing, passportization, restriction of freedom of movement, security measures and irreconcilable position have increased, which further drove a wedge in Georgian and South Ossetian relationships. The Geneva discussion format has been launched by the international community to handle the post-conflict situation, which remains the only instrument inviting Georgia and South Ossetia and offering solutions at the highest political level. At the lower level the Incident Prevention and Response

Mechanism has been embarked on by international stakeholders to discuss mainly incidents along the administrative boundary line (hereinafter referred as ABL). So far no practical initiatives have been kicked off to begin the reconciliation process between the Georgian and South Ossetian communities which could serve as the cornerstone for further resolution of the conflict.



The study is divided into four major parts. The first part attempts to look deep into the history of South Ossetia and its peculiarities. There is a strong disagreement between the Georgian and the Ossetian sides highlighting different aspects of their cooperation and confrontation and even the presence of the Ossetian people on the Georgian soil. The second part explores the dynamics of the Georgian and South Ossetian conflict which has been violent over the last twenty years. It reached a critical peak again in 2008 resulting in new security developments and post-conflict situation which drifts away from reconciliation between the communities. The research explains and identifies the timelines and stages of the Georgian-South Ossetian conflict as well as the potential of violence, specifically placing a heavy emphasis on the case of the Akhalkgori district, which had been under Georgian control until August 2008.

Furthermore, it employs community relations theory and offers forward-looking solutions which should lead towards reconciliation. The third part studies the concept of military integration as applied to the case of Russia and South Ossetia. It analyzes its integration dynamics and durability, as well as modeling its future developments. The research explores the concept of military integration, its diverse perceptions, its applicability to the research and its stages. Furthermore, it focuses on the relevant aspects of South Ossetian and Russian military integration, disclosing its strength, potential and durability by employing the methodology of military integration. This is divided into four stages, indicating the level of durability and cooperation between Russian and South Ossetian militaries. The fourth part

reveals the peculiarities of the South Ossetian political system and captures its current trends towards political integration with the Russian Federation.

## 1. Historical roots of South Ossetia

Despite the Ossetian nation being in the spotlight of international community since the early 90s a general understanding of Ossetian culture, history and customs remains blurred. Scholars are indisposed to presenting unbiased views, with their attitudes predominately skewing results; perking either Georgian or Ossetian side. Needless to say, the Ossetian nation has inherited a very rich history; seemingly a bonanza for researchers and those interested in the Caucasus. In Medieval Times, the Ossetian nation was known by different names – “alans” (West), “asy” (East), “yasy” (Eastern Europe) and “osy” (Caucasus)<sup>2</sup>. The modern word “Ossetia” most probably derives from the Georgian language; referring Alania as “Oseti”. In Ossetian language, the term “Ossetian” is translated into “Iron” or “Digiron” - referring to the location and dialect used by the Ossetian community. Of the two Ossetian dialects, Digiron is spoken in the west of the Republic of North Ossetia-Alania and in neighbouring Kabardino-Balkaria, and Iron in the east of North Ossetia and in South Ossetia<sup>3</sup>.

The Ossetians are Iranian ethnolinguistics; descendants of Alans - part of an ancient Sarmatian tribe and Scythian sub-group. The Sarmatians were probably not a single ethnic group, let alone a unified nation, but rather a collection of related tribes that spoke closely related Iranian languages and followed similar pastoral ways of life. Discussed at length by ancient Greek and Roman geographers, the Sarmatians were depicted as a proud and warlike people, noted by some for sending young women into battle<sup>4</sup>. According to South Ossetian scholar of history Kosta Dzugaeva, the first groups of Scythians settled in North Caucasus approximately XI century BC<sup>5</sup>. The Scythians reached their cultural and military peak between IV century BC and I century AD. Subsequently, the Alans appeared on a map of North Caucasus, and took a lead in the region.

In the 8th century a consolidated Alan kingdom, referred to in sources of the period as Alania, emerged in the northern Caucasus Mountains, roughly in the location of the latter-day Circassia and the modern North Ossetia–Alania. At its height, Alania was a centralised monarchy with a strong military force and benefited from the Silk Road<sup>6</sup>. Alania was soon embroiled in a

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<sup>2</sup>Руслан Бзаров. О том, как Алания присоединилась к России и стала называться Осетией. 26.08.2010 // <http://cominf.org/node/1166484255>

<sup>3</sup>Liz Fuller. One Nation, Two Polities, Two Endangered Ossetian Languages? 28.05.2015 // <http://www.rferl.org/content/caucasus-report-ossetian-language-endangered-russia/27039247.html>

<sup>4</sup> Martin Lewis. From Sarmatia to Alania to Ossetia: The Land of the Iron People. 16.01.2012 // <http://www.geocurrents.info/historical-geography/from-sarmatia-to-alania-to-ossetia-the-land-of-the-iron-people#ixzz3oIMJGS00>

<sup>5</sup> Коста Дзугаев. Южная Осетия: история и современность. 2007, [https://src-h.slav.hokudai.ac.jp/coe21/publish/no18/4\\_dzygaev.pdf](https://src-h.slav.hokudai.ac.jp/coe21/publish/no18/4_dzygaev.pdf)

<sup>6</sup> Martin Lewis. From Sarmatia to Alania to Ossetia: The Land of the Iron People. 16.01.2012 // <http://www.geocurrents.info/historical-geography/from-sarmatia-to-alania-to-ossetia-the-land-of-the-iron-people#ixzz3oIMJGS00>

complex geopolitical contest for the larger region, involving the Arab Caliphate, the Byzantine Empire, and the Khazar Khanate (an empire based in the northern Caspian Sea region whose ruling elite adopted Judaism).

Medieval Alania was already well integrated into the diplomatic circles of the Orthodox Christian realm. Several Alan princesses married into royal houses in Russia, Georgia, and the Byzantine Empire<sup>7</sup>. The question of religion was quintessential at that time; because Alania was surrounded with Islamic entities represented by Azerbaijan and Dagestan, a trend of Induism adopted by Khazars and Christianity; embedded in Georgia, Armenia and Abkhazia. The cultural and religious diversity had a great impact on Alania and its social development. Nevertheless, religious differences did not prevent crafting alliances in the region. As mentioned, Alania was largely involved into geopolitical games and vie in the region. Arabs attempted to brandish their weapons and to expand their borders deep into Caucasus; where they met fierce resistance from the Byzantine Empire and Khazar Khanate. The Alans fought shoulder to shoulder with Khazars against the Arabs. In the Xth century Alan's military and economic power increased significantly, and with support of Byzantine they were Christianised. Alania became culturally and militarily invincible; controlling and influencing the situation in the region.

Nevertheless, its heady success came to tragic end with very dire consequences. In 1238 Mongolo-Tatars invaded Alania and captured its most powerful town Magas. It was totally obliterated and 200,000 Alans were killed. Consequently, in 1239 a major part of Alania fell into the hands of Mongol-Tatars and Alania ceased to exist. Alania's vaunted story was over - though a number of Alans continued to oppose the Mongol rule and kept fighting in remote areas of the Caucasus Mountains. In 1395, Central Asian Emir Timur tried to subdue Alans in remote areas, and as a result of fierce opposition, surrendered his plans. Scholars agree it was at that point Alans vanished. In other words, those Alans who retreated into Caucasus, following Mongol assaults, were unable to reconstitute their kingdom, and to top it off, lost their writings and culture. Instead, they split into petty entities? and came under the partial domination of their Kabardian or Georgian neighbours<sup>8</sup>.

They eventually divided into two distinct ethnic groups, the Iron and the Digor, marked by differences in dialect and territory. The Ossetian religion came to be marked by a strongly syncretic bent, with the names of Christian saints commonly identified with pre-Christian gods. After the Russian conquest in the late 1700s, Orthodox Christianity experienced a revival, especially among the Iron. Islam also spread into Ossetia, passing from the Kabardians to the Digor especially. Syncretic beliefs and practices, however, persist among both groups, alongside mainstream Islam and Christianity. Such syncretism has historically been common

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<sup>7</sup>Martin Lewis. From Sarmatia to Alania to Ossetia: The Land of the Iron People. 16.01.2012 // <http://www.geocurrents.info/historical-geography/from-sarmatia-to-alania-to-ossetia-the-land-of-the-iron-people#ixzz3oIMJGS00>

<sup>8</sup>Martin Lewis. From Sarmatia to Alania to Ossetia: The Land of the Iron People. 16.01.2012 // <http://www.geocurrents.info/historical-geography/from-sarmatia-to-alania-to-ossetia-the-land-of-the-iron-people#ixzz3oIMJGS00>

through much of North Caucasus, although more orthodox forms of faith have been spreading rapidly over the past few decades<sup>9</sup>.

The next important point in the development of the Ossetian nation was closely related to the Russian invasion in the Caucasus. Kosta Dzugaev claims that in XV-XVII century the Confederation of Mountainous Alania, which included the remaining Alans dispersed in the Caucasus<sup>10</sup> and 11 districts with a degree of citizenship, parliament and community. However, the period is considered as one of degradation for Alan people; partly subdued by Kartli, Imereti and Kabarda rulers and forcing them to look for new partnerships. From a Georgian perspective, this period (from the Mongol-Tatar invasion) is assessed as Ossetinisation; because the Ossetians, escaping the Mongol's yoke, arrived close to Georgia and settled in and around the vicinity. It was worth noting that Georgian-Ossetian relations were well-developed and had shared common enemies, Christianity and dynastic intermarriage. For example, Georgian king Georgi III married Khudan Boren's, an Ossetian king, daughter. The alliance culminated in 1187, when the Alanian prince David Soslan married Queen Tamar of Georgia, with their descendants ruling Georgia until the 19th century.

The Russian invasion significantly marked and brought a new quality in Georgian-Ossetian relations. The Ossetians voluntarily joined the Russian empire in 1774, while Georgia was incorporated into the Russian empire in line with the Georgivski Pact in 1783. However, the Russian Empire did not apply effort in re-establishing Alania, and it was only on the 8th of June 1852, did the then Russian tsar, Nikolai the 1st, change the legal status of the Ossetian community living in South Ossetia. They were assigned as state peasants with some special privileges and rights.

The most important event in creating Ossetia took place in 1842. Several territorial-administrative changes were implemented in the Russian empire. Subsequently, the districts of Tushin-Pshav-Khevsurski, Gorski and Osetinski were formed. It was the first time the name of Ossetia appeared on a political map of the Russian empire. The territory of South Ossetia was divided between the Gorski and Osetinski districts. Furthermore, in 1859 a chief commander, Baryaniskii, implemented additional territorial changes; assigning Ossetian populated areas to Gori uezd (he removed the Narski element from the Ossetian district and took the south-eastern part of Ossetia from the Gorskii district and assigned it to the Ossetian district). In this way, the territory of South Ossetia was consolidated with some minor exceptions.

In the aftermath of the Russian revolution and WWI Georgia proclaimed its independence, with the event questioning the status of South Ossetia. As a matter of fact, it experienced two armed conflicts between Georgia and the Ossetian community who lived in South Ossetia. According to different data, there were 40,000 Ossetians, with approximately 5,000 perishing during the conflicts. Moreover, 15,000 refugees died as a result of civil war in Russia's Terska

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<sup>9</sup> Martin Lewis. From Sarmatia to Alania to Ossetia: The Land of the Iron People. 16.01.2012 // <http://www.geocurrents.info/historical-geography/from-sarmatia-to-alania-to-ossetia-the-land-of-the-iron-people#ixzz3oIMJGS00>.

<sup>10</sup>Коста Дзугаев. Южная Осетия: история и современность. 2007, [https://src-h.slav.hokudai.ac.jp/coe21/publish/no18/4\\_dzygaev.pdf](https://src-h.slav.hokudai.ac.jp/coe21/publish/no18/4_dzygaev.pdf).

district. The armed strife's between Georgia and the Ossetian community took place in 1918 and 1919-1920. According to Arsene Saparov, the incident that triggered the first Ossetian rebellion occurred on 2 February 1918 in the Ossetian village of Kornis in Gori uezd<sup>11</sup>. There, the local villagers, led by deserting soldiers, murdered three Georgian princes of Kherkheulidze and then appropriated their land. Georgian Mensheviks sent the Georgian national guards to disarm the rebels and punish them in Kornis. However, after a standoff with armed Ossetian bands, the Georgian National Guards had to retreat. The same unit of the National Guard then attempted to disarm the population of the Georgian village of Eredvi on 12 March, which triggered a larger rebellion. Ossetian rebels from the surrounding districts advanced and captured Tskhinvali after heavy fighting on 18 March. Tskhinvali remained in Ossetian hands for four days until regular Georgian troops arrived and suppressed the rebellion. The armed conflict did not involve the whole territory of the current South Ossetia was visible only in Tskhinvali and Java regions.

In October 1919 a second Ossetian rebellion broke out in the countryside. It sparked off in the Roki district, immediately adjacent to the Russian North Caucasus. The Bolshevik-backed rebels established control over, and declared Soviet authority in several Ossetian districts. The rebellion lasted for about a month but was eventually suppressed in early December when regular Georgian troops arrived. The defeated rebels and their Bolshevik leaders escaped to the Terek oblast' of Russia where they established the Yugo Osetinskii Okruzhkom (South Ossetian District Committee) in exile<sup>12</sup>. The next major outbreak of conflict occurred at the end of April 1920 when Ossetians in the remote Roki district started a spontaneous rebellion. The revolt was a reaction to a Georgian attempt to sever communications with the North Caucasus. Then the rebels, under the newly arrived Bolshevik leadership, arrested the Georgian Menshevik representative and declared Soviet authority in the district on 8 May. With the help of an Ossetian brigade that arrived from the North Caucasus, the Ossetian rebels in Roki district were initially successful in defeating the Georgian units and capturing Tskhinval on 7 June<sup>13</sup>.

The next day the Ossetian Revkom declared the establishment of Soviet authority throughout South Ossetia. However, following the signing of a peace treaty between Georgia and Soviet Russia on 7 May, the immediate threat of a Bolshevik takeover of Georgia was lifted and the Georgians were able to redeploy more regular troops against the Ossetians. A major Georgian counter-offensive began on 12 June and already by the next day they had captured Tskhinval. This was followed by punitive expedition which resulted in some 40 villages obliterated in South Ossetia. From 6 to 8 percent of the whole Ossetian population died as a result of the punitive actions<sup>14</sup>. In 1990 the Parliament of South Ossetia adopted a resolution considering

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<sup>11</sup> The description of events are taken from Arsène Saparov. From Conflict to Autonomy: The Making of the South Ossetian Autonomous Region 1918-1922. Europe-Asia Studies, 21 December 2009.

<sup>12</sup> Arsène Saparov. From Conflict to Autonomy: The Making of the South Ossetian Autonomous Region 1918-1922. Europe-Asia Studies, 21 December 2009.

<sup>13</sup> Arsène Saparov. From Conflict to Autonomy: The Making of the South Ossetian Autonomous Region 1918-1922. Europe-Asia Studies, 21 December 2009.

<sup>14</sup> Arsène Saparov. From Conflict to Autonomy: The Making of the South Ossetian Autonomous Region 1918-1922. Europe-Asia Studies, 21 December 2009.

the punitive actions from Georgian side as genocide (see the Annex No 1).<sup>15</sup> Immediately after the suppression of the rebellion the Georgian government decided to expel large parts of the Ossetian population.

Following the unsuccessful uprising of the summer of 1920, South Ossetian Bolsheviks had fled into North Ossetia, where they retained separate organisational and military structures. They capitalized on the Bolsheviks intentions to fully sovietize Georgia and in March 1921 the Ossetian units moved into South Ossetia, and in less than a week, without much resistance, captured the territory of South Ossetia including the town of Tskhinval on 5 March 1921. As a result of the Sovietisation of Georgia the Ossetians were thus able to establish control over the South Ossetian territory which enabled them to defend their bid for autonomy. The process of granting of the autonomy was neither smooth nor clear. Ossetia has never existed in a political map of the Russian empire except Osetinski district which was abolished in 1859. Both Georgian and South Ossetian communists were not able to come to terms and solve this issue without strong advice from upper body Kavbyuro. It decided on 31 October 1921 to grant autonomy to South Ossetia and it instructed the Georgian Revkom to cooperate with the Ossetian Revkom to determine the boundaries of South Ossetia. The Ossetian boundaries were finally approved on December 20th 1921. The South Ossetian Autonomous Oblast' was eventually declared by decree of the Georgian Central Committee on April 20th 1922. This situation made Ossetians disgruntled, and for some reason, attempted to join North Ossetia. However, Moscow did not offer a green light for such unification. From then on, South Ossetia was an autonomous district of Georgia. In the aftermath of the declaration of independence of Georgia, on September 20th 1990, it was proclaimed the South Ossetian Democratic Republic, which engaged in bloody strife with Georgia.

## **2. Conflict evolution between Georgia and South Ossetia: a path towards resolution**

The Georgian and South Ossetian conflict lacks in deeper analysis and greater attention given by scientists, practitioners and politicians<sup>16</sup>. While many academic papers and analysis can be found on the 2008 war itself and its roots, neither thorough analysis of the potential for reconciliation nor concrete proposals by using practical and theoretical tools have been offered. The current analysis of the conflict has been precisely summarized by Anatol Lieven. Many factors are involved in the present conflict but the central one is straightforward: the majority of the Ossetians living south of the main Caucasus range in Georgia wish to unite with the Ossetians living to the north, in an autonomous republic of the Russian Federation; and the Georgians, regarding South Ossetia as both a legal and an historic part of their national territory, refuse to accept this.<sup>17</sup> Eva Mikhailikova claimed that the conflict between Georgia

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<sup>15</sup> Парламент Южной Осетии дал политическую оценку событий 1918-1920 годов. 2007. // <http://iratta.com/2007/04/27/1920.html>.

<sup>16</sup> This part was originally printed in Grazvydas Jasutis. Forward-looking Solutions for Georgian and South Ossetian Conflict: a Path towards Reconciliation. //Baltic Journal of Law and Politics, Vol 6, Number 2 (2013). However it was updated to reflect current developments.

<sup>17</sup> Anatol Lieven, "Analysis of Rotos of the Conflict between Georgia, Russia and South Ossetia," The Times (August 11, 2008).

and South Ossetia is an “intrastate conflict with foreign involvement”; she has analyzed it through the dynamics of foreign politics of various actors.<sup>18</sup>

Similarly Russian and Eurasian specialist Jim Nichol in his peer-review of the conflict in Georgia assessed that the August 2008 war was likely to have long-term effects on security dynamics in the region and beyond. Russia has augmented its long-time military presence in Armenia by establishing bases in Georgia’s breakaway Abkhazia and South Ossetia regions. Georgia’s military capabilities were at least temporarily degraded by the conflict, and Georgia needed substantial U.S. and NATO military assistance to rebuild its forces.<sup>19</sup> Professor Nicolai N. Petro analyzed the conflict through the prism of US-Russian relations and concluded that lessons were policy differences with the Russian government and should have been managed pragmatically. To the extent that the Obama administration now appreciates this, there is indeed hope that US relations with Russia can be set on a new path.<sup>20</sup>

In light of the conflict, the US-Georgian relationship has been assessed by Alexander Cooley and Lincoln Mitchell, who claim that the United States should maintain close ties with the Georgian government by nudging it privately to reform while praising it publicly, and wait patiently for Georgia’s democracy and economy to flourish so that Abkhazia and South Ossetia feel compelled to rejoin Georgia.<sup>21</sup> Georgian and South Ossetian authors have published several articles covering the 2008 war from several perspectives and looked for peace.<sup>22</sup> In 2004 International Crisis group initiated a package of recommendations further updating them in 2007, 2008, 2009, 2010, and 2011 and disseminated to all parties in the conflict.<sup>23</sup> Though the ideas, content and directions of the recommendations have been priceless, they have never gained traction on a community level and reconciliation.

Therefore the aim of this part is to comprehensively identify and analyze the potential for reconciliation in light of the Georgian and South Ossetian conflict, with preparation of a list of forward looking actions which could lead to sustainable reconciliation between the communities. The analysis consists of three parts. The first part explains and identifies the timelines and stages of the Georgian-South Ossetian conflict. The second one is focused on the

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<sup>18</sup> Eva Miháliková, “Conflict Analysis of Georgia,” *Slovenská politologická revue* Vol. 1, No. 10 (2010).

<sup>19</sup> Jim Nichol, “Russia-Georgia Conflict in August 2008: Context and Implications for US interests,” Congressional Research Service (March 3, 2009) // <http://www.fas.org/sgp/crs/row/RL34618.pdf> (accessed September 12, 2013).

<sup>20</sup> Nikolai N. Petro, “After Georgia the Russia–Georgia War: Causes and Consequences,” *Global Dialogue* Vol. 11 (Winter/Spring 2009) // <http://www.worlddialogue.org/content.php?id=439> (accessed September 12, 2013).

<sup>21</sup> Lincoln Mitchell and Alexander Cooley, “After the August War: A New Strategy for U.S. Engagement with Georgia,” *Harriman Review* Vol. 17, No. 3-4 (2010): 65.

<sup>22</sup> Susan Allen Nan, Archil Gegeshidze, George Tarkhan-Mouravi, and Revaz Gachechiladze. *Georgian-South Ossetian Conflict: Researching Peace* (Georgian Foundation for Strategic and International Studies, 2011).

<sup>23</sup> “Georgia: Avoiding War in South Ossetia,” *Europe Report* No. 159 (November 26, 2004); “Georgia’s South Ossetia Conflict: Make Haste Slowly,” *Europe Report* No. 183 (June 7, 2007); “Russia vs Georgia: The Fallout,” *Europe Report* No. 195 (August 22, 2008); “South Ossetia: The Burden of Recognition,” *Europe Report* No. 205 (June 7, 2010); “Georgia: Securing a Stable Future,” *Europe Briefing* No. 58 (December 13, 2010); “Georgia-Russia: Learn to Live like Neighbours,” *Europe Briefing* No. 65 (August 8, 2011) // <http://www.crisisgroup.org/en/regions/europe/south-caucasus/georgia.aspx> (accessed August 18, 2013).

potential for violence in the region, specifically placing a heavy emphasis on the case of the Akhagori district, which had been under Georgian control until August 2008.

It is assumed that Akhagori still contains various peculiarities that deserve to be treated as the primary source and meeting point for Georgian and South Ossetian interests that might lead to reconciliation. The third part covers community relations theory and offers forward-looking solutions in the case of Akhagori. Methodologically, there are a significant number of credible conflict analysis methods such as conflict timelines, conflict stages and Attitude-Behavior-Context (ABC) triangle of violence. The establishment of a timeline of the conflict shows the events plotted against a particular time-scale describing chronological line of significant events, views or perceptions which are important to both sides of the conflict. The method of conflict stages helps reveal the conflict cycles and its intensity. The potential existence of violence is analyzed through the ABC violence triangle, which includes behavior, attitudes, and context. A community relations theory has been employed to coin forward-looking proposals for reconciliation. The core principle of community relations theory is that effective intergroup conflict resolution requires significant changes in how people from different communities interact with each other at the local level.<sup>24</sup>

This article draws the conclusion that reconciliation itself is a very intricate concept to be successfully and universally applied in practice; therefore community relations theory and its approach towards gradual reconciliation between the Georgian and South Ossetian communities seems to be the most reliable option for resolution of the conflict, which should incorporate the Orthodox Church, mutual cultural and anti-intimidation works along with transparent and controllable security actors. The international community should be involved in supporting the dialogue of the communities through NGOs, verifying and influencing security actors and creating conducive social and economic conditions.

## **2.1 Georgian and South Ossetian Conflict Timeline And Stages**

The roots of the Georgian (GEO) and South Ossetian (SO) conflict can be dated back to the beginning of the twentieth century. It had kept an ideological character and its dynamics had been closely related to the then struggle between Bolsheviks and Mensheviks. In 1918-1920 the Ossetian peasants supported by Bolsheviks had harshly opposed Georgian rule and nationalistic-oriented authorities and had demanded independence. This had resulted in several thousands of victims and brutal repressions undertaken by Georgian side. The Soviet Union capitalized on the turmoil and further escalation of the conflict and invaded Georgia. Consequently, the Soviet Republic of Georgia was forcibly established in 1921 along with the South Ossetian Autonomous District, which obtained a status of autonomy within the Republic in 1922. From then on, both the Georgian and South Ossetian communities cohabitated in the Soviet Union and it did not spark off any serious confrontations. The period can be marked by

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<sup>24</sup> Marc H. Ross, "Creating the conditions for peacemaking: theories of practice in ethnic conflict resolution," *Ethnic and Racial Studies* Vol. 23, Issue 6 (2000).

Russification, forced resettlement from mountainous area to lowland, and pretty tense relations between Tskhinvali and Tbilisi.

Nevertheless, at a grass-root level GEO and SO communities lived side by side and socially interacted (i.e. intermarriage, went to the same schools). This short historical discourse is important to note to conceptually perceive the current stage of the conflict and its dynamics.

The modern conflict between Georgia and South Ossetia revived along with national renaissance in the former Warsaw Pact area which resulted in the collapse of the Soviet Union, newly established independent states, ethnic mobilization in the Caucasus, revision of history, justice, spread of democracy and explosion of ethnic conflicts. In 1989 the South Ossetian Supreme Council decided to unite with North Ossetia and the decision can be considered as a starting point of the timeline to be established when analyzing the conflict between two communities. In conflict management methodology, an establishment of a timeline of the conflict remains very simple and crucially valuable analytical tool. In fact it shows the events plotted against a particular time-scale describing chronological line of significant events, views or perceptions which are important to each side of the conflict.<sup>25</sup>

The timeline depicted below shows the most important events related to the conflict and it partly covers the perceptions of them as being assessed by the conflict parties.

Table No 1. Conflict timeline<sup>26</sup>

Georgian view-events		South Ossetian view-events
GEO nationalist led by Gamsakhurdia marched to Tskhinvali and clashed	1989	SO Supreme Soviet decided to unite with North Ossetia
GEO banned regional political parties	1990	SO declared independence and held elections
GEO sent paramilitary troops to Tskhinvali and declared state of emergency	1991	Clashes in Tskhinvali, GEO attacked SO Intense fighting in March-April, September
GEO withdrew from Tskhinvali in January GEO imposed economic blockade	1992	Sporadic fighting continued

<sup>25</sup>Simon Fisher, ed., Working with Conflict: Skills and Strategies for Action (Zed Books, 2000).

<sup>26</sup> Selected and prepared by the author

Shevardnadze elected as a president of GEO Ceasefire (Sochi) agreement signed	1996	Joint peacekeeping forces deployed
Renounced the use of force	2004	Renounced the use of force
Georgian police shut down the Ergneti market Ceasefire deal was reached	2005	SO forces closed the highway between Russia and Georgia Sporadic fire and skirmishes Ceasefire deal was violated shortly
Saakashvili proposed new Peace-deal for SO (autonomy)	2006	Proposal was rejected
Sanakoyev's initiative for peace	2007	Skirmishes in Java, shut down GEO helicopter
	2008	SO threatened to use forces
GEO moved troops and attacked Ceasefire agreement signed		SO asked the world to recognize its independence following Kosovo's secession from Serbia Skirmishes and sporadic fighting continued RUS troops intervened

As depicted in the timeline, in Georgian-South Ossetian conflict both sides perceive and understand the conflict in different way. They tend to emphasize different events and provide another logic of event assessments. Methodologically the timeline does not aim at disclosing true facts; rather, it puts the events in chronological order and explains the perceptions of the conflict parties. With nationalistic uprising in Georgia and South Ossetia it was probably impossible to escape the conflict. Both sides intended to pursue the nationalistic policy. The then GEO leader Gamsakhurdia exposed himself with slogan “Georgia to Georgians” and abolished SO autonomy while SO elite declared independence, organized elections and did not recognize GEO authorities. This led to bloody armed clashes in 1991-1992.

The conflict was temporally suspended in Sochi when GEO and RF signed a Sochi agreement and later on joint peace-keeping forces were deployed in the region (see the texts in Annexes No 2,3 and 4). The period between 1992 and 2008 can be assessed as volatile turbulent one enriched with provocations and small-medium scale scimmages from both sides. Quite

logically it led to another conflict between Georgia and Russia where the bone of contention was South Ossetia. The conflict lasted only five days; however, it resulted in hundreds of deaths and new political architecture in South Caucasus.<sup>27</sup> South Ossetia was officially recognized as an independent state by the Russian Federation followed by some Pacific and Latin America countries (see the Annex no 7). A six-point cease-fire agreement between Georgia and Russia under the umbrella of the European Union was signed and the European Union monitoring mission was deployed (see the text in the Annex no 5 and 6). The outcome of the conflict is perceived in a different way. The GEO side considers that the Russian Federation occupied 20% of its territory and broke all norms of international law while the South Ossetian side claims that Russia liberated them from GEO occupation and brought freedom and independence in the region.

The timeline depicted above is a very helpful tool for establishing stages of the conflict and estimating its intensity. Though scientists and practitioners tend to provide various cycles and stages of the conflict,<sup>28</sup> it is commonly agreed by practitioners that a conflict consists of five stages. The first stage is pre-conflict, which is marked by incompatibility of goals between two parties. There may be tension between them and avoidance of contacts. The second stage is confrontation when parties may engage in volatile behavior and small skirmishes. The polarization and violence between parties tend to increase. The third stage is considered as crisis, which is the height of the conflict marked by high intensity violence and fighting. The crisis often leads to the fourth stage which is called the outcome. The outcome can be different. It can lead to occupation, ethnic cleansing, negotiation or decreased violence. The fifth stage is post-conflict, which indicates that the situation is resolved and the parties are ready for new co-existence and a new quality of relationship. The conflict stages help identify the most intense and turbulent period and predict the future of the conflict. As has been already mentioned, the Georgian-South Ossetian conflict resulted in a cease-fire agreement sponsored by the EU. However it is important to note at which stage the ceasefire agreement was negotiated and what its strategic value is in the given context of cyclical conflict stages.

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<sup>27</sup>The Georgian side claimed losses of 170 servicemen, 14 policemen and 228 civilians killed and 1 747 persons wounded. The Russian side claimed losses of 67 servicemen killed and 283 wounded. The South Ossetians spoke of 365 persons killed, which probably included both servicemen and civilians. Altogether about 850 persons lost their lives, not to mention those who were wounded, who went missing, or the far more than 100 000 civilians who fled their homes. See more at: Report of Independent International Fact-Finding Mission on the Conflict in Georgia, Presented to the Council of the European Union, Vol. 1 (September 2009).

<sup>28</sup> Different authors name and describe these stages differently. Actual conflicts usually do not follow a linear path. Rather, they evolve in fits and starts, alternatively experiencing progress and setbacks toward resolution. See more at: Eric Brahm, "Conflict stages," [www.beyondintractability.org](http://www.beyondintractability.org) (September 2003) // <http://www.beyondintractability.org/essay/conflict-stages> (accessed July 10, 2013).

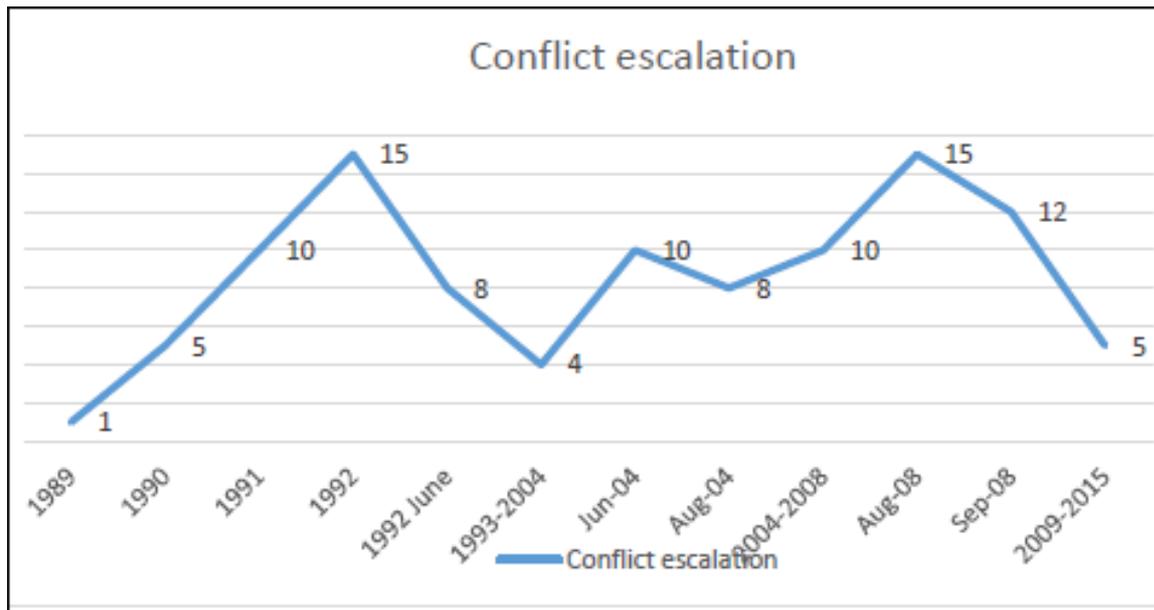


Fig. 1. Conflict Stages<sup>29</sup>- 1-5 points – Pre-conflict (can be conflict outcome or post-conflict), 5-10 points– Confrontation (can be conflict outcome or post-conflict), 10-15 points – Crisis

As the chart indicates, the GEO-SO conflict has experienced all five stages starting from pre-conflict in 1989, which subsequently led to confrontation between GEO and SO communities and crisis in 1991-1992. The outcome of the crisis was the Sochi agreement, which to some extent curbed the aggressive intentions of both conflict parties and joint peace-keeping forces were deployed to prevent any further escalation. The period of 1994-2004 can be assessed as a post-conflict stage with confrontational elements. It witnessed neither serious clashes between the parties nor substantial negotiations leading to credible peace (except 1996 agreement renouncing the use of force).

In the course of 2004-2008 the parties confronted each other on a frequent basis and violated the Sochi agreement. The new government in GEO conducted a policy focused on reunification of the country and it was quite successful in the case of the Ajara Republic. The conflict reached two peaks again in summer of 2004 and 2008 with some hiatus in between. The latter took five days of intense fighting and resulted in hundreds of deaths and approximately 100.000 IDPs. The conflict stages clearly indicate the cyclical character of the conflict. The 1992 Sochi agreement (outcome) did not solve the problems and the post-conflict period did not lead to reconciliation between the GEO and SO communities. The 2008 Six Points agreement seemed to be a reliable tool to introduce stability in the region; however it does not contain any measure which could facilitate reconciliation between the communities. This does not necessarily imply that the situation will evolve into a crisis in the future. The problem is that at the given post-conflict situation no win-win situation can be observed and at the present stage (post-conflict) the problems keep arising from incompatibility of goals (the most important is GEO territorial integrity) and the parties might return back to confrontation or even crisis.

<sup>29</sup> Prepared by the author.

## 2.2 The Dynamics of Violence within the Conflict: The Case of Akhalgori

The potential existence of violence shakes up each and every conflict. The international community tends to misunderstand the concept of violence, attributing it to behavior resulting in killing, maiming and torturing people. In fact, violence must be understood as a structural and contextual manifestation that includes behavior, attitudes, values, institutions, personalities and other categories.

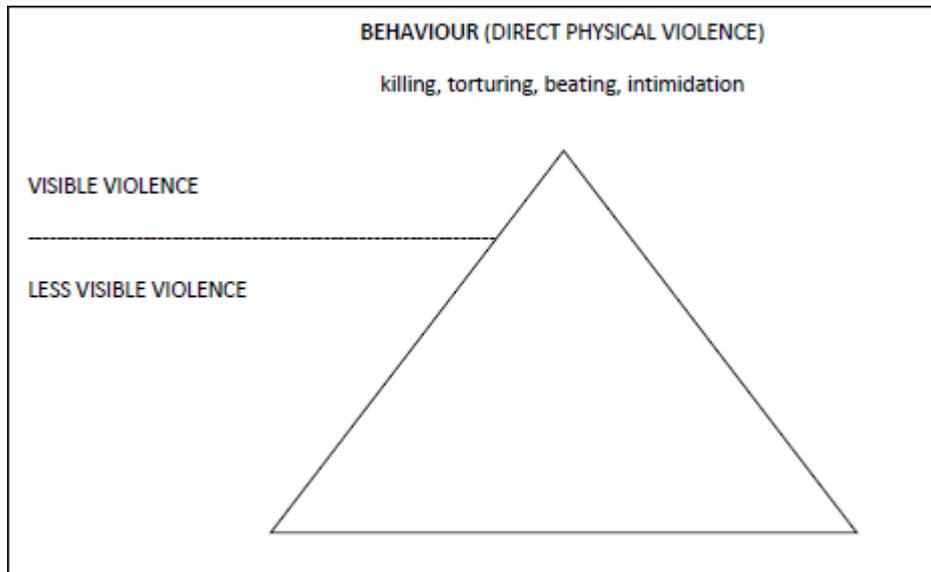


Fig. 2. ABC Triangle<sup>30</sup>

The triangle of violence depicted above demonstrates three main parts of violence and shows how they function. The first angle is behavior which is the most visible and clearly expressed part of the violence. It includes killing, maiming, or torturing people and international community mainly deals with or pays greater attention to it. The second angle encompasses a context, which may incorporate structural and institutional violence causing negative attitudes, mistrust and intolerance (the third angle). The latter might be transformed into physical violence, thus crafting a vicious circle and preventing the discovery of a formula for conflict resolutions.

As has been mentioned, the GEO-SO conflict has evolved into two peaks leading to physical violence and crisis in 1991-1992 and 2008 (2004 violence can be attribute to the crisis as well). It clearly demonstrates that the concept of violence was totally misperceived and no credible strategy towards reconciliation was adopted. Therefore, the case of Akhalgori could serve as a good example of non-physical violence and its consequences and as a window of opportunity

<sup>30</sup> Developed and adapted by author from: Johan Galtung, "Cultural Violence," *Journal of Peace Research* Vol. 27, No. 3 (August 1990); Christopher Mitchell, *The Structure of International Conflict* (St. Martin's Press, 1989), p. 355; Simon Fisher, *supra* note 9, p. 224.

for reconciliation. The Akhlagori district is pretty unique in the dynamics of the GEO-SO conflict.<sup>31</sup>

It had belonged to the Duseti district until the Autonomous District of South Ossetia was established. It consisted of three territorial fragments—Akhlagori, Lehuri and Monasterski—which were fused and entitled as Leningori honoring former soviet leader Vladimir Lenin. On the 4<sup>th</sup> of September 1990 the Regional Council of Leningori decided to rename the region and return its previous name – Akhlagori. The Council of Autonomous Republic of South Ossetia frowned harshly on the decision and considered it against the law. In 1991-1992 Akhlagori was under control of the GEO side and it stayed in their power until the 2008 conflict (except some parts of Lekhuri Valley and lowland of Trifunski). After 1992 the Akhlagori part controlled and administered by the SO side was called Leningori and its capital was Tsinagar, while the GEO Akhlagori was administered from Tbilisi and its center was located in Akhlagori town. In 1995 the GEO Akhlagori part was added to Mtskheta-Mtianeti district and in 2007 GEO President M. Saakashvili issued a decree to hand over Akhlagori district to the jurisdiction of the temporary administration of the South Ossetia Autonomous District which was recognized by GEO authorities.

The Akhlagori district suffered neither from major battles nor skirmishes during the 2008 conflict. SO armed volunteers invaded Akhlagori on the 11 of August 2008 and did not shoot any rounds over there. On the 4<sup>th</sup> of September the SO governmental commission arrived in Akhlagori and presented a new chief of administration, Anatoli Margeev, who represented the interests and jurisdiction of the SO side<sup>32</sup>. In fact, it meant that the Akhlagori district was fully incorporated into SO. The physical occupation of Akhlagori went with no atrocities or physical violence in the area, according to those who witnessed.<sup>33</sup> Admittedly, looting, human rights violations, intimidation and robbing took place and NGOs recorded some examples such as robbing and battering schools in Akhlagori.<sup>34</sup> Health care service in remote areas stopped functioning and locals were intimidated. Six thousand Georgians were forced to be relocated from Akhlagori IDPs settlements in Tserovani, Tsilkani, and Prezeti built in Tbilisi administered territory.

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<sup>31</sup>Historical facts in the paragraph are taken from the following sources: Marija Kotaeva, “Leningorskij rajon: politicheskie osobennosti, demograficheskie harakteristiki, jekonomika, pograničnye problemy” (District of Leningori: Political Peculiarities, Demographic Features and Economic Cross-border Problems) (2011) // <http://cardata.gmu.edu/docs/papers/2011SouthOssetianAuthors.pdf> (accessed September 18, 2013); Gražvydas Jasutis, “Gruzijos ir Pietų Osetijos konfliktas: Akhlagori rajono atvejis” (Georgian and South Ossetian Conflict: the Case of Akhlagori), NGO Trust in Development (2013) // <http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/studija-alhlagori-final.pdf> (accessed September 18, 2013).

<sup>32</sup>Zhiteljam Leningori predstavili novogo glavu administracii” (New Head of Administration Was Introduced to Leningori Inhabitants) (2008) // <http://sojcc.ru/rus/1628.html> (accessed September 18, 2013).

<sup>33</sup>“Polozhenie gruzinskogo naselenija Leningorskogo rajona Respubliki Juzhnaja Osetija (Ahalgorskogo rajona Gruzii) vyzyvaet ser'eznoe bespokojstvo” (Situation of Georgians in Leningori South Ossetia Remains Serious) (2008) // <http://www.memo.ru/d/2252.html> (accessed September 18, 2013).

<sup>34</sup>Ibid.

Photo 1 IDP camp in Tserovani



Photo 2 Meeting with IDP in Prezeti



There had been three ethnic groups in Akhalkalaki which prevailed – Georgian, Ossetian and Armenian. Georgian and Ossetian groups represented ethnic majority, while the Armenian group

the minority. The population in Akhagori tended to decrease due to poor economic situation, bad social service, miserable infrastructure in the mountainous area and a grim future.

Table No. 2. Akhagori ethnic breakdown 1939-1979<sup>35</sup>

Year	Population	Georgian	Ossetian	Armenian
1939	22.725	38.8	57.3	2.8
1959	16.770	42.3	53.4	3.5
1970	14.543	47.9	48.4	2.7
1979	13.772	51.5	46.5	1.2

The last poll conducted in the GEO controlled part of Akhagori took place in 2002 and it rather precisely indicated the number of population and its ethnicity.

Table No. 3. Akhagori ethnic breakdown 2002<sup>36</sup>

Ethnicity	Population	Percents
Georgian	6520	84,64%
Ossetian	1110	14,41%
Armenian	37	0,48%
Russian	20	0,26%
Abkhaz	6	0,08%
Azerbaijani	2	0,03%
Greek	2	0,03%
Ukrainian	1	0,01%
Izid	1	0,01%
Kist	0	-
Total	7703	100,00%

At the moment the South Ossetian authorities do not provide population data though seemingly there are 2500 inhabitants in Akhagori (based on information related to the elections to SO parliament 2009).<sup>37</sup> Ethnic breakdown is important because in most cases violence occur between people belonging to different ethnicities. Returning to the triangle of violence and its management,

<sup>34</sup> Marija Kotaeva, *supra* note 15.

<sup>36</sup> Ibid.

<sup>37</sup> Ibid.

it is worth mentioning that behavior or direct physical violence did not take place in Akhalgori. Of course, NGOs registered a number of beatings which resulted in one death; however, outbursts of direct physical violence did not happen in Akhalgori.<sup>38</sup>

The main sources of instability and violence so far are concentrated within structures and institutions. In the course of the conference “The Problems of the Akhalgori district: IDPs and their future” organized in August 2013, the following conclusion was drawn to depict the situation.<sup>39</sup> As mentioned in the conference final communiqué, security measures taken by de facto authorities have complicated the maintenance of irrigation channels, blocked traditional access routes and trails, and sometimes led to the arrest of persons crossing the administrative boundary line; moreover, the inability to access fields, orchards, traditional grazing grounds, forests and markets has reduced income and employment opportunities<sup>40</sup>.

SO de facto authorities issues Form No 9, which authorize restricted travel to and from Akhalgori for a limited amount of Akhalgori residents. Furthermore, it has made significant efforts to request residents of Akhalgori to take a South Ossetian passport and refuse a Georgian one. Hence, the structures and institutions contribute to the increased negative attitudes and disunity within GEO and SO communities. Logically, negative attitudes will further hasten and provoke aggressive behavior leading to the continuation of the conflict and physical violence.

### **2.3. Community Relations Theory In Search Of Reconciliation between Georgia and South Ossetia**

The core principle of community relations theory is that effective intergroup conflict resolution requires significant changes in how people from different communities interact with each other at the local level.<sup>41</sup>

This theory is instrumental and provides a variety of tools to reconcile various communities that are at conflict. According to Hugh Frazer and Mari Fitzduff,<sup>42</sup> the term community relations was coined in the early sixties in Britain and pertained to solutions being sought there in relation to the problem of racial disharmony, arising from the immigration of various African and Asian peoples

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<sup>38</sup> Situation of Georgians in Leningori South Ossetia Remains Serious, supra note 17.

<sup>39</sup> International Appeal Following the Conference “The Problems of Akhalgori District: Internally Displaced Persons and their Future” (2013) // [http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG\\_final2.pdf](http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG_final2.pdf) (accessed September 19, 2013).

<sup>40</sup> International Appeal Following the Conference “The Problems of Akhalgori District: Internally Displaced Persons and their Future” (2013) // [http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG\\_final2.pdf](http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG_final2.pdf) (accessed September 19, 2013).

<sup>41</sup> Marc H. Ross, supra note 8.

<sup>42</sup> Hugh Frazer and Mari Fitzduff, “Improving Community Relations,” Community Relations Council, CRC Pamphlet No. 3 (1994): 58; Mari Fitzduff, “Approaches to Community Relations,” Community Relations Council, CRC Pamphlet No. 1 (1991): 36.

to the United Kingdom. They claim that earlier definitions of the objectives of community relations work seem to have primarily concerned themselves with emphasizing the idea of a harmonious existence between differing groups, with the intended goal of integrating the minority groups into the wider community as quickly as possible; later definitions of objectives have put a far greater emphasis on the idea of equality of basic rights and opportunity for all groups, whilst simultaneously encouraging cultural diversity, as being preferable contemporary objectives of community relations work<sup>43</sup>. The theory emphasizes three main aspects of community relations which should lead to reconciliation:<sup>44</sup>

- Improving communication and understanding between communities;
- Promoting a tolerant acceptance of existence of diversity of cultures and customs;
- Encouraging structures which safeguard the rights of all members of the society.

In principle, a two-stage approach first targets the communities separately supporting multiple initiatives at the grass root level to strengthen civil society and prepare for reconciliation and confidence building with the other side. Therefore, the first stage in fact begins with the process of enabling and creating the civil society sector within a single entity that is capable of addressing its issues independently and participates in the process leading to tolerance and further communication. At the second stage of community relations, the interaction starts between the communities through dialogue, joint projects and initiatives to support mutual understanding and reconciliation. The core assumption is that functional cooperation around substantive matters can contribute to breakdown of negative images and reduce intergroup hostility and violence.<sup>45</sup>

Though Hugh Frazer and Mari Fitzduff limit themselves to two stages, it is necessary to underscore the role of local institutions (context) and third parties. Many ethnic conflicts witness an influx of international organizations, mediators, prominent leaders, international NGOs that make an attempt to contribute to the resolution of the conflict. This aspect is of crucial importance because a great part of community relations activities is engulfed by a neutral arbiter (be it international organization or NGO) which attempts to link the communities and neutralize the role of biased local institutional structures.

In analyzing the reconciliation between the GEO and SO communities and possible confidence building, the first stage (focusing on single communities) does not need much attention due to two reasons. As previously mentioned, the first stage begins with the process of developing civil society sector within single communities; however the community in the Akhgori district was under Georgian control and it was sufficiently developed. Secondly, both conflicting sides support their communities as single entities through various social and economic projects and this suggests that the first stage has been reached so that the main priority should be given to the second stage

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<sup>43</sup> Ibid.

<sup>44</sup> Marc H. Ross, *supra* note 8.

<sup>45</sup> Hugh Frazer and Mari Fitzduff, *supra* note 26: 58; Mari Fitzduff, *supra* note 26: 36.

where much of the investment should be made in interaction processes between the communities. Eventually Hugh Frazer and Mari Fitzduff offers eight areas to improve communication and understanding between the communities which should lead to promoting a tolerant acceptance of existence of diversity of cultures and customs of the GEO and SO communities.<sup>46</sup>

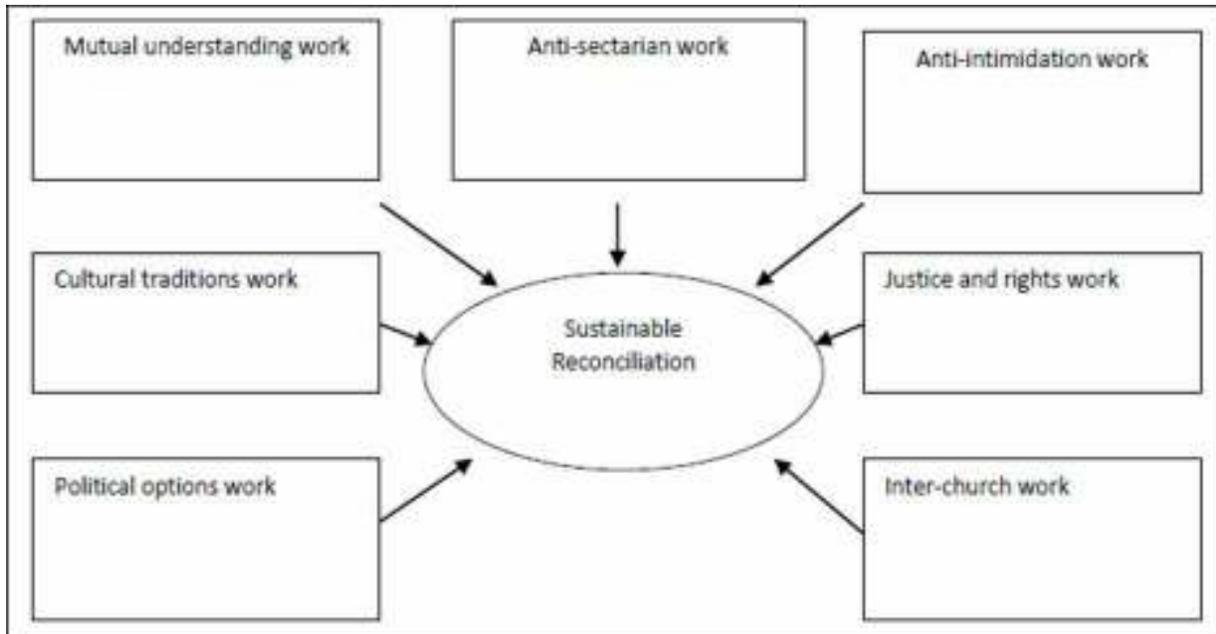


Fig. 3. Structure of sustainable reconciliation<sup>47</sup>

As depicted in the chart, the reconciliation between the GEO and SO communities can be based on seven points (Hugh Frazer and Mari Fitzduff suggest including an eighth point – work on reconciliation) to be addressed through different channels and ways. It is suggested to start with mutual understanding work, which aims at bringing communities closer focusing on establishing sound contacts and sharing the information between the communities. In the case of Akhalgori, the residents of Akhalgori may cross ABL with proper documentation issued by de facto authorities and this measure of freedom helps to maintain communication channels open and to share the information between the communities. Collective initiatives between women of Akhagori would be a good start for this, as well as school exchange visits to improve the communication between specific members of the communities.

Anti-intimidation work should concentrate on reducing inter-community intimidation levels. In the fall of 2008 a number of physical violence actions took place in Akhalgori, seeding the intimidation and fear between the communities. The presence and role of security actors in Akhalgori remain one of the most important issues to be addressed. The conflicts often boost

<sup>46</sup> Ibid.

<sup>47</sup> Prepared by the author; developed and adapted from: Hugh Frazer and Mari Fitzduff, supra note 26: 58; Mari Fitzduff, supra note 26: 36.

security sector reforms focused on recalibrating and readapting those security forces that participated in the conflict and whose role in the conflict was rather questionable. In the light of conflict in Akhagori accompanied with tension and instability, former Georgian security institutions and frameworks were replaced by Russian and South Ossetian structures which are biased and associated with physical, social and political violence (from Georgian perspective). There are Russian Border Guards (RF BG), Russian Armed forces, South Ossetian Police and South Ossetian KGB in Akhagori.<sup>48</sup>

Photo 3 RF BG base in Akhagori



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<sup>48</sup> “Chetvertaja voennaja baza Minoborony RF polnost’ju razmeshhena v Juzhnoj Osetii” (Fourth Military Base of RF Ministry of Defense has been fully deployed) (2010) // <http://www.kavkaz-uzel.ru> (accessed September 15, 2013); “Bufernaja zona posle vyvoda ottuda rossijskih vojsk” (Buffer zone after withdrawal of Russian troops) (2008) // <http://www.memo.ru/2008/10/28/2810081.html> (accessed September 15, 2013); “Rossijskie pogranvojska pribyli v Juzhnuju Osetiju ohranjat’ granicu s Gruziej” (Russian border guards arrived in South Ossetia to protect the border with Georgia), *Rossiskaja gazeta* No. 4911 (87) (May 18, 2009).

Photo 4 RF BG base in Akhalgori



While the RF Border guard service seemed to be professional, SO Police tended to be overwhelmingly involved in illegal activities and relatively protected only one single entity. It is obvious that SO security actors have tarnished their reputation and their ability to keep social balance between governmental structures and individuals remain questionable. Therefore it is important to permanently challenge SO security actors' behavior, and mutual discussions to tackle the issues should play an important role. A representative of the community could attend weekly or monthly meetings with SO police and RF BG.

It is worth also mentioning the cultural traditions work. Both the GEO and SO communities cohabited and shared some cultural elements and customs due to geographical proximity, history and Caucasian identity. The cultural diversity between the communities cannot be observed as a major sticking point to be addressed. One suggestion is to organize joint events to commemorate cultural holidays from both sides; for example, the 15<sup>th</sup> of October is the birthday of famous Ossetian Poet Kosta Khetagurov, and the 15<sup>th</sup> of May is the Day of Ossetian Language and Literature. Similar Georgian holidays should be commemorated in South Ossetia as well. In other words, cultural confidence well supported by the institutional structures and implemented through multiple grass-root level initiatives would satisfy the needs of both communities and contribute to reconciliation. Joint publications, seminars, conferences, cultural visits, dance and song festivals, literature events would support reconciliation and improve communication between the communities.

Justice and rights work seems to be quite emotional and challenging, and needs to be addressed between the communities. There are a lot of methodological tools to soften the process of justice and rights works which offer creation of social media tools to exchange the stories among the victims, TV and radio show, direct contacts with an independent arbiter, etc. As mentioned in the Handbook on reconciliation, the past has many layers and this fact needs to be acknowledged before addressing the (past) future through a reconciliation process<sup>49</sup>. Each victim has his/her story to tell and in most cases the stories encompass violence, misbehavior, war crime, and human rights violations. Therefore, the quest for truth and justice - essential stages on the way to reconciliation - does not simply disappear with time. The political imposition of “forgiving and forgetting” may fail completely to stifle demands for the prosecution<sup>50</sup>. There are a number of cases on property rights and confiscations in Akhgori that have been recorded by international communities and presented in Geneva discussions. This should be addressed through local and international channels to make sure that justice and rule of law prevails.

Though it is unlikely to happen in the near future, political option work might offer new opportunities for the community. This should include community discussions with politicians in Akhgori and Tserovani who are responsible for the fate of their people. Joint events representing both sides would bring people together and might find solutions for their problems.

Cooperation between the churches in South Ossetia and Georgia is another area to be seriously considered. Both Ossetian and Georgian communities are Orthodox. However, though the South Ossetian Church de jure belongs to the canonical territory of the Georgian Orthodox Church, ecclesiastical rule from Tbilisi has not been de facto or carried out for over fifteen years and the eparchies of South Ossetia and Abkhazia have been insisting on independence from the Georgian Patriarchy<sup>51</sup>. Setting aside the canonical disputes, the role of church in reconciliation should be underscored. The Orthodox Church remains the most trusted institution in Georgia. In a 2013 February survey carried out by the Caucasus Resource Research Center (CRRC), 95% of respondents had a favorable opinion of its work.<sup>52</sup> What is more, Patriarch Ilia’s influence in Georgia and even in the Caucasus region is unquestionable.

Polls conducted by US companies show that his approval rating has never been lower than 92%.<sup>53</sup> He supports restoration of the relationship between the communities (though his stance was completely different back in the 90’s). He was born in Vladikavkaz (North Ossetia), graduated

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<sup>49</sup> David Bloomfield and Theresa Barnes, eds., *Reconciliation after Violent Conflict. A Handbook* (2003) // <http://www.idea.int/publications/reconciliation/> (accessed November 11, 2013).

<sup>50</sup> Ibid.

<sup>51</sup> Elena Maler-Matyazova, “The Unrecognized Eparchies of the Recognized Republics,” [www.katehon.ru](http://www.katehon.ru) (2009) // [http://www.katehon.ru/html/top/eccleo/nepriznannie\\_eparhii\\_Eg.htm](http://www.katehon.ru/html/top/eccleo/nepriznannie_eparhii_Eg.htm) (accessed September 15, 2013).

<sup>52</sup> “Georgia’s mighty Orthodox Church,” [www.bbc.co.uk](http://www.bbc.co.uk) (July 2, 2013) // <http://www.bbc.co.uk/news/world-europe-23103853> (accessed September 15, 2013).

<sup>53</sup> Nadezhda Kevorkova, “Patriarch of Georgia: Our Church and People Never Cut Ties with Russia,” [rt.com](http://rt.com) (July 22, 2013) // <http://rt.com/op-edge/patriarch-georgia-russia-ties-438/> (accessed September 15, 2013).

from high school there and his spiritual father was the Ossetian, Father Mikhail Dzatsoev<sup>54</sup>. His experience and positive attitude should be employed and used to the full extent possible. Presently, Akhagori is covered spiritually by the Georgian bishop residing in Nikozi, whose connections and personal characteristics could contribute to reconciliation. Joint bible studies, focused church services, exchange of prayers and pilgrims, joint social activities (i.e. charity event) should be extensively right-targeted actions leading the communities towards the mutual understanding and communication.

The areas of work must provide a sound basis for sustainable reconciliation; however, at some point, the involvement of governmental structures or third actors should be more than welcome.<sup>55</sup> Governmental agencies and international organizations (in this case European Union Monitoring Mission in Georgia, EU Delegation in Georgia, UN office in Georgia) possess substantial political and administrative resources to support the dialogue between the communities. Civil society and local NGOs in conflict affected areas are always vulnerable, fragile, poorly organized and under-resourced. As mentioned in the final communiqué of an Akhagori conference<sup>56</sup>, the Akhagori IDP community is often marginalized from mainstream NGO support, and calls for deeper engagement; local NGOs working with conflict-resolution and the IDP community need professional and structural development support. The role of the international community or an independent arbiter to organize the meetings between governmental structures and civil society to ensure continued dialogue would be of tremendous importance. Furthermore, governmental agencies and international actors possess more serious leverage to make influence on security structures which tend to misbehave and still remain the source of instability. Robust channels of communication should be established between the communities and security actors with support of EUMM basing on the principle of mutual trust and confidence. The development of social and cultural institutions (sport clubs, discussion forums, and cultural houses) between the GEO and SO communities should be started and some funding should be allocated. This would lead to more contact between the communities, better communication, and a higher degree of confidence and would reduce the level of intimidation or violence. Needless to say, both Georgia and South Ossetia suffer from chronic economic disease(s) such as unemployment, poor infrastructure, and lack of labor skills. Training can be the cornerstone of unemployment response. On September 18, 2013, SO de facto authorities enforced new rules to limit the ability to cross ABL for Akhagori and Tserovani residents<sup>57</sup>.

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<sup>54</sup> Nadezhda Kevorkova, "Patriarch of Georgia: Our Church and People Never Cut Ties with Russia," *rt.com* (July 22, 2013) // <http://rt.com/op-edge/patriarch-georgia-russia-ties-438/> (accessed September 15, 2013).

<sup>55</sup> Hugh Frazer and Mari Fitzduff point out that contextual community relations work should be focused on community development, trusted and accessible security forces, pluralist environments, targeting social need and training in critical thinking (Hugh Frazer and Mari Fitzduff, *supra* note 26: 58; Mari Fitzduff, *supra* note 26).

<sup>56</sup> International Appeal Following the Conference "The Problems of Akhagori District: Internally Displaced Persons and their Future" (2013) // [http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG\\_final2.pdf](http://trustdevelopment.eu/v2/wp-content/uploads/2013/06/TIDappeal-ENG_final2.pdf) (accessed September 19, 2013).

<sup>57</sup> Postanovlenie pravitel'stva RJuO ob organizacii peresechenija gosudarstvennoj granicy Respubliki Juzhnaja Osetija s Gruziej v uproshhennom porjadke 15 fevralja 2011 goda No 26 (Decree of the Government of South Ossetia on

While not all of the forecasted changes took place, the rules of the border crossing have already begun tightening and the situation is still unresolved; it means hindered travelling, trading and communication and these changes are especially directed against trade – while cross-bordering is still possible for individuals, bringing and taking goods to sell in Akhagori is from now on forbidden<sup>58</sup>.

These changes have had detrimental effect on daily life of IDPs and Akhagori residents who lost their jobs and source of income. Governmental agencies and international community should take some actions targeting social and economic issues for good reasons including reconciliation. Moreover, South Ossetia is engulfed by Russia and Georgia in all aspects and the revival of trade zone or market along ABL or adjacent territories, would serve as a bonanza for both sides.

With this in mind, an independent arbiter or credible international organization could make a substantial contribution to conflict management and reconciliation. It is worth specifying a particular role of the third parties to be played in case of Akhagori where EU has been largely involved in the post-conflict management issues and its further engagement is a key element in solving this conflict. It would be important to make use of all instruments the EU possesses to facilitate the social-political dialogue, improve communication and provide robust assistance to the conflict parties.

The EU should further support Georgia in implementing its strategy on soft engagement with South Ossetia and encourage their economic, cultural and scientific initiatives across the ABL. One suggestion would be to employ an “intense contacts approach” based on development aid and interaction to ensure communication channels with de facto authorities in order to solve all questions stemming from community needs, to support NGO sector working on confidence building on both sides, to develop and maintain arrangements for funding of initiatives aimed at reconciliation process, and to mainstream human rights and gender issues in conflict management with specific focus on the IDPs, and empowerment of women towards long term reconciliation.

### **3. Military Integration between Russia and South Ossetia: Quo Vadis?<sup>59</sup>**

At the end of January, 2014, the de facto Minister of Defense of the Republic of South Ossetia, Lieutenant General V. Yakhnovets, hosted a press conference in Tskhinvali where he addressed a range of questions related to military cooperation with the Russian Federation, including recognition of military ranks, pensions, medical and social assistance, and financial aspects. He

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organizing the facilitated crossing regime with Georgia) (2011) // <http://cominf.org/node/1166488996> (accessed September 30, 2013).

<sup>58</sup>“The Issues of Akhagori District: IDPs and Their Future,” trustdevelopment.eu (2013) // [http://trustdevelopment.eu/?page\\_id=53](http://trustdevelopment.eu/?page_id=53) (accessed 15 November, 2013).

<sup>59</sup> This part was originally printed in Grazvydas Jasutis. Military integration between Russia and South Ossetia: Quo vadis? // Baltic Defense Review, 2014, Vol.16, No 1.

excitedly publicized that the 4<sup>th</sup> military base of the Russian Federation (hereinafter referred as RF) deployed in Tskhinvali would be in charge of air defense and air space control of South Ossetia (hereinafter referred as SO)<sup>60</sup>.

The military base would be equipped with all means of modern air defense to fulfill tasks in a professional and timely manner. This statement has sent a clear message to the international community on recent developments in the Caucasus region, which has been engulfed with conflicts and bloody skirmishes over the last decades. The 2008 war between RF and Georgia resulted in many casualties, hundreds of thousands of displaced people, destroyed property, serious human rights violations and battered fates. The international community reacted to it with no further delay and sponsored the Six Point cease-fire agreement, authorizing the deployment of the European Union Monitoring Mission in Georgia and requesting RF armed forces (hereinafter referred as AF) to withdraw to the positions held before hostilities had begun in South Ossetia. Since then, South Ossetia has been de jure recognized by the Russian Federation and has taken persistent efforts to make de facto “independence” irreversible; over the last years the multiple processes of borderisation, fencing, passportization, restriction of freedom of movement, security measures and irreconcilable position have increased, which further drove a wedge in Georgian and South Ossetian relationships.<sup>61</sup>

Current military developments between the RF and the SO complicate the implementation of the cease-fire agreement and the probability of return to the negotiation table to bring about resolution acceptable to both sides of the conflict is vague. The increased military presence and capabilities are undoubtedly destabilizing the regional security and its backlash can be volatile and unpredictable, threatening peace and security in the region. It is true that SO acts as an independent state with its own governmental structure, legal system, educational program, social-welfare, armed forces, police, border guards and Russia’s provided budget. Their intent to further develop AF (in cooperation with RF) is logical, keeping in mind the political stream to unite with North Ossetia-Alania, which is a part of RF. Moreover, RF remains the only ally to cooperate with and the only country to be responsible for the development of the SO economy, policy and security, as well as the only country to have a border with (except Georgia).

South Ossetia is sandwiched between RF and Georgia which can be considered rather as a small dainty town in the mountains with approximately 30.000 inhabitants. However it has not caused a frenzy among scholars and practitioners to analyze trends in its post-conflict development due to limited access to the region as well as limited ability to gather credible and trustworthy information. Admittedly, the Georgian-South Ossetian conflict has deserved sufficient attention covering various aspects of conflicts, its development, peace process, interests, the role of the

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<sup>60</sup> Evgenij Krutikov, “Armiju Juzhnoj Osetii vtjagivajut v predvybornuju bor’bu” (The Army of South Ossetia is involved in pre-election campaigning), Regnum.ru, (Feb. 2014) // <http://www.regnum.ru/news/1764057.html>.

<sup>61</sup> Grazvydas Jasutis, “Forward-looking Solutions for the Georgian and South Ossetian Conflict: a Path towards Reconciliation”, Baltic Journal of Law & Politics, Vol. 6 No. 2 (2013): 24-49.

international community etc<sup>62</sup>. However SO military cooperation with RF stands as *terra incognita* and SO post-conflict processes in general remain under-researched. Gerard Toal and John O'Loughlin presented the results of a public opinion survey of Ossetians living in the territory in late 2010, their trust in local institutions and leadership, and ethnic Ossetian attitudes towards other groups, return and property, as well as relations with Russia and Georgia were discussed<sup>63</sup>.

Vladimir Kolossov and John O'Loughlin, who analyzed the migration potential in South Ossetia, have indicated that less than one quarter of the current adult residents plan to leave the territories, despite the economic travails and political uncertainties. The trauma of the 2008 war on both the Ossetians who still live in South Ossetia and on those who fled across the Caucasus to Russia was evident in our surveys and suggests that the longer term likelihood of future residence is not yet fixed for many respondents<sup>64</sup>.

Some analysis of socio-economic aspects, reconstruction of the SO economy and Russia's role in the SO economy can be found in the articles and analytical pieces of Aleksandr Gabuyev, Asa Tibilova, and Batradz Khaberov<sup>65</sup>. The latter thoroughly analyzed the economic situation in SO and proposed to prioritize and develop some sectors to reconstruct the economy of SO. The institutional developments of SO after 2008 were analyzed by experts in Tskhinvali who suggested further enabling SO administration and fostering their capacity for building<sup>66</sup>. The literature on SO AF and its current cooperation with RF is rather meager and it includes only news or messages from RF or SO public information agencies or governmental institutions, several interviews and information posted on some websites.

The aim of this part is to analyze the direction of the military integration between Russia and South Ossetia, to assess its dynamics, its durability and to predict future developments. The research

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<sup>62</sup> See more: Eva Miháliková, "Conflict Analysis of Georgia," *Slovenská politologická revue* Vol. 1, No. 10 (2010). Lincoln Mitchell and Alexander Cooley, "After the August War: A New Strategy for U.S. Engagement with Georgia," *Harriman Review* Vol. 17, No. 3-4 (2010): 65. Susan Allen Nan, Archil Gegeshidze, George Tarkhan-Mouravi, and Revaz Gachechiladze. *Georgian-South Ossetian Conflict: Researching Peace* (Georgian Foundation for Strategic and International Studies, 2011).

<sup>63</sup> Gerard Toal, John O'Loughlin, "Inside South Ossetia: Survey of Attitudes in a De Facto State." *Post-Soviet Affairs*. Vol. 29, No. 2, (2013): 136-172.

<sup>64</sup> Vladimir Kolossov, John O'Loughlin, "After the Wars in the South Caucasus State of Georgia: Economic Insecurities and Migration in the 'De Facto' States of Abkhazia and South Ossetia," *Eurasian Geography and Economics*, Vol.5, No. 52, (September-October 2011): 631-654.

<sup>65</sup> Susan Allen Nan, Archil Gegeshidze, George Tarkhan-Mouravi, and Revaz Gachechiladze. *Georgian-South Ossetian Conflict: Researching Peace* (Georgian Foundation for Strategic and International Studies, 2011). Gabuyev Aleksandr, "Deystviye plana po vosstanovleniyu Yuzhnoy Osetii zaversheno. Zamglavy Minregionrazvitiya RF podvel itogi vosstanovleniya Yuzhnoy Osetii" (Action Plan to Rebuild South Ossetia Is Completed: Deputy Minister of Regional Development of Russia Summed up the Results of South Ossetia's Restoration), *Kommersant*, (March 17, 2011) // <http://www.kommersant.ru/Doc/1601787>; Tibilova Asa, "Obshchaya kharakteristika natsional'noy ekonomiki respubliky Yuzhnaya Osetiya" (A General Characterization of the National Economy of the Republic of South Ossetia)," *Mediacenter IR*, (March 4, 2009) // <http://www.mcir.ru/index.php?page=stat&id=55>.

<sup>66</sup> "Dinamika razvitiya demokraticeskikh institutov Respubliki Juzhnaja Osetija v pervyj god priznaniya nezavisimosti: kruglyj stol, 6 maja 2009 goda, Chinval" (The Dynamics of development of democratic institutions of the Republic of South Ossetia a year after recognition of independence), *Knizhnyi mir*, Moskva (2009).

consists of two major parts, covering research methodology and a case study. The first part is focused on the concept of military integration, its diverse perceptions, its applicability to the research and its stages. The second part applies the methodological pattern to explore the level of military integration the SO and RF AF have achieved. It goes through all its aspects including such variables as legal framework, institutional context, joint training, operations, units and single command. It attempts to disclose its strength, potential and durability by employing the methodology of military integration which is divided into four stages indicating the level of durability and cooperation between RF and SO AF. Needless to say, the article is based on extensive open-source research and some interviews with regional experts to better understand the role of RF AF in SO, including the author's two years' experience in the European Union Monitoring Mission in Georgia and several responses to the questions received from Susan Allen Nan, Gerard Toal and John O'Loughlin.

The article concludes that SO-RF military integration has reached the fourth level and it implies a functional dependency between RF-SO AF (at least for SO) and cost-effective implementation of military tasks and defense policy. It is influenced by external and internal factors supporting its further development, which includes the South Ossetian geo-political location and situation, the role of the ethnic Russian Minister of Defense of SO and his connections with RF, a total absence of alternatives for SO defense policy and well-established military links with RF. The research concludes that the military integration will thrive and it will completely go through the 4<sup>th</sup> stage of integration.

### **3.1 A concept of military integration**

The concept of military integration is applied in different contexts and various ways. Some US scholars and military analysts retrospectively consider military integration as a process of abolishment of racially segregated units, which was accomplished in 1954 when the Army deactivated the last black unit in the command, the 94th Engineer Battalion. The Secretary of Defense announced that the last racially segregated unit in the armed forces of the United States had been abolished<sup>67</sup>. Conflict management experts tend to explore the concept of military integration as an instrument to incorporate former combatants into regular armed forces. It is commonly accepted that integration means that individuals are brought into the new positions similar to the ones they occupied in prior organizations which were in combat with their own.<sup>68</sup> R. Licklider underscores that negotiating a peaceful end to civil wars, which often includes an attempt

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<sup>67</sup> Morris J. MacGregor Jr. "Integration of the Armed Forces, 1940-1965". Gutenberg.org, (February 15, 2007) // <http://www.gutenberg.org/files/20587/20587-h/20587-h.htm>.

<sup>68</sup> Mark Knight, "Security Sector Reform: Post-conflict Integration", Global Facilitation Network for Security Sector Reform, (August 2009) // [http://www.operationspaix.net/DATA/DOCUMENT/5064~v~Security\\_Sector\\_Reform\\_Post-Conflict\\_Integration.pdf](http://www.operationspaix.net/DATA/DOCUMENT/5064~v~Security_Sector_Reform_Post-Conflict_Integration.pdf).

to bring together former rival military or insurgent factions into a new national army, has been a frequent goal of conflict resolution practitioners since the Cold War. However some civil wars result in successful military integration while others dissolve into further strife, factionalism, and even renewed civil war<sup>69</sup>. Katherine Galssmyer and Nicholas Sambanis followed this concept of military integration and concluded that it has not been an effective peace-building mechanism, but this is often due to poor implementation of the agreements.<sup>70</sup>

Conflict management experts focus their attention and analysis on the creation of multi-ethnic armies, identity issues, and the process of reintegration and the role of the new armed forces in a post-conflict environment. However, the case study of military integration between South Ossetia and Russia does not correspond to this concept because rebels (SO AF) get integrated into their allies' structures (RF AF). Military analysts suggest studying a concept of military integration as a process of uniting administrative and defense structures for the armed forces under a single command. There are many regional and global military alliances that pursue the policy of uniting defense structures and making it more interoperable and efficient. Even in the Gulf States region, the near-term objectives for the region should be to, ultimately, build a system that is interoperable with regional systems and resources, to establish a regional interface that is activated only when needed and is combined in operational exercises; the revised regional defense key objectives now cover all domains - sea, land, air, space and cyber<sup>71</sup>.

Namely, this concept of military integration is oriented to strengthen national and regional capabilities to counter threats by uniting and building joint elements, systems, and structures. Military integration has deserved rather meager attention by scholars and therefore this article offers to apply a more broadened and deepened perception of military integration, defining it as a multi-stage process, wherein defense structures increase military cooperation and gain a maximum degree of interoperability, resulting gradually, in joint training, operations and units as well as a single command structure.

A key word is interoperability which is described as the ability of systems (units, or forces) to provide services to and accept services from other systems, units, or forces and to use the services so exchanged to enable them to operate effectively together<sup>72</sup>. In fact, national units seek to boost military cooperation which initially includes training, elements of planning and the exchange of information, further extending it to joint tasks and units. As the aim of integration is to form a joint unit of separate national elements that is able to perform tasks that were set, hence practical military integration stages would be related to rapprochement of national armed forces to pursue

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<sup>69</sup> Roy Licklider, ed. "New Armies from Old: Merging Competing Military Forces After Civil Wars". Georgetown University Press (2014).

<sup>70</sup> Katherine Galssmyer, Nicholas Sambanis, "Rebel—Military Integration and Civil War Termination", *Journal of Peace Research*, Vol. 45 No. 3 (May 2008): 365-384.

<sup>71</sup> Awad Mustafa, "Experts at Abu Dhabi summit want GCC military integration", *thenational.ae*, (April 17, 2013) <http://www.thenational.ae/news/uae-news/experts-at-abu-dhabi-summit-want-gcc-military-integration>

<sup>72</sup>Anthony Faughn. "Interoperability: Is It Achievable?", Boston, Harvard University, (2001).

common tasks which should be implemented through common defense planning, the establishment of joint command and headquarters, common training, bigger military units' training, the creation of joint military units and the participation in joint operations<sup>73</sup>.

The process of integration can be associated with standardization which helps to harmonize military procedures, logistics, armaments, technical support and communication means which may lead to better interoperability and an improved ability to act together. The aim of standardization is to increase the operational capabilities of the Alliance through reaching interoperability between the armed forces of the Alliance and Partner armed forces or forces of other states in order to increase the effectiveness of available resources.<sup>74</sup> Depending on interoperability, the military forces can be partly or fully integrated. The integration itself can be defined as a technical result.



Fig. 4. The stages of military integration

The first level encompasses an initial decision to form an alliance and it remains of crucial importance in identifying the scope, direction and content of military cooperation. For example, The South East Asia Treaty Organization (SEATO) was an international organization for collective defense in Southeast Asia created by the US, UK, France, Australia, New Zealand, Thailand, the Philippines and Pakistan in 1954. According to the Manila Pact (Art 4), each Party recognizes that aggression by means of armed attack, in the treaty area, against any of the Parties or against any State or territory, which the Parties by unanimous agreement may hereafter designate, would endanger its own peace and safety, and agrees that it will in that event act to meet the common danger in accordance with its constitutional processes. Measures taken under this paragraph shall be immediately reported to the Security Council of the United Nations<sup>75</sup>. SEATO established its headquarters in Bangkok and organized annual military drills. The Manila Pact did not envisage any further elements of military integration and military forces had not been employed (the US requested to use military forces in Vietnam)<sup>76</sup>.

The elements of military integration can be found in peace agreements or in non-use-of-force pacts. The appropriate attention should be given to the Shanghai cooperation organization which unites Russia, China, Kazakhstan, Kirgizstan, Tajikistan and Uzbekistan. This organization was aimed at confidence-building measures in the border regions and a reduction of military forces. Later on,

<sup>73</sup> Grazvydas Jasutis. "Karinio aljanso patvarumo tyrimas: Rusijos ir Baltarusijos atvejais" (Research into the Durability of Military Alliance: the Case of Russia and Belarus). Vilnius University, 2011.

<sup>74</sup> "Standardization", Nato.int, (2006), <http://www.nato.int/issues/standardization/index.html>

<sup>75</sup> "Southeast Asia Collective Defense Treaty and Protocol", Isn.ethz.ch, (2008), // [www.isn.ethz.ch](http://www.isn.ethz.ch).

<sup>76</sup> "Southeast Asia Treaty Organization (SEATO)", State.gov, (2008) //

<http://www.state.gov/r/pa/ho/time/lw/88315.htm>.

the states started organizing military exercises and establishing institutions for coordination of joint actions.

The second level of military integration is an institutional one wherein the potential allies establish joint working groups and prepare documents implementing and fostering strategic military cooperation. It includes a heavy emphasis on defense planning, which pinpoints the capabilities, use of force scenarios, standardization, and generation of forces and evaluation of forces' preparedness. Danford W. Middlemiss and Denis Stairs underscore that the US has been able to devote a much larger portion of its overall military expenditures than its allies have in order to equipment modernization and training improvement. This, in turn, has made it increasingly difficult for the other partners to keep pace with the qualitative improvements in American capabilities. The holy grail of interoperability within NATO is thus becoming notoriously hard to achieve<sup>77</sup>. At the second stage, the allies should work shoulder to shoulder to avoid serious gaps, preventing further integration and interoperability.

The third stage is an instrumental one which consists of three elements: joint training, operations and units. In fact, the allies turn from theory to action and systemically implement joint training plans, standardize the procedures on the ground, improve the command and control of military units, participate in joint operations and finally may craft joint units. States that integrate their military units must agree upon structure, personnel, logistics, command, jurisdiction and aims. For instance, the Baltic States established a tripartite battalion (BALTBAT) in 1994. In the Agreement they foresaw that in order to prepare and train the soldiers of BALTBAT and to assure the work of the battalion in the future, the countries form national peace keeping detachments of such structure and size that they would secure a permanent functional BALTBAT structure, considering the changes in personnel and continuous supply of equipment. Until the national peace keeping detachments were transferred to BALTBAT commanding officer, they were dependent on national command<sup>78</sup>.

The fourth level leads to the final step in military integration, which can be defined as functional dependency. The allies are assumed to have been formed into joint units whose control should be transferred to a joint command. There are two options for joint command. The first option is related to partial subordination to joint command, which happens when armed forces are subordinated to operational HQ for specific tasks and it is not considered that the allies have reached this level. The latter requests full subordination of allied armed forces. The empirical examples confirm that

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<sup>77</sup> Danford W. Middlemiss, Denis Stairs, "The Canadian Forces and the Doctrine of Interoperability: The Issues", Policy Matters, Vol 3, No 7 (June 2002) //// <http://www.irpp.org/pm/archive/pmvol3no7.pdf>.

<sup>78</sup> Grazvydas Jasutis. "Karinio aljanso patvarumo tyrimas: Rusijos ir Baltarusijos atvejais" (Research into the Durability of Military Alliance: the Case of Russia and Belarus). Vilnius University, 2011.

each stage of military integration brings an added value to the durability of the alliance and it can be assessed arithmetically<sup>79</sup>.

Table No 4. Arithmetic value of military integration

Military integration stage	Indicators	Arithmetic value
1 <sup>st</sup> stage	Agreement	1
2 <sup>nd</sup> stage	Joint institutional framework Joint defense documents	2
3 <sup>rd</sup> stage	Joint training Joint operations Joint units	3
4 <sup>th</sup> stage	joint command in navy, land and air forces single command on all force components	4

In fact, military integration does not stop at the last stages once joint military units and joint commands have been established and security has been ensured at lower costs. National decisions are replaced by a consensus of joint command; armed forces become interoperable; the armaments are harmonized. Therefore, the third and the fourth military integration levels reduce the negative effects and support a pro-alliance policy. This illustrates how military integration is quite reliable in the last stages and that security being implemented together seems to be more acceptable option for the allies.

### 3.2. Military integration between Russia and South Ossetia

The 2008 war between Georgia and Russia served as a catalyst to infiltrate the Russian Federation AF into some parts of the Caucasus region - which had not hosted them before. In August, 2008, the troops of the guard regiment 693 from the North Caucasian Military District were directly involved in combat operations and remained in SO. On February 1 2009, the regiment was transformed into the 4<sup>th</sup> military base (in Russian: 4 гвардейская Вапнярско - Берлинская Краснознаменная орденов Суворова и Кутузова военная база) which was dispersed in SO and North Ossetia-Alania and only after one year was it fully relocated to SO.<sup>80</sup>

<sup>79</sup>For more detailed information refer to: Grazvydas Jasutis. “Karinio aljanso patvarumo tyrimas: Rusijos ir Baltarusijos atvejis” (Research into the Durability of Military Alliance: the Case of Russia and Belarus). Vilnius University, 2011.

<sup>80</sup>“Четвертая военная база Минобороны РФ полностью размещена в Южной Осетии” (The fourth military base fully deployed in South Ossetia), Kavkaz-uzel.ru, (Nov. 2010) // <http://www.kavkaz-uzel.ru>.

On 4 October 2010 the Southern Military District was established in accordance with the Decree of the President of the RF of 20 September 2010, “*On the military-administrative division of the Russian Federation*” on the basis of the North Caucasian Military District”<sup>81</sup>.

Following this, all RF AF deployed in SO became a part of the the Southern Military District which covered the whole Caucasus area.

There is little information on the South Ossetian Armed Forces that were established in accordance to the 1992 Law on Defence. SO has not adopted a military doctrine, albeit required by the aforementioned law<sup>82</sup>. The latter was amended in 2009 to reflect the transformation of SO into a presidential state where the president is chief commander of the Armed Forces<sup>83</sup>. Consequently the Ministry of Defense and Ministry of Foreign Affairs are supposed to draft a military doctrine and present it to the President for approval. The military doctrine should clarify numbers of personnel, military equipment and activities. The legal document which put a scaffold for military integration between the Russian Federation and South Ossetia is dated back to 2009. On 15 of September Russia and South Ossetia signed an agreement on cooperation in the military field which remains a framework document setting forth directions and scope of military integration between two parties. According to Art. 2 of the afore-mentioned agreement<sup>84</sup>, the parties expressed an intent to cooperate in the following areas: confidence building and military security, air-defense, military training, communications, military intelligence, logistics, military meteorology and topography, technical support and other areas to be agreed to in separate documents.

Furthermore, Article 8 provides a legal framework for using military infrastructure, hosting military bases, and establishing a joint military unit. The agreement may be considered a cornerstone of military integration, identifying the cooperation areas, methods and ambitions.

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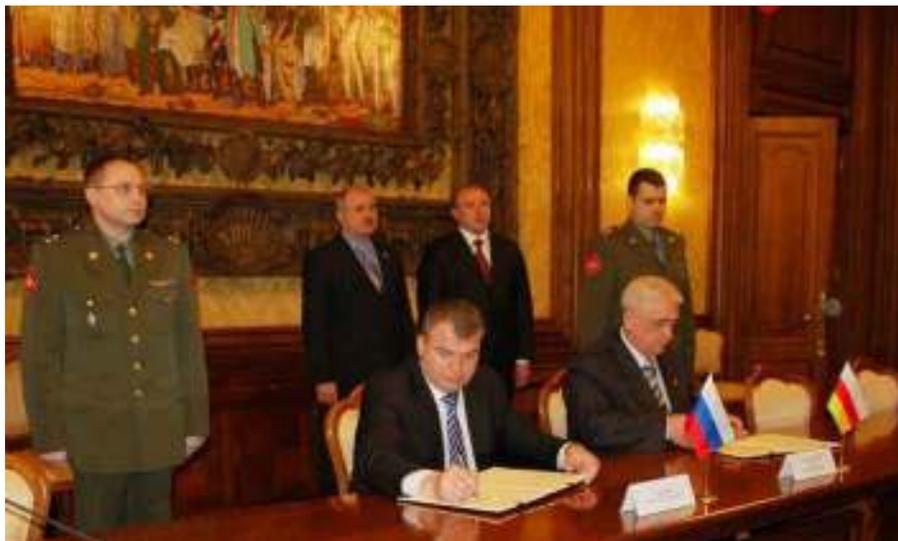
<sup>81</sup> Forces of the Southern Military District are deployed within the administrative boundaries of two Federal Districts (Southern and North Caucasian) in the territories of 12 subjects of the RF. In accordance with international agreements outside the RF there are four military bases of the District: in South Ossetia, Abkhazia, Armenia and the Ukraine (the city of Sevastopol). The District’s staff is located in the city of Rostov-on-Don. It is worth noting that the commander of the Southern Military District operationally controls the military formations of the Internal Troops of the Interior Ministry, the Border Troops of the FSS, the Ministry of Emergency Situations and other Ministries and Agencies of Russia, performing tasks within the territory of the District. “Minoborony ob’javilo o sozdanii Juzhnogo voennogo okruga” (MOD announced the establishment the Southern Military District), top.rbc.ru // <http://top.rbc.ru>.

<sup>82</sup> “Parlament Juzhnoj Osetii utverdil otčet ob ispolnenii zakona RJuO «O gosudarstvennom bjudzete RJuO na 2009 god” (Parliament of SO approved a report on implementation of RSO law regarding state budget in 2009), Cominf.org, (26.05.2010) // <http://cominf.org/node/1166483378>.

<sup>83</sup> “Parlament RJuO rassmotrel proekt zakona RJuO “Ob oborone” (Parliament of SO reviewed a draft law on defense), Cominf.org, (08.07.2009) // [cominf.org/node/1166480425](http://cominf.org/node/1166480425).

<sup>84</sup> Soglashenie mezhdru Rossijskoj Federaciej i Respublikoj Juzhnaja Osetija o sotrudnichestve v voennoj oblasti (Agreement between the Russian Federation and Republic of South Ossetia regarding military cooperation), Mid.ru (15 September 2009) // [http://www.mid.ru/bdomp/spd\\_md.nsf/0/DCC78815E2477CFA44257C9800381AF7](http://www.mid.ru/bdomp/spd_md.nsf/0/DCC78815E2477CFA44257C9800381AF7).

Photo 5 Signing the Treaty between Russia and South Ossetia



At the second level of military integration, Russia and SO worked towards establishing joint working groups and preparing documents aimed at implementing and fostering strategic military cooperation. Following the 2009 Agreement on cooperation in military fields, the parties agreed to establish an institutional framework to boost bilateral cooperation which has promptly brought tangible results. On the 7<sup>th</sup> of April 2010, the then RF Minister of Defense, A. Serdiukov, and SO Minister of Defense, A. Tanaev, signed the Agreement between the RF and SO on joint military base in the territory of the SO.<sup>85</sup>

The Agreement went into effect on the 7<sup>th</sup> of November, 2011, and it clearly defines that RF AF deployed in the area, in cooperation with SO AF, will defend the sovereignty and security of the RF and SO (Article 4, Paragraph 1). This generic article implies a full spectrum of tasks for the deployed unit. In case of a threat, RF AF will act in accordance with the plans approved by RF competent institution and agreed to by SO authorities (Article 4, Paragraph 2); in case of attack on either the RF or SO, the deployed forces will be used following an RF decision (Article 4, Paragraph 3); in case of a terroristic threat to RF or SO objects or to RF citizens, the commander of the military base may make a decision to act without further delay (Article 4, Paragraph 4). According to the commander of the 4<sup>th</sup> military base, RF AF also supports RF border guards and monitors the Administrative Boundary Line between Georgia and SO. The document stipulates that the structure of the military base is defined by RF side in cooperation with SO. This is a long lasting document authorizing the deployment of RF troops on the ground for 49 years, with automatic extensions for period of 15 years unless the parties terminate the agreement. The military

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<sup>85</sup> Soglashenie mezhdru Rossijskoj Federaciej i Respublikoj Juzhnaja Osetija ob ob''edinennoj rossijskoj voennoj baze na territorii Respubliki Juzhnaja Osetija (Agreement between Russian Federation and Republic of South Ossetia regarding joint military base in the territory of Republic of South Ossetia), Mid.ru (7 April 2010) // [http://www.mid.ru/bdomp/spd\\_md.nsf/0/E8C291B1DB0483FF44257C9800381B6A](http://www.mid.ru/bdomp/spd_md.nsf/0/E8C291B1DB0483FF44257C9800381B6A).

base is composed of seven military objects (Annex to the Agreement, Article 1, Paragraphs 1 and 2).

Table No 5. The structure of the 4<sup>th</sup> military base

Military object	Location
1. Aviation base	Java
2. Radiolocation company of aviation base	4 km NW of Tskhinvali
3. Airport	Kurta
4. Military formation (Военный городок) № 12 б	Tskhinvali
5. Military formation (Военный городок) № 12 г	Tskhinvali
6. Military formation (Военный городок) № 47/1	District of Tskhinvali
7. Military formation (Военный городок) № 47/2	Java

Photo 6,7,8 (see next page): RF military base in Akhlagori, Source: <http://vk.com/club22397918>



Its total strength can be compared to a brigade –sized, motorized unit. Military personnel in the base is mixed and is composed of both professionals and conscripts. The base is manned by 95% of the ceilings. 22% of its military personnel are contractor-professionals (mainly commanding staff, commanders of tanks, and drivers of BTRs) and the rest of the personnel remain conscripts. There is even a decision that the number of contractors in the Russian military bases will be increased, and the number will reach as many as 900 people.

Table No 6. RF and SO military strength<sup>86</sup>

SO AF	Personnel	Tanks	Armored vehicles	Rocket launchers GRAD		Air defense system
	1250	18	38	0		10
<b>4<sup>th</sup> Military Base</b>	4000	43	120	18		18

The build-up and structure of the SO AF remain rather unclear. Presumably, the total strength of the SO AF is 1250 military personnel, based on a mixed-recruitment system (professionals and conscripts with conscripts serving for one year)<sup>87</sup>. Infantry battalions might consist of 200-250 soldiers. In August, 2012, the SO Minister of Defence, V.Yakhnovets, visited Moscow and discussed the future of SO Armed Forces.

Photo 9 Minister of Defense of South Ossetia – V.Yakhnovets



According to the president of SO, Tibilov, the SO will have a well prepared AF and will reject any idea of reducing its strength or quality (there was a proposal to reduce the SO AF down to one

<sup>86</sup> Prepared by author, the information derived comparing the data various websites (in cooperation with military analyst Milcho Ignatov).

<sup>87</sup> “V Juzhnoj Osetii prazdujut Den’ zasitnika Otechestva” (South Ossetia celebrates the day of defender of fatherland)”. Ridus.ru, (23.02.2012) // <http://www.ridus.ru/news/23076/>

battalion)<sup>88</sup>. Moreover, SO should keep a reliable reserve and it is necessary to conduct its training. He had difficulty agreeing on this with the former RF Minister of Defence and he believed it would be easier to reach an agreement with the new RF Defence Minister, Shoigu. At the present stage, it is planned to keep the same number of troops, which will be gradually increased in the future. This is supported by de facto Deputy Minister of Defence, I.Gaseev, who explained that SO had a very tough discussion with RF General Staff to preserve the current structure and numbers of SO Armed Forces<sup>89</sup>. Finally, in February 2013 and 2014 de facto Minister of Defence reiterated that no reduction has been planned in the Army<sup>90</sup>.

It is noteworthy to underscore that the Minister of Defense of SO is ethnic Russian military, who was a former chief of military intelligence at RF MOD (Airborne forces) and his vision is to boost the creation of a mobile and deployable SO AF which has great respect from RF MOD. SO sources claim that the reforms are carried out in the Armed Forces in order to create a combat-ready and well-equipped army. The reform will end in mid-2014/ if, by that time, the reduction happens, it will be insignificant. Nevertheless, it is very likely that this structure remains on paper and it might serve as the basis for the SO AF future. Some SO officials claim that the cornerstone of SO AF should be a battalion within the RF 4<sup>th</sup> military base.

Photo 10. SO regular army



<sup>88</sup> “U Juzhnoj Osetii budet svoja deesposobnaja armija” (SO will have a capable army). Regnum.ru, (02.08.2012) // <http://www.regnum.ru/news/1557862.html>.

<sup>89</sup> “Ibragim Gaseev: Nam udalos’ dostich’ samogo glavnogo rezul’tata - sohranit’ chislennost’ Vooruzhennyh sil” (Ibragim Gaseev: we managed to achieve the main results – to keep the number of armed forces). Osinform.ru (28-12-2012) // <http://osinform.ru/38405-ibragim-gaseev-nam-udalos-dostich-samogo-glavnogo-rezultata-sohranit-chislennost-vooruzhennyh-sil.html>.

<sup>90</sup> “Valerij Jahnovec: Esli my ne budem horosho otnosit’sja k sobstvennym Vooruzhennym silam, to budem vynuzdeny kormit’ chuzhie” (Valerij Jahnovec: if we don not treat our AF well, we will feed foreign forces). Cominf.org (22.02.2013) // <http://cominf.org/node/1166496821>

The third stage of military integration is focused on practical cooperation which extensively includes three levels -joint training, operations and units. Seemingly, RF and SO forces have entered this stage and are employing large scale cooperation in the domains of training, operations and creation of joint unit. SO AF military training is conducted by RF in accordance with the “Agreement between Russian Federation and Republic of South Ossetia on Cooperation in Military-technical Sphere” signed in 2010<sup>91</sup>.

Following the Art. 1 the parties decided to cooperate in preparing military personnel which is practically conducted in SO and RF. There is a military training center “BARS” in the JAVA district and the Dzartsemi training field where all SO soldiers and military specialists undergo training. RF AF take part in the training as well so as to ensure that similar standards and procedures are applied. The SO Minister of Defense assessed a level of preparedness of SO AF and openly admitted that there are many officers without proper training or with poor military training<sup>92</sup>.

Most of the SO soldiers have obtained combat knowledge but they have no theoretical experience. Every year, SO MOD sends officers, young specialists and experts to the Russian military schools to attend long and short term courses, military exercises, or obtain a complete military education. Joint training and studies at the RF military schools prepare SO specialists in line with RF standards and ensure familiarity with procedures and standards to be further applied in SO. The military equipment and armaments are compatible and both RF and SO soldiers are familiar with them (except for some GEO AVC which are in SO as military trophies). According to the commander of the 4<sup>th</sup> military base<sup>93</sup> the armaments are not very modern, however they are capable of fulfilling the tasks. There are T-72 tanks, BMP-2, 152mm self-propelled “Acadia” and “Hyacinth-C”, MLRS BM-21 and 120mm mortars which are hardly to be treated as modern ones. Snipers are equipped with SVD (Dragunov rifle 54mm 7.62). There is a separate division of tactical missiles “Tochka-U”. Some experts, mostly from the Georgian side, argue about the presence of the anti-aircraft missile system S-300 in the region but this is strongly denied by the Russian Defense Ministry. It seems that there is no need for S-300 and the anti-aircraft and anti-missile systems (“Tunguska”, “Torah” or “Shilka”) should be enough. In the meantime, the SO AF faces significant problems with weapons and armaments which are old, outdated and beyond

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<sup>91</sup>Soglashenie mezhdru Pravitel'stvom Rossijskoj Federacii i Pravitel'stvom Respubliki Juzhnaja Osetija o voenno-tehnicheskome sotrudnichestve (Agreement between the governments of Russian Federation and South Ossetia regarding cooperation in military-technical field). Mid.ru (4 August, 2010) // [http://www.mid.ru/bdomp/spd\\_md.nsf/0/7F0CC8C7995D387644257C9800381B63](http://www.mid.ru/bdomp/spd_md.nsf/0/7F0CC8C7995D387644257C9800381B63).

<sup>92</sup> “Valerij Jahnovec: Esli my ne budem horosho odnosit'sja k sobstvennym Vooruzhennym silam, to budem vynuzdeny kormit' chuzhie” (Valerij Jahnovec: if we don not treat our AF well, we will feed foreign forces). Cominf.org (22.02.2013) // <http://cominf.org/node/1166496821>.

<sup>93</sup> Viktor Litovkin, “Zastava vpered i pograničnyh zastav” (A base in front of border guards bases), Ng.ru, (29 March 2013) // [http://www.ng.ru/realty/2013-03-29/1\\_zastava.html](http://www.ng.ru/realty/2013-03-29/1_zastava.html).

RF AF standards. The problem has been addressed by the highest political level of SO and it is assumed that new stocks will arrive in SO in the very near future<sup>94</sup>.

The Minister of Defense of SO stated that rearmament will be done with great support from Russia; it is likely to be completed by mid-2014.<sup>95</sup> Currently, SO possess some tanks and armoured vehicles – T72, T55, BMP2, BTR80 and BRDM; some pieces of artillery which include 122mm 2S1 “GVOZDIKA” SP Howitzer, 122mm BM21 MLRS, 2B11/2S12 120mm mortar and 82mm M69A Mortar; SO air defense is based on ZU 23-2, ZSU/23-4 (Close AD) and MANPADS 9K38 “Igla”. So far there has been no proven information that RF and SO forces participate in operations though it cannot be disregarded. SO military personnel lack theoretical training, however this can be compensated for with their expertise in conducting operations in the mountainous area, good knowledge of the region, cultural and linguistic sensitivities and direct combat experience. A high probability of participation in joint operations implies their cooperation in forming joint combat units. It is worth noting the initiative to create the Ossetian battalion within the 4<sup>th</sup> military base of RF<sup>96</sup>.

In February, 2012, the SO Ministry of Defense announced a call for drafting professionals to set up the Ossetian battalion. The total strength of the battalion should be approximately 500 soldiers. There are some limits imposed for those who want to join the battalion (age limit up to 35, males, good health and relevant military experience or being qualified for military service). By the end of 2012, the initiative to create an OSS battalion within the 4<sup>th</sup> military base of RF had been substantiated. The SO Ministry of Defence has announced an additional call-up for military personnel for the Ossetian battalion as a part of the 4<sup>th</sup> military Russian base, deployed in SO.<sup>97</sup>

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<sup>94</sup> “Minoborony: Juzhnaja Osetija gotova dat’ otpor ljubomu agressoru” (Ministry of Defense: South Ossetia is ready to fight any aggressor). Yuga.ru, (09.09.12) // <http://www.yuga.ru/news/272199/>.

<sup>95</sup> “Valerij Jahnovec: Esli my ne budem horosho odnosit’sja k sobstvennym Vooruzhennym silam, to budem vynuzdeny kormit’ chuzhie” (Valerij Jahnovec: if we do not treat our AF well, we will feed foreign forces). Cominf.org (22.02.2013) // <http://cominf.org/node/1166496821>.

<sup>96</sup> Россия создает национальные батальоны. 30.03. 2012 <http://www.rusichi-center.ru/e/2943939-rossiya-sozdaet-natsionalnyie-batalonyi>; “Osetinskij batal’on priveden k prisjage” (The Ossetian battalion took an oath). Rsoinform.com, (14.04.2012); “Osetinskaja rota nachala sluzhbu na voennoj baze RF” (The Ossetian battalion started the duties within RF military base), Vladikavkaz.bezformata.ru, (15.04.2012) // <http://vladikavkaz.bezformata.ru/listnews/rota-nachala-sluzhbu-na-rossijskoj/3858082/>.

<sup>97</sup> “V Juzhnoj Osetii ob’javlen dopolnitel’nyj nabor v osetinskij batal’on pri rossijskoj voennoj baze” (South Ossetia announced an additional call for the Ossetian battalion within RF military base). Osinform.ru, (20.10.2012) // <http://osinform.ru/37450-v-yuzhnoj-osetii-objavlen-dopolnitelnyy-nabor-v-osetinskiy-batalon-pri-rossiyskoj-voennoj-baze.html>.

Photo 11 SO company



The fourth level of military integration is linked to functional dependency when joint units are subordinated to a single command. SO has initiated the creation of an Ossetian battalion within the structure of the 4<sup>th</sup> military base and this may well lead to its functional dependency and single command. It is more than obvious that RF AF cannot be subordinated to SO AF command and this is included in their bilateral cooperation agreement. Assuming that the OSS battalion is a part of the 4<sup>th</sup> military base, their combat duties and chain of command should be the same as in the 4<sup>th</sup> military base. Formally, SO AF may be subordinated to their chain of command, however practically it is not clear how this unit could be controlled or tasked.

In summing up SO-RF military integration and in recognizing the theoretical presumption that military integration increases in each stage, the current stage of military integration between SO and RF is assessed as having reached 6,5 points because it includes a bilateral cooperation agreement (1), an institutional framework (2), training (1), joint operations(1), and a partly-prepared joint unit (0.5). One point is added as an assumption that the joint unit is subordinated to a single command. According to the study of military alliances<sup>98</sup>, all alliances created after WW2 with a high degree of durability (exceeding 4 value points) have survived. Six and one half points for SO-RF military alliance demonstrate a high degree of durability and interoperability which reduces negative effects and supports the policy towards integration.

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<sup>98</sup> Grazvydas Jasutis. “Karinio aljanso patvarumo tyrimas: Rusijos ir Baltarusijos atvejis” (Research into the Durability of Military Alliance: the Case of Russia and Belarus). Vilnius University, 2011.

#### 4. Political Aspects of South Ossetia

Based on the contractual formation of the USSR - from December 30th 1922, Georgia became part of the Transcaucasian Socialist Federative Soviet Republic; made up the Soviet Union together with the Russian Soviet Socialist Republic, the Ukrainian Soviet Socialist Republic, and the Belarus Soviet Socialist Republic. In 1936 Georgia acquired the status of a Union Republic. South Ossetia was granted the status of an Autonomous Region (*‘oblast’*) within the Georgian Soviet Socialist Republic on April 20th 1922, and remained such during the whole Soviet period, whereas on July 7th 1924 North Ossetia was accorded the status of an Autonomous Region within the RSFSR, and on December 5th 1936, that of an Autonomous Socialist Soviet Republic<sup>99</sup>. It retained the status until the declaration of independence on May 29th 1992.

Consequently, it adopted a constitution that declared a ‘rule-of-law based state’, principles of democracy, human rights, tough (according to specificity of the Caucasus) social and political relations based on clan-corporation and patrimonialism<sup>100</sup>. In fact, the first constitution was crafted on November 2nd 1993, with a strong emphasis on the role of parliament in the political system. According to Rafal Chazor, it did not create new political institutions and aimed to preserve a balance of power acceptable to key political figures following the long-term conflict between the head of Parliament Torez Kulumbegov and the Prime Minister Oleg Teziev. Nevertheless, political dynamics and significant changes in South Ossetia forced revisions to fundamental tenets of the constitution (for example, the introduction of the post of president) and to accelerate preparatory works on a new constitution. The new constitution was adopted on April 8th 2001. The 2001 Constitution consists of 93 articles, arranged into nine chapters, and has concluding and transitional provisions besides. It incorporates the following elements: Fundamentals of the Constitutional System of the Republic of South Ossetia; Rights, Liberties, and Civil Duties of Man and Citizen; President of the Republic of South Ossetia; Parliament of the Republic of South Ossetia; Government of the Republic of South Ossetia; Judiciary of the Republic of South Ossetia; Office of the Prosecutor of the Republic of South Ossetia; Local State Administration and Self-Government; Constitutional Amendments and Revision of the Constitution of the Republic of South Ossetia and Concluding and Transitional Provisions. The Constitution has undergone significant changes since its adoption. Quite recently, the president established a commission; supposed to offer an elegant way ahead when responding to new political and legal realities. The current speaker of the parliament, A. Bibilov, stated that a number of norms contradict the fundamentals of the Constitution; the Constitutional Court has not been established; the elections of local government have never been organised either<sup>101</sup>. The political system of South Ossetia

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<sup>99</sup>Rafał Czachor: *Abchazja, Osetia Południowa, Górski Karabach: geneza i funkcjonowanie systemów politycznych*, Wrocław: Instytut Polsko-Rosyjski 2014, ISBN: 978-83-935729-8-

<sup>100</sup> Kazin, Filipp. 2009. *Vzaimootnosheniya Rossii s Yuzhnoi Osetiei i Abhaziei w sravnitel’noi perspektive*, “Polis”, no. 1.

<sup>101</sup>Некоторые нормы Конституции Южной Осетии требуют пересмотра — депутат. 08.04.2015  
<http://www.regnum.ru/news/polit/1913384.html>.

contains some elements which underscore the role of the president and a relatively weak parliament, which makes the decision making process more efficient and less democratic. Rafal Chazor has pointed out five features which can be attributed to the political system of South Ossetia<sup>102</sup>:

- Strong president is accompanied by relatively weak parliament and governments. In general, the Parliaments of de facto states have not developed control rights towards the presidents and the governments;
- The president constructs a policy and does not need the support of the parliamentary majority. The presidents' legitimacy of power are based on nationwide elections and the support of the citizens;
- The power of the parliaments is impaired by the presidents' legislative rights and the right to veto acts produced by the parliaments;
- The governments have limited rights and fully depend on the presidents;
- In light of that, 'military regimes' of de facto states are based not on the system of institutions but on personal factors and the staffing of main state offices.

Rafal has assessed the current political system of South Ossetia as a highly militarised one<sup>103</sup>. The militarisation is manifested through the system of power: the strong position of the president among other institutions, the centralisation of power, and also the high level of popular mobilisation. Notwithstanding the evidence of some aspects of military regime, there are periodic presidential and parliamentary elections to be held in South Ossetia. With reference to the Constitution, South Ossetian citizens elect a president for a five year term, and is considered to be head of state and chief of executive power. The current president, Leonid Tibilov, was elected in 2012. The whole process was engulfed with intimidation, oppression, armed attacks (for example, the deputy minister of defence - general Ibraghim Gaseev, and his armed supporters entered the Parliament and demanded to amend the constitution which would authorise to run for the president office Eduard Kokoity) and political tension. The Presidential elections held in November 2011 were declared invalid by the Supreme Court; amid questionable claims of electoral violations. Second-round polls had shown Alla Dzhioyeva, a former education minister who opposed Russian annexation, to be the winner<sup>104</sup>.

Anatoli Bibilov, who enjoyed full support from the Russian President Medvedev, legally complained about the electoral process and the elections were annulled. A new election was called for March 2012; amid protests by Dzhioyeva's supporters, with Dzhioyeva herself barred from running. Four new candidates, all favourable to Russia, competed in the repeat election. Tibilov,

<sup>102</sup> Rafał Czachor: Abchazja, Osetia Południowa, Górski Karabach: geneza i funkcjonowanie systemów politycznych, Wrocław: Instytut Polsko-Rosyjski 2014, ISBN: 978-83-935729-8-

<sup>103</sup> Rafał Czachor: Abchazja, Osetia Południowa, Górski Karabach: geneza i funkcjonowanie systemów politycznych, Wrocław: Instytut Polsko-Rosyjski 2014.

<sup>104</sup> South Ossetia Report 2014. Freedom House. Available at <https://freedomhouse.org/report/freedom-world/2014/south-ossetia>.

who had led South Ossetia's Committee for State Security (KGB) in the 1990s, received 42 percent of the vote, followed by human rights ombudsman David Sanakoyev with approximately 25 percent. Tibilov won the April 8th runoff with 54 percent and was sworn in as president on April 19<sup>105</sup>.

Fig. 5: Summary of the 25 March and 8 April 2012 South Ossetian presidential election results

Presidential candidate	Party	1st round		runoff	
		votes	%	votes	%
Leonid Tibilov		11,453	42.48	15,786	54.12
David Sanakoyev		6,627	24.58	12,439	42.65
Dmitriy Medoyev		6,415	23.79		
Stanislav Kochiyev	Communist Party of South Ossetia	1,417	5.26		
<i>Against all</i>		216	0.80	279	0.96
Invalid				662	2.27
<b>Total number of votes cast</b>			<b>100.00</b>	<b>29,166</b>	<b>100.00</b>
Turnout			70.28	29,166	71.26
Abstention			29.72	11,763	28.74
<b>Total number of registered voters</b>		<b>40,929</b>	<b>100.00</b>	<b>40,929</b>	<b>100.00</b>

Source: South Ossetian Electoral Commission,  
[https://en.wikipedia.org/wiki/South\\_Ossetian\\_presidential\\_election\\_2012](https://en.wikipedia.org/wiki/South_Ossetian_presidential_election_2012)

Leonid Tibilov and his career in KGB brought about some stability and clarity in the South Ossetia political landscape and none even tried to question the validity of the electoral outcomes. He managed to integrate his political opponents by appointing Alla Jioeva as deputy Prime Minister, D.Sanakoyev as the minister of foreign affairs, and A. Bibilov remained the minister of emergency.

The next institution; directly elected by the citizens of South Ossetia, is the Parliament. The first constitution envisaged a form of parliamentary governing in the Republic and it has been playing role in the society. The Parliament of South Ossetia consists of 34 members. Citizens elect for a five year term, using party-list proportional representation. In June 2014, South Ossetia held parliamentary elections, which were conducted peacefully and without major procedural violations. A number of newly formed opposition parties were able to participate in the election, with candidates competing for 34 legislative seats<sup>106</sup>.

<sup>105</sup> South Ossetia Report 2014. Freedom House. Available at <https://freedomhouse.org/report/freedom-world/2014/south-ossetia>.

<sup>106</sup> South Ossetia Report 2014. Freedom House. Available at <https://freedomhouse.org/report/freedom-world/2014/south-ossetia>.

Fig. 6: Summary of the 8 June 2014 South Ossetian parliamentary election results

Parties	Leader	Votes	%	+/-	Seats	+/-
United Ossetia	Anatoly Bibilov	9,083	44.84	<i>new</i>	20	+20
Socialist Party "Unity of the People"	Vladimir Kelekhsaev	2,790	13.77	<i>new</i>	6	+6
People's Party of South Ossetia	Alexander Pliev	1,915	9.45	-13.10	4	-5
Nykhaz	Ruslan Gagloyev	1,574	7.77	<i>new</i>	4	+4
New Ossetia	David Sanakoyev	1,267	6.26	<i>new</i>	0	-
Unity Party	Zurab Kokoyev	1,219	6.02	-40.30	0	-17
Communist Party of South Ossetia	Stanislav Kochiev	890	4.39	-17.83	0	-8
Homeland	Dombay Gassiyev	802	3.96	<i>new</i>	0	-
Socialist Party "Fatherland"	Vyacheslav Gobofov	658	3.25	-3.11	0	-
<b>Against all</b>		57	0.28			-
<b>Invalid</b>		874		-		
<b>Total</b>		<b>21,129</b>	<b>100%</b>	0	<b>34</b>	0
<b>Registered voters / turnout</b>		<b>35,133</b>	<b>60.14%</b>			-

Sources: Caucasian Knot, South Ossetian Electoral Commission,  
[https://en.wikipedia.org/wiki/South\\_Ossetian\\_parliamentary\\_election,\\_2014](https://en.wikipedia.org/wiki/South_Ossetian_parliamentary_election,_2014)

Four political parties managed to cross the 7% threshold and obtained seats in Parliament. The political party "United Ossetia" led by A.Bibilov, received 20 seats out of 34 remaining - the main political power in the Parliament. Notwithstanding the elections and legal procedures, Freedom House considers South Ossetia as not free.

South Ossetia acts as an independent state with its own governmental structure, legal system, educational program, social-welfare, armed forces, police, border guards and Russia's provided budget. Their intent to further develop cooperation and even political integration with Russia seems to be logical, keeping in mind the political stream to unite with North Ossetia-Alania, which is a part of RF. There is little chance to preserve its independence, and even less of a possibility to

become a fully-fledged subject of the Russian Federation. The scenario of a return to Georgia is not an option at this point as RF remains the only cooperative ally and the only country responsible for the development of the SO economy, policy and security, as well as the only country to have a border with (except Georgia).

Russia continues to exert almost complete control over South Ossetia, and both Tibilov and opposition parties have spoken repeatedly of formally uniting the territory with Russia's North Ossetia republic or joining the Russian Federation directly. In January 2014, United Ossetia issued a formal appeal to Tibilov, asking the president to call for a referendum on South Ossetia's unification with Russia<sup>107</sup>. Paradoxically, the North Ossetian political elite, unlike the general North Ossetian public, were stubbornly opposed for a long time to Russian recognition of South Ossetia's independence. Even after the brief conflict of 2004 and the increased tension in South Ossetia, they thought that deciding the region's fate would take decades, and talk of South Ossetia joining the Russian Federation looked completely unrealistic in their eyes<sup>108</sup>.

Despite that, South Ossetian authorities have internally agreed on their future and their scenario is well reflected in the agreements and programs with the Russian Federation. The trend of integration into the structures of the Russian Federation seems to be credible plan and the strategic agreement on integration between two parties signed in April 2015 strengthens the vision. Kremlin spokesman Dmitry Peskov said – “The treaty envisages, in particular, forming a common defence and security space, free border crossing, cooperation in the framework of interior ministries, easing the procedure of attaining Russian citizenship and its social component, including the issue of pensions,” What is more, the Russian Federation remains financially committed. During the period of 2008-2014 it provided 43 billion roubles, and it pledged to provide 9 billion for 2015-2017 investment program<sup>109</sup>.

The treaty is signed for 25 years, it can be extended for 10 years after expiration. It is composed of 15 articles, of which the majority of articles support the trend of integration.

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<sup>107</sup> South Ossetia Report 2014. Freedom House. Available at <https://freedomhouse.org/report/freedom-world/2014/south-ossetia>.

<sup>108</sup> Alexander Skakov. South Ossetia: Aftermath and Outlook. Carnegie Moscow Centre. Russian Working Group. 2011/1 Available at [http://carnegieendowment.org/files/Report\\_ossetia\\_eng\\_2011.pdf](http://carnegieendowment.org/files/Report_ossetia_eng_2011.pdf).

<sup>109</sup> Путин ратифицировал договор с Южной Осетией о союзнничестве. 30.06.2015 // <http://www.tvc.ru/news/show/id/71567>.

Table 7 Trend of Integration

No. Of the Article	Content	Pro-integration	Pro-cooperation	Commitments
1	Foreign politics		Yes	Russia
2	Common defense, joint military forces	Yes		Russia
3	Border crossing		Yes	Russia/South Ossetia
4	Joint MIA coordination center	Yes		Russia/South Ossetia
5	Joint customs service	Yes		Russia
6	Citizenship	Yes		Russia
7	Civil service	Yes		Russia/South Ossetia
8	Social service	Yes		Russia
9	Insurance	Yes		Russia
10	Education	Yes		Russia/South Ossetia
11	Culture		Yes	Russia
12	Investment, economy		Yes	Russia
13	Correspondence language	Yes		South Ossetia
14	Entry of the agreement		Yes	Russia/South Ossetia
15	Validity of the agreement		Yes	Russia/South Ossetia

The agreement with Russia clearly expands its role in shaping bilateral relations and in providing a scaffolding for further integration. The agreement is soaked with pro-integrational articles, which cover very significant domains such as defence policy, joint customs service, education, MIA affairs and others. Surprisingly, the Russia Federation does not want to usurp Ossetian foreign policy; providing some commitments to support its search for international recognition and conduct coordinated and balanced policy responding to the interests of both parties. Nevertheless, it does not have a strong language and commitments leading to integration. The agreement demonstrates a clear and credible message to both South Ossetia and the international community and bringing out their interests in the Caucasus.

## Conclusion

This study has gone through the GEO-SO conflict timelines, stages, and violence, and has analyzed the potential for reconciliation and confidence building at the community level. While unambiguous conclusions cannot be drawn, the following objective points related to the researched topic and problem should be underscored:

The GEO-SO conflict stages clearly indicate the cyclical process within the dynamics of the conflict. It oscillates between crisis and a relatively peaceful coexistence leading to another confrontation. The 1992 Sochi cease-fire agreement had not prevented further bloodshed and the 2008 Six-point agreement, which seems to be a reliable tool for stability between the conflict parties, does not contain the appropriate norms needed for reconciliation. Moreover, the existing incompatibility of the goals in the case of Georgian infringed territorial integrity, might encourage the parties to return to the conflict.

The level of violence in the GEO-SO conflict has been fluctuating and it has been evolving over the years depending on security and geo-political factors. Admittedly, behavioral violence based on killing and torturing people used to occur for shorter periods during the peak of conflicts. Meanwhile contextual and structural violence provoking negative and harmful attitudes at a community level has been observed over the whole period of the conflict and misperception of the violence concept and absence of concrete interventions to stop it, has kept the door open for further evolution of the conflict. A package of well-elaborated actions targeting contextual and structural violence are needed to prevent the conflict from further development as the analysis of Akhlagori case has clearly demonstrated. The case of Akhlagori has been very important to demonstrate that behavioral violence has not prevailed in the district and it, as less conflict affected, may serve as a starting point for reconciliation.

The reconciliation between GEO and SO communities should be achieved through improving communication and understanding between the communities, promoting an acceptable of existence of different languages, identities and cultures, and encouraging structures which safeguard the rights of both communities, as community relations theory suggests. Seven areas have been explored to improve communication between the communities and increase the level of tolerance. Great importance should be attached to joint cultural work activities supporting mutual cultural event, festivals and exhibitions. Anti-intimidation work should contribute to the establishment of trust and security between the communities and the transparency of security actors in Akhlagori district remains one of the most important issues to be addressed. In terms of community relations and confidence building, the security actors cannot facilitate the process because it does not contribute to the development of public order between GEO and SO individuals. It is of tremendous importance to challenge unacceptable behavior and practice of the security actors which does not support reconciliation and confidence building between the communities. The most important part in reconciliation between the communities should be attributed to the Orthodox Church, which remains a very powerful actor in both communities. It is

worth noting that Patriarch Ilia's influence in Georgia is unprecedented and he supports the restoration of the relationship between the communities. His Ossetian background, experience and positive attitude should be employed and used to the full extent possible.

Community relations theory does not elaborate on the significant involvement of the third parties to support confidence building and reconciliation between the communities. The theory does not neglect its influence, but neither does it foresee a noteworthy role for it. This article concludes that the international community (as the third party) should be involved in supporting the dialogue of the communities through NGOs, verifying and influencing security actors and creating conducive social and economic conditions. More particularly, the European Union should remain impartial as is and assist all parties involved in creating dialogue, supporting social initiatives, mainstreaming human rights, and boosting regional cooperation. Of course, the governmental agencies should support and facilitate the whole process. South Ossetia is engulfed by Russia and Georgia and the revival of trade zone or market along ABL in adjacent territories would serve as a benefit for both sides. This could be done exclusively through governmental channels. It is very important to engage the Ossetian community living in the Tbilisi controlled territory through providing them exclusive rights to learn in Ossetian and preserve their culture. Their positive feedback might engage the Ossetians living in South Ossetia, thus enabling them to contribute to reconciliation and the confidence building process between the communities. The creation of joint institutions for reconciliation and confidence building between relevant agencies at lower levels, and the establishment of an information share mechanism (to facilitate the exchange of documents or provide urgent information) would be of great importance. Reconciliation itself is a complex and difficult concept to be successfully and universally applied in practice; therefore community relations theory and its approach towards gradual reconciliation between the communities seems to be the most reliable option for resolution of the conflict.

The research has also addressed the military integration between the Russian Federation Armed Forces and the South Ossetian defense establishments, - assessing its legal framework, institutional cooperation, joint training, operations, and units and a possible single command structure to rationally predict its future developments. SO and RF military interaction remains one of the most baffling research subjects and final remarks forecasting its future will be a fundamental basis for re-assessing SO-RF military achievements.

The research applied and refined a concept of military integration encompassing a multi-stage process, wherein defense structures increase military cooperation and gain a maximum interoperability, resulting gradually in joint training, operations, units and a single command structure. The SO-RF AF have completely gone through the first and second stages of integration. The 2009 Agreement on military cooperation established a solid basis for integration, pinpointing clear directions towards strengthening the alliance and, most importantly towards creating the joint unit. This is a cornerstone document which serves as a legal framework for continuing cooperation and assessing its ambitions and limits. This has led to more intense institutional cooperation and a

decision to establish a joint military base on the territory of SO, authorizing the deployment of RF troops on the ground for 49 years, with automatic extensions for a period of 15 years, unless the parties terminate the agreement. The developments have positively affected bilateral cooperation between the SO and RF AF and they have embarked on implementing strategic guidance related to training, operations and a joint unit. SO AF have been trained in full compliance with RF procedures and models and it is presumed that any trained SO unit is compatible with RF standards. Their armaments and means of communication are compatible and the only issue remaining in this domain is the SO out-dated army stocks that are planned to be replaced by mid-2014. There has not been any information about joint operations conducted by RF and SO forces, however their intent to create a joint unit has materialized and seemingly their participation in operations cannot be far off.

In February, 2012, the Ministry of Defence of South Ossetia announced a call for drafting professionals to set up an OSS battalion within the 4<sup>th</sup> Military base. Yet the process of establishing a fully operational unit has not yet been completed, although the SO and RF intent to accomplish this task does not raise any doubts or objections at political or practical levels. It is likely that SO and RF military integration has entered the fourth stage which implies a single command structure. It would be practically complicated to organize and implement two commands within one military base, each obeying an RF chain of command. SO-RF military integration has reached 6.5 points and its durability seems to be credible and promising. It is driven by external and internal factors which support its further development and durability. The South Ossetian geo-political location and situation, the role of the ethnic Russian Minister of Defense of SO and his connections with RF, a total absence of alternatives for SO defense policy and well-established military links with the RF suggest that the military integration will thrive and that it will completely reach the 4<sup>th</sup> stage of integration. The latter implies a functional dependency between the RF-SO AF (at least for SO) and the cost-effective implementation of military tasks and defense policy.

The trends in military integration support the notion that South Ossetian authorities have internally agreed on their future and their scenario is well reflected in the agreements and programs with the Russian Federation. The trend of integration into the structures of the Russian Federation seems to be credible plan and the strategic agreement on integration between two parties signed in April 2015 strengthens the vision. The agreement with Russia clearly expands its role in shaping bilateral relations and in providing a scaffolding for further integration.

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## **Annex 1: Declaration of the Genocide of 1920 in South Ossetia**

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*Official version and official translation as presented at the website of the Ministry of Foreign Affairs of South Ossetia:*  
<http://www.mfa-rso.su/en/node/362>

Under all internationally recognized norms extermination of individual population groups on racial, national, ethnic or religious grounds as well as creating living conditions calculated to bring about destruction, in whole or in part, of these groups or imposing on the groups measures intended to prevent births within the groups, is considered as one of the most heinous crimes against humanity and is defined as genocide.

In this case a purposeful extermination of the people of South Ossetia is at work, committed by the government of Georgia in 1918 – 1920 which brought about most negative consequences for the Ossetians in South Ossetia.

The pictures of the brutal, nazi reprisals over the peaceful peasantry of South Ossetia are horrifying even against those hard and tragic first years of the revolutionary developments. What was committed in South Ossetia is beyond human comprehension.

Seventy years have passed, but nothing changed, it seems. The ‘particular’ attitude to South Ossetia as regards its constitutional rights within Georgia really requires an open and professional investigation. The same can be said about the role of the media in this area.

Proceeding from the principles of democracy, humanism and freedom it is necessary to state that:

The revolutionary movement in South Ossetia was by no means an act of reprisal against anyone, neither was it directed against Georgia.

The demands put forward by the leaders of the national movement in South Ossetia were of a particularly democratic character directed at the attainment of the lawful right of the 100 thousand men strong peasantry to self-determination, which implies:

- a) having the form of a political system in South Ossetia acceptable for the local population, i. e. the Soviets.
- b) having the right to remain within the political system the population of South Ossetia has the right to choose, i.e. within the Russian Soviet Federal Socialist Republic together with the other part of Ossetia – North Ossetia.

The Georgian regular forces’ invasion of South Ossetia was a manifestation of an imperial aggression aimed at the extermination of the Ossetian people, at driving them off their own age old territory and at populating South Ossetia with Georgians. This is Genocide.

After the termination of the political leadership of the revolutionary movement (execution of 13 Communards, suppression of the uprisings in Java and in Tskhinval in June 1920), the punitive squads in South Ossetia acted apparently pursuing an all-to-a-man destruction principle of the peaceful population of South Ossetia. The mass-scale brutal destruction methods used against the Ossetian villagers were sanctioned by the government of Georgia which was openly trying to clean South Ossetia of Ossetians.

The Georgian Mensheviks carried out an all-to-a-man destruction of Ossetians, brutally murdering women, children an old people, seizing their property, driving away their cattle and ruining their crops, bringing the people to hunger, to typhus and cholera epidemics. Besides, populating of Ossetian villages with Georgian migrants from mountain and other regions of the republic was carried out on a mass scale. Under all internationally accepted legal acts all this is none other than Genocide.

The destruction of the Ossetians in South Ossetia on a mass scale sanctioned by the so-called ‘democratic’ government of N. Zhordania was carried out under the menshevik banner (cherry- and black and white coloured) which was anew announced to be a symbol of democracy by the present Georgian government. The Ossetian people just can’t tolerate it being regarded as a symbol of Georgian statehood on the Ossetian territory.

To disguise the barbarous extermination (of thousands of peaceful citizens in South Ossetia – old people, women and children) as a class struggle – is Genocide!

We appeal to all the democratic organizations of the world, to all authorities and leaders in the governments of the USSR and the Georgian Soviet Socialist Republic to support the lawful and just demands of the people of South Ossetia:

1) To recognize the destruction of Ossetians in 1920 as a genocide and require to recover the damages of 5 mln rubles in gold.

2) To recognize the right of the South Ossetian people

- to national self-identification;
- to having the political system the people of South Ossetia choose in accordance with the Constitution of the USSR;
- to independent choice of entry into one or another state organization up to establishing their own national-governmental unit.

**Adopted at the 14-th Session of the Oblast Soviet of People’s Deputies of the Republic of South Ossetia of the 20-th convocation**

Tskhinval, 20 September 1990

### **The Resolution of the Parliament of the Republic of South Ossetia on the Political Assessment of the 1918-1920 events**

The Parliament of the Republic of South Ossetia Resolves:

- To adopt the political assessment of the 1918-1920 events.
- To take into consideration the Resolution adopted of 20 September 1990 by the South Ossetian Oblast Soviet of People’s Deputies at their 14-th Session of 20-th convocation ‘On the Rehabilitation of the Peoples Subjected to Repression, and the Genocide of the South Ossetians in 1920 (enclosed).
- To appeal to the heads of the democratic states with a request of recognizing the South Ossetians’ genocide in 1920.
- To transmit the adopted document to the media for publication.

The present Resolution enters into force from the day of its publication.

**The Chairman of the Parliament of the Republic of South Ossetia Gassiev Z. N.**

Tskhinval

13 October 2006

The history of South Ossetia as an ethno-geographical territorial unit numbers over two thousand years. The data provided by the antique, old Georgian and old Armenian narrative sources are an unequivocal testimony of Ossetian

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(Scythian-Sarmatian) origin of the ancient and medieval population, which inhabited the southern slopes of the Central Caucasus. For example, the 'Armenian Geography' of the VII c. testifies that the above mentioned territory was a part of the early medieval Alania.

During its centuries old history South Ossetia has for the most part been independent of external supremacy though it was more than once invaded by the Kartalinian (east-Georgian) rulers. By the time of the establishment of Russian administration in the Caucasus, at the turn of the XVII-XVIII centuries Ossetia was practically independent in the north as well as in the south. Ossetia legally entered the Russian Empire in the 70-ies of the XVIII century, though several dozens of years more had passed before the Russian administration was finally settled here. With the establishment of the Soviet power South Ossetia was included in the Georgian Soviet Socialist Republic, contrary to the clearly expressed will of the indigenous population.

After the collapse of the Russian Empire on 26 May 1918, Georgia proclaimed its independence, immediately laying claims on South Ossetia. By that time a lawfully elected National Soviet began functioning in South Ossetia, whose first congress was held on 6-9 June 1917 in the Java settlement. The National Soviet of South Ossetia consisted of representatives of different political trends (socialist revolutionaries, Mensheviks, Bolsheviks and others). The

National Soviet, in its resolution on the national question supported granting 'the right to self-determination' to the South Ossetians. From that moment on the menshevik Georgia's policy was aimed at an armed suppression of any attempts of South Ossetians to attain their ethnic self-identification and political self-determination.

In the summer of 1920, in response to the aggressive actions of the menshevik leadership of Georgia, an armed resistance was put up by South Ossetians striving for their national self-identification. The rebels, having destroyed the menshevik units, occupied Tskhinval on 8 June 1920. The Decree of the Revkom of South Ossetia (Revolutionary Committee) issued in this connection proclaimed the Soviet power in South Ossetia 'from Oni to Doosheti' and its 'joining to Soviet Russia'.

The proclamation of the Soviet power served as a formal ground for the Georgian authorities to start a full-scale armed invasion of South Ossetia and to physical destruction of Ossetians though the preparation for it had begun long before. Apparent persecution of Ossetians was started as far back as 1918. They were declared 'highwaymen', 'anarchists' and the blame was put on them for all the misfortunes that befell the Georgians. One of the leaders of the Georgian punitive squads, colonel Kasishvili said at a meeting in the village of Eredvi: 'It is already 118 years that Russia has subjugated Georgia and deprived it of freedom. We have suffered this age-long torture through the fault of Ossetians.' The same Kasishvili declared in another place: 'I am a dictator and I have the right to kill twelve men a day'.

The Georgian press was very active in providing an ideological support by the broad public of the mass reprisals against Ossetians. The 'Democratic' government published an appeal to 'the Georgian warriors, defenders of the home hearth' urging them 'not to spare the traitors, the poisonous snakes and their young who must be exterminated. This is necessary for the wellbeing of the Georgian people. The firm will of the Georgian people and the unbending determination of this government to cleanse the breeding ground of traitors and remove, with red-hot iron, from our national body the abscesses and boils, which are threatening all our organism with poisoning and death' (The newspaper 'Ertoba'(Unity), 20 June 1920).

Commander of the Georgian punitive expedition colonel Chkhaidze obtained permission by the Georgian government to burn down all the villages of South Ossetia. Starting from 17 June 1920, the Georgian troops with fire and sword went all through South Ossetia. Practically all South Ossetian villages were burned down and looted, great masses of the Ossetian population, most of them women, children and elderly people, were massacred. In Ossetinskaya street of Tskhinval the Georgian mensheviks exterminated all the male citizens after making a round of all their houses.

One of the leaders of the Georgian troops Valiko Joogheli gave a colourful picture of the destruction of the peaceful villages: ‘Villages here are situated very high up in the mountains. The Ossetians must have thought they are beyond our reach. But now there are these fires burning everywhere... Burning and burning... The ominous fires! What terrible, cruel and enchanting beauty... And, seeing these bright fires burning in the night, an old companion of mine said sadly: “Now I begin to understand Neronus and the Great Fire of Rome”.

This is what F. I. Makharadze wrote about the same events: ‘We are not going to dwell here on the description of the atrocities and savageries inflicted on the population of South Ossetia by the menshevic troops and the Guard under the command of the executioner Joogheli. They made no distinction between young and old, between men and women or between armed people and unarmed ones. They killed all indiscriminately, destroying and burning down everything on their way. The Georgian mensheviks were aiming at a complete extermination of South Ossetia and they almost succeeded in achieving their aim. There was no going any further.’ The description runs as follows: ‘it is without doubt that the nationalistic and chauvinistic principles of the Georgian Mensheviks were at work and the hatred they had always manifested towards all national minorities inhabiting Georgia.’

The surviving South Ossetians were forced to flee to North Ossetia. Through almost impassable mountain passes, over fifty thousand of them fled (i.e. 75 % of the population of South Ossetia), most of them perished of hunger, cold, typhus and cholera on their way. A Georgian governmental Commission was established on 17 May 1920 to deal with the ousting of the remaining Ossetians and distributing their property among the Georgian migrants from various regions of Georgia, basically from the Doosheti and Kazbeghi regions.

Thus, in 1920 the Georgian authorities carried into life their cherished dream of destroying the non-Georgian element of the population of Georgia. It was their state policy. This is what the governmental newspaper said: ‘Our republic is trying to drive Ossetians away to where they have always striven – to the Socialist paradise’. Here are the figures illustrating the losses and damages inflicted on South Ossetia during the Georgian invasion of 1920.

1. Persons killed (men)..... 387 (women).....172 (children).....110 total: 669
  2. Persons perished during their escape: (men).....1206 (women).....1203 (children).....1734 \_\_\_\_\_ total 4143
- The total number of people perished is 4812 (5279 – according to other data).
3. Number of women raped.....62.
  4. Burned down residential and utility structures.....1268034 rubles worth.
  5. Household things and agricultural stock taken away .....190200 rubles worth.
  6. Public buildings burned down (schools and others) ...30, 15000 rubles worth.
  7. Number of livestock driven away: Cattle...19764 head – 988200 rubles worth. Small cattle... 46428 head – 234140 rubles worth.
  8. Number of livestock lost: Cattle ...4077 head – 234140 rubles worth. Small cattle ...32653 rubles worth.
  9. Cattle sold for next to nothing ..... 6527 head – 177100 rubles worth.
  10. A year’s yield lost in 1920 .....167706 rubles worth.
- Total losses incurred .....3317506 rubles worth.
- The number of Ossetians perished in 1920 made 6-8 % of the total population of South Ossetia.

Only in 1921, after the establishment of the Soviet power could the South Ossetians, driven away by the Georgians, return to their burned down homes. A part of the South Ossetians settled down in North Ossetia, forming separate villages.

\* \* \*

The atrocities of the Georgian Mensheviks regarding the peaceful population of South Ossetia left no one indifferent. This is what F.I. Makharadze wrote: ‘Not one reactionary government has ever committed atrocities similar to those

the Georgian Mensheviks have regarding the peasantry of South Ossetia'. At its Session of 20 September 1920, the Oblast Soviet of People's Deputies of South Ossetia defined the 1920 events as the genocide of the Ossetian people. The genocide inflicted on South Ossetia in 1920 by the authorities of the Georgian Republic was later reflected in the Ossetian fiction. The tragic fate of the people robbed and driven out of their homeland, ruined and burned down, made a mournful topic of the works of the classical writers of Ossetian literature such as Arsen Kotsoev, Tsomak Gadiev, Chermen Bedjizati, Sozrooko Koolaev and Koodzag Dzesov. Their works are a true testimony of eye-witnesses and people directly involved in the tragic events of the bloody year of 1920, the year of the first genocide of the South Ossetians on whom the then fascistizing government imposed the destructive war.

Proceeding from the above stated the Parliament of the Republic of South Ossetia resolves:

- 1) To recognize the events of 1918-1920 as a national-liberation struggle of the people of South Ossetia.
- 2) To consider the actions of the authorities of the 'Democratic' Georgia against the Ossetian people in 1920 as genocide.

## **Annex 2: Agreement on Principles of Settlement of the Georgian - Ossetian Conflict**

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*Sochi, 24 June 1992*

The Republic of Georgia and the Russian Federation,

Striving for immediate cessation of bloodshed and achieving comprehensive settlement of the conflict between Ossetians and Georgians,

Being guided by the desire to witness speedy restoration of peace and stability in the region,

Reaffirming commitment to the principles of the UN Charter and the Helsinki Final Act,

Acting in the spirit of respect for human rights and fundamental freedoms, as well as rights of ethnic minorities,

Taking into account the agreement reached in Kazbegi on 10 June 1992,

Have agreed upon the following:

### **Article 1**

From the very moment of signing this agreement, the opposing parties commit themselves to undertake all necessary measures aimed at termination of hostilities and achievement of comprehensive cease-fire by 28 June 1992. From the moment of termination of hostilities, on 28 June 1992 the opposing parties shall withdraw their armed formation with a view of creation of corridor adjacent to the line of juxtaposition. The withdrawal of armed formations shall be completed within three days. Passage through the line of juxtaposition, corridor and its width shall be determined by the joint group of observers.

### **Article 2**

In order to secure demilitarization of the conflict region and to rule out the possibility of involvement of the Armed Forces of the Russian Federation in conflict, the Russian Federation shall withdraw the Tskhinvali-district deployed 37th engineer-sapper Regiment and 292 separate fighting helicopter regiment within 20 days from the moment of cease-fire and separation of opposing parties.

### **Article 3**

1. In order to exercise control over the implementation of cease-fire, withdrawal of armed formations, disband of forces of self-defense and to maintain the regime of security in the region, a mixed Control Commission composed of representatives of opposing parties shall be set up and this Commission shall carry out its functions in close cooperation with the joint group of military observers created in accordance with the agreements reached in Kazbegi.
2. Every Party participating in the work of Commission shall appoint its own representatives. Headquarters of the Control Commission shall be located in the town of Tskhinvali.
3. Until the aforementioned tasks are implemented, joint forces on coordination of activities aimed at establishment of peace and maintenance of order shall be created within the Control Commission. In addition, special mixed groups of observers, attached to the Control Commission, shall be deployed along the security perimeter.
4. The Control Commission and attached to it forces shall start immediate implementation of those tasks assigned by the present agreement.
5. In case of violation of provisions of this Agreement, the Control Commission shall carry out investigation of relevant circumstances and undertake urgent measures aimed at restoration of peace and order and non-admission of similar violations in the future.
6. Financial provision for activities of the Control Commission and forces attached to it shall be provided by the Parties on equal footing.

### **Article 4**

The Parties shall start immediately negotiations on economic restoration of the regions located in the conflict zone and creation of proper conditions for return of refugees. The Parties deem it inadmissible to apply economic sanctions and blockade, and any other impediments to free movement of commodities, services and people and commit themselves to provide humanitarian assistance to the affected population.

### **Article 5**

The Parties shall seek objective and balanced mass media coverage of the settlement process. To this end, a multilateral press-center shall be established within the Control Commission.

### **Article 6**

This Agreement shall come into force immediately after it is signed. Sochi, 24 June 1992, in a set of three in Georgian, Russian and Ossetian languages, and each of these three copies are of equal validity.

**On behalf of the Republic of Georgia E. A. Shevardnadze On behalf of the Russian Federation B. N. Yeltsin**

### **Annex 3: Agreement on Further Development of Georgian-Ossetian Peaceful Settlement Process and on Joint Control Commission**

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*31 October 1994*

Referring to the Agreement Governing the Principles of the Georgian-Ossetian Conflict Settlement, signed in Sochi on 24 June 1992,

Aiming at a comprehensive settlement of mutual relations between the conflicting Parties,

Guided by the desire to establish durable peace and stability,

Reaffirming their adherence to the principles of international law,

Acting in the spirit of respect for the human rights and liberties of individuals and national minorities,

Stating that during the two years that lapsed since the signing of the Sochi Agreement no major results were achieved in the promotion of political dialogue,

Taking into account the urgent need for a whole scale settlement of the Georgian-Ossetian conflict,

The Parties have agreed on the need to further develop the process of peaceful settlement of the Georgian-Ossetian conflict.

1. Thereupon, the Parties note that,

a) The Joint Control Commission (JCC) established for the implementation of the Agreement of 24 June 1992 has largely fulfilled its functions of ensuring control of ceasefire, withdrawing armed units and maintaining safety measures, thus laying foundation for the process of political settlement;

The peacekeeping process is being ensured by the Joint Peacekeeping Forces created within the JCC in accordance with the Agreement of 24 June 1992;

The JCC should be transformed into a permanent mechanism designed for systematic and coordinated involvement in solving various settlement aspects - political, military (peacekeeping), economic, humanitarian, etc.

Trying to achieve further progress towards a full-scale political settlement, to improve coordination of efforts of the Joint Peacekeeping Forces and interaction with the CSCE Mission and other international organizations, to advance a practical solution of issues relating to the reconstruction of affected areas as well as to promote the return of refugees, the Parties have agreed to adjust the JCC functions and to renew and enlarge the Commission.

The Parties have adopted the Regulation on the Joint Control Commission for the Settlement of the Georgian-Ossetian Conflict.

The Commission shall be a permanent body of the four Parties involved in the settling the conflict and mitigating consequences thereof.

The CSCE Mission in Georgia shall take part in the JCC activities.

The Commission shall act in close interaction and coordination with local authorities.

5. The Parties in conflict reaffirm their obligations to solve all differences exclusively through peaceful means, without recourse to force or to threat of force.

**For the Georgian Party, For the Russian Party, For the North-Ossetian Party, For the South-Ossetian Party**

#### **Annex 4: Memorandum on Measures of Providing Safety and Strengthening of Mutual Confidence between the Sides in the Georgian-Ossetian Conflict**

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*Moscow, 16 May 1996*

The representatives of the Georgian and South Ossetian sides through the mediation of the representatives of the Russian Federation and with participation of the representatives of the Republic of North Ossetia-Alania and Organization for Security and Cooperation in Europe (OSCE) held negotiations about the further advance towards full scale political settlement of the Georgian-Ossetian conflict and, having the will to remove the consequences of the conflict and restore between them relations of peace and mutual respect;

being convinced in the necessity to put an end to the hard heritage of the last years and stand on the way leading to peace, confidence and agreement;

confirming the adeptness to the regulations of the UNO Charter, basic principles and decisions of OSCE, to internationally recognized norms of international law;

guiding by the principle of territorial integrity of states and right of people for self-determination;

successfully stating that on the basis of the Agreement on the principles of settlement of the Georgian-Ossetian conflict and engaging Joint Peacekeeping forces in July 1992 military activities in the conflict zone were ceased;

stating about the readiness to follow the way of conflict resolution in the spirit of mutual respect and only through politic methods;

finding it necessary to make steps which could lead to full scale political settlement of the conflict,

Agreed on the following:

- 1) The sides in the conflict refuse from using or the threat of using force, from putting political, economic and other forms of pressure to each other.
- 2) The sides will take all the necessary measures on preventing and suppressing any unlawful activities, infringing the rights of people on their nationality belonging;
- 3) The sides will carry out real measures to provide worthy settlement of the issue of refugees and internally displaced persons, who suffered in the Georgian-Ossetian conflict.
- 4) The sides agree that those who took part in the armed conflict but who didn't commit military crimes and also crimes against civil people are not subjected to criminal pursuit. In the near future the sides will create necessary conditions for the work of law-enforcement bodies on the investigation of the mentioned crimes and call to account guilty persons.
- 5) The sides successfully stress the positive character of practicing regular meetings of the representatives of law-enforcement bodies and will comprehensively assist to their work on recovery of criminal situation in the conflict zone.
- 6) On the way of full scale settlement of the Georgian-Ossetian conflict the zone will be de-militarized step-by-step on the basis of special agreements. Peacekeeping forces may present in the demilitarized zone.

- 7) The sides think it expedient to elaborate in frames of the Joint Control Commission a plan of stage-by-stage cutting down of the number of checkpoints of the Peacekeeping forces, lessening their concentration in places of permanent dislocation, organizing their service with consideration of providing the safety of people.
- 8) The sides express readiness jointly and with assistance of International organizations including NGOs to hold meetings of representatives of the Georgian and Ossetian political and social organizations, scientists with participation of the representatives of the Russian Federation and other countries, “round tables” of the representatives of creative intelligence, also to organize meetings of journalists so as to exchange objective information. The side will take measures for safe movement and staying of the representatives of Mass Media.
- 9) The side will continue negotiations with the aim to achieve full scale political settlement.
- 10) The sides successfully stress the readiness of the Russian Federation to be a guarantor, of the Republic of North Ossetia-Alania to participate in the implementation of the agreements, achieved in the existing Memorandum and of the OSCE to be an assistant to all this.

**The given Memorandum comes into force since the moment of its signing. For the Georgian side: For the South Ossetian side: Through the meditation of: The Republic of North Ossetia-Alania (the Russian Federation) The Russian Federation:**

### **Annex 5: Six Points Agreement: Peace agreement between Russia and Georgia**

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It revolves around the following points:

- the non-use of force
- the definitive cessation of hostilities
- free access for humanitarian aid
- the withdrawal of the Georgian military forces to their usual bases
- the withdrawal of Russian military forces to the lines they held before hostilities broke out. While waiting for an international body, the Russian peacekeeping forces will implement additional security measures
- the opening of international discussions on the modalities of security and stability in Abkhazia and South Ossetia

### **Annex 6: Implementation Of The Plan Of 12 August 2008 Communique Issued By The Presidency Of The Republic**

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Paris, 9 September 2008

Reaffirmation of the commitment of all the parties to implement in full all the provisions of the Medvedev-Sarkozy six-point plan of 12 August 2008.

#### 1. Withdrawal of forces

Withdrawal of all Russian peace-keeping forces from the five observation posts on the line between Poti and Senaki, within a maximum of seven days, taking into account the signing on 8 September of legally binding documents guaranteeing the non-use of force against Abkhazia.

Complete withdrawal of the Russian peace-keeping forces from the areas adjacent to South Ossetia and Abkhazia to their positions prior to the outbreak of hostilities. This withdrawal will take place within 10 days after the deployment in these areas of the international mechanisms, including at least 200 European Union observers, which must take

place no later than 1 October 2008, in view of the existence of legally binding documents guaranteeing the non-use of force against Abkhazia and South Ossetia.

Completion of the return of the Georgian armed forces to their bases by 1 October 2008.

## 2. International observation mechanisms

The UNOMIG international observers will continue to carry out their mandate in their areas of responsibility with the same number of personnel and deployment blueprint as at 7 August 2008, subject to future adjustments decided by the UN Security Council.

The OSCE international observers will continue to carry out their mandate in their areas of responsibility with the same number of personnel and deployment blueprint as at 7 August 2008, subject to future adjustments decided by the OSCE Permanent Council.

The preparations will be speeded up to allow the deployment of additional observers in the areas adjacent to South Ossetia and Abkhazia in sufficient numbers to replace the Russian peacekeeping forces by 1 October 2008, including at least 200 European Union observers.

The European Union as guarantor of the principle of non-use of force is actively preparing the deployment of an observation mission to complement the existing observation mechanisms.

## 3. International discussions

The international discussions provided for in point six of the Medvedev-Sarkozy plan of 12 August 2008 will begin on 15 October 2008 in Geneva. The preparatory talks will begin in September.

These will focus, inter alia, on:

the arrangements to ensure security and stability in the region;

the issue of refugees and displaced persons on the basis of the internationally recognised principles and post-conflict settlement practice;

any other subject, by mutual agreement of the parties.

The Decree of the President of the Russian Federation on the Recognition of South Ossetia



УКАЗ

ПРЕЗИДЕНТА РОССИЙСКОЙ ФЕДЕРАЦИИ

**О признании Республики Южная Осетия**

1. Учитывая волеизъявление югоосетинского народа, признать Республику Южная Осетия в качестве суверенного и независимого государства.

2. Министерству иностранных дел Российской Федерации провести с Югоосетинской Стороной переговоры об установлении дипломатических отношений и достигнутую договоренность оформить соответствующими документами.

3. Поручить Министерству иностранных дел Российской Федерации провести с участием заинтересованных федеральных органов исполнительной власти переговоры с Югоосетинской Стороной о подготовке проекта договора о дружбе, сотрудничестве и взаимной помощи и представить в установленном порядке предложение о его подписании.

4. В связи с обращением Президента Республики Южная Осетия Министерству обороны Российской Федерации обеспечить до заключения договора, упомянутого в пункте 3 настоящего Указа, осуществление Вооруженными Силами Российской Федерации на территории Республики Южная Осетия функций по поддержанию мира.

5. Настоящий Указ вступает в силу со дня его подписания.



Президент  
Российской Федерации Д.Медведев

Москва, Кремль  
26 августа 2008 года  
№ 1261

# *Shrinking Space for Civil Society in Azerbaijan: Restrictive Laws, Criminal Prosecutions, Tax Penalties*

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**Zohrab Ismayil & Ramute Remezaite**

*The article was originally published in June 2016 by Caucasus Civil Initiatives Center. See under: [www.caucasusinitiative.org](http://www.caucasusinitiative.org); [ccic@caucasusinitiative.org](mailto:ccic@caucasusinitiative.org)*

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## **Summary**

In 2014-2016, Azerbaijan's civil society has faced its darkest days since the country's independence in 1991 as the Government has greatly escalated its repression against its critics. Initiation of a joint criminal case by the prosecutor office against a number of local and foreign NGOs operating in Azerbaijan in April 2014 led to de facto closure of many leading human rights NGOs, with their bank accounts seized, leaders and staff members being interrogated, and even detained and convicted to lengthy prison sentences under charges stemming from alleged failure to register grants, or travel bans imposed. The report finds that at least 29 independent NGOs have been affected by the criminal persecution (Annex 1). All foreign organisations were forced to close down their offices in Azerbaijan while domestic NGOs stopped their operation due to their leaders being imprisoned or in exile, seizure on their bank accounts, ongoing criminal proceedings.

Along the criminal prosecution of NGOs, a large number of domestic and foreign NGOs have been subjected to tax proceedings leading to heavy fines imposed under the domestic tax legislation.

The tax investigations stem from same alleged failure of NGOs to register grants with the Ministry of Justice. At least 10 foreign and 17 do-mestic organisations were handed huge financial penalties by the tax authorities (Annex 2). Along that, series of domestic laws regulating NGO operation were amended creating burdensome and complicated registration and reporting procedures and further strengthening the authorities' control over NGO activities in Azerbaijan.

Against this background, the report analyses recent legislative amendments related to NGO operation and its implication on NGOs in practice. The report groups the legislative amendments as follows: burdensome pro-cedure for state registration; new obligations for donors willing to provide grants to Azerbaijani NGOs; new requirements for grant registration and the registration of service agreements limiting NGOs' access to funding; regulation granting excessive powers to the authorities to control NGO activities; increased administrative lia-bility to NGOs. The report continues with the chronicles of cases of 9 NGOs that have been subjected to criminal prosecution and tax inspections:

- Center for National and International Studies
- Democracy and Human Rights Resource Centre
- Democratic Institutions and Human Rights Public Union
- Public Association for Assistance to Free Economy
- Economic Research Center
- Azerbaijan Lawyers Association
- Oil Workers Rights Protection Organization
- Media Rights Institute
- Caucasus Media Investigations Center

The report also documents cases of 4 human rights defenders and NGO leaders – Rasul Jafarov of the Human Rights Club, Intigam Aliyev of the Legal Education Society, Emin Huseynov of the Institute for Reporters' Freedom and Safety and Anar Mammadli of the Election Monitoring and Democracy Studies Center - who were subjected to criminal prosecution to illustrate a pattern of persecution of individuals under criminal justice system.

The report acknowledges the recent positive developments leading to the release of a number of imprisoned NGO leaders, human rights defenders and journalists, including Intigam Aliyev (chairman of Legal Education Society), Rasul Jafarov (chairman of Human Rights Club), Anar Mammadli (chairman of Election Monitoring and Democracy Studies Center), Leyla and Arif Yunuses (Institute for Democracy and Peace) and investigative journalist Khadija Ismayilova. Many more critical voices however remain behind bars and new arrests have al-ready followed the recent releases. NGOs have not yet been able to restore their activities due to overly restrictive laws and policies.

At the time of the publication of the current report, the following organisations still have their bank accounts seized:

- i. Legal Education Society (Intigam Aliyev)
- ii. Unregistered Human Right Club (Rasul Jafarov – personal accounts)
- iii. Institute for Reporter’s Freedom and Safety (Emin Huseynov)
- iv. National and International Study Center (Leyla Aliyeva)
- v. Democracy and Human Rights Resource Center (Asabali Mustafayev)
- vi. Azerbaijan Lawyers Association (Annagi Hajibeyli)
- vii. Media Rights Institute (Rashid Hajili)
- viii. Rights Protection and Enlightenment Society (Elchin Sadigov)

The report recognises the importance of the role that Azerbaijan’s international partners, including the Council of Europe, the United Nations, the European Union, the International Financial Institutions, the Extractive Industries Transparency Initiative (EITI), the Open Government Partnership (OGP) and the United States, play in promoting the respect for human rights and democratic values. It reiterates how crucial it is to place the issue of human rights at the core of their partnership with the Government of Azerbaijan and provides recommendations to them and to the Government of Azerbaijan.

## **Introduction**

Azerbaijan’s civil society has been devastated by the government’s unprecedented crackdown in the last couple years and remains very fragile to date. The repression has reached its peak in the summer of 2014 when many outspoken human rights NGOs were forced to close down or cease their activities and prominent human rights defenders got arrested after having been subjected to a criminal investigation under charges stemming from alleged failure to acquire state registration and/or register foreign grants. On 22 April 2014, a criminal case Nr. 142006023 has been initiated by the General Prosecutor Zakir Garalov on the basis of the information received from the Ministry of Justice (MoJ) on alleged irregularities in the activities of a number of domestic and foreign NGOs. This led to the ‘criminalisation’ of their human rights activities, seizure of their bank accounts, interro-gations of NGO leaders and staff, imposition of travel bans or escape from the country to seek for refuge abroad. Restrictive amendments to laws regulating NGO activities and the use of rule of law and the judiciary for political persecution have paved the way for the destruction of the civil society in Azerbaijan.

Along the criminal prosecution of the civil society, a large number of domestic and foreign NGOs have been subjected to tax inspections leading to heavy fines under the domestic tax legislation. Dozens of domestic and foreign organisations were handed huge financial penalties by the tax authorities. All foreign organisations sub-jected to such inspections were forced to close down their offices in Azerbaijan whereas many domestic NGOs stopped their activities.

Although there have seen some positive developments in the country in March and April 2016 with the release of a number of political prisoners, including the country's leading human rights defenders Intigam Aliyev, Rasul Jafarov and Anar Mammadli, it is highly doubtful if this is a sign of the government's genuine willingness to move towards a systemic change aimed to improve the human rights situation in the country. Many more political prisoners, including the REAL political movement leader Ilgar Mammadov, journalist Seymur Hazi and youth activist Ilkin Rustamzade, remain behind bars at the time of the writing of this report. The popular revolving door principle has again been used by the authorities to guide its repression as new arrests continue in Azerbaijan. Furthermore, restrictive legislation allowing for a broad discretion of the authorities over the NGO operation leaves no space for human rights NGOs to restore their activities.

Against the background of Azerbaijan's blatant failure to uphold its human rights commitments, the report summarises and analyses the latest legislative developments on NGOs, including those adopted in 2015, and chronicles cases of human rights NGOs affected by the persecution. Being aware of the existence of reports and other publications documenting individual cases of human rights defenders, journalists and critical voices, the authors of the report aimed to focus on compiling comprehensive information on the cases of NGOs as institutions subjected both to the criminal persecution and tax proceedings and demonstrate how it affected their organisational existence. The report finds that at least 29 domestic NGOs have been subjected to the criminal prosecution and at least 10 foreign and 17 domestic NGOs underwent tax inspections leading to financial sanctions. The report also covers a number of cases of individual human rights defenders and NGO leaders who have been jailed, banned from leaving the country, forced to flee Azerbaijan or otherwise affected by the crackdown.

The cases covered in the report are in no way exhaustive and are aimed to demonstrate the pattern and the nature of the prosecution. The report has been prepared by an Azerbaijani policy analyst and human rights defender Zohrab Ismayil and an independent human rights lawyer Ramute Remezaite, in close cooperation with a number of human rights lawyers in Azerbaijan who did not want to disclose their identity. The analysis has been conducted based on the desk research of the current domestic laws, official documents, court decisions and information received through numerous interviews with representatives of NGOs affected by the crackdown, human rights defenders and lawyers.

Interviews with representatives of 11 NGOs that have been subjected to criminal prosecution, interrogations, travel bans, freezing of bank accounts, excessive search at the border crossing points and tax penalties were carried out to gather information for the report:

- Democratic Institutions and Human Rights Union chaired by Elchin Abdullayev
- "Doctrine" Journalists' Research Center chaired by Jasur Mammadov
- Economic Research Center chaired by Galib Bayramov
- Caucasus Media Investigations Center chaired by Anar Orujov

- Democracy and Human Rights Resource Public Union chaired by Asabali Mustafayev
- Society and Civil Relations Development Public Union chaired by Ahmad Abbasbeyli
- Center for National and International Studies chaired by Leyla Aliyeva
- Protection of Oil Workers Rights Organisation chaired by Mirvari Gahramanli
- Media Rights Institute chaired by Rashid Hajili
- Young Leaders Education Training and Development Public Union chaired by Sabina Alakbarova
- Media and Public Initiatives Center chaired by Samir Aliyev

The first part of the report analyses the legislative developments of the recent years and attempts to assess the potential impact on NGOs. The second part of the report documents in great detail the cases of NGOs and their leaders and representatives affected by the crackdown. The report concludes with recommendations to the Government of Azerbaijan and the international community.

## II. Social, Economic and Political Background

Azerbaijan is situated in a politically complicated region. Since its independence from the Soviet Union in 1991, the country has been involved in the everlasting Nagorno Karabakh conflict with Armenia, backed by Russia, which resulted in the loss of part of Azerbaijan's territories and a huge number of internally displaced people on both sides. This has dramatized social problems in the country. Geographically, the country is located between Russia and Iran but politically - between the West and Russia. Despite the fact that Azerbaijan has attracted huge Western investment to oil and gas sector and established partnerships with the US and the EU on energy, politically, the country is still dependent on Russia.

Over the last 10 years, the country accumulated about \$105 billion to State Oil Fund from international oil-gas projects, 66% of which has been spent without any remarkable economic progress seen on the ground.<sup>110</sup> The recent decline of oil prices caused socio-economic crises in the country. The government spent a significant portion (65%) of the foreign currency reserves in 2015 to support the exchange rate of the national currency.<sup>111</sup> Despite that, the national currency devaluated by 97% during the same period. In the first four months of 2016, GDP declined by 4.5%. The consequences of the crisis are especially noticeable in the non-oil sector as the non-oil GDP shrank by 6.8%.<sup>112</sup> The beginning of 2016 witnessed social unrest and protests in over 10 regions of the country as a response to social problems and unemployment. The average monthly salary in Azerbaijan is \$323, lower than in any neighboring country. Currently, the Government

<sup>110</sup> [http://www.oilfund.az/en\\_US/hesabatlar-ve-statistika/son-reqemler.asp](http://www.oilfund.az/en_US/hesabatlar-ve-statistika/son-reqemler.asp).

<sup>111</sup> [http://www.oilfund.az/en\\_US/hesabatlar-ve-statistika/son-reqemler.asp](http://www.oilfund.az/en_US/hesabatlar-ve-statistika/son-reqemler.asp).

<sup>112</sup> <http://www.stat.gov.az/macroeconomy/indexen.php>.

of Azerbaijan is in the process of seeking for the budgetary support and investment from the international financial institutions.

As reported by various international organisations, Azerbaijan is one of the most corrupted and unfree countries in the world<sup>113</sup>. According to local human rights defenders, about 80 political prisoners remain behind bars, including the prominent opposition politician Ilgar Mammadov. The magnitude of political persecutions dramatically increased after 2009 when the Government amended the Constitution abolishing the presidential term limits and securing stability for the incumbent President Ilham Aliyev. Consequently, the same year has witnessed the first restrictive amendments to the NGO and grant legislation, the compatibility of which with human rights standards has been questioned by the Venice Commission<sup>114</sup>.

Soon after the presidential elections in October 2013 when the incumbent President Ilham Aliyev secured his third time presidency for the first time in the history of Azerbaijan, a prominent civil society activist and election monitor Anar Mammadli was detained. Until his arrest on 16 December 2013, Anar Mammadli led the Election Monitoring and Democracy Study Center, the only NGO that has systematically monitored country's elections since 2000. A week later, on 23 December 2013, when the world's eyes were focused on Maydan events in Ukraine, the Azerbaijani Government adopted further amendments to NGO laws establishing huge penalties for civil society organisations for failing to comply with restrictive regulations.

The political intolerance to critical civic society in fact started earlier. On 14 March 2013, in an interview with the state AzerTac News Agency, the Head of the Presidential Administration Ramiz Mehdiyev accused local and foreign NGOs of engaging in activities outside their mission<sup>115</sup>. During 2013-2015, Mehdiyev made several public statements on the civil society organisations accusing them of being the fifth column of the Western governments. Many experts consider those statements to be a green light given to the law enforcement authorities to proceed with the crackdown on civil society. Apart from NGOs, the independent media outlets such as the Radio Free Europe/Radio Liberty and Meydan TV have also been targeted by the Government for their critical reporting on the public policies.

According to the 2015 World Bank's report on Azerbaijan, the environment for civil society appears to have become more restrictive due to a number of new amendments to the laws on NGOs, which came into force in 2014:

*The international reaction to the crackdown was not adequate or timely and did not lead to any determined steps to respond to it. Many international organisations and Western governments*

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<sup>113</sup> <https://www.transparency.org/cpi2015#results-table>; <https://freedomhouse.org/report/freedom-world/2015/azerbaijan>; <https://www.amnesty.org/en/countries/europe-and-central-asia/azerbaijan/report-azerbaijan>; <https://www.hrw.org/europe/central-asia/azerbaijan>.

<sup>114</sup> Venice Commission opinion No. 636/2011 on the compatibility of with human rights standards of the legislation on non-governmental organisations of the Republic of Azerbaijan, 14-15 October 2011.

<sup>115</sup> Interview with Ramiz Mehdiyev, the Head of the Presidential Administration, 14 March 2013.

wondered what the reasons for such a harsh crackdown were to understand the developments in the country. The first conclusive decision came from the Extractive Industry Transparency Initiative (EITI), which decided to downgrade Azerbaijan's status from 'member' to a 'candidate' on 14 April 2015 as a response to the dire developments on the ground<sup>116</sup>. Later, on 8 October 2015, Clare Short, the President of EITI visited Azerbaijan and met with President Aliyev where the latter 'undertook to resolve the issues raised by the EITI Board on civil society participation'<sup>117</sup>. Also, according to the EITI President, the President explained the shirking space for NGOs to be the result of geopolitical problems.<sup>118</sup> On 4 May 2016, the Steering Committee of the Open Government Partnership (OGP) decided that 'Azerbaijan will be regrettably designated as inactive in OGP, due to unresolved constraints on the operating environment for non-governmental organizations'<sup>119</sup>.

The international reactions and interactions with the Government of Azerbaijan have obviously made considerable progress since December 2015. Since then, 18 political prisoners including prominent human right defenders Intigam Aliyev, Anar Mammadli, Rasul Jafarov and Leyla Yunus have been released. The courts, by the request of the Prosecutor Office, lifted arrest on bank accounts of 12 NGOs, including all members of the NGO Coalition for EITI, whereas accounts of 8 NGOs still remain seized. The Council on State Support to NGOs established a group to address the issues raised by NGOs, which however de facto stopped its work after the elections of new members to the national NGO coalition to EITI. This however cannot be taken as signs of the government's readiness for substantial reforms as the revolving doors principle has proved to be back: very restrictive laws remain enforced practically preventing NGOs from operating and new arrests of government's critics followed soon after the release of the above mentioned political prisoners.

### III. Latest Restrictive Laws Affecting NGO Operation

This chapter summarises and assesses the latest legislative amendments to laws regulating NGO operation adopted 2013-2015, which greatly impeded the right to freedom of association in Azerbaijan. It covers issues such as registration of domestic and foreign NGOs, access to funding and operational barriers. The report argues that the amendments further restricted the already hostile legal environment for NGOs and created additional impediments to effective NGO operation in Azerbaijan.

17 December 2013 marked the adoption of the first package of comprehensive amendments to a number of laws regulating NGO activities, which entered into force on 3 February 2014 with the

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<sup>116</sup> <https://eiti.org/news/azerbaijan-downgraded-candidate-country>.

<sup>117</sup> <https://eiti.org/news/eiti-chair-meets-azerbaijan-president-ilham-aliyev>.

<sup>118</sup> [http://www.bbc.com/azeri/azerbaijan/2015/10/151013\\_clare\\_short\\_int](http://www.bbc.com/azeri/azerbaijan/2015/10/151013_clare_short_int).

<sup>119</sup> OGP Media Briefing: Azerbaijan made inactive in Open Government Partnership, 4 May 2016.

adoption of the presidential order<sup>120</sup>. This has been followed by another set of amendments adopted on 17 October 2014 resulting in further regulations on NGOs. In 2015, series of rules have been adopted to secure the implementation of the new laws on funding to NGOs: a) On 5 June 2015, the Cabinet of Ministers adopted new rules on registration of grant agreements<sup>121</sup>; b) On 21 October of 2015, the Cabinet of Ministers adopted a decree on “On registration of contracts on provision of services and works at the expense of foreign financial sources by non-governmental organizations, as well as branches or representative offices of foreign non-governmental organizations”<sup>122</sup>; and c) On 22 October 2015, the Cabinet of Ministers approved the “Procedure on obtaining the right to give a grant by foreign donors in the territory of Azerbaijan”<sup>123</sup>.

### **3.1. Barriers to Entry: stringent legislative requirements on state registration and wide discretion of the authorities in applying them on human rights NGOs**

**Although the domestic laws do not prohibit NGO operation without state registration, in practice, NGOs cannot operate effectively as they cannot receive foreign funding, open a bank account and enjoy other prerequisites of a legal entity.**

The current registration procedures for NGOs are regulated by two laws: the Law on Non-Profit Organizations (Public Unions and Funds)] (hereinafter - Law on NGOs)<sup>124</sup> and Law on State Registration and Registry of Legal Entities (hereinafter – Law on State Registration)<sup>125</sup>. Both laws have undergone numerous modifications resulting in a stringent legislative framework for NGOs in Azerbaijan. According to Law on State Registration, domestic NGOs can operate without state registration; only commercial entities and branches and representative offices of foreign legal entities must obtain state registration in order to operate legally. Although absence of the legal entity status does not establish any liability for local NGOs, it severely impedes their effective operation as it prevents them from receiving foreign funding from a number of major donors, open a bank account, enjoy tax benefits or engage in a number of financial and other activities.

As for foreign NGOs, the amendments to the Law on NGOs of 17 December 2013 establish that operation of branches and representatives of foreign NGOs and commercial entities without state registration creates liability. According to Article 582 of the Code of Administrative Offenses, their operation in Azerbaijan without state registration leads to administrative penalty in the amount of 2000-3000 AZN for individuals and 5000-8000 AZN for legal entities.

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<sup>120</sup> The Law of Azerbaijan on Making Amendments to the Law “On non-governmental organizations (public unions and funds)” dated on 17 December 2013 (№ 849-IVQD), The Law of Azerbaijan on Making Amendments to the Law “On State Registration of Legal Entities” dated on 17 December 2013 (№ 848-IVQD), and the Law of Azerbaijan on Making Amendments to the Law “On Grant” dated 17 December 2013 (№ 852-IVQD)

<sup>121</sup> Adopted by the decision No 216 of the Cabinet of Ministers dated 5 June 2015.

<sup>122</sup> <http://e-qanun.az/framework/31456>.

<sup>123</sup> <http://e-qanun.az/framework/31488>.

<sup>124</sup> <http://e-qanun.az/framework/511>.

<sup>125</sup> <http://e-qanun.az/framework/5403>.

The current legislation grants the Ministry of Justice a wide discretion in denying NGO applications for state registration, especially in terms of human rights NGOs. This has led to a huge number of NGOs denied of registration and acting as unregistered groups in Azerbaijan, which later faced criminal prosecution as a result of that.

New amendments to the Law on State Registration established that regional departments of the Ministry of Justice are entitled to proceed with the state registration of NGOs. It can be perceived as a positive step in terms of reduction of costs and time of the registration process organizations established in the regions of Azerbaijan that want to obtain legal entity status. Before the amendments, all NGOs had to apply for registration in the centralized registration department in Baku.

On 19 February 2014, during an official meeting, the Ministry of Justice noted that there were more than 4100 NGOs operating in Azerbaijan. Only a limited number of NGOs however are able to function effectively and display a sound capacity<sup>126</sup>. This number includes other types of non-commercial organizations, such as education institutions, sport associations, cultural organizations, etc.

For comparison, in the neighbouring Georgia, which has a rather simple NGO registration procedures, there were at least 20,206 registered non-profit organizations in 2014 and 18,733 at the end of 2013. In Estonia, with its population of 1,3 million, featured by the highest level of sustainability among Central and Eastern Europe and Eurasia countries in the USAID CSO Sustainability Index, there are more than 30,000 NGOs, which benefit from a supportive legal environment, infrastructure, and public image and are strong advocates and service providers<sup>127</sup>. Azerbaijan's 4100 NGOs for a 9 million inhabitants cannot effectively represent the population's civic initiatives<sup>128</sup>.

**NGOs are obliged to register every single change to founding documents or factual prerequisites with the Ministry of Justice and obtain an extract of a registration certificate in order to continue operation. It is prohibited to operate without such an extract. A failure to comply with the regulation leads to administrative liability.**

According to the new amendments to the Law on “State Registration and State Registry of Legal Entities” of 17 December 2013<sup>129</sup>, all NGOs in Azerbaijan are required to register all changes to the founding documents or pre-requisites with the Ministry of Justice (MoJ) and to obtain an extract of their registration certificate from the in order to be able as legal entity. The law stipulates that any changes such as change of address, change of number of members, change of chairperson, and change of phone numbers NGOs shall be presented for registration. NGOs should submit all

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<sup>126</sup> USAID CSO Sustainability Index for Central and Eastern Europe and Eurasia 2014.

<sup>127</sup> <https://www.usaid.gov/europe-urasia-civil-society>.

<sup>128</sup> [https://www.usaid.gov/sites/default/files/documents/1863/2010complete\\_document.pdf](https://www.usaid.gov/sites/default/files/documents/1863/2010complete_document.pdf).

<sup>129</sup> Article 9.3 and 9.4.

documentation for registration of changes in their founding documents no later than 40 days of those changes in the founding documents or facts. Registration departments shall register the changes in 5 days if no deficiencies identified. A failure to do so leads to administrative penalty. Furthermore, NGOs are forbidden to operate on the basis of non-registered facts or information. Only upon confirmation of registration of such changes, NGOs can freely enjoy the benefits of its legal entity status, such as the use of bank accounts or signing grant agreements.

The respective amendments have already severely hampered the effective operation of some of the NGOs. For example, Public Association for Assistance to Free Economy (PAAFE) has been denied registration of its changes 7 times during 8 months in 2014 under arguments such as the application being wrongly signed by a founder and not a chairperson who has been given authorisation in the documents enclosed to the application. PAAFE appealed such denials to the domestic courts, which further upheld the position of MoJ. In that way, PAAFE has been prevented from acting as a legal entity, including signing grant agreements, receiving grants or conduct bank operations for over 2 years now as it has not been able to obtain an extract of a registration certificate from MoJ since then.

If any of such unregistered changes are revealed by the authorities (e.g. during inspections, review of application of registration of other changes), NGOs will automatically receive a monetary penalty without an opportunity to rectify the shortcomings. The new regulation clearly has a punitive aspect rather than the one to promote regulatory compliance with the NGO law.

Such a new regulation creates a very burdensome procedure for NGOs to follow and is not compatible with the self-governing nature of NGOs. In practice, it results in NGOs having to apply for registration of various facts recorded during registration, such as number of members, factual address and other factual changes for multiple times.

**Foreign NGOs willing to operate in Azerbaijan are required to enter into an agreement of a limited duration with the Ministry of Justice and to obtain an approval of the authorities on NGO's compliance with criteria, such as "respect for national and moral values of Azerbaijani nation". A failure to do so leads to heavy financial penalties.**

The February 2014 amendments to Article 12.3 of the Law on NGOs introduced a requirement for a registration agreement between the Ministry of Justice and a foreign NGO to have an expiration date. Such agreements had been required since 2009, but there has not been any regulation on their duration. Therefore, at least potentially, agreements between a foreign NGO and the Ministry could have been indefinite (although very few, if any, agreements of that type exist in practice). This new provision may severely affect the work of NGOs if the limited duration of agreements of foreign NGOs with the MoJ would not cover the entire period of multi-year projects.

The amendments to the Law on State Registration established that a number of branches or representatives of foreign NGOs is to be limited to one in the territory of Azerbaijan<sup>130</sup>. The state registration of branches and representatives of foreign non-commercial legal entities in Azerbaijan is only possible after the agreement signed with the Ministry of Justice. The new amendments further require that a deputy head of a branch or representative of a foreign non-commercial legal entity is an Azerbaijani citizen and documents confirming his/her appointment must be presented to the Ministry during the registration process<sup>131</sup>.

These recent amendments did not substantially address the issues of NGO registration raised by the Venice Commission as newly established procedural rules further contributed to a rather burdensome registration process for NGOs. Such regulations do not comply either with the standards of the European Convention on Human Rights or the recommendations of the Council of Europe Committee of Ministers on “Legal status of non-governmental organizations in Europe” which requires that rules should encourage the formation and activity of NGOs<sup>132</sup>.

### **3.2. Access to funding**

Access to funding has been severely restricted with the latest legislative amendments adopted in 2015<sup>133</sup>. Current legislation establishes a 3-step burdensome procedure for an NGO grant to be finally registered and accessible to NGOs.

Now, both donor organisations and grant recipients are obliged to obtain a permission from responsible state authorities in order to be able to provide/implement a grant/project in Azerbaijan:

- A donor organization needs to obtain a permission/opinion to provide a grant to an NGO from the Ministry of Finance
- An NGO or a branch of a foreign organization - grant recipient needs to obtain registration for a grant agreement from the Ministry of Justice
- An NGO or a branch of a foreign organization needs to register every service agreement signed with any foreign organization, company and individual with the Ministry of Justice before any action can be taken

#### **3.2.1. Obligation for donor organizations to obtain a right to provide grants to NGOs**

The amendments of October 17, 2014 to the Law on Grants established a requirement for organisations willing to provide a grant to Azerbaijani NGOs to obtain a right to do so from the

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<sup>130</sup> Article 4.2-1 to Law on State Registration, 17 October 2014.

<sup>131</sup> Article 6.1.6.

<sup>132</sup> Article 8 of Recommendation 14.

<sup>133</sup> See the introductory paragraph of this Chapter for references.

authorities<sup>134</sup>. It establishes that a financial economic relevance of such a grant by relevant executive authorities shall be assessed before a decision on a donor's request is made.

The rules of 22 October 2015 further establish the regulations on the operation of foreign donors in Azerbaijan. The new rules determine that foreign donors must obtain a permission to give a grant in Azerbaijan for each grant agreement individually. To acquire such a right, the opinion of the Ministry of Finance on financial and economic reasonability of such a grant is required. The new rules also apply to sub-grants, including any additional agreements or annexes of such grant agreements aimed at modifying grant agreements' duration, purpose and amount<sup>135</sup>.

In order to obtain the opinion of the Ministry of Finance, several documents, including a grant agreement, project duration, information about recipient background and requirements for sub-grants should be attached to the application introduced to the Ministry of Finance. This should also include a justification of financial and economic rationality of grants. Furthermore, founding documents of foreign donors, including a decision of establishment, statute and registration certificate together with the translated, notarized and legalized versions will be required for submission. Applications presented by foreign donors shall be considered by the Ministry of Finance within 15 days from their submission. If any additional investigation is required, this period shall be extended for 15 more days.

According to Article 3.3 of the rules, if a grant is aimed to support activities in the area covered by the state, this may serve as a ground for dismissing the justifiability of financial and economic reasonability of a grant. Furthermore, an opinion on the financial and economic reasonability of a grant is rejected if the purpose and the justification of financial and economic reasonability of a grant are not clearly indicated.

Before the amendments on 17 December 2013 were introduced, donors were not required to obtain a permission from the authorities. Currently, there is no affirmative information about foreign donors who succeeded in obtaining the right to give grants after new rules have become effective in Azerbaijan. There are several foreign projects being implemented in Azerbaijan where grant agreements were approved by Cabinet of Ministers of Azerbaijan.

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<sup>134</sup> Article 2 of the Law on Grants: “branches and representations of foreign legal persons, registered in Azerbaijan and not being aimed at profit (branches and representations of foreign NGOs registered in the Republic of Azerbaijan on the basis of the agreement which is envisaged in the Article 12.3 of the Law of Non-Governmental organizations (Public Associations and Foundations) of the Republic of Azerbaijan) of foreign legal entities may act as a donor after obtaining the right to give a grant in the Republic of Azerbaijan. It is required an opinion on financial-economic reasonability of the grant by the relevant executive authority body for obtaining the right to give a grant.”

<sup>135</sup> The rule regulates the registration of Agreements (decisions) on Receiving (Awarding) Grants by physical and legal entities, as well as sub-grant, grant additions, also in exclusion of the donations, assistance formalized in other forms for purposes as indicated in paragraph 1 of Article 1 of the Law (hereinafter the agreement (decision)). The requirements of the Rule on registering the grant agreements (decisions) also apply to sub-grants and additional contracts related to grant agreement (decision), changes to duration, purpose, the grant amount in the respective agreements.

Such burdensome and restrictive requirements create further difficulties for NGOs in effectively operating their activities. The Venice Commission reiterates that, while foreign funding might give rise to some legitimate concerns, it shall not be prohibited unless there are specific reasons to do so. Even then, foreign funding should never be an object of an outright ban<sup>136</sup>.

### **3.2.2. Obligation to register NGO grant agreements with the Ministry of Justice**

It is obligatory for NGOs to register grant agreements with the Ministry of Justice in Azerbaijan. Amendments of 17 December 2013 to the Law on Grants prohibit NGOs to carry out any bank transactions and other operations on the basis of non-registered grant agreements<sup>137</sup>. Banking transactions shall be carried out on the basis of notification confirming registration of agreements. With the new rules, banks in Azerbaijan were instructed not to carry out any bank operations regarding grant amounts in bank accounts of NGOs. NGOs willing to instruct banks to conduct operations have to provide a confirmation of the Ministry on the registration of a grant.

In addition to the legislative amendments to the Law on Grants, on 5 June 2015, the Cabinet of Ministers adopted rules on registration of grant agreements. The new rules establish stricter and more burdensome regulations on NGOs aiming to register grants with the Ministry of Justice. It limits the period of application for registration since the signing of agreements to 15 days (compared to 30 days previously) and extends the period of notification on the decision over applications to 15 days, which can be extended to 15 additional days. In addition to a grant agreement, the new rules require NGOs to submit a number of other documents that have to be notarised or legalised and marked with apostille if produced abroad. It establishes a lengthy list of criteria to be met by applicants, which is to be investigated by the Ministry of Justice. The Ministry has a right to investigate all documents including on the relevance of activities to the NGO charter, and decline registration on such a basis.

With the new rules, the following documents are required for submission (as opposed to earlier required notarised copy of an agreement only):

- A copy of original documents, such as an agreement (decision) itself and the changes made to it or a project signed by parties for implementation
- A copy of a document confirming an identity of a natural person acting as a donor (recipient)
- A copy of the charter and the extract of the state register of legal entities except for a legal entity acting as a donor (recipient)

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<sup>136</sup> Venice Commission Opinion “On the Law on Non-Governmental Organisations (Public Associations and Funds) as Amended of the Republic of Azerbaijan” Adopted by the Venice Commission at its 101st Plenary Session (Venice, 12-13 December 2014. CDL-AD (2014)043). C. para 63.

<sup>137</sup> Article 5.5 of the Law on Grants.

- A copy of a document bearing the required authority in case when an agreement (decision) is signed by a person other than a legal representative
- A copy of a document confirming a grant issuing right of foreign donors in Azerbaijan
- A document confirming the submission of financial statements to the Ministry of Finance by an NGO or a branch or a representative office of a foreign NGO

In case of absence of original copies any of the above-mentioned documents, a certificate of documents approved by the public notary is required. As for documents in a foreign language, their certified translation by a public notary shall be attached. Documents issued abroad must be legalized by notary or by an apostille.

The new regulation aims at investigating the following issues by the registration authority:

- Compliance of submitted documents and the events to be held as a part of a project covered by the agreement with the laws of Azerbaijan, a charter of a recipient and the compliance of an agreement (decision) terms with the grant definition
- Compliance of Azerbaijan's state budget-funded grants with the scope of those grant issuing bodies
- Compliance of a grant recipient with the criteria stipulated by the grant legislation and acquisition of a grant from donors mentioned in the legislation
- Authorization of an individual signing the agreement (decision)
- Availability of the data concerning the failure to comply with the laws in Azerbaijan with the aim of preventing the financing of terrorism, legalizing other properties or the funds obtained by criminal means by a donor (recipient) acting as a resident in Azerbaijan
- Compliance of required documents with the rules and their accuracy
- A donor acting as a government agency to be added to the list stipulated by the legislation
- Terms for changing the allocation of grant funds, the sale and monetization of the assets obtained through grants not provided in an agreement (decision) whereas donor giving a written consent for this during the project implementation stage
- Accurate and clear expression of agreement (decision) provisions and clear demonstration of events planned for implementation of a project

The Ministry of Justice may refuse to register the grant in cases of shortcomings identified during respective examinations, information provided in the application or the attached documents are not accurate or failure to rectify revealed shortcomings within the specified period.

The new laws expanded the list of potential donors. According to new grant agreements registration procedures, now, any entity in Azerbaijan may provide a grant to both domestic and foreign individuals and legal entities. Before the amendments, only entities, acting as a charity or fund collection for project and programs that may be subject to provision of grant without gaining profit had the right to provide a grant.

### 3.2.3. Obligation to register service agreements by NGOs

On 21 October of 2015, the Cabinet of Ministers adopted a decree establishing a new rule for NGOs to register each service agreement with the Ministry of Justice before it is enforced<sup>138</sup>. Just as envisaged in the registration procedures of grant agreements, NGOs cannot perform any bank or other transactions on the basis of unregistered service agreements.

According to the new decree, contracts on the provision of services and works at the expense of foreign financial sources shall be submitted for registration to the Ministry of Justice. According to the amendments to the NGO Law of 17 October 2014, NGOs providing services and works without any contract or unregistered contracts shall be held liable under the Code of Administrative Offences<sup>139</sup>. The Code however does not establish any clear regulations on such violations. Its Article 432.4 only provides that banks and NGOs shall be fined from 5000 AZN to 15 000 AZN in case of carrying out any bank transactions or other operations related to unregistered grant contracts or decisions.

The registration procedure is very similar to the one applicable to the registration of grant agreements. Documents listed below shall be submitted to the Ministry of Justice for registration:

- Original copy of an agreement or changes to agreements signed by the parties; a copy of agreement shall be notarized. If agreement is concluded in a foreign language, a notarized translation of agreement shall be added. Documents issued in a foreign country shall be legalized and with an apostille
- Identification document of customers of foreign residence or persons without citizenship
- Registration and founding documents of commercial or non-commercial entities if customers are legal entities (commercial registration extracts, registration certificate)
- Assigned comprehensive information about services or works to be done by Contractor (purpose, start date and completion date of contract, expected outcomes, scope of beneficiaries, scope of work or services, place and amount)
- Information on other contractors if applicable

The Ministry of Justice will examine the following issues in the application during the period of 15 days:

- Accuracy and authenticity of documents submitted;
- Compatibility of services or works stipulated in an agreement with the Azerbaijani legislation and a charter of an organization;
- Authority of a person signing an agreement;

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<sup>138</sup>Decree of 21 October 2015 “On registration of contract on provision of services and works at the expense of foreign financial sources by non-governmental organizations, as well as branches or representative offices of foreign non-governmental organizations”. This rule has been adopted in accordance with the Article 24-2.1 of the Law on NGOs amended on 17 December 2013.

<sup>139</sup> Article 24-2.2 of the Law on NGOs.

- As part of agreements, the status of submission of a financial report to the Ministry of Finance by NGOs;
- Availability of information about NGOs' failure to comply with the requirements of Law on "NGOs", Law on fight against funds or other property and laundering the financing of terrorism and the Law on Fighting the terrorism
- As a part of an agreement, compatibility of founding documents of NGOs with the legislation;
- Commercial and non-commercial nature of agreements.

### 3.2.4. Donations

In accordance with the amendments to the NGO Law of 17 October 2014, the definition of "donation" has been broadened<sup>140</sup>. According to Article 24-1.3 of the Law, NGOs are free to accept donations but they may not "either directly or indirectly, provide, propose or promise any material or other gifts, privilege or discount to the person providing donation or any other person in return for the donation received or promised to it" (Art. 24(1)2). It is not clear whether this provision would exclude donations provided in support of concrete project. Such donations shall obviously remain lawful. According to that amendments, donation might be provided by citizens of the Azerbaijan, entity registered in Azerbaijan, branch or representative office of foreign entity (branch or representative office of non-governmental organization (NGO) of a foreign country registered in accordance with Azerbaijani legislation). Besides, in accordance with amendments to Article 24-1.5 of the Law, NGOs, as well as branches or representative offices of foreign NGOs shall submit information about amount of donation received and persons granting the donation to the Ministry of Justice based on the procedures defined by the Cabinet of Ministers. Bank or any other transactions shall not be conducted for donations, information on which has not been submitted.

The amendments adopted on 17 October 2014 introduced the obligation for NGOs to report all donations to relevant authorities (the amount of the received donation and the identity of the donor<sup>141</sup>). The amended Article 24(1)5 does not specify whether such reports shall be made separately for each and every donation or be part of the annual financial report. The latter option is clearly preferable, as the former one would be administratively demanding for NGOs and could again dissuade them from accepting donations (especially smaller donations). Moreover, the reporting obligation now applies not only to grants as such but also to sub-grants, other forms of assistance and amendments to grants, thus adding substantively to the administrative burden of

<sup>140</sup> The Law on amending NGO Law 1082-IVQD, 17 October 2014, Article 24

<sup>141</sup> Donations are received "as a transfer to the bank account of an NGO" (Art. 24(1)4). An exception is foreseen for donations not exceeding 200 AZN provided to NGOs/branches and representations of foreign NGOs which have charity as a primary purpose indicated in their Statutes. Since there is no special status of charitable NGOs foreseen in the Law on NGOs, this provision might be of uncertain application, factually dissuading NGOs from accepting cash donations.

NGOs, while the amendments also provide for sanctions for undertaking banking and other operations in relation to unregistered grants (2013 Amendments to the Code of Administrative Offences). These rules have made it impossible for NGOs that have been denied registration, to access funding in the form of sub-grants through registered organizations, a practice that has previously been used.

### 3.3. NGO Operational Barriers

**New rules grant extensive powers to the Ministry to conduct inspections into activities of NGOs aimed at assessing the ‘appropriateness of activities with NGO’s charter, ensuring transparency in the allocation of funds in accordance with the charter purposes of NGOs’.**

In accordance with the amendments made to the Law on NGOs on December 28, 2015, the MoJ adopted rules on Studying the Activities of Non-Governmental Organizations, Branches or Representative Offices of Foreign Non-Governmental Organizations (hereinafter – Rules on studying NGO activities)<sup>142</sup>. The rules established the procedure for the MoJ to inspect the activities of local and foreign NGOs with offices registered in Azerbaijan. The rules grant extensive powers to the MoJ to conduct inspections into activities of NGOs with little safeguard against abusive application of the rules. While it remains unknown how the rules will be implemented in practice, they nonetheless creates a basis for unrestricted interference into the activities of NGOs by the authorities.

The new rules establish an obligation for all regional departments of the MoJ to provide results of analysis of NGOs activities to the MoJ twice a year (by 30th June and 30th December). The rules also allow the MoJ to engage representatives and experts of other organisations or state bodies. Such a new regulation raises a serious concern about the possible strict control of NGOs in the regions of the country by the MoJ.

The studying of NGO activities is aimed at assessing the compatibility of activities with NGO’s charter, ensuring transparency in the allocation of funds in accordance with the charter purposes of NGOs, ensuring registration of NGO members and organising meetings of the governing board, executive and monitoring bodies. Such analysis of the activities shall be conducted within the period of 30 days, which can be extended to 30 additional days if necessary.

Such studying of NGO activities can be planned and unplanned. Unplanned inspections can be carried out in cases when the relevant information is received by governmental organisations; information disseminated in the mass media; or appeals received by legal entities and individuals, and violations have been discovered by the MoJ, after at least one day notification is given to an

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<sup>142</sup> <http://e-qanun.az/framework/32061>, Article 30.1.

NGO. In case of planned studying of NGO's activities, a 7-day notification shall be presented to an NGO.

### **The new law limits citizens' civil engagement as only persons mentioned in the founding documents and volunteering agreements can participate in the operation of NGOs.**

With the amendments of 17 December 2013, a number of legal and physical persons participating in NGO activities have been limited. Only persons whose names are included to founding documents and volunteering agreements can participate in the operation of NGOs whereas before, any individual could participate in NGO activities without any formal relations with an NGO. This amendment clearly allows the authorities to collect all information about individuals involved in civic activities and limits citizens' opportunities to engage in NGO activities (e.g. participation in protests, actions or campaigns) and is directed at isolating NGOs from the wider society. The law provides that warnings shall be issued to persons rendering any help to NGOs without legalising their relations with them.

### **3.4. Increased Administrative Responsibility**

#### **New laws establish increased administrative liability to NGOs that is not limited to high fines but may also lead to suspension of NGO activities for one year upon decision of the Court by a request of the MoJ.**

Last two years have witnessed the gradual increase of responsibilities for NGOs by the authorities. Amendments to the laws regulating NGO registration and their activities, including grant and donation regulations were made, established overly huge administrative penalties for actions of NGOs not compliant with the new legal regulations. Furthermore, certain violations may also lead to suspension of NGO activities for one year upon a court decision by a request of the MoJ.

According to Article 432.1 of the Code of Administrative Offenses, a failure to submit information about grants on time in the form established in the law by legal or natural persons or representatives and branches of legal entities registered in Azerbaijan is subjected to administrative penalties of up to 2000 AZN for natural persons, 1500-2500 AZN for persons holding official position and 5000-7000 AZN for legal entities<sup>143</sup>.

Another amendment establishes a huge administrative penalty for receiving grants or any other kind of financial assistance without grant agreements or grant decisions. Article 432.3 of the Code of Administrative Offenses provides for confiscation of all objects of material and financial assistance and an administrative penalty in the amount of 2500-5000 AZN for persons holding official positions and 8000-15000 AZN for legal entities. Furthermore, Article 432.4 of the Code

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<sup>143</sup> Recipients of grants or donors of the Republic of Azerbaijan shall inform the MoJ in writing about grant agreements or decisions no later than 15 days of their signing or adoption.

of Administrative Offenses establishes administrative penalty for banks in the amount of 2500-5000 AZN for persons holding official positions and 5000-8000 AZN for legal entities in case of carrying out any kind of bank operations or other operations without grant agreements or decisions not registered in accordance to the Law on Grants.

New amendments to Article 579 of the Code of Administrative Offenses establish huge administrative penalties for all NGOs operating in Azerbaijan without the registration of any kind of changes to their founding documents or subsequent changes after registration, without existence of a registry of members of the organization, without the signing of volunteer agreements with volunteers, without spending funds generated via entrepreneurial NGO activities, for carrying out activities not compatible with NGO's charter. Administrative penalties vary from 1000 AZN to 2000 AZN for persons holding official posts and from 500 AZN to 3000 AZN for legal entities.

In practice, MoJ officials are given a rather wide discretion to interpret the law. For example, officials can request NGOs to provide an official explanation on their keeping of funds in their bank accounts and not spending them during the existing year. There have already been cases when MoJ officials would officially request NGOs to provide reasons for them keeping funds in their bank accounts without spending.

One of the latest amendments relates to studying of activities of NGOs and representative and branches of inter-national NGOs in Azerbaijan. Article 580 of the Code of Administrative Offenses establishes up to 2000 AZN administrative penalty for persons holding official posts and from 2500 AZN up to 3000 AZN for legal entities in case of occurrence of barriers for MoJ officials to conduct inspections into NGOs' activities. In practice, this means that such a law can lead administrative penalties for NGOs for a failure to introduce documents to MoJ or to organise a meeting with the MoJ officials in order for them to carry out inspections in the NGO's office.

According to Article 582 of the Code of Administrative Offenses, representative and branch offices of foreign NGOs are subjected to administrative penalties in case of operation without registration in Azerbaijan. Administrative penalties amount to 1000 AZN-2000 AZN for physical persons, 2000-3000 AZN for persons holding official posts and 5000-8000 AZN for legal entities.

Furthermore, NGOs and representative and branch offices of foreign NGOs can be suspended for one year by a court decision<sup>144</sup>. Grounds for suspension of NGOs' activities for one year include creation of problems in the situations of emergency, failure to eliminate violations identified by the authorities and in cases of violations of rights of the members carried out by the executive bodies of NGOs.

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<sup>144</sup> Amendments of 17 December 2013 to Article 31.3 of the Law on NGOs.

#### **IV The NGOs Subjected to Persecution and their Current Status**

The large scale persecution of local and international NGOs in Azerbaijan has been launched on 13 May 2014, with the criminal case Nr. 142006023 by the Prosecutor Office on Grave Crimes under Articles 308.1 (abuse of power) and 313 (service forgery) of the Criminal Code. As a result of that, starting from May 2014, dozens of local and foreign NGOs have been subjected to the following pressures:

- Seizure of NGOs' bank accounts and accounts of NGO leaders;
- Interrogation of NGOs leaders and staff members;
- Tax inspections into NGOs' financial activities leading to heavy penalties;
- Arrests and conviction of leaders of prominent human rights NGOs;
- Discriminatory documentary and physical checks of NGO leaders and staff members at border crossing points;
- Travel bans imposed on civil society members;
- Closure of local and foreign NGOs. (Annex 1)

The decision of the prosecution to initiate a criminal case refers to a letter of the MoJ informing the prosecution about the outcomes of inspections carried out into activities of the representative office of Oxfam and organisations and individuals as grant beneficiaries of Oxfam. According to the Ministry, a number of irregularities were identified in the activities of Oxfam, such as a failure to register grant agreements, to comply with the charter of the organisation, discrepancies in receipts and allocated grant amounts.

It has been noted that Oxfam allocated a huge amount of funds to the Aran Humanitar Regional Public Union, which is not a humanitarian NGO working on reducing poverty (which is the main Oxfam's objective). Oxfam argued that it modified its strategies and policies on Azerbaijan responding to the needs of local communities and in that way expanded its scope as the Azerbaijani legislation did not forbid Oxfam to work on different but related fields. Another 'irregularity' of Oxfam was the fact that it has allocated funds to the establishment of Baku office of the Revenue Watch Institute and the running of the office through Support to Economic Initiatives Public Union, which is a member of the National Budget Group of Azerbaijan. Furthermore, the prosecution claimed that Oxfam violated the law on mass media for allocating grants to media projects, such as "Obyektiv TV" and "Kanal 13" which have been co-founded by IREX, Institute for Reporters Freedom and Safety and Tur-an information agency. The grants were however aimed to fund specific public awareness projects but not the establishment of media organisations.

On 3 October 2014, the General Prosecutor Office applied to the Nasimi district court in order to carry out mandatory investigation activities with regard to the activities of individuals and NGOs who had received grants from foreign donor organizations, namely, Natig Jafarov, Aynura Imranova, Gulnara Baghirova, Caucasus Media Investigations Center Public Union, Democratic Institutions and Human Rights Public Union, Media and Public Initiatives Center, Economic

Research Center, Center for Economic and Social Development, Oil-Workers Rights Protection Organization, Azerbaijan Lawyers Associations, Democratic Journalist School, American Bar Association, and Chemonics International”. The official appeal by Rustam Usubov, the first deputy of the General Prosecutor of Azerbaijan, to the court aimed to obtain authorisation for the inspection of activities of the respective individuals and organizations and the compliance with accounting regulations, assessment of purposes of activities of grants spent, compliance of all other activities of individuals and organisations with the laws, compliance of grant agreements and their registration with the laws, NGO compliance with tax regulations. The scope of the investigation was very broad covering undefined periods and areas of activities of Oxfam.

Furthermore, the General Prosecutor office established a group consisting of experts from the State Support Council NGOs, Ministry of Taxes and State Finance Department of Ministry of Finance in order to carry out inspections into activities of respective individuals and organisations. Soon after, systematic tax inspections were started. Dozens of NGO have been subjected to tax penalties.

On 3 October 2014, the Nasimi district court upheld the appeal of the deputy of the General Prosecutor allowing for the investigation into activities of mentioned individuals and organisations. The court’s decision instructed the Grave Crimes Investigation Department of the General Prosecutor’s Office to carry out the investigation<sup>145</sup>.

Tax inspections and tax penalties continued in 2015. In the letter No.142006023/1015 of 23 July 2015, the General Prosecutor informed the Ministry of Taxes about the ongoing investigation into activities of 31 individuals and NGOs and provided information about the amounts allegedly evaded as taxes by each individual and NGO. (Annex 2)

The report authors compiled information on the persecution of the following domestic NGOs:

### **Center for National and International Studies**

The Center for National and International Studies (CNIS) was founded in 2003 as a think-tank organisation focusing on issues of democracy, regional security, integration to EU and NATO in the South Caucasus<sup>146</sup>. CNIS is an active member of the Eastern Partnership Civil Society Forum and CIVICUS. In 2013-2014, the CNIS director Leila Aliyeva was a Steering Committee member of the Eastern Partnership Civil Society Forum (EaP CSF) and the coordinator of the Working Group 1 (Human Rights, Democracy and Good Governance).

In the last few years CNIS has been actively researching, running conferences and publishing books on the issues related to democracy development and human rights in the country. During the implementation of its projects, CNIS has often faced obstacles created by local or central

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<sup>145</sup> No. 5(006)-536/2014.

<sup>146</sup> More informational available on [www.cnis-baku.org](http://www.cnis-baku.org).

authorities, such as preventing CNIS from renting venues in private hotels in Baku or holding events in the regions of the country. Leila faced serious pressure from the pro-governmental groups in the EaP CSF for the brochure on political prisoners in Azerbaijan, placed on the CSF website.

On 13 June 2014, the bank accounts of CNIS were frozen by the decision of the Baku Nasimi district court. The amount in the bank accounts was the last tranche of the project funded by the National Endowment for Democracy (NED) and the first tranche of the project of CASCADE consortium, which CNIS was a partner to<sup>147</sup>. The Court decision referred to the order of the Department on Grave Crimes of the General Prosecutor Office regarding the joint criminal case against NGOs under the charges of abuse of power and fraud.

All organization's staff, who at the time were or have been working for CNIS in the past, even a landlord of an apartment where the office was located, were interrogated by the prosecution in December 2014 and February 2015. The CNIS accountant was interrogated more frequently and for longer periods at the Department for Grave Crimes of the Prosecutor General's Office. Investigators demanded the CNIS to provide research papers and accounting documents but by that time the office was emptied and CNIS director Leila Aliyeva was abroad so the prosecution did not get access to the documents. As the organization has been closed down during the crackdown in 2014, the tax authorities could not manage to conduct any tax inspections.

CNIS does not officially operate anymore and it cannot obtain a copy of the registration certificate from the authorities. Ms. Aliyeva claimed that this investigation was the order of the political authorities because of her activism and speeches given in international events. The seizure of bank accounts remains in force, the organization ceased its activities and Ms. Aliyeva has been in exile since September 2014.

### **Democracy and Human Rights Resource Center**

The Democracy and Human Rights Resource Center (DHRRC) was established in 2003 and is based in Sumgait, the third largest city of Azerbaijan. Main areas of its activity include protection of human rights through legal means, legal education and improving professionalism of lawyers. To date, the organisation filed 236 complaints to the European Court of Human Rights. Decisions have already been made on 30 of the complaints 62 complaints are currently at the stage of communication to the Government of Azerbaijan. Majority of these cases relate to violations of the right to freedom of assembly, the right to free elections and the right to not be tortured.

On 19 July 2014, the Baku city Nasimi district court, Sabail district court and Khatai district Court adopted individual decisions on seizure of all bank accounts of DHRRC and its chairman Asabali Mustafayev upon request of the Department for Grave Crimes of the Prosecutor General's Office. Furthermore, a travel ban was imposed on Asabali Mustafayev. At least 12 individuals working

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<sup>147</sup> CASCADE is an international EU-funded research project led by the Fondation Maison des Sciences de l'Homme.

with the DHRRC, including lawyers, accountants, trainers, have been invited for interrogations. In August 2014, the Prosecutor General's Office seized all internal documents of DHRRC related to activities of the organisation in 2006-2014. Only in February 2016, some of the documents have been returned to the organisation and its chair had to sign a written commitment to provide the prosecutor office with the returned documents in case of necessity for further investigation in the future.

At the same time, Baku Tax Department carried out inspections into the organization's activities upon the request of the Prosecutor's Office. As a result of that, an order on the tax penalty was issued arguing that the organisation did not obtain a notification of registration of some grant agreements from the MoJ. Despite the fact that the information about the registration was placed in the website of MoJ, the tax authorities did not take that into account and established that the NGO allegedly failed to pay taxes in accordance to the legislation stemming from the absence of registration of grants. DHRRC would normally sign grant agreements of duration of 1-3 months and submit each agreement to the MoJ for registration. Each time, the MoJ assured the DHRRC that the information about the registration would be published on the website and that the NGO would not need to obtain a paper copy of notifications.

DHRRC appealed against the decision of the Tax Department to the domestic courts. The court however stopped the proceedings following a notification from the Prosecutor General's Office on the ongoing criminal investigation against DHRRC. The court proceedings have not been renewed yet.

DHRRC is currently struggling to obtain an extract of its updated registration certificate from the MoJ, which is obligatory for an NGO to be able to operate as a legal entity. The seizure of bank accounts remains in force, the NGO is not able to continue its activities and a travel ban handed to Asabali Mustafayev stays valid to date.

### **Democratic Institutions and Human Rights Public Union**

The Democratic Institutions and Human Rights Public Union (DIHR) was founded in 2006. DIHR focuses on the promotion and protection of human rights, including freedom of association and media rights, youth initiatives and social rights in Azerbaijan. It is a member of the NGO Coalition on EITI and Eastern Partnership Civil Society Forum.

On 24 July 2014, the Baku Sabail district court froze all bank accounts of the organisation and its chairman Elchin Abdullayev in three different banks (Bank Respublika, International Bank of Azerbaijan, and Zaminbank) by the request of the Prosecutor's Office. Along that, the tax authorities launched an inspection into the organisation's financial operations. As a result of that, the Baku Tax Department made a decision to penalise the organisation in the amount of 21,942 AZN. At the same time, on 19 October 2014, the Prosecutor Office launched a criminal case

against the chairman of DIHR Elchin Abdullayev under charges of abuse of power, illegal entrepreneurship and tax evasion. After a year, the Prosecutor's Office temporarily stopped the criminal case because of Elchin's absence in the country.

At the moment, DIHR is not able to obtain its extract of the updated registration certificate from the MoJ, which is necessary for it to continue activities. DIHR submitted its application on obtaining such an extract in February 2016 and was forced to stop its activities pending its request.

On 30 March 2016, the seizure of bank accounts of DIHR has been lifted. DIHR however has not renewed its activities as Elchin Abdullayev has been in exile since August 2014.

### **Public Association for Assistance to Free Economy**

The Public Association for Assistance to Free Economy (PAAFE) was founded in 2004. It focuses on promoting transparency and accountability of the government, economic freedoms and respect for property rights<sup>148</sup>. PAAFE published over 22 papers and reports on the respective topics and initiated 27 strategic litigation cases on property rights before the European Court of Human Rights in the last years. PAAFE is the member of CIVICUS, Eastern Partnership Civil Society Forum, NGO Forum on Asian Development Bank, NGO Coalition on EITI and the National Budget Group.

On 7 July 2014, Baku court made a decision on the seizure of all PAAFE bank accounts (9085.39 EUR and 11097.92 AZN), at the request of the Prosecutor General's Office in a closed court hearing that the organization was not informed about. On 8 July 2014, the same court ordered the arrest of the bank cards and the personal bank accounts of Zohrab Ismayil, the chairman of the organization.

Since 20 July 2014, Zohrab was twice summoned to the Department for Grave Crimes of the Prosecutor General's Office for interrogation as a witness in the joint criminal case. The investigators' questions were related to PAAFE's activities regarding transparency, public finance and other activities, including the work of the National Budget Group. They asked Zohrab Ismayil about public outreach through media campaigns and debates and questioned their work on preparing recommendations for the government and other activities of PAAFE in the area of property rights.

On 31 July 2014, the Baku Audit Department of the Tax Ministry adopted a decision to begin a tax inspection of PAAFE. On 17 October 2014, the Audit Department issued a decision imposing a penalty in the amount of 16,300 AZN for alleged illegal use of grants by PAAFE over the past three years. Despite the fact that all grants of PAAFE have been legally registered and published

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<sup>148</sup> More informational available on [www.freeeconomy.az](http://www.freeeconomy.az).

on the website of the Ministry of Justice, the Audit Department still considered it to be illegal entrepreneurship activities according to the new law, which, in addition to the registration process, requires for a special approval letter from the Ministry of Justice before a grant can be implemented (a notification letter). The law however came into effect in February 2014 and – in this case – it has been applied retrospectively. The previous law did not require for the “notification” for new grants.

On 14 April 2016, the court lifted the seizure on the organisational and personal accounts. Four days later, the Baku Tax Department withdrew 11,097.92 AZN from PAAFE’s bank account. The MoJ refused to register the results of the general election of the organisation since for 7 times June 2014. The organisation does not operate anymore and its chairman Zohrab resides abroad since August 2014.

### **Economic Research Center**

The Economic Research Center (ERC) was established in 1999. ERC is a policy-research oriented non-profit think tank with a mission to facilitate sustainable economic development and good governance in the new public management system of Azerbaijan<sup>149</sup>. The organisation published more than 50 papers on macroeconomic issues, transparency and accountability of the government, social programs, etc. ERC is an active member of EITI NGO Coalition, National Budget Group and Eastern Partnership Civil Society Forum. Its chairman Gubad Ibadoglu is a Board member of global EITI.

On 27 August 2014 and on 28 August 2014, the Baku Sabail district court and the Baku Nasimi district court made decisions on the seizure of all accounts of the ERC and its first chairman Gubad Ibadoglu respectively. The organisation had 15,000 AZN in its bank accounts at the time of the seizure. On 27 August 2014, Baku Tax Department decided to penalise the organisation in the amount of 134,960 AZN and demanded to pay it within 5 days without conducting any inspection.

During this period, the first chairman of the organization Gubad and the current director, Galib Bayramov were summoned for questioning by the General Prosecutor’s Office. They were interrogated on the Oxfam projects as witnesses.

On 13 May 2015, following the decision of the Narimanov district court of 17 April 2015, the prosecution conducted a search in the ERC’s office and seized all financial and organisational documents and computers. After that, all employees and contractors of the think tank were summoned for questioning by the Prosecutor’s Office. As a result of all that, Gubad was forced to leave the country and has been residing abroad since summer 2015.

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<sup>149</sup> More information available on [www.erc.az](http://www.erc.az).

On 30 March 2016, seizure of bank accounts of the organisation and personal account of Gubad Ibadoglu has been lifted. The prosecutor office however has not returned the seized organisational documents yet. The MoJ has refused to register the results of the last general assembly of the organisation, which in turn is not able to continue its activities.

### **Azerbaijan Lawyers Association**

The Azerbaijan Lawyers Association (ALA) was founded in 1997. The organisation's main objective is to assist in democratic state-building, strengthening the rule of law and legal rules and increasing the legal literacy of the population. The Association is a member of the International League for Human Rights since 1999, the Bar Associations of the Black Sea Countries since 2000, the "Coalition of support for judicial reforms" of Azerbaijan Lawyers Forum and the Azerbaijani partner in the Human Rights House Network.

On 7 July 2014, the Baku Sabail district court seized the bank accounts of the ALA. Next day, the Baku Sabail district court seized the bank accounts of the ALA's chairman and human rights lawyer Annagi Hajibayli. After a while, the Baku Tax Department started an investigation into the organisation and made a decision to penalise the organisation in the amount of 4726 AZN. The tax authorities considered the grants as illegal entrepreneurship despite the fact that the grant agreements have been published on the website of the MoJ.

Annagi was summoned for questioning by the Prosecutor Office and later was subjected to a travel ban, which prevented him from travelling for a surgery abroad in 2015. Despite the fact that the NGO paid all imposed penalties, the authorities have not lifted his travel ban yet. The seizure of the bank accounts remains enforced as well. ALA therefore is not able to continue its activities.

### **Oil Workers Rights Protection Organisation**

The Oil Workers Rights Protection Organization (OWRPO) was established in 1996 to protect human rights of those working in oil and gas sector in Azerbaijan and to conduct control of civil societies over projects implement-ed in the energy sector of the country. OWRPO conducted numerous monitoring projects on labor rights in oil and gas companies, international financial institute's projects and published reports. The organisation is an active member of the NGO coalition on EITI, Eastern Partnership Civil Society Forum and CEE Bankwatch network.

All bank accounts of the OWRPO have been frozen by the Baku Nasimi district court's decision of 8 July 2014. The court has also later seized personal accounts of OWRPO's chairwoman Mirvari Gahramanli. The organi-zation had 19,000 AZN in its account and Mirvari Gahramanli had 15,000 AZN, 15,000 USD and 10,000 EUR in her savings accounts. Soon after, the Prosecutor Office

took all financial documents and Mirvari and Hamid Khalilov, the accountant of the organisation were summoned for questioning by the Prosecutor's Office. Baku Tax Department inspected the organisation and made a decision to penalise it in the amount of 79,679 AZN.

On 24 December 2014, by the request of the Prosecutor Office, the Nasimi district court lifted the seizure on organisational and personal accounts of Mirvari. She claims that the organisation has no tax penalty obligation to date. The Prosecutor General however mentioned the organization's name in his letter of 23 July 2015 to the Ministry of Justice as and NGO penalised by the Ministry of Taxes. The amount of the tax penalty of the organ-isation amounted to 79,679.81 AZN.

The organization successfully registered its new grant with the Ministry of Justice in October 2015 and obtained its updated extract of registration certificate from MoJ, which allows it to continue its operation.

### **Media Rights Institute**

The Media Rights Institute (MRI) focuses on the legal defense of freedom of expression in Azerbaijan. It aims to ensure favorable legal and policy environment for freedom of expression and media freedom by providing legal aid to journalists and bloggers whose rights are violated and monitors the legislation and policy developments on media freedom.

The bank accounts of MRI and its chairman Rashid Hajili have been frozen by the Baku Nasimi district court upon the request of the Prosecutor General's Office on 7-8 July 2014. The same month, upon request of the Prosecutor General's Office, the Baku Tax Department decided to initiate a tax inspection into MRI's financial operations. The organisation refused to provide documents to the tax authorities. Later, the tax inspection has been carried out in the form of the cameral inspection and the decision on tax penalty in the amount of 36,000 AZN was issued to MRI because the organisation allegedly implemented 5 grant agreements without obtaining registration notifications from the MoJ. Accordingly, the Tax authorities considered grant agreements as commercial deals citing the MoJ letters stating that none of the grant agreements have been given notification about their registration. Later, following the appeal of MRI, the Baku Administrative Economic Court made a decision to eliminate the tax penalty.

Organisation's and its chairman's bank accounts remain frozen and the NGO does not operate anymore. Rashid Hajili had a travel ban for a long time but recently left the country and resides outside Azerbaijan.

## **Caucasus Media Investigations Center**

The Caucasus Media Investigations Center (CMIC) is an NGO working on the promotion of media rights, the strengthening of bilateral relations with the Azerbaijanis living in the Caucasus and relation of media and exchange of information in this area, including protection of journalists' rights. Chanel 13, the Internet TV channel is a well-known project of the organisation in Azerbaijan.

CMIC's bank accounts have been seized upon the request of the Prosecutor General's Office in August 2014. In 2014, CMRC was fined with 8,035 AZN for alleged tax evasion as a result of implementation of projects without notifications on their registration from the MoJ. During the criminal investigation, Anar Orujov, the chair of the organisation, and his brother Aziz Orujov have been summoned to the Prosecutor General's Office and have been detained for several hours without any official charges. Aziz Orujov was later again detained by the police for several hours and questioned about his brother. Later in 2015, the seizure of bank accounts of the organisation has been lifted. CMIC however does not operate and its chairman Anar Orujov has been in exile since August 2014.

## **Other NGOs**

The courts adopted decisions on seizure of bank accounts of the Center for Economic and Social Development (CESD), Development of Society and Civil Relations Public Union (DSCR), Young Leaders Education Training and Development Public Union, Center for Toward to Civil Society, Media and Public Initiative Center, Women Association for Rational Development. Leaders of these organisations (Vugar Bayramov, Ahmed Abbasbeyli, Sabina Abdullayeva, Samir Aliyev and Shahla Ismayil) have been questioned by the Prosecutor Office and all financial documents have been taken by the investigators. Later on, the courts lifted the seizure on their bank accounts by decisions on 19 October 2015 (CESD) and on 30 March 2016. Currently, none of the organisations apart from CESD continue their activities.

At the time of the publication of the current report, the following organisations still have their bank accounts seized:

- I. Legal Education Society (Intigam Aliyev)
- II. Unregistered Human Right Club (Rasul Jafarov – personal accounts<sup>9</sup>)
- III. Institute for Reporter's Freedom and Safety (Emin Huseynov)
- IV. National and International Study Center (Leyla Aliyeva)
- V. Democracy and Human Rights Resource Center (Asabali Mustafayev)
- VI. Azerbaijan Lawyers Association (Annagi Hajibeli)
- VII. Media Rights Institute (Rashid Hajili)
- VIII. Rights Protection and Enlightenment Society (Elchin Sadigov)

## **V. Criminal Prosecution and Conviction of NGO Leaders**

The government's crackdown on civil society has led to the arrest and imprisonment of leading human rights de-fenders and NGO leaders in the country. All the charges against them, such as illegal entrepreneurship, tax evasion, abuse of power and embezzlement, stemmed from their alleged failure to register grants received from foreign donors and operation without state registration in cases where such registration was not acquired by the NGOs due to government's repeated refusals or delays. Despite the fact that the domestic legislation does not establish any criminal liability for a failure to register grants with the Ministry of Justice and leads to administrative liability, Azerbaijan has used its NGO laws and the judiciary as tools to criminalise the activities of human rights NGOs.

The cases analysed below are not exhaustive and have been chosen as illustrative examples to demonstrate the pattern and the nature of the persecution where rule of law and the criminal justice system have been abused by the authorities.

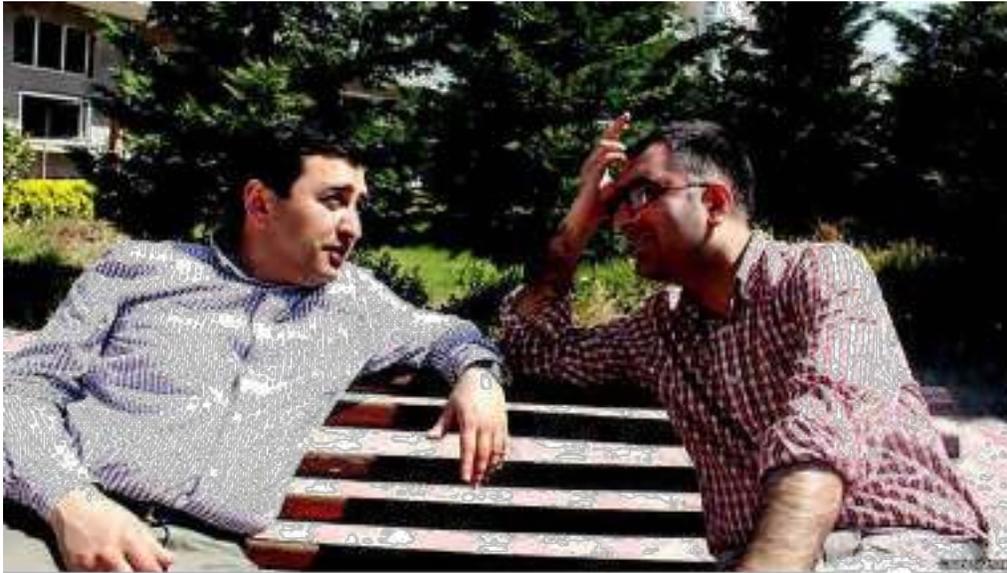
Although the release of a number of imprisoned NGO leaders, including Intigam Aliyev (chairman of Legal Education Society), Rasul Jafarov (chairman of Human Rights Club), Anar Mammadli (chairman of Election Monitoring and Democracy Studies Center), Leyla and Arif Yunuses (Institute for Democracy and Peace) is highly welcome, their convictions have not been terminated and their criminal record remains in force. Intigam Aliyev and the Yunuses have been released on probation and continue serving their sentence outside the prison. Furthermore, dozens of political prisoners, including REAL Movement leader Ilgar Mammadov, journalist Seymour Hazi and youth activist Ilkin Rustamzade, remain behind bars as victims of the government's retaliation against its critics.

### **Anar Mammadli**

Anar Mammadli is a chairman of the Election Monitoring and Democracy Studies Center (EMDS), a leading non-governmental organization specialised in election monitoring. It was registered by the Ministry of Justice but its registration was soon withdrawn. The legality of the withdrawal is currently being reviewed by the European Court of Human Rights. Anar Mammadli is the winner of the Václav Havel Human Rights Prize 2014 awarded by the Council of Europe.

On 16 December 2013, Anar Mammadli was arrested under charges of illegal entrepreneurship, tax evasion and abuse of power, all stemming from EMDS operation without registration and alleged failure to register grants with the Ministry of Justice. The Center's executive director Bashir Suleymanli was also charged under those pro-visions. The factual basis for the charges related to Anar Mammadli having received money transfers under the grant agreements to his personal bank account and to the bank account of the registered International Volunteer Cooperation Organisation, as the Center was not a registered legal entity.

On 26 May 2014, Anar Mammadli was sentenced to 5,5 years under all charges. His appeals were dismissed both by Baku Appeal Court and the Supreme Court.



From the left Bashir Soleymanli, Anar Mammadli. Source: [www.rferl.org](http://www.rferl.org)

On 17 May 2016, Anar Mammadli was released under the Presidential pardon decree, after having spent over 2,5 years in prison. His criminal record however remains.

### **Rasul Jafarov**

Rasul Jafarov is the founder and the chairman of the NGO Human Rights Club (HRC) and a leading human rights campaigner. He is well known for the “Sing for Democracy” campaign that Rasul has coordinated, which used the European Song Contest held in Baku in 2012 as a platform to raise awareness about the human rights situation in Azerbaijan both domestically and internationally. Rasul has been actively engaged in the advocacy towards the Council of Europe and other regional and international bodies on the issue of political prisoners in Azerbaijan until he became one of them.

Rasul Jafarov was arrested on 2 August 2014 under the charges of illegal entrepreneurship, tax evasion and abuse of power for allegedly failing to register grants received from foreign donors for the human rights projects of the HRC with the Ministry of Justice and for running the HRC as an NGO without the state registration. On 12 December 2014, additional charges of misappropriation and service forgery were brought against him.

The charges against Rasul stem from the fact that the HRC had to operate as a non-registered NGO as the Ministry of Justice repeatedly refused to register the NGO each time identifying minor

technical deficiencies allowing it to delay the definite decision<sup>150</sup>. Although the domestic law at the material time did not prohibit the existence and operation of NGOs without registration, absence of the status of a legal entity has greatly impeded the operation of the HRC as it could not acquire a bank account, effectively exercise its right to access funding, enter into contracts and other limitations. As a result of that, all the funds allocated to the human rights activities of the HRC were transferred to the personal account of Rasul Jafarov upon conclusion of grant agreements stipulating financial reporting requirements with donors. Although the domestic law did not provide for any procedure for the registration of individual grants, nor the liability for the failure to do so, Rasul Jafarov was accused of the above mentioned crimes for alleged failure to register the grants, which led to his imprisonment.

On 16 April 2015, he was sentenced to 6 years and three months and a ban to hold an official position in state or municipal bodies for 3 years was imposed. The trial has been carried out with numerous violations of fair trial.



Third from the left: Rasul Jafarov

On 17 March 2016, the European Court of Human Rights (ECtHR) found Rasul's arrest and detention unlawful and politically motivated: it concluded that Rasul's detention was aimed to

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<sup>150</sup> Rasul Jafarov brought a complaint on this issue to the ECtHR, which has already finalised the examination of the complaint and a judgment is awaited at the time of the writing of this report.

silence and “punish the applicant for his activities in the area of human rights”<sup>151</sup>. It is the first time that the ECtHR found such a violation in relation to activities of human rights defenders.

The same day, Rasul Jafarov was released under the Presidential pardon decree, after having spent 19 months in prison. The ban to hold official position for 3 years remains valid and his criminal record has not been removed.

### **Intigam Aliyev**

Intigam Aliyev is a prominent human rights lawyer and the Chairman of the Legal Education Society in Azerbaijan. He stands behind round 130 cases pending before the ECtHR and has one over 20 cases against Azerbaijan, and has been actively engaged in the human rights education of other lawyers in his country. His outstanding work has brought him several prestigious international awards, including the International Bar Association’s Human Rights Award 2015.



*From the left: Intigam Aliyev, Author Aziz Karimov*

On 8 August 2014, Intigam Aliyev has been arrested under charges of illegal entrepreneurship, tax evasion and abuse of power for allegedly failing to register grants of the Legal Education Society (LES) received from foreign donors. His office and home were searched the same and the

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<sup>151</sup> Rasul Jafarov v Azerbaijan, No. 69981/14, 17 March 2016, para 16

following days and all the documents found in the office, including the case files of the applications pending before the ECtHR, were taken by the prosecutor's office<sup>152</sup>. This has prevented Intigam of accessing documents to be used as evidence to denounce the charges against him in the domestic courts. In December 2014, Intigam was additionally charged with misappropriation and official forgery.

The prosecution accused Intigam Aliyev of alleged failure to register 13 grants concluded with 7 different do-nors during the period of 2008-2013 with the Ministry of Justice. It also claimed that Intigam failed to register the fact of his re-election as the LES Chairman and therefore abused his power in signing grant agreements on behalf of the organization. The domestic courts upheld the allegations of the prosecution despite the fact that the requirement to register grants was established in 2009 and therefore not applicable to grants concluded in 2008. It also dismissed the defense arguments that the remaining grants were registered despite the fact that the record of the registration of the grants was established in the online public domain of the Ministry of Justice, which was removed from its website just before the crackdown but a notarised cached copy presented by Intigam Aliyev and his defense team.



Ervin Huseynov, Source: [www.cnn.com](http://www.cnn.com)

On 22 April 2016, Intigam Aliyev was sentenced to 7 years and 6 months in prison and banned on holding any official position for 3 years after his release. The trial resulted in numerous gross violations of fair trial guarantees, which further reinforced the political and punitive nature of the prosecution of Intigam Aliyev.

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<sup>152</sup> ECtHR found the seizure of case files in violating the applicant's rights in the case of *Annagi Hajibeyli v. Azerbaijan* and 28 other applications, nos. 2204/11.

Although Intigam has been suffering from a number of serious diseases such as spinal alternation, poor circulation and kidney disorders, the authorities have failed to provide him with necessary medical treatment to date despite his numerous requests, including access to a doctor of his choice, which is established in the domestic court. Poor detention conditions, such as lack of proper ventilation, limited access to fresh air, lack of adequate lighting and passive smoking have further aggravated his health condition.

On 28 March 2016, Intigam Aliyev has been released on probation by a decision of the Supreme Court upon re-request of the prosecution to review the sentence. The court changed the sentence with a 5-year suspended sentence and ordered his immediate release. A travel ban to leave the country remains valid.

### **Emin Huseynov**

Emin Huseynov is a chairman and a co-founder of the Institute for Reporters' Freedom and Safety (IRFS), an NGO founded on World Press Freedom Day in 2006 by two Azerbaijani journalists, in response to growing government restrictions on freedom of expression and freedom of press. IRFS has been a member of the International Freedom of Expression Exchange (IFEX) since October 2007 and Global Network Initiative (GNI) since November 2012. Objective TV, one of its highly successful video reporting projects, has been given two international prizes (One World Media award and Fritt Ord Foundation and ZEIT Foundation Press Prize).

On 8 August 2014, the prosecutor office conducted a search in the IRFS premises and seized all the material and equipment, including documents related to IRFS grants and implemented projects, as well as organisational documents and its stamp. The same day, Emin Huseynov went into hiding fearing arrest as a punishment for his human rights work, like in the case of other human rights defenders, and later sought refuge at the Swiss Embassy in Baku.

On 12 February 2015, the head of the press service of the Ministry of Foreign Affairs Hikmat Hajiyev told APA information agency that "Emin Huseynov, the citizen of the Republic of Azerbaijan, is charged under Articles 192.2.2 (illegal business), 213.2.2 (tax evasion) and 308.2 (abuse of official powers) of the Criminal Code by the Prosecutor General's Office of the Republic of Azerbaijan, and a detention order was issued for him by court on August 19, 2014 and he has been declared wanted." The statement said that Emin Huseynov, in his capacity as the chairman of IRFS, carried out illegal business activity under non-registered grant agreements, and has evaded payment of a significant amount of taxes. Emin Huseynov however has never received any official decision to charges him for the above mentioned offenses to date.

On 13 June 2015, Emin Huseynov was allowed to leave for Switzerland where he sought asylum. Soon after, he has been stripped of his Azerbaijani citizenship by the authorities.

## Conclusions and Recommendations

In the last couple years, Azerbaijan's civil society has faced the worst repercussions for its active human rights work since the country's independence in 1991 and the consequences will undoubtedly be felt for a long time. Dozens of NGOs have been subjected to criminal prosecution and tax inspections leading to de facto closure of NGOs and seizure of their activities, seized bank accounts, travel bans, huge tax penalties and even imprisonment of NGO leaders. Although the jailed NGO leaders, such as Rasul Jafarov, Intigam Aliyev and Anar Mammadli, have been released and some of the NGOs had the seizure of their bank accounts lifted, it is yet difficult to see such developments as the Government genuine readiness for substantial reforms. The domestic laws regulating NGO operation have been amended on numerous occasions further limiting the NGO space and expanding the authorities' discretion in applying the norms on organisations.

In 2014-2015, the laws have been further amended to curtail the exercise of freedom of association for NGOs. There is a strong concern, as documented by some cases in the report that the restrictive laws will lead to their selective application by the Ministry of Justice on active independent human rights organisations. The laws establish burdensome registration procedures both for NGOs to acquire a state registration and to register grants and for donor organisations to obtain a permission to allocate a grant. In case a donor obtains permission and a grant received by an NGO is registered by the MoJ, an NGO shall have to register every service agreement before it enters into force and the services can be provided. Such a lengthy and burdensome process at the discretion of the MoJ will certainly impact the ability of NGOs to operate swiftly and effectively and will severely limit their right to access funding.

Furthermore, NGOs are obliged to register every single change to founding documents or prerequisites with the Ministry of Justice or otherwise face administrative liability. More importantly, it prevents them from effectively operating as a legal entity until an extract from the Ministry confirming registration of changes is received. The new laws grant extensive powers to the Ministry to conduct inspections into activities of NGOs aimed at assessing the 'appropriateness of activities with NGO's charter, ensuring transparency in the allocation of funds in accordance with the charter purposes of NGOs'. Failure to comply with any of the new regulations leads to increased administrative liability to NGOs that is not limited to high fines but may also lead to suspension of NGO activities for one year upon decision of the Court by a request of the MoJ.

The report found that at least 29 independent domestic NGOs have been subjected to the criminal prosecution and at least 10 foreign and 17 domestic NGOs underwent tax inspections leading to financial sanctions. This has severely limited if not eliminated the space for civil society, which has never been very enabling and vibrant in Azerbaijan. The recent release of several NGO leaders may ignite some hope for the restoration of independent civic engagement but this is severely limited by the new legislation.

The authors of the report believe that the worsening economic situation and the pressure of the international community have contributed to the recent positive developments. Strong stance demonstrated by OGP in inactivating Azerbaijan's membership or by EITI in downgrading Azerbaijan's membership to 'a candidate' are good examples proving that concrete tangible actions against the Government of Azerbaijan as a response to persecution of the civil society are possible. Azerbaijan has crossed its red line a long time ago and there cannot be any 'business as usual' anymore when such severe human rights violations take place. The international community's long acclaimed commitment to promote human rights in Azerbaijan should materialise into concrete actions against the Government if it does not urgently engage in substantial legislative and policy reforms.

## **Recommendations**

### **To the Government of Azerbaijan**

- Stop politically motivated legal proceedings against NGO leaders by terminating criminal prosecution and convictions, and tax inspections and lifting tax penalties;
- Enact amendments to the Code of Administrative Offenses, Law on Grant, Law on NGOs and other relevant laws to eliminate heavy penalties and obligations for NGOs and simplify regulations on access to funding;
- Enact clear grounds for refusal to register NGOs by eliminating a non-exhaustive list of ground for refusal of registration;
- Revoke requirements for re-registration procedure, imposing undue administrative burden on NGOs and allowing wide discretion for selective denial of registration of targeted organisations;
- Extend a visit to the UN Special Rapporteur on the rights to freedom of association and peaceful assembly to Azerbaijan and collaborate with the mandate, as well as with the Venice Commission, to engage in meaningful legislative and policy reforms in the respective field;

### **To the United Nations**

- Closely monitor the situation of NGOs and human rights defenders in Azerbaijan through the Universal Periodic Review mechanism, relevant treaty bodies and Special Procedures and call upon the Government of Azerbaijan to engage in meaningful reforms

## **To the Council of Europe**

- To urge Azerbaijan to ratify the European Convention on the Recognition of the Legal Personality of International Non-Governmental Organisations (ETS No.124);
- To review existing legislation with a view to bringing it into conformity with international human rights instruments regarding the rights to freedom of association by making use of the expertise of the Council of Europe, and in particular of the Venice Commission's opinion on 14 December 2014;
- To take strong tangible measures against the Government of Azerbaijan as a member of the Council of Europe if no legal and policy reforms to improve the NGO situation are taken and harassment of critical voices and free media is not immediately stopped;

## **To the European Commission**

- To engage in further dialogue on the new Roadmap for a new framework agreement with Azerbaijan subject to substantial reforms enabling a right to freedom of association and the fundamental freedoms by the Government of Azerbaijan
- To increase the support to the civil society of Azerbaijan and enhance the civil society's participation in bilateral projects of EU with the Government of Azerbaijan.

## **To US Government**

- To increase the support to the civil society of Azerbaijan and enhance the civil society's participation in the USAID projects with the Government of Azerbaijan
- To the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the European Investment Bank
- In the process of allocation of loans, the World Bank, the European Bank for Reconstruction and Development, the Asian Development Bank and the European Investment Bank, and other international financial institutions must set a condition to the Government of Azerbaijan to improve legislation on NGOs, grants and access to information for the enhancement of the public participation in the project financed by IFIs;

## **To the Board of the Extractive Industry Transparency Initiative (EITI)**

- To adopt a separate working plan with Azerbaijani EITI Multi Stakeholder Group on implementation of SCO Protocol of EITI and conduct quarterly monitoring;
- To organise a high level visit to Azerbaijan and conduct negotiations with the Government of Azerbaijan on the enabling environment for civil society and legislative reforms in this regard;

### **To the Steering Committee of the Open Government Partnership (OGP)**

- To adopt specific recommendations for the Azerbaijani government related to the improvement of laws, regulatory acts and government's policy towards NGOs, access to grants, denotation, freedom of association, freedom of assembly, and access to information;
- To initiate and support the enhancement of policy dialogue between the Government of Azerbaijan and the independent civil society organisations for ensuring respect for freedom of association and the public participation in decision-making process.

## Annex 1: List of targeted NGOs and types of persecution

No.	Name of organization	Responsible person	Seizure on bank accounts	Interrogation	Tax penalty	Criminal case	Travel ban	Arrest	Exile
1	Institute for Peace and Democracy* Women of the Caucasus for Peace and Democracy Society	Leyla Yaris	Red	Grey	Red	Green	Red	Yellow	Green
2	Election Monitoring and Democracy Study Center*	Anar Mammadov	Red	Grey	Red	Green	Red	Green	Green
3	Human Rights Club*	Rasul Isayev	Red	Grey	Red	Green	Red	Green	Green
4	Legal Education Society	Intigam Aliyev	Red	Grey	Red	Green	Red	Yellow	Green
5	Institute Reporter' Freedom and Safety	Imin Huseynov	Red	Grey	Red	Green	Red	Green	Green
6	National and International Study Center	Leyla Aliyeva	Red	Grey	Red	Green	Red	Green	Red
7	Public Association for Assistance to Free Economy	Zehrab Janayil	Green	Grey	Red	Green	Red	Green	Red
8	Economic Research Center	Gohad Ibrahimli Gadi Bayramov	Green	Grey	Red	Green	Red	Green	Red
9	Media Rights Institute	Rashid Hajib	Red	Grey	Green	Red	Green	Green	Red
10	Democracy and Human Rights Resource Center	Ashraf Mustafiyev	Red	Grey	Red	Green	Red	Green	Red
11	Azerbaijan Lawyers Association	Annagi Hajibayli	Red	Grey	Red	Green	Red	Green	Red
12	Odworkers' Rights Protection Organisation	Milveri Gahramanli	Green	Grey	Red	Green	Red	Green	Red
13	Democracy and Human Rights PU	Elchin Abdullayev	Green	Grey	Red	Green	Red	Green	Red
14	Caucasus Media Investigations Center	Anar Orujov	Red	Grey	Red	Green	Red	Yellow	Red
15	International Cooperation of Volunteers PU	Ilmar Mammadov	Green	Grey	Red	Green	Red	Yellow	Red
16	Women Association for Rational Development	Stahla Janayil	Green	Grey	Red	Green	Red	Green	Red
17	Aran Humanitarian Regional Development Organisation	Rauf Aliyev	Red	Grey	Red	Green	Red	Green	Red
18	Intelligent Citizen Enlightenment Center	Husein Huseynli	Red	Grey	Red	Green	Red	Green	Red
19	Media and Public Initiatives Center	Sakir Aliyev	Green	Grey	Red	Green	Red	Green	Red
20	East-West Study Center*	Arastan Oziha	Red	Grey	Red	Green	Red	Green	Red
21	Center for Economic and Social Center	Vegar Ilayimov	Green	Grey	Red	Green	Red	Green	Red
22	Toward Civil Society Center	Abil Bayramov	Green	Grey	Red	Green	Red	Green	Red
23	Development Society and Civil Relations Public Union	Ahmed Abbasbeyli	Green	Grey	Red	Green	Red	Green	Red
24	Young Leader Education, Training and Development PU	Sabina Alakbarova	Green	Grey	Red	Green	Red	Green	Red
25	Democratic Journalism School	Rovshan Hajiyev	Green	Grey	Red	Green	Red	Green	Red
26	Legal Protection and Enlightenment Society	Elchin Sadigov	Red	Grey	Red	Green	Red	Green	Red
27	"Doctrinist" Journalism' Military Research Center	Jasur Mammadov	Red	Grey	Red	Green	Red	Green	Red
28	Center for Innovations in Education	Ulviyya Mikayilova	Red	Grey	Red	Green	Red	Green	Red
29	Society for Democratic Reforms*	Oqtay Gulayiyev	Red	Grey	Red	Green	Red	Green	Red

*	Organisation without registration
Red	Problem exist
Green	Problem solved
Yellow	Conditionally released
Grey	Don't continue

## Annex 2: List of International Organizations, foreign and Domestic NGOs subjected to tax penalties in 2014-2015 and their current status

	Domestic NGOs				
1	Women of the Caucasus for Peace and Democracy Society	Leyla Yunus	Criminal case Seizure on accounts Interrogation of staff Imprisonment	369,378.51	Not in operation After conditionally releasing L.Yunus and A.Yunus abandoned the country
2	Election Monitoring and Democracy Study Center	Anar Mammadli Rashit Saleymani	Criminal case Search Interrogation of staff Imprisonment	27,517.61	Not in operation A.Mammadli and R.Saleymani released by pardon decree
3	Human Rights Club	Ramil Jafarov	Criminal case Search Seizure on accounts Interrogation of staff Imprisonment	8,257.11	Not in operation Tax penalty is paid Seizure on bank accounts remains R.Jafarov released by pardon decree
4	Legal Education Society	Intigam Aliyev	Criminal case Search Seizure on accounts Interrogation of staff Imprisonment	65,636.85	Not in operation I.Aliyev conditionally released Travel ban remains
5	Institute Reporter' Freedom and Safety	Emin Huseynov	Criminal case Search Seizure on accounts Interrogation of staff Travel ban for staff members	247,551.72	Not in operation Penalty is paid Seizure on bank accounts remains Travel ban lifted E.Huseynov in exile
6	National and International Study Center	Leyla Aliyeva	Criminal case Seizure on accounts Interrogation of staff Travel ban for staff members	11,7456.81	Not in operation Seizure on accounts remains L.Aliyeva in exile
7	Public Association for Assistance to Free Economy	Zohrab Ismayil	Criminal case Seizure on accounts Interrogation	10,689.84	Not in operation Seizure on bank accounts lifted Recently Tax Dep seized 11,097 AZN from bank accounts Z.Ismayil in exile
8	Economic Research Center	Gabul Ibrahimov Galib Bayramov	Criminal case Search Seizure on accounts Interrogation of staff	136,700.79	Not in operation Seizure on bank accounts lifted Prosecution has not returned seized documents
9	Democracy and Human Rights Resource Center	Asabali Mustafayev	Criminal case Seizure on accounts Interrogation of staff	6,131.07	Not in operation Seizure on bank accounts remains Travel ban
10	Azerbaijan Lawyer Association	Astragi Hajibayli	Criminal case Seizure on accounts Interrogation of staff	4,726.00	Not in operation Seizure on bank accounts remains Tax penalty is paid Travel ban
11	Oilworkers' Rights Protection Organisation	Mirvari Gahramanli	Criminal case Seizure on accounts Interrogation of staff	79,679.81	Operates
12	Democracy and Human Rights PU	Elchin Abdullajev	Criminal case Seizure on accounts Interrogation of staff	21,942.32	Not in operation Seizure on bank accounts lifted Criminal case stopped permanently E.Abdullajev in exile
13	Caucasus Media Investigation Center	Anar Orujov	Interrogations	8,035.89	
14	International Cooperation of Volunteers PU	Elnur Mammadov	Criminal case (A.Mammadli) Interrogations	20,196.62	Not in operation Seizure on bank accounts lifted Conditionally free Travel ban
15	Aran Humanitarian Regional Development Organisation	Rauf Aliyev	Criminal case Interrogations	13,928.89	Not in operation
16	Media and Public Initiatives Center	Samiir Aliyev	Seizure on accounts Interrogations	281.29	Not in operation Seizure on bank accounts lifted
17	East-West Study Center	Azatin Orujli	Interrogations	72,037.14	Not in operation

## **Statement of the Republican Alternative Movement on the Executive Secretary, Mr. Natig Jafarli's Arrest**



Republican Alternative Movement (REAL), strongly condemns the arrest of Mr. Natig Jafarli, the Executive Secretary, and confidently believes that this arrest is an order of the President of Azerbaijan, Mr. Ilham Aliyev.

We also declare that, Mr. Natig Jafarli's detention came into force not only to prevent him from fulfilling his duties as an Executive Secretary of REAL, but also to stop him as a public leader from exposing truth regarding the government's poor economic policy which is facilitating a fast dooming economic failure. This step is an attempt to paralyze REAL's plans for the transformation of it from movement to political party.

As REAL, we hereby declare that accusations against Mr. Natig Jafarli are totally baseless and contains political motives. Therefore, all charges on Mr. Jafarli should be dropped immediately and unconditionally. We also declare that, Mr. Jafarli's arrest will by no means prevent REAL from the implementation of its activities on state referendum taking place on September 26, 2016 as well as any other relevant political activity regarding the unification as a party.

It is worth to mention that, Mr. Natig Jafarli is a Secretary of Organizational Committee of Alternative Republicans Party responsible for organizational matters as well as authorized representative of Referendum Initiative Group.

REAL declares that Mr. Natig Jafarli's arrest explicitly demonstrates the continuation of long standing state aggregated political repressions. Thus, his arrest puts long prioritized US and European Union countries' commitment to human rights and democratic values on trial. In a given situation, their true commitment can only be proved by imposing sanctions on countries silencing democracy and breaching universal rights of human.

The Board of Republican Alternative Movement (REAL)  
Baku  
August 13, 2016

# *Humanitarian Crisis in Ukraine as a Factor Destabilizing Domestic and Foreign Policy of the State*

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## **Iuliia Tsyryfa**



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**Since 2014, the Ukrainian state has been suffering from the economic, political and social crisis, which has deepened due to constant warfare conducted by the pro-Russian terrorist groups in the Eastern Ukraine and the Kremlin annexation of the Crimean peninsula. These factors permanently influence the internal political stability of the state and personal security of its population. The latter cannot be fully guaranteed by official authorities, as a significant number of people are subjected to pressure of purely humanitarian nature. Today, the humanitarian crisis is amplified by the fact that many people from the East of**

**Ukraine still reside in the military operations area or struggle for their lives having acquired the status of internally displaced persons. This situation leads both to a significant imbalance in implementation of the internal policy and brings humanitarian issues to the foreign policy domain. Thus, this article aims to explore a grade of impact and a role of the humanitarian factor in the implementation of domestic policy of Ukraine, as well as in the realization of its diplomatic activities in the world political arena.**

Military and political crisis that erupted in Ukraine two years ago and continues now, is assuming new shapes today and is rapidly expanding the range of aspects in public life to have the overwhelming influence thereon. For the first time in the modern history, three key processes started developing simultaneously and influencing the formation and further development of the Ukrainian state and became the primary driving force for a beginning of the crisis. Firstly, leading actors of the global political scene intensified their activities in order to renew the world order and

validate their roles in a new and well-formed system of international relations. Secondly, the Russian Federation, harbouring plans to restore its former power, ideologized an idea of political revenge and began to realize the foreign strategy of ‘gathering lands’, which had always been considered as a direct Russian ‘zone of influence’. Thirdly, the Ukrainian society and its political elite went through the transformational processes, which consequently forced the formation of the Ukrainian nation. However, the possibility of existence of a unified national community, being able to make its conscious choice in favour of domestic and foreign policy courses of its state, triggered provoked the Russian Federation.

### **Russian Policy and Humanitarian Complex Emergency**

Initially, manipulating the issues of cultural affiliation of the population in the Southern and Eastern regions of Ukraine, as well as the idea of ‘historical necessity’ to unite the Slavic peoples, the Russian authorities managed to quickly shake all the vital mechanisms maintaining the existence of the Ukrainian state. The internal disruption of social and economic stability of the state a priori leads to its depravation from within: in this case, the military intervention was a mere tool for achieving this goal. As a result, regressive processes in the Ukrainian society are intensifying daily and reaching new dimensions. They do not take place only in the areas of domestic policy, social and economic public administration. They also cause a kind of hysteria in the society as a whole, starting from the soldiers’ post-war syndrome and ending with problems of civilians remaining in the conflict zone.

This strategy of attrition cannot be considered unreasonable, even more, so as Russia understands military and political activities as a specific sphere to be separated from humanitarian issues. The Russian politicians actually consider ‘protection of the population’ as a slogan to cover aggressive military actions<sup>153</sup>. Therefore, a permanent threat to health and life, deprivation of material benefits, restriction of rights, personal restraint, and manipulation of consciousness make only a short list of challenges faced by the residents in Donbas and the Crimea.

Among other things, international humanitarian law obliges Russia, as the occupying power, to maintain law and order, respect human rights and provide food and medical care to the population under its control<sup>154</sup>. It also obliges Russia to facilitate assistance by relief agencies should it be unable to provide for the population itself. However, the Russian actions prove adverse: by worsening the critical situation, Moscow received another ‘card’ that can be played an unlimited number of times destabilizing domestic and foreign policy of Ukraine.

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<sup>153</sup> Военная доктрина Российской Федерации: Указ Президента РФ № Пр-2976 от 25 декабря 2014 г.

<http://archive.mid.ru/bdomp/ns-osndoc.nsf/osndd/2a959a74cd7ed01f432569fb004872a3>.

<sup>154</sup> Geneva Convention relative to the Protection of Civilian Persons in Time of War, 12 August 1949,

<http://www.ohchr.org/EN/ProfessionalInterest/Pages/ProtectionOfCivilianPersons.aspx>.

Therefore, the humanitarian crisis, which seized the Ukrainian state two years ago has transformed into a disaster of the other scale, i.e. into the post-Bipolar complex emergency. This phenomenon of the post- Cold War era is known as a man-made crisis where a situation of violence causes human fatalities, forced displacement, epidemics and famine<sup>155</sup>. However, in Ukraine it is combined with the weakening of economic and political structures, the reduction of social unity and a considerable deformation of public morality. From the academic standpoint, complex emergencies differ from crises as they are more prolonged, political at root and have a significant destructive and de-structuralizing impact on all spheres of life.<sup>156</sup>

As a result, the response to these crises usually involves a large number of players, as well as those exclusively involved in humanitarian work, including peacekeeping missions, political and diplomatic figures.

Despite the changes in Government leadership, the political and economic reorientation, and the emergence of a vibrant civil society dedicated to the implementation of the changes, Ukraine remains far from achieving political and economic stability and internal security sought by supporters of the Euromaidan. In fact, 2016 has already proven to be a very unsettling time for the Government as frustration have mounted over the slow pace of political reforms, economic progress and international negotiations on conflict resolution.

The conflict continues affecting resident population; internally displaced persons face shortages in food, health services, basic household items and shelter, and suffer from psychological distress after more than two years of warfare. According to the European Commission's Humanitarian Aid and Civil Protection Department, the conflict has affected over 3.7 million people, out of which 3.1 million are estimated to be in need of humanitarian assistance.<sup>157</sup>

However, during all the years of its independence Ukraine remained uncertain about universally significant values that could unite the Ukrainian society (including humanism, patriotism, freedom, spirituality, respect for human rights, and the state's responsibility to society). Just now, the consistent humanitarian policy becomes an important factor influencing both formation and preservation of the state's sovereignty. Thus, by stirring humanitarian disaster, the Russian Federation affected considerable the internal situation in the country and Ukraine's position in the international arena as well.

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<sup>155</sup> Humanitarian Emergencies and Humanitarian Action, Alert 2010, p. 111, <http://escolapau.uab.cat/img/programas/alerta/alerta/10/cap04i.pdf>.

<sup>156</sup> Humanitarian Emergencies and Humanitarian Action, Alert 2010, p. 111, <http://escolapau.uab.cat/img/programas/alerta/alerta/10/cap04i.pdf>.

<sup>157</sup> European Commission: Humanitarian Aid and Civil Protection: ECHO Factsheet – Ukraine, March 2016, p. 2, [http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine\\_en.pdf](http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine_en.pdf).

## Humanitarian Impact on Internal Stability

Within the frameworks of internal policy, humanitarian problems are not only the primary cause of social instability, but also a litmus test to determine the unity of elites. An increase in tensions between the state authorities has proved a lack of their internal legitimacy. The regional elites are gradually maximizing their importance in the country, and could require more extensive rights to funding and self-government of the regions in future. The lack of social support, overweight of political and economic mistakes, and absence of reforms, multiplied by the changed political balance, turned the humanitarian crisis and all the opportunities to overcome it into a bargaining chip in the internal political game of various subjects and parties. This increases the conflict intensity within the political system itself; its players are completely deprived of public support, and social confidence in their acts is constantly decreasing. Taking into consideration that quite consistent information and cultural policy of the Russian Federation led to the reformation of consciousness among a considerable number of citizens, to take a back seat to humanitarian issues means to split the Ukrainian society.

The delivery of humanitarian aid convoys to the so-called ‘DPR’ and ‘LPR’ allows Russia to create the illusion of supporting Ukrainian citizens that becomes quite real in crisis. In addition, the settlement of humanitarian crisis is increasingly affected by various pro-Russian national and regional actors, which often handle extremely painful political issues. The church may be positioned as the primary one. The Russian occupation of some Ukrainian territories has established a strict line of demarcation between the religious communities in Ukraine using a criterion of their attitude to the processes of national state-building. The Catholic community, following edifications of the Pope Francis, tends towards the international legal settlement of the conflict and the fastest resolution of the humanitarian crisis in the territory of Ukraine<sup>158</sup>.

Alternatively, the faithful of the Ukrainian Orthodox Church – the Moscow Patriarchate express their opposing political viewpoints as they openly support the Russian invaders. Making allowance for the fact that 50% of the Orthodox centres in Ukraine stay under the Moscow Patriarchate’s jurisdiction, one can argue that the religious factor can be determined as a powerful leverage to make the Ukrainian state dependent on Russia. The Orthodox canons may easily shape public opinions of the majority, as the core objective of the Orthodoxy consists in protecting humanistic ideals and human persons and condemning any encroachments on their welfare. By manipulating the humanitarian factor, the Church is able to form the worldview of Ukrainians and, therefore, provide support to certain political positions. The rubber stamp UOC – MP has become an important instrument of ideological and spiritual intervention, since it is permanently destabilizing the political situation in Ukraine and supporting its territorial fragmentation. For its part, the Russian Orthodox Church MP disseminates its slogans and judgments at the international level:

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<sup>158</sup> Pope Francis meets with the President of Ukraine, 20 November 2015, [http://en.radiovaticana.va/news/2015/11/20/pope\\_francis\\_meets\\_with\\_the\\_president\\_of\\_ukraine/1188323](http://en.radiovaticana.va/news/2015/11/20/pope_francis_meets_with_the_president_of_ukraine/1188323).

this discredits the Ukrainian Orthodox community and, consequently, undermines the prestige of official Kyiv in the eyes of the faithful worldwide.

The Ukrainian representatives in the Trilateral Contact Group, which is responsible for negotiations to settle the conflict in Donbas, increasingly promote an idea that the humanitarian crisis should influence the elimination of this conflict.<sup>159</sup> This essentially contradicts those basic European values, which have been determined by Ukrainians as major ones. Humanism has a universal positional nature; it is possible from some reflexive perspectives. Not all but just a few countries are able to reach such perspectives, as their leaders often conceive modern life in terms of social, political, economic or cultural ideologies. As a result, the trite disregard of social needs divides the population into two opposition camps, which are no longer able to defend the national identity of the state to be really necessary for the protection of its sovereignty. Under these conditions, the society loses its moral and ethical principles.

Their integration into the segmental society does not make any sense – neither social nor political. Morality dies. Conventional wisdom maintains that most of the population is deprived of their daily benefits by persons who primarily require supporting their lives.

In fact, an internal social conflict between the Ukrainians who are originally from different regions of the state arises.

According to the Office of the United Nations High Commissioner for Human Rights, there are about 1.6 million internally displaced persons, who have fled their homes due to the conflict in Ukraine. Between 800 thousand and 1 million IDPs are living in territories controlled by the Government, where some continue to face discrimination in accessing public services. OHCHR has observed that some IDPs are returning to their homes, while others are unable to do so due to the destruction or military use of their property.<sup>160</sup> According to the UN and Russian official sources, over 1 million Ukrainians are seeking asylum or protection abroad, with the majority going to Russia and Belarus<sup>161</sup>.

Such conditions advance the further transfer of issues regarding the internal humanitarian crisis in Ukraine to the international level.

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<sup>159</sup>Герашенко: Слід спростити пересування через кордон із сепаратистами. – 16 січня, 2016 р, <http://novynar-nia.com/2016/01/16/gerashhenko-slid-sprostiti-peresuvannya-cherez-kordon-iz-separatistami>.

<sup>160</sup> Office of the United Nations High Commissioner for Human Rights: Report on the human rights situation in Ukraine, 16 November 2015 to 15 February 2016, p. 7, [http://www.ohchr.org/Documents/Countries/UA/Ukraine\\_13th\\_HRMMU\\_Report\\_3March2016.pdf](http://www.ohchr.org/Documents/Countries/UA/Ukraine_13th_HRMMU_Report_3March2016.pdf).

<sup>161</sup> Office of the United Nations High Commissioner for Human Rights: Report on the human rights situation in Ukraine, 16 November 2015 to 15 February 2016, p. 7, [http://www.ohchr.org/Documents/Countries/UA/Ukraine\\_13th\\_HRMMU\\_Report\\_3March2016.pdf](http://www.ohchr.org/Documents/Countries/UA/Ukraine_13th_HRMMU_Report_3March2016.pdf).

Whereas Ukrainian authorities consider this situation as an opportunity to implement a coordinated humanitarian policy, other actors of the international relations strive using it to review their commitments to Russia, including not only political, but also legal, financial, and energy ones.

The Ukrainian state generally receives humanitarian assistance in the course of activities carried out by the international governmental and non-governmental organizations. Despite that, the effective control of this process is placed at the end of the agenda of international negotiations on the Ukrainian issue.

### **Diplomatic Consideration of the Ukrainian Crisis**

Nowadays, the system of international relations is critically overloaded with local conflicts of various intensity and activities of different quasi-states resulting from palliative, temporary and incomplete solutions to these conflicts.

Key actors of the international arena strive maintaining the fragile status quo when the international system does not undergo radical transformations and cannot become uncontrollable. Today, changes in the status of its actors are not allowable either to the United States or to the European Union. However, Russia tries acting at cross-purposes. Responding to criticism regarding the inactivity while implementing an international mechanism for humanitarian assistance to be envisaged in the Package of Measures for the Implementation of the Minsk Agreements, Moscow considers the establishment of the common economic and humanitarian space from the Atlantic to the Pacific Ocean, which could be implemented through the convergence of the European and Eurasian integration processes.<sup>162</sup>

Regrettably, the Russian approach to negotiations makes sense. The movement in the wake of foreign policy of its partners causes specific risks for the national interests in Ukraine. The main one is an increasingly clear desire of Ukrainian partners to negotiate the normalization of relations with Russia with no regard to Ukraine's position or even at its account. To determine an actual position of the Western countries on the Ukrainian issue is much more difficult: sanctions against Russia have already become burdensome for them, and the current immigration crisis sidelines even an opportunity to resolve the issue on the Ukrainian IDPs. The Kremlin quite successfully uses the humanitarian factor while playing its foreign policy game. Suffering from social and economic problems, the Ukrainian authorities are simply unable to realize all the transformations required within the implementation of the Minsk Agreements in time. The pressure on the Ukrainian officials is growing, but the humanitarian crisis is making a sharp comeback.

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<sup>162</sup> Выступление Постоянного представителя Российской Федерации при ОБСЕ А. К. Лукашевича на совместном заседании Постоянного совета ОБСЕ и Форума по сотрудничеству в области безопасности. – Вена. – 9 марта 2016 г., [http://www.mid.ru/foreign\\_policy/news/-/asset\\_publisher/cKNonkJE02Bw/content/id/2134250](http://www.mid.ru/foreign_policy/news/-/asset_publisher/cKNonkJE02Bw/content/id/2134250).

The primary reason for such a situation is one of the main drawbacks of the Minsk negotiations caused by the placement of fundamental issues of the internal policy of Ukraine on the agenda of these talks.

Up until this weakness is not fixed, the negotiation process will be ineffective and arrangements to be reached will not be legitimate. However, the status of the Eastern regions of Ukraine is a top priority not only for Russia, but also for the West.

The Russian diplomacy managed to turn its own goal into the purpose of most Western partners. The main objective of the 'hybrid' return of the Donbas to the jurisdiction of the Ukrainian authorities is maintenance of the so-called 'grey zone' of instability in the East of Ukraine. This formal 'return' may guarantee Russia the removal of economic sanctions imposed by the West and the ability to manipulate the population of the Eastern regions undermining the unity and power of the Ukrainian state. Moscow could continue building up its military presence near Ukrainian borders and in the Crimea.

In return, the issue on de-occupation of the Crimean Peninsula would be put beyond the diplomatic negotiations with foreign partners: the official Moscow would continue persuading the world to recognize its illegal annexation and neutralize all the attempts of the Ukrainian side to shift the issue on return of this territory in its favour.

International discussions on the internal structure of the Ukrainian state do not only undermine its sovereignty, but also significantly harm the effectiveness of diplomatic interaction. Diplomacy is particularly forceful in a sphere of foreign and international policy, but its effectiveness is much lower in the field of domestic policy. Internally, Ukrainians need a moral consensus between authorities and citizens regarding the key issues of the foreign policy, especially when they relate to the national sovereignty and the territorial integrity of the state. State leaders should receive a considerable vote of confidence from the public, which, in turn, should know that the authorities defend its security. Such relationships allow ensuring the existence of a stable political system and a monolithic social platform, which altogether form the basis of foreign policy. At the international level, narrowing the scope of negotiations and their focus on foreign policy, security and humanitarian aspects may become a logical step made in the nearest future. The consideration of humanitarian issues could significantly strengthen the authority of the Government inside of the country and, consequently, improve the credibility of the state in the international arena.

## **Conclusions**

Ukraine has managed to have the political support of the US and the EU regarding the pressure put on Russia in order for the Minsk Agreements to be implemented. Nevertheless, it failed to put forward new political initiatives to accelerate their realization and to create new mechanisms for monitoring its compliance with the commitments. In contrast to the Ukrainian tactics, the Kremlin

is quite successfully forming its ‘flexible alliances’ with the EU and NATO members influencing some opponents with energy and information factors. The establishment of the status quo in the Donbas region, rather than the social and humanitarian aspects of its further development, remains the underlying issue. The United States stands up for the norms and principles of international law and tries to preserve the established world order. Thus, Germany and France strive preventing harmful effects of the Ukrainian crisis on the political, economic and humanitarian relations between Europe and the Russian Federation. The relationships of the vast majority of the EU countries with Ukraine are still considered through the prism of their ties with Russia. The preservation of the European security system and the respective positions of the EU leaders therein is their primary task while solving the Ukrainian-Russian conflict.

The humanitarian crisis in Ukraine has become a problem to be exclusively tackled by the national authorities. Its solution is the path to political, economic and social reconstruction of the country. However, the narrow agenda of the international negotiations to settle the conflict, as well as the Russian reluctance to lose a key leverage influencing the political situation in Ukraine, brings the importance of these issues at the world political level almost to nought. In fact, the resolution of the humanitarian crisis in Ukraine is dissonant with the objectives of the foreign policy of the leading actors of international relations.

## *Eurasian Integration and the EU*

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In recent years Russia and China have both embarked on ambitious projects to integrate the Eurasian landmass. Russia has established the Eurasian Economic Union (EEU) in hopes of creating a Russian-dominated geopolitical bloc. In a very different approach, China has promoted the “One Belt, One Road” (OBOR, or New Silk Road) initiative that aims to use Chinese financial power to physically and economically integrate Eurasia, with China at its core.

The two initiatives differ greatly and even clash in many respects, but they share one important trait: both prompt European policymakers to think more strategically about issues and territories outside their usual scope.

Europeans naturally worry about Russian efforts to integrate Eurasia at the expense of the European Union. They worry perhaps even more about the potential of Chinese economic power to overcome the attractive power of the European idea and divide the EU. The EU’s own efforts at Eurasian integration have degenerated into a grab bag of initiatives that have often confused and disappointed potential partners. For better or worse, the EU lacks the flexibility to target politically motivated investment to a single country, the way China and Russia do. EU instruments are bureaucratic and rule-bound, and the Union has often failed to align its integration efforts with its geopolitical goals.

But this weakness is also a strength. No country in Eurasia welcomes Russian or Chinese domination. The closer the neighbour, the greater its reservations about undue influence, hegemony, or security issues in these regional projects.

Just as Kazakhstan is most fearful of Russian domination, so Mongolia is most wary of Chinese efforts at integration. Russia and China’s neighbours want to enhance their prosperity and

safeguard their independence, even as they increase their links and dependencies with larger powers through the process of integration. Smaller countries welcome the competition between these projects as a guarantee of their independence and see the EU as a power that can help limit Russia and China and also create a standard to which Russia and China's integration efforts can be held.

The EU cannot use the same tools as Beijing or Moscow in Eurasia, but it has important competitive advantages. The Union has unique capacities to build institutional frameworks, comprehensive cooperation agreements, and long-term relationships of trust, along with setting standards. Simply by embarking on broad, multilateral integration efforts, the Chinese and the Russians have chosen to compete on the EU's terrain. European policymakers need not fear cooperating with these initiatives. Of course, the EEU and OBOR are intended to some extent to compete with the EU's integration efforts. But responding to this competition with a refusal to compete would simply exclude the EU from processes it could benefit from.

Rather, the EU should respond by absorbing these projects into an inclusive order, bounding the competition with cooperation, and making the competition about what the EU does best: negotiating the nitty-gritty of complex frameworks of cooperation that are the sinews of multinational integration. Russia invades and China buys; the EU negotiates, monitors, and implements. It is an impressive form of power, even if it doesn't make great television.

With that advantage in mind, this paper describes the Russian and Chinese projects for Eurasian integration, as well as the relationship between the two. It concludes with a strategy for how the EU should respond to these initiatives. Russia's Eurasian Economic Union. On the most fundamental level, Moscow sees Eurasia as a power base that will allow it to remain a major power. Moscow believes that the future world order will consist of macro-blocs, and that in order to have leverage over world affairs, countries will need to be affiliated to one, or better still to dominate one. That vision was evident in an article that President Vladimir Putin wrote about the EEU in 2012, which suggested that "existing regional institutions, such as the EU, NAFTA, APEC, ASEAN" might become "the integration bricks that can be used to build a more sustainable global economy". The progress of the Trans-Pacific Partnership (TPP) and the Transatlantic Trade and Investment Partnership (TTIP) trade deals has only 12 strengthened Russia's macro-bloc-centric worldview. With the rise of China, it is clear that Russia also needs a strategy more focused on its Eurasian neighbours, lest they all be absorbed into a Chinese bloc.

On paper, the EEU is in many ways a copy of the EU. A substantial part of Russia's technocratic elite hopes that, over time, it might turn into something similar in reality: a truly integrationist project that benefits its neighbours as well as its members, not least the EU; and that, by multilateralising decision-making, curbs the hegemonic tendencies of Russia itself. So far, however, the EEU's multilateralism has not worked. Now, in an increasingly xenophobic political climate, the same Russian elites – sidelined from policymaking – fear that it might never work; that the EEU could instead turn out to be a Russia-led isolationist geopolitical project, an attempt

to barter security links for closer and more exclusive economic ties. The dilemma was well outlined by a young civil servant at the Eurasian Economic Commission: “We lack clarity. We still do not know whether we need to model the EEU to the face of Sergey Glazyev or Jean Monnet.”

And indeed the countries of the EEU are not really ripe for EU-style integration. The biggest economies in the group have profiles that are too similar for them to benefit from integration. EEU members trade less among themselves than with outside partners, and in recent years the slump in oil prices and the slowdown of Russia’s economy have caused internal trade to decline still further. Cooperation with China’s OBOR project could add a significant transit aspect to the EEU: after all, goods could move from China to Europe via the EEU, passing just two customs checks. But in order to gain real value from integration, the EEU economies would need to modernise and diversify. This is not something that transit corridors would automatically bring about.

Moscow still hopes the EEU could become a Russia-dominated integrationist bloc that, even if it cannot compete with big Western-led blocs such as TTIP, will still be able to guarantee Russia a sufficient degree of leverage and autonomy. Moscow’s direct aim is to ensure its political foothold in Central Asia. There is hope that China’s rise will be a help here: the smaller countries in the region will not want to find themselves in the “sphere of influence” of one dominant power; their instinct will always be to find other powers for balance. China’s rise as an economic power will make the smaller countries more relaxed about Moscow’s presence as a political and military power— indeed, they might even welcome it. In addition, by virtue of the Soviet as a past, Russia has considerable soft power in the region. Moscow’s hope is that China, reluctant to assume the responsibilities of a security provider, will find the arrangement mutually beneficial.

Economically minded thinkers in Moscow criticise this arrangement for reducing Russia to a mere “security firm” guarding China’s economic expansion. The Kremlin – which has a strong tradition of valuing hard power over soft and economic power – is not disturbed. Neither is Beijing, which, at least for the time being, has no rival ambitions here.

However, it remains unclear to what extent Moscow is really willing or capable of dealing with the obvious regional security problems that are looming on the horizon. For the time being, it is largely unclear how Russia would approach its self-proclaimed role as security provider, and even whether it would prefer to act unilaterally or through bodies such as Collective Security Treaty Organization (CSTO or the Tashkent Treaty) or the Shanghai Cooperation Organization (SCO).

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### **The EU’s reaction**

The EU’s response to both the EEU and OBOR to date has failed to grasp this strategic opportunity. The EU has long been accused of taking a reactive rather than proactive approach towards the countries in its neighbourhood, and the further away they are geographically, the more reactive it has been. This pattern holds true in its response to the EEU and OBOR.

## The EU and the EEU

Formal cooperation between the EU and the EEU is virtually non-existent. This is not for lack of vision: the idea of a common economic space between Lisbon and Vladivostok has often been articulated in the past. Even after the invasion of Ukraine, the idea of a “joint humanitarian and economic space from the Atlantic to the Pacific” is still cited, to quote European Commission President Jean-Claude Juncker at the G20 summit in Turkey. In a November letter to Putin, Juncker suggested building closer ties between the EU and the EEU to develop the relationship between Russia and Europe, though he pointed out that this remained conditional on the implementation of the Minsk peace deal, and the agreement of EU member states.

Russia has been very eager to gain legitimisation for the EEU from the EU. This has been signaled in various statements and documents, most recently in a letter to Juncker sent by Eurasian Economic Commission chairman Viktor Khristenko in September. But it remains uncertain how wide-ranging any real cooperation between the two blocs can be. Conversation is inevitably confined to trade issues, as, for the time being, the Eurasian

Economic Commission’s mandate does not cover any other areas. It is also questionable to what degree progress can be made on trade issues. Before the annexation of Crimea, the EU had repeatedly offered to move bilateral trade relations with Russia to a new level, possibly with a free trade area, but Russia was unenthusiastic. In the EEU context, such a move would be further complicated by the fact that Belarus is not a member of the World Trade Organization (WTO) – a near-inevitable pre-condition for any further bilateral trade liberalisation.

The Eurasian Development Bank has suggested that in the future the EU and EEU could be bound together by a Deep and Comprehensive Free Trade Area (DCFTA) – similar to the Canada-EU Comprehensive Economic and Trade Agreement (CETA) – which includes visa-free travel and technology exchange. The aim would be to balance the perceived asymmetrical nature of the relationship, because of EU domination, that would apply if the EU and EEU were to conclude a simple FTA. This idea – though still conditional on the internal integration of the EEU, the prospects of which remain uncertain – has potential, in theory, but there are still three stumbling blocks in the way.

First, the EEU does not function as a proper customs union at the moment. Its trade relations are not handled by a single multilateral authority (i.e. the Commission) followed by all member states. The case of Russia’s “counter-sanctions” against European food products speaks volumes - Moscow did not consult its EEU partners before imposing the measures, nor did its partners feel bound by them. The EU’s trade department, DG TRADE, could not establish a contractual relationship with a body that is a customs union in name only.

Second, EU–EEU cooperation remains hostage to geopolitical differences, particularly the lack of implementation of the Minsk II ceasefire agreement on Ukraine. The sanctions against Russia are

likely to be extended at least until mid-2016. The EU has made full implementation of Minsk II a condition for cooperation with both Russia and the EEU, as the EEU is largely understood as a political project of Russia to regain influence in the post-Soviet space; and trade talks in particular would work against the sanctions.

The third issue is the nature of the EEU. Many Europeans consider it to be an involuntary union, imposed for political ends. It would be difficult for the EU to lend legitimacy to the EEU without simultaneously encouraging Moscow's instincts to forcefully expand it.

## **The EU and OBOR**

The EU's response to OBOR has been similarly reactive, and even more disjointed. The EU only really began assessing the initiative in 2015 – though, to be fair, China's plans have been extremely vague. However, even on the much more concrete issue of the AIIB, the EU lacked a clear policy, and some member states joined the bank individually.

In 2013, the EU and China agreed an “EU-China 2020 Strategic Agenda for Cooperation”, which includes infrastructure, investment, and connectivity as areas of interest.<sup>163</sup> The agenda expressed the desire on both sides to enhance security consultations on Central Asia, to negotiate a comprehensive EU-China Investment Agreement, to expand cooperation on infrastructure networks between Asia and Europe, and to explore models of infrastructure cooperation, but gave little clarity on how and when these goals should be pursued.

With the announcement of OBOR, however, some concrete steps did begin to crystallise. The EU-China Summit Joint Declaration 2015 highlights the two parties' mutual interest in the Chinese Silk Road projects, as well as the Chinese will to support Juncker's Investment Plan for Europe.<sup>164</sup> The declaration introduces a range of tools to improve EU-China relations in several areas, namely the Connectivity Platform, EU-China High Level Economic and Trade Dialogue, cooperation in the AIIB, EU-China Economic and Financial Dialogue, and the possibility of an EU-China Investment Agreement. In September 2015, during the High Level Economic and Trade Dialogue,<sup>165</sup> China announced its contribution to Juncker's plan – the first non-EU country to do so, followed by the inauguration of a joint working group to increase cooperation in all aspects of investment, including the Silk Road Fund and the European Investment Bank (EIB).

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<sup>163</sup>“EU-China 2020 Strategic Agenda for Cooperation”, available at [http://eeas.europa.eu/china/docs/eu-china\\_2020\\_strategic\\_agenda\\_en.pdf](http://eeas.europa.eu/china/docs/eu-china_2020_strategic_agenda_en.pdf).

<sup>164</sup>“EU-China summit”, European Commission, press release, Brussels, 29 June 2015, available at [http://europa.eu/rapid/press-release\\_IP-15-5279\\_en.htm](http://europa.eu/rapid/press-release_IP-15-5279_en.htm).

<sup>165</sup>“Investment Plan for Europe goes global: China announces its contribution to #investEU”, European Commission, press release, 28 September 2015, available at [http://trade.ec.europa.eu/22/doclib/docs/2015/october/tradoc\\_153844.PDF](http://trade.ec.europa.eu/22/doclib/docs/2015/october/tradoc_153844.PDF).

The countries of Central and Eastern Europe (CEE), in an attempt to catch up with the rest of the EU, are leading the way in terms of working with China along the Silk Road, with a huge interest in Chinese investment. In 2011, China launched the 16+1 format to promote cooperation and exchange in a region composed of both EU member states and non-EU states. The format has been controversial, as it bypasses the EU and makes it harder to achieve a common EU policy on China. China's engagement in CEE threatens to turn the region into a strong advocate for China within the EU, regardless of Beijing's record on issues such as human rights and democracy.

For smaller states, though, the 16+1 offers an opportunity to tap into Chinese investment – just as Germany, France, and the UK have strong bilateral economic ties with China – even if this is through regional clusters. To date, China's engagement in Eastern Europe has not been significant enough to change any minds. Beyond the rhetoric, China's top EU investment destinations have been the UK, Germany, and France. China sees CEE as a testing ground for a new approach to Europe, but also as an area with less political stability and greater risks than Western Europe. The CEE countries, in turn, are excited about the potential volume of investment. Hungary was the first country in the EU to start talks with China on OBOR and signed a memorandum of understanding with China in June 2015, followed by Poland (mainly on railway projects) shortly after. Other countries may well follow suit. If this engagement aims to close the infrastructure gap between China, Eurasia, and the EU, then it will strongly serve European interests by bringing connectivity to Europe's least interconnected region.

Overall, reactions in Europe to OBOR have been mixed. European interest, where it exists, has seemed to come from the Baltic countries, southern Europe, and central and east European countries. A common or strategic approach is distinctly lacking.

### **Recommendations: How should Europe respond?**

All of the above will force Europe to consider its place in Eurasia. It is likely that both China and Russia – and the smaller post-Soviet Central Asian countries – will want to keep Europe and the US involved in the region, but each for their own distinct reasons. Europe will always have different stakes and approaches to the region than the US and cannot count on Washington to protect its interests. The EU must decide what its goals are in the region, and how it can best pursue them.

It is clear that Europe – both as a Union and as member states – can and should engage with both OBOR and the EEU, using the leverage that comes from its market, its soft power, and its expertise to mold and even absorb them. A principled abstention or opposition will simply encourage greater cooperation between two powers that in fact have much that might otherwise push them apart.

The EU has a clear interest in maintaining competition between Russia and China in Eurasia. Ukraine and the resulting Western sanctions against Russia created an intense but limited

rapprochement between China and Russia – most visible in the resumption of sales of sophisticated Russian arms to China (the S -400 missile defence system, and Su -35 planes). This rapprochement poses a challenge to the EU – regardless of whether it turns out to be a win-win arrangement for the two parties. Their cooperation could affect Europe’s whole relationship with Russia: political ties, the treaty base, and trade structure. Europe – and the West in general – will still want to be in a position that allows it to set the global, universal rules of the game in both politics and economics. The Russia–China relationship, though far from a perfect match, could make that more problematic in the future.

Most of the countries covered in our research warmly welcome Chinese investment, largely because of the lack of normative strings attached, while there is an awareness of the costs of cooperation with Russia. Many of the case-study countries would prefer EU regulations and Chinese investment, without Russian interference. But despite Russia’s unpopularity, efforts to shut it out are not viable. Lately, the EU has learned from hard experience that Russia reacts in harmful ways when it feels threatened. In this case, it is clear that intense pressure on Russia will simply drive it into China’s arms as a junior partner, which from Europe’s perspective would be a bad outcome.

To maintain Russian-Chinese competition, the EU needs to carve out a space and role for itself in Eurasia. The countries of the region value access to Europe’s market and look to Europe to protect them from Russian – and to a lesser extent Chinese – control. More prosaically, the EU’s knowledge and expertise is highly valued in Central Asia, often transferred bilaterally from single EU member states, notably Germany, to single Central Asian countries. These countries understand that both the EEU and OBOR would profit from more accountable institutions, better border controls, and lower corruption levels, and that European know-how will be essential for achieving those goals. Even the most corrupt leaders in these countries, who have happily ignored the rules to enhance their power and enrich themselves, understand their value once they become the weaker parties in any negotiation. The EU should make use of that leverage.

Europe’s approach will depend on which problem it fears most: Russian political hegemony or Chinese economic hegemony. Should Europeans encourage Russia’s security role in Eurasia, particularly to counter the rise of Islamic fundamentalism and reduce Chinese influence? Or does the danger that Russia could be tempted to reunify the post-Soviet space through a sphere of influence, or direct annexation, outweigh these merits?

Regarding the economy, should Europeans encourage a regional economic pact – which, at the very least, would facilitate trade, including for third parties, in the Eurasian space? Or is Chinese economic hegemony – imposed through bilateral relations, and largely without security undertakings – a preferable option that would reduce Russia’s overall capacity for making itself a geopolitical nuisance, and force it to reconsider its relations with Europe in a more positive light? The two countries in which these questions are most acute are Uzbekistan (because of its fragile

security situation) and Kazakhstan (where an economic tilt towards OBOR would provide a viable Silk Road, potentially bypassing Russia).

The stakes are also high for Europe itself, particularly when it comes to OBOR. Europe needs cheap Chinese capital to compete with other sources for large public projects, both inside and outside the EU (the Commission has been pushing Trans-European Transport Network corridors, particularly in the Balkans). China's participation in the Juncker plan (the European Commission's Investment Plan for Europe) and the EIB has enormous domestic implications for Europeans.

Given these competing considerations, the EU will want the flexibility to promote different levels of Russian and Chinese involvement in different countries depending on their individual circumstances. Engagement with both OBOR and the EEU offers Europe the opportunity to influence these projects at a detailed level – where the EU excels – and to tailor their approach in a given country depending on whether China or Russia represents the greatest challenge.

This engagement should occur principally in areas of Europe's greatest interest in Eurasia: energy, infrastructure, security, and migration. Here we recommend a few immediate steps to help this overall approach:

- **Set a framework for bilateral investment with China:** Push for finalisation of the comprehensive China-EU Investment Agreement, in order to institutionalise and regulate bilateral investment. Include provisions on cooperation in Eurasia in order to secure and expand continental trade and investment between the two entities.
- **Enable and promote EU investment in OBOR:** Enable EU member states, the EIB, and the European Bank for Reconstruction and Development (EBRD) to invest in OBOR through the Connectivity Platform in Eurasia and beyond.
- **Ensure that Chinese investment meets European needs:** Strengthen and expand the EU-China Connectivity Platform in order to coordinate Chinese investment in the EU with the European Investment Plan.
- **Leverage EU investment and coordination to set standards:** Create a set of rules and standards that ensure that Chinese investment through the Connectivity Platform complies with European standards and regulations. For the Chinese, corruption at Central Asia's borders is a major cost that significantly reduces the speed of transactions and therefore undermines connectivity.
- **Ensure that the various EU instruments work in harmony:** Develop a European-Eurasian connectivity strategy to coordinate cross-regional projects, investments, and policies between all related EU instruments and foreign policy fields. This implies better cooperation of financial instruments in the four policy areas: European Neighbourhood Policies, Enlargement Policies, Central Asia strategy, and internal EU development and investment programmes for Eastern and Central European member states.

- **Leverage Europe’s existing stake in the region:** Increase Europe’s visibility in Eurasia as the single biggest trading and investment partner of nearly all relevant countries, by promoting infrastructure and connectivity projects to develop trade relations.
- **Support projects with Chinese involvement to reduce Russian leverage in Eurasia:** For example, recognise the recent China-Kazakh-Azeri-Georgian-Turkish joint agreement on transport cooperation in Eurasia. The EU has lost leverage since 2009 when it stopped its financial assistance to the Transport Corridor Europe-Caucasus-Asia (TRACECA), the most important European infrastructure project in the region, which is now financed by member states.
- **Create a platform for EU–EEU cooperation:** Cooperate directly with the Eurasian Economic Commission and on a multilateral level. A joint working group on EU–EEU trade cooperation could be a starting point, coordinating cooperation in areas such as technical barriers to trade, sanitary and phytosanitary issues, and customs. This should involve not only Russia, but also the ENP states of Armenia and Belarus, and the Central Asia partners Kazakhstan and Kyrgyzstan – and might help strengthen their roles in the Eurasian Economic Commission.
- **Ensure that no country controls all energy routes through Eurasia:** This will require strengthening cooperation in the field of energy trade and energy security between Central Asia and Europe. Azerbaijan is a crucial partner, since it provides the only means to bypass Iran and Russia, via the Caspian Sea. Therefore, Europe may have to develop its own pipeline projects in order to avoid future project failures like South Stream and the recently halted Turkish Stream.
- **Support eastern export routes for Russian gas:** This will reduce Russia’s obsession with retaining a monopolistic position on European markets and routes leading to Europe – something that has been the source of much tension between Russia and its neighbours, and Russia and the EU. Combined with the reforms in Europe’s energy policy, this will help to provide the whole continent with energy markets free of excessive geopolitical stress.
- **Maintain the attractive power of EU membership:** Develop a real prospect of accession for the Balkan candidate countries, especially Serbia. Increased assistance will be necessary to help Serbia meet the necessary conditions to join the EU in a reasonable time. This will create incentives for Serbia to develop its relations with Kosovo, and help the EU to counter Russian and Chinese influence on Belgrade.
- **Develop deeper relations with key Eurasian countries, particularly Kazakhstan:** Increase technical assistance to Kazakhstan, the key country of Central Asia, through new financial assistance mechanisms. Astana left the EU’s Development Cooperation Instrument (DCI) in 2014 due to its middle-income status and will not receive any basic EU assistance that is comparable to Russia’s and China’s government-coordinated investments. However, European foreign direct investment (FDI) still amounts to 60 percent of FDI in Kazakhstan.

- **Create a platform for EU–EEU–OBOR coordination:** The EU should establish a trilateral mechanism for EU–EEU–OBOR coordination, once EU–Russia relations normalise. There is already a mechanism for cooperation between the EU, Russia, and Ukraine on the DCFTA with Ukraine, which is intended to revise parts of the deal that Russia finds problematic. This platform has not been productive thus far, but it can be sustained and widened.

In the end, Eurasian integration remains a distant prospect, whether or not it is a desirable outcome for Europe. The political obstacles to Russia, China, or the EU realising their goals of integrating the region are daunting. Instability, historic rivalries, and corruption haunt both Russia and China – not to mention the competition between them. But the importance of the region means that progress towards a certain degree of Eurasian integration is both possible and in Europe’s interests. The prospect of Chinese and Russian failures should not make Europe feel better about the region or about itself. Rather, European cooperation with both the Russian and Chinese projects is necessary for progress in Eurasia, and, if properly structured, can promote European interests.

# *Eurasian Economic Union*

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# *United States of Europe: The Future of the European Union - An American View*

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## **Patrick M. Katsaris**



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## **Abstract**

The European Union (EU) is truly a fascinating political and economic phenomenon. This institution was created to increase cooperation between the recently war torn nation-states of Europe. As time progressed, what was first a primarily economic organization, turned into a multinational government, similar to that of the UN, yet more involved within the domestic policies of its members.

This union has been increasingly integrating since the 1950's. With this integration, various things have become possible within this union. European citizens can now travel and work more freely within the EU boundaries. Trade is easier between Member States, as this union allowed to a multilateral approach to reducing trade restrictions. And, more impressively, has adopted its own currency (the Euro), to ease trade between members.

As the EU is somewhat the first of its kind, it is hard to predict what the future holds for this institution. The EU could implode and Europe could begin to isolate themselves with animosity as it did during the early 20th century. Or, the EU could turn into a single political and economic entity, resulting into one European State, rather than multiple nation-states working together. The future of the EU is undetermined; yet the discussion can do its best to predict its outcome. By analyzing the recent trends, it is fair to predict, and argue, that the EU will soon be the "United States of Europe".

## **Introduction**

With the creation of the European Coal and Steel Community (ECSC) in 1952; comprising of the States of France, West Germany, Italy, and the Benelux countries, began a type of cooperation that would later lead to one of the strongest unions the continent of Europe has ever had (McCormick J., 2014). The European Union, which currently consists of 28 Member States, is continuing its process of integration that it had started in 1952.

With this integration, we see an increase in cooperation between the Member States, whether it is in economic, agricultural, or political issues, the European Union has created a new type of union. This union is comprised of various States, with various interests, yet they all function within two sets of laws, their own and that of the European Union.

This structure of the European Union is, in fact, the first of its kind. While it is considered an international organization that helps facilitate cooperation between its members, it also has a governing body that imposes legislation to its members (Piattoni S., 2010). With these institutions, the European Union, from a distance, begins to look very similar to a single State. Since no one has seen something like the EU before, the only logical step is to compare it to things that already exist or have existed in the past. Many scholars, today, compare the EU to other forms of government; although the comparisons are adequate, we may not be able to see a recognizable governmental figure within the EU yet. However, with the increase of cooperation and regional integration, is the European Union destined to become, somewhat, of a single political entity, a United States of Europe?

## **Rise of European Integration**

The European continent has faced many hardships in the 20th century. With the devastating effects of two world wars, Europe was facing a crisis. Both world wars, which tore the European continent apart due to the heavy costs, were caused by a surge of nationalism within the State of Germany and its allies, after Europe had seen what these wars had done to their homeland, they decided that there must be cooperation to increase development and stop the potential of a third world war and to increase cooperation to, hopefully, build a stronger Europe.

After the Second World War, the Council of Europe was created in 1949, which was the first step towards European cooperation and integration. Although the Council of Europe was a failure, in 1952, a new institution was taking form, the European Coal and Steel Community (ECSC) (McCormick J., 2014). This European institution put the coal and steel industries under one power; this step is the true precursor to European Integration. A few years later in 1958, another institution was created, the European Economic Commission (EEC) (McCormick J., 2014). This institution allowed for the free movement of people and capital, as well as policies on trade and agriculture (Albi A., 2004). This institution is similar to the European Union (EU) that we see today, a

cooperative organization that opens its borders and industry to that of their Member States. Towards the end of the 20th century, many other States began to join this organization, only leading to further cooperation between these European States as well as making the European Union more influential on the European Continent.

## **European Union Today**

In 2016, the European Union is currently comprised of 28 Member States, with 5 states as possible candidates as future members of the EU (Albi A., 2004). In addition to this, the EU's population is roughly 508 Million citizens, who all follow the law of their home State, in addition to the laws of the EU. The EU also has a functioning set of institutions that allows it to implement legislation on their Member States. These institutions, which include the European Council, the Council of the EU, and the European Parliament; just to name a few, all have a part to play within the everyday operation within the EU and its Member States. Policies that effect economics, agriculture, or even security all take place within these institutions. After a decision is reached between these institutions and Member States, the new legislation is then placed on these Member States, which they must follow or else they risk their membership being withdrawn. As we can see, within the last decade, European integration has taken up a lot of momentum (McCormick J., 2014). With the adoption of a single currency (Euro) and the Schengen Agreement (Free movement of people), we begin to see a new Europe that we have not seen before (Albi A., 2004). A Europe that puts cooperation over nationalism, with these agreements and cooperation's, we begin to see the majority of the continent form into one sociopolitical entity.

## **European Union as a State**

A State is defined as an independent political unit, occupying a defined, permanently populated territory, and that has full control over its internal and foreign affairs. With this definition, if we were to compare it to the EU, some parts of the definition would fit while others would not. For instance, the EU does occupy a defined, populated territory (Europe). The EU does have some control of internal affairs and foreign affairs; domestically it settles disputes within Member states, while at the same time settling disputes of international States (Member states). In addition to this, the EU is also represented as an observer state for the United Nations (UN), which again shows that the EU has some powers internationally (Albi A., 2004). However the EU is not an independent political unit, the EU gains their power from the Member States who can opt out of the Union at any given time. So as we can see, the EU meets some of the requirements to be a State, while at the same time is missing a few of those requirements.

Applying this definition to a Member State, such as France, holds similar results. France occupies a defined territory with a population, however does not have full control of its internal or foreign

affairs. European law is ever present within France, as it is within the other Member states. As well as this, France does have more power internationally, yet does give some of the power to the European Union when it comes to economic and agricultural matters (EUR-Lex Access to European Law, 1979). Through the definition of what a State actually is, compared to the EU and its Member States, we cannot exactly pin point what the EU is at this point in time. We see that Member States give the EU certain power, domestically and internationally, and that the EU imposes regulations and laws onto the Member States (McCormick J., 2014). Through definition, we can see that the EU can be seen as an independent state today, with the growth of integration and cooperation, the next decade could possibly show us the next step for European integration.

The U.S. of Europe, Federation of Europe, or the Confederation of Europe The future of the EU is undetermined, yet there are credible assumptions that could be laid out. For instance, European integration could continue at the rate that it is going now and it could, potentially, become a full independent State. The EU could turn into a single governmental entity that would potentially have full control over its internal and foreign affairs, with their new “state” now acting as domestic entities, similar to that of the United States of America and their internal states. We must first compare the potential future of the EU with systems of government that exist today, for example, is the EU heading to become a federation or a confederation?

A federation, such as the United States of America and Canada, can be defined as “1. Two levels of government rule the same land and people. 2. Each level has at least one area of action in which it is autonomous. 3. There is some guarantee of the autonomy of each government in each sphere.” (Laursen F., 2011). As we look into this definition, we can even say that in today, the EU has some of these characteristics. The EU does have at least two levels of government, the National government (governments of France, Germany, Greece, etc.) and the government of the EU (European Parliament and similar institutions).

These two levels of government also have their own actions that must be carried out. Compared to the EU and its Member States, the individual State has power over its military and security, while the EU has power of matters of economics, movement, and agriculture. Furthermore, these powers are divided within their own spheres; the EU has power over certain things while the Member State has power over others. Today, the EU resembles somewhat of a federation. With increased integration, we could potentially see an EU that resembles something like the United States of America, a Federal government (European Union/ United States) and its states (Member States/ US states).

Another possibility for the future of the EU is a confederacy, which is defined as “an alliance between persons, parties, states, etc., for some purpose” (Nelsen B. F., & Stubb A. C., 1994). Although this definition is loose, it almost perfectly defines the EU today and where it may be headed. The EU already has an alliance with their own Member States, in addition to this the population of the EU, for the most part, has accepted the integration, and welcomes their European

family into their home state. Europe no longer has any animosity to its bordering States; rather they open their borders to them freely.

Furthermore, they already have the purpose, for European peace and growth. This “Family of Nations” no longer wishes to go to war with one another, as they did before in the past century, but rather work together to become a stronger political entity. This goal of theirs is also a key indicator in a possibility of a single European State. To better explain this, in the words of Jean Monet, a key contributor to the Schuman Declaration, “To enjoy the prosperity and social progress that are essential, the States of Europe must form a federation or a ‘European Entity’ which will make them a single economic market” (Laursen, F., 2011).

### **Other Factors**

Yet, there is more that defines a country rather than simply a governmental structure. Would having a flag, a constitution, and a national anthem allow one to call their organization an independent country, or would population acceptance of their place within the organization make their space a country? We see the facts of the EU today; the EU has its own flag, constitution, and national anthem. In addition to these facts, European citizens are able to move freely from State to State, one individual from Belgium or Spain can simply walk into France with little difficulty. Another example of the uniqueness of the EU and its similarity to other States is its judicial system. A European individual can appeal a case to the European Court of Justice (ECJ). Through any other international organization, the State would have to make the appeal for their citizen (McCormick, J., 2014).

We also see a larger cooperation spirit within the European community. Younger citizens of the Eurozone, such as Generation Y, grew up with the idea that Europe is no longer a single continent filled with separate nation-States but rather a continent filled with states that cooperate with one another, that use a single type of currency, which has virtually no borders. As this generation grows up, they will further this integration as they have seen the success that it has shown. Although having its failures, many Member States continue to support the EU and continue to give the EU power. As this continues, the only logical step would be to federalize or confederalize, in order to stay as influential as they are now.

### **Challenges**

The road to a single European State would, of course, have its set of difficulties.

One of these possibilities may be the vastly different culture across nation States. What one may value in France, may be seen as taboo in Italy and vice versa. Culture is a defining point within

any State, however it is not impossible to be “one State with many nations”. For example, Canada is a bi-national state, comprised of an English nation and a French nation. Although Europe has many more nations, the cooperation that the EU has laid down would be a good stepping-stone for the future.

Another major challenge for a single European State is that of nationalism (Nelsen, B. F., & Stubb, A. C., 1994). Nationalism can be seen as the pure enemy of not only the single European State but also European integration. Nationalism makes a single State and its citizens proud of where they are from, which isn't necessarily a bad thing, yet when it comes to integration it is a progress stopper, as citizens of a nationalistic state would rather be known as, for Example British, rather than European overall. If one were to put the nationalism that the United States has and put it into France or any other Member State, then integration would almost be impossible.

In addition to this, the various complications that come with this international organization hold its own challenges. The one that has caused the most trouble against Member States is that of the democratic deficit. Members of the Council of the European Union are not elected directly by European citizens. This council can then pass and influence policies that will the effect these European citizens. This is one of the main reasons the United Kingdom had voted to leave the EU in late June of 2016. With the deficit, and the “Brexit”, this could lead to a weakening to the union, and could impede integration.

## **Conclusion**

Since the beginning of the European Coal and Steel community in the 1950's to the creation of what we know as the European Union today, we have seen an incredible leap forward in European integration. With the adoption of the Euro in the Eurozone, to the free movement of people and capital across national borders, the EU is truly the first of its kind. Yet there is more for this international organization in the future, if integration were to continue on this path for even just the next decade, we would see a new state forming out of the Member States of the EU.

The EU has been compared to a federation and somewhat of a confederation, as we have compared the EU to both of these types of governmental structures, we can see that even today, the EU is starting to look like a federation and a confederation. Yet it can be only one, therefore, if the integration of European States continues, it is very possible that we could potentially see a new single federal State emerge from this international organization. A new European State that resembles that of the United States of America, a federal government (European Parliament) and the state government. We will see that the individual Member State no longer has the power that it once had, as they gave this power to the new government. With its constant integration the EU could possibly be heading to become the “United States of Europe”, a new single political entity comprised of the former Member States of the European Union.

The likeliness of a single European State is very possible, given the research on European integration and the comparisons of the various governmental systems. As well as the fact that the European Union is being compared to a federation even today, as long as the European integration continues in a positive direction, the possibility to a “United States of Europe” or a “Federation of European States” is very likely. As the EU already resembles that of a federation, the only determining factor to ensure that the EU becomes a single entity is time. We have only seen the true effects of European integration within the past decade, with the implementation of the Schengen agreement and the Euro, all happening within the past thirty years, a greater and larger integration event could potentially happen within the next few decades or so.

The European Union has been showing signs of increased integration within the past few decades. If this pattern were to stay the same or even increase, the possibility of a single European State in the future increases drastically. The idea of a single European State has been present and debated since the creation of the European Community, as the debate continues, there is only more and more evidence that is proving the move of the European Union from an international organization, to a single European State comprised of all of its Member States.

Although the EU has their own set of problems and challenges, the EU is continuing to show signs of integration. As the EU is still quit young, we will be able to see many events, for and against the union, unfold today and in the future. It is possible that European integration had continued long enough for it to be inefficient and impractical to completely disintegrate the union. With continued integration, and the leadership of the EU through difficult times, such as the Brexit, the United States of Europe could potentially become a reality within the upcoming decades.

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The image is a promotional flyer for Euronatur Stiftung. It features a green background with a collage of nature and human-related photos. The text is in German, highlighting the organization's 25-year history of connecting people and nature across European borders. Contact details for Sabine Günther are provided, along with the website and a logo for GIZ (German Development Cooperation).



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# *The Sino-Russian Cooperation in Economy: A View from Russia*

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## **Veronika Bondareva**



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The Russian-Chinese relations taking an important place in the foreign policy of both countries are considered to be a backbone factor of the international structure and the world economic order. The importance of the Russian-Chinese links is permanently increasing both for Russia, China and the international politics at all. Under conditions of global turbulence and changing threats in the universe China and Russia are intended to modernize their economics and strengthen geopolitical positions in the world, including the fight for security, polycentric order, international law maintenance and its institutions. The tasks of Moscow are connected with promotion of strategic cooperation, while China makes the accent on the further rapprochement with Russia, including the trade, investment, energy cooperation and also the strategic safe rear creation. Despite the Ukraine crisis and degradation of the international situation positions of China and Russia continue to become closer; the new points of interaction have appeared and this can be regarded as a manifestation of strategic partnership. The aim of this article is to analyze the basic trends in Russian-Chinese relations, including different aspects of economic cooperation and introduce the appropriate recommendations concerning the potential threats and challenges prevention.

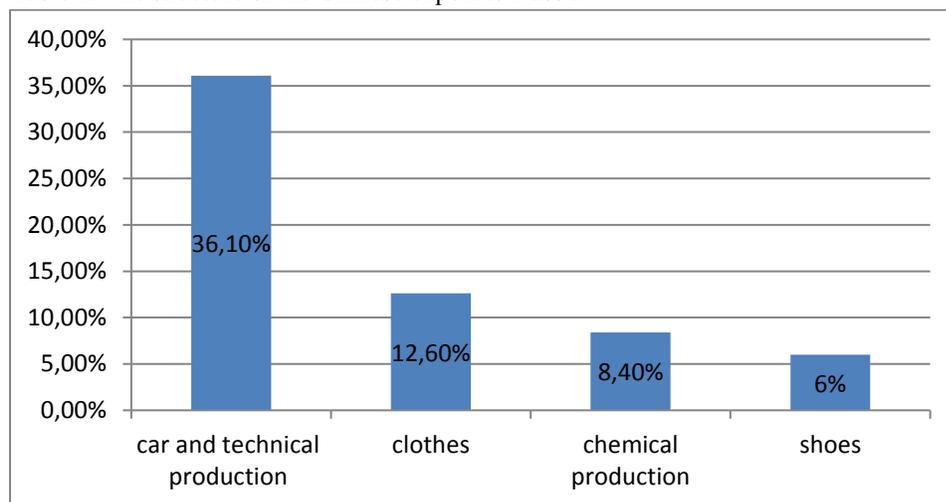
It is crucial to say that the Ukraine crisis has become the important event that influenced the Russia-Chinese links. It has accelerated the development of Russian-Chinese relations but not

changed its character and direction. Stable and common interests are the basis of these relations. The significant aspect of interaction between China and Russia is the economic sphere.

### The volume of the trade

During 2000-2013 the volume of bilateral trade between China and Russia has increased ten times – from \$8 bln. to \$89.2 bln. In 2014 according to the datum of the Main Customs Service of China this indicator has increased on 6.8% and reached \$95.3 bln. The export volume of Russia to China accounted for \$41.6 bln., import from China – \$53.7 bln. The main articles of Russian export consist of mineral fuel, oil and oil products (71.63%) delivery, wood and wooden products, non-ferrous metals, fish products, chemical commodities, cellulose, cars and equipment. The structure of the Chinese export to Russia includes finished goods: car and technical production (36.1%), clothes (12.6%), chemical production (8.4%) and shoes (6%) (Table 1).

Table 1. The structure of the Chinese export to Russia



Source: Main Customs Service of China

In the first part of 2015 there was the decrease of the trade between Russia and China. According to the latest information of the Main Customs service of China, in 2015 (January-June) the trade turnover accounted for \$31.1 bln (-30.2%). The export from China to Russia accounted for \$14.6 bln. (-36.3%), import from Russia – \$16.5 bln. (-23.9%). According to the Russian and Chinese experts assessments, the dynamics slowdown of the bilateral trade was caused by a range of factors: the world geopolitical tension, the complicated situation in the Ukraine, the sanctions introduction by the western countries, the world prices decrease for energy and raw material, and also the cash purchasing power decrease because of currency oscillation of Russian rubles to the base world currencies.

However, China remains the hugest trade partner of Russia (from 2010 China takes the first position in the list of the main trade partners of Russia). Russia takes the 9th position in the list of Chinese partners according to the trade turnover volume.



### **The cooperation in the energy sphere**

The fuel and energy sector is one of the spheres where both sides are actively interacting. According to the signed agreement in 2009 Beijing provided the Russian companies “Rosneft” and Transneft” with the credit the size of which was \$25 bln for 20 years for the oil export (15 bln). “Within the project the two branches from the oil pipeline “East Siberia-Pacific Ocean” including the objects of oil infrastructure, were built. The delivery began in January 2011.

According to the memorandum of understanding on cooperation in the sphere of natural gas dated from the 24th of June 2009, signed between “Gazprom” and China National Petroleum Corporation, the gas from Russia is to be delivered on two directions: western and eastern. The eastern way implies the elaboration of new oilfields of Eastern Siberia - Chayanda field and Kovykta gas condensate field. The gas pipeline “Power of Siberia” that is to be connected with pipelines Sakhalin-Khabarovsk-Vladivostok will be built from these fields. In the zone of Blagoveshensk the branch to China will be constructed. According to the contract, signed on the 21st of May in 2014 between “Gazprom” and China National Petroleum Corporation, 38 bln. sq/m gas a year will be delivered on this way during 30 years. The sum of the contract is \$400 bln. In June 2015 CNPC began to set up the Chinese way of the gas pipeline from Heihe on the Russian-Chinese border to Shanghai (3.17 thousand km.). The company plans to complete it till 2018. By this time “Gazprom” is intended to put in commission the Russian part of infrustroute of “Power of Siberia” together with trans-border underwater part through Amur. The delivery of the gas from Russia is to begin in 2019.

The western way implies the delivery of 30 bln. sq/m a year in the pipeline from Yamalo-Nenets Autonomous Okrug through Altay region to the north-west of China during 30 years. For this purpose the creation of a new pipeline transport system “Altay” within already existing transport corridor from Western Siberia to Novosibirsk with the further continuity till the Russian Chinese border is implied. According to the signed agreement between “Gazprom” and China National Petroleum Corporation (27th of September, 2010) the term of the contract is 30 years, the volume of the delivery is 30 bln. sq/m a year. In February 2016 there were the negotiations during which the sides discussed the main issues concerning the technical moments of the contract. The direct delivery is to begin in 2019.

### **The transport sphere**

Among the actively realized joint projects in the transport sphere there is the corridor Western China-Western Europa. The whole length of highway is 8.5 thousand km. The construction began in 2008; the completion is to be done in 2019. It is planned that in 2020 the volume of transportation will account for 33 mln tones a year. Another important transport project is the a construction of a railway bridge though the Amur River in the zone of Nizhneleninskoye of the Jewish Autonomous Oblast and Tongjiang city in China (the first bridge between Russia and China).



In October 2014 the memorandum on the participation of the Chinese side in the constructing and financing in Russia the high-speed railway highway Moscow-Kazan was signed. This project is a part of a large-scale Eurasian high-speed transport corridor Moscow-Beijing. The investment accounts for 400 bln. Rubles. From the Chinese side the investor will be China Investment Corporation. On the 3rd of December in 2015 in the 9th International Forum “Transport Russia-

2015” the Chinese corporation Sinohydro Corporation Limited, specialized on the hydro energy and hydro electronic equipment and the Federal road agency signed the memorandum on intention, concerning the realization of the investment project on the construction and maintenance of the bridge road through the Lena in the zone of Yakutsk.

Another huge transport projects between Russian and China is the elaboration of two transport routes for Chinese commodities export to Asia through the Russian Far East ports. The projects in which China is interested significantly are Primorye-1 and Primorye-2. They join the north-east of China with sea port in the short way. Primorye-1 joins the board Chinese city Suifenhe, Grodekovo station, the board region of Primorye and the ports in the east of the region. Primorye-2 joins the ports of the south-west of Primorye, Zarubino and Slavyanka with the provinces of China. This allows to transfer the traffic from the north-east to south-east provinces of China, and also to the countries of Asia-Pacific region and in opposite direction. The expenses are more than 200 bln rubles. The advantages of the projects are the decrease of transit time, the appropriate cost of delivery and the direct sea service without the transit ports.

### **Car industry**

In May in 2014 the Russian corporation “Russian cars” and Chinese north industry corporation “NORINKO” signed the memorandum in Shanghai according to which the sides negotiated to develop the cooperation in the sphere of cargo cars, passengers’ cars production, and also railway industry. The interaction of two cars implies the creation of the road cargo cars line “Ural” with the implementation of the aggregate base, produced by the company “BeiBen”.

The Derways Automobile Company is a Russian automaker located in Cherkessk. It has built units for the local market within a joint venture with the Chinese firms Lifan Group, Geely Brilliance. 51% is invested by Sberbank and 49% are shared among private investors. During the five months 2015 more than 6.5 thousand cars are produced. By 2020 it is planned to increase the level of localization till 52-54%.

BAW-RUS Motor Corporation is a Russian-Chinese company, located in Ulyanovsk and producing the commercial techniques and buses of BAW brand. The volume of production is 25 thousand units of techniques a year. JBRus – is a company which is based on RosLada (Syzran, Samara oblast). At the moment 55 cars have been produced, by the end of the year it is planned to create 250 cars. The Chinese partner of the project is Shenyang Junbei Vehicle manufacturing.

Another huge automobile manufacturer is Great Wall Motors Company Limited; in 2015 it began to build a new plant in the Tula Region. The volume of investments is 26 bln roubles. The planned volume of produced units is 150 thousand of cars a year. The launch is to start in 2017. In September 2013 in Kaluga the plant producing the glass FUYAO GLASS was opened in Kaluga. The power of the first line is 1 mln of glasses; the prospect is the increase of the production twice.

## Nuclear energy

In 1998-2007 the Russian company “Atomstroyexport” has built and put into commission the first line of Tianwan Nuclear Power Station, consisting of two blocks with reactor installment VVER-1000 power 1060 MWe. The cost of the project is 1.8 bln. euro (it includes projecting, equipment and materials delivery, putting the station into commission). In the process of realization there is a project of the second line of this station. The contract for the construction of 3rd and 4th energy blocks was signed in November 2010 between “Atomstroyexport” and Jiangsu Nuclear Power Corporation. The works began in 2012, and the completion it to be done in December in 2017. The cost of the project is 1.3 bln. euro. At the moment the sides are negotiating about the construction of the 7th and 8th blocks of the power station.

## Investment cooperation

At the moment the size of the direct investments in the Russian projects are assessed in \$5 bln. The main spheres of the Russian-Chinese bilateral investment cooperation are energy, natural resources fields’ development, construction, trade, industry production. Within the Program of cooperation between the regions of Far East, East Siberia of Russia and north-eastern part of China (2009-2018) on the territory of Russia there are 22 projects on the stage of realization. Among these projects there are deliveries of electro energy from Amur oblast to China, exploration of Berezovsky iron ore in Zabaykalsky Krai, a project of agricultural zones development in the Jewish Autonomous Oblast with the participation of 22 companies from Heilongjiang province.



### **The cooperation in the construction sphere**

Both sides are implementing the project of multifunctional zone “Baltic region” in Krasnoselsky District in Saint-Petersburg. The contract for creation of the united complex of trade and living objects was signed in 2005. The size of the investment is \$1.3 bln. Within the agreement about the strategic cooperation between “Rosseti” and the State electro net corporation of China, adopted in May 2014, there is work on the creation the joint enterprise of two companies for implementation of the projects on modernization, construction and the further exploitation of the electro net objects complex in the territory of Russia. It will contribute to the experience research and modern technologies introduction in the electro net complex of Russia, modernization of electro energy objects with using of out tariff sources of financing.

### **Mutual payment in national currencies**

Payment in national currencies is a prospect direction of cooperation between Russia and China, as it widens the opportunities for business. In 2013 the mutual payment in national currencies in the bilateral trade accounted for 2%. At the moment nearly 100 Russian commercial banks open corresponding accounts for making the payment in yuan. The presence of the direct corresponding relations with huge financial institutions of China will allow without the participation of mediators to implement the converse operations in national currency: rubles-yuan, yuan-rubles and also to reduce the time to make payment. In October 2014 the Bank of Russia and the People’s bank of China signed the agreement on SWAP in national currencies the size of which was \$150 bln. Yuan for 3 years.

### **Interaction in the international structures**

On the 28th of March 2015 during the Asian forum in Boao (China) it was announced about the participation of Russia in the Asian bank of infrastructure investments – an international finance organization, created for stimulating the financing interaction in the Asian-Pacific region. Russia got the status of the country-founder of the bank on the 14th in 2015 and was included in the list of the top co-founders according to the investment volume with China, India, Germany and Republic of Korea. On the first stage the main capital, the most part of which will be covered by Chinese means will account for \$50 bln. The share of Russia in the bank capital is \$6,5 bln.

Despite the fact that the cooperation of Russia and China in the Shanghai organization of cooperation is the important factor of strengthening and developing of the Organization, the perception of the organization by the sides isn’t the same. The Shanghai organization of cooperation is the important project of economic integration that will give the opportunities to get the sales market, widen its economic influence with the purpose to provide its economy with

additional energy resources. For Russia the main purpose of the Organization is the provision of the security of the region, from economic interest Russia will pay the special attention to the energetic sphere, which is manifested in the attempt to preserve its impact in the oil sphere and the sphere of transport hydrocarbons from the region. Other zones of joint Russian-Chinese projects realization within the Organization are such spheres as transport, infrastructure building, and agricultural complex. The transport plays an important role in the development of the economic cooperation, as the connectivity of the states-members of SOC depend on comfortable transport communications. The Russian-Chinese interaction in the sphere of transport is the important factor, contributing to the united transport corridor creation in the space of SOC.

Within the humanitarian cooperation between Russia and China on the space of SOC there is an important project on the creation of the net University of SOC, the concept of which was elaborated in 2008. The main purpose of SOC is the implementation of the coordinated preparation of high-educated personnel on the basis innovative educational programs. The main directions of preparation are energetic sphere, ecology, IT-technology and regional studies. The system of education implies that initially the future student enters the University of its Countries, and then continues the education in one or several universities of other countries – participants of the project. Within the Russian-Chinese cooperation on business development and business connections the Russian-Chinese business council is actively attracted for these issues resolving. It was created in 2004 and unites the leading Russian and Chinese companies and associations.

### **“Silk road economic belt”**

The introduced by the Chinese leader Xi Jinping (2013) project tells about the serious changes in the regional and global politics of China. The important moment from the Russian-Chinese interests in Eurasia is an attempt to draw together the projects – Eurasian economic union, Shanghai organization of cooperation and Silk Road economic belt. On the one hand three projects are developing independently on each other creating some kind of competition in transport and trade spheres. However, the introduction of these projects as itself opens new opportunities for Russian-Chinese cooperation in Eurasia. The main aims of Silk Road economic belt is the development of the west parts of the country and also stimulate the trade with neighborhood. This project isn't aimed against the Union and to replace it, but it implies the parallel functioning and joint promotion of the projects.

The idea of the “Silk road economic belt” creation raised different opinions in the world community. Some experts say that this project is the attempt to establish the effective model of the Central Asia development, where the Chinese factor plays an important role from trade, investment and transport cooperation. The trade volume is \$ 40 bln. investment volume is more than \$ 20 bln. The Chinese companies such as Cosco Pacific, China Merchants, China Road and Bridge take part in the projects investment.

## **Russian-Chinese joint university**

On the 5th 2014 the rector of the Moscow state university and the president of the Beijing Politechnique University signed in Beijing the founding document on the creation of a joint Russian-Chinese university. This is the first project in the sphere of education between two countries. The initiative on the establishment of the Russian-Chinese University was proposed by the Chinese side in 2013. In May 2014 during the official visit of the President of Russia V. Putin to China the appropriate Memorandum between the Ministry for education and science for Russia and the Ministry of education for China. Such disciplines as Russian, Literature, culture and art sciences, information technologies, economy, international trade, law, finance logistics will be taught at the university. The working languages are Russian, Chinese and English. The construction of a new building in Shenzhen city which is considered to be one of the dynamic cities of China began in 2014.

## **The Russian-Chinese cooperation in the military sphere**

In the opinion of the experts the Russian-Chinese relations in the military sphere plays an important role in the complex of bilateral relations. China remains a key market of the Russian military products. The interaction of Russia and China in the military sphere began in 90s, when Beijing began to buy the military techniques abroad. China is one of the huge importers of the Russian military techniques.

In 2005 the delivery of the Russian military techniques achieved 65, 4% but in 2013 the share of China in the balance of the Russian military export gradually decreased and accounted for \$1,3 bln. (12%). It is connected with the fact that lately the opportunities of Chinese military industrial complex have increased. The largest deliveries of the Russian arms are realized in the aviation, military-sea and air defense spheres. On the 19th of November 2015 the state corporation “Russian technology” announced about contract conclusion on delivery to China 24 fighters Su-35. China became the first foreign buyer of these planes. The sum of the contract is assessed more than \$2 bln. In 2013 Rosobornexport signed the framework contract with the Chinese side on the joint projecting and constructing of four diesel electric submarines “Amur-1650”. It is planned that two of them will be built in Russia, two – in China. It is expected that the contract on the sum of \$ 2 bln. will be signed in the nearest future. In 2014 the contract for six divisions of anti-aircraft missile systems of long ranges S-400 “Triumph” on the sum more than \$ 3 bln. Moreover, in different years the multiple rocket launchers the BM-30 Smerch were delivered to China.

In 1997 China acquired the license for production of guided missiles “Krasnopol-M”. According to signed in 1999 agreement in Russian universities there is a preparation of military-technique personnel for the Chinese army. In 2011 the decision on the joint efforts to create the new long-haul heavy cargo was adopted. During the complex researches conducted by the sides the main

parameters of the concept plane project were elaborated, the list of key technologies was defined, the appropriate marketing researches were introduced, and the business-models of the project organization were discussed. The presentation of the project was defined during the 18th of April 2014 on Russky Island. At the present the program of the plane is on the stage of preparation for being checked in through “Gate 2”. Moreover, Russian and Chinese companies continue to accord the remained questions.

## **Conclusion**

Taking into account the following trends in the Russian-Chinese relations it could be said that there is a positive dynamic relations development. Despite the fact that sometimes there is a decrease in economic spheres we can become the witnesses of the process creation of the hydrocarbon alliance with the active participation of Chinese companies in exploring gas and oil fields of Siberia, joint creation of companies. However, there are some unused resources and possibilities in the humanitarian sphere, including education, cultural exchange and tourism. The preparation and launch of the complex project on Chinese humanitarian space exploration. Thus the strategic center of the Russian and Chinese relations should be international, political, energetic and economic cooperation, that is long-term, mutually beneficially and versatile. The main attention should be paid to realization of the huge projects system.

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# *India and China: Too Close for Comfort?*

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**Laurence Vandewalle**

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## **Abstract**

**India and China — two emerging Asian giants — have historically been polar opposites in many ways and relations between them have been tense. In recent years, however, their co-operation has been improving and they have signed numerous bilateral agreements. From the EU’s perspective, it is crucial to monitor the relationship between these strategic partners. Not only do these two emerging countries have the two largest populations in the world, but projections suggest that they will together account for a significant share of the world economy by the middle of the century. The EU must be able to meet the regional and even global challenges presented by the rise of China and India.**

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## 1. India and China as strategic partners

‘There is enough space in the world for the development of both China and India,’<sup>166</sup> said Premier Wen Jiabao during an official visit to India in 2015. This bold statement remains to be proven. Relations between China and India have been notoriously difficult over the years but have improved since they established a strategic partnership in 2003. The statement issued on that occasion highlights clearly that the two countries have developed a shared common conception of their role on the global stage. As two large developing countries, China and India are aware of each other's role in the process of promoting the establishment of a new international political and economic order. The 2003 statement noted that the two sides were supportive of the ‘democratisation of international relations and multilateralism, the support for the establishment of a new international political and economic order that is fair, rational, equal and mutually beneficial, and the promotion of North-South Dialogue and South-South Cooperation’<sup>167</sup>.

Both emerging countries agreed at the time that the United Nations (UN) should undergo comprehensive reform, with emphasis on increasing the representation of developing countries. The statement also reiterated Indian aspirations for permanent membership of the UN Security Council, alongside China, owing to India’s increasingly strong influence in the international arena<sup>168</sup>.

China and India elected new leaders in 2013 and 2014 and this has had a significant impact on their relations.

Xi Jinping was elected president of the People's Republic of China (PRC) in March 2013. He has vowed to fight for the 'great renaissance of the Chinese nation'. He has championed a more assertive foreign policy and has turned China away from its traditional low profile within international affairs. From 17 to 19 September 2014, Xi Jinping paid an official visit to Indian Prime Minister Modi's home, the state of Gujarat. He received a very grand welcome.

The visit resulted in the further expansion of India and China’s economic engagement. This was reflected by the fact that President Xi was accompanied by a large delegation of businessmen. It was agreed that China would set up two industrial parks in India, one in Gujarat and another in Maharashtra<sup>169</sup>. China committed to playing a role in the development of high speed railways in India. Border issues remained a painful subject, as during Xi’s visit to India a Chinese incursion took place in Ladakh, with a military face-off. Prime Minister Modi confronted President Xi about this incursion. Xi responded that the People's Liberation Army (PLA) troops had been asked to

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<sup>166</sup> Reuters, Wen says world big enough for India and China growth, 2015, <http://www.reuters.com/article/us-india-china-idUSTRE6BE1BM20101215>.

<sup>167</sup> Chinese Embassy, China India agree on strategic partnership, 2016, <http://in.chineseembassy.org/eng/ssygd/zygx/t191496.htm>.

<sup>168</sup> Idem.

<sup>169</sup> Society for the Study of Peace and Conflict, President Xi Jinping's India visit: Expectations and outcomes, 2014, [http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit\\_22092014](http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit_22092014).

retreat<sup>170</sup>. However, 24 hours after this statement the PLA had not retreated<sup>171</sup>. Prime Minister Modi told President Xi that 'small incidents can impact the biggest of relationships'<sup>172</sup>.

Indian Prime Minister Narendra Modi has been in office since 26 May 2014. He belongs to the Bharatiya Janata Party (BJP). It has close ideological links to the Hindu nationalist right-wing organisation Rashtriya Swayamsevak Sangh (RSS), whose main aim is to uphold Indian culture and create a Hindu nation. Interestingly, Narendra Modi has already done more for the relations with China than his predecessor Prime Minister Manmohan Singh, although the later belonged to a party that did not pursue a nationalist agenda and is situated on the left of the political spectrum, the Indian Congress Party. Prime Minister Modi has departed from India's traditional foreign policy based on non-interference. His deep involvement in foreign affairs has surprised policy observers, as his electoral campaign concentrated on internal politics, particularly economy and trade. Modi is committed to making India a global power<sup>173</sup>. Modi developed the previous Indian government's 'Look East Policy' into the new 'Act East Policy'<sup>174</sup>.

To place India on the global map, PM Modi has identified the improvement of relations with neighbouring China as an asset. His first visit to the PRC as prime minister took place from 14 to 16 May 2015<sup>175</sup>. Narendra Modi was already familiar with China: in his former position as chief minister of Gujarat, he had visited the country four times. During these official visits, he was always eager to secure economic benefits. In 2015, he was welcomed in the city of Xi'an in Shaanxi province, allegedly President Xi Jinping's home province and the start of the ancient Silk Road. Hence a strong symbol. It was the first time that Xi Jinping travelled outside Beijing to receive a foreign guest.

The joint statement released on the occasion highlights the 'simultaneous re-emergence of India and China as two major powers in the region and the world offers a momentous opportunity for realization of the Asian Century'<sup>176</sup>.

The visit resulted in the signature of a record 24 agreements worth USD 10 billion. The agreements covered many areas of mutual interest from high-speed railways, the military and border issues,

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<sup>170</sup> Society for the Study of Peace and Conflict, President Xi Jinping's India visit: Expectations and outcomes, 2014, [http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit\\_22092014](http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit_22092014).

<sup>171</sup> Troops moved instead back by 100 km and sat in their vehicles until the next morning, when they resumed their original positions.

<sup>172</sup> Society for the Study of Peace and Conflict, President Xi Jinping's India visit: Expectations and outcomes, 2014, [http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit\\_22092014](http://www.sspconline.org/opinion/PresidentXiJinpingsIndiavisit_22092014).

<sup>173</sup> European Parliament, EU-India relations: "Time to shift into higher gear", 2015, Laurence Vandewalle.

<sup>174</sup> Indian Express, India's Act Easy Policy was created to improve relations with neighbours in Asia, 2015, <http://indianexpress.com/article/india/india-others/indias-act-east-policy-balancing-china-in-the-region-thinktank/>

<sup>175</sup> The Hindu, China and India: Rivals and Friends, 2015, <http://www.thehindu.com/opinion/op-ed/prime-minister-narendra-modis-china-visit/article7231248.ece>.

<sup>176</sup> Joint Statement between the India and China during Prime Minister's visit to China, 2015, [http://www.mea.gov.in/bilateraldocuments.htm?dtl/25240/Joint\\_Statement\\_between\\_the\\_India\\_and\\_China\\_during\\_Prime\\_Ministers\\_visit\\_to\\_China](http://www.mea.gov.in/bilateraldocuments.htm?dtl/25240/Joint_Statement_between_the_India_and_China_during_Prime_Ministers_visit_to_China)

through to the establishment of a yoga college in the Chinese city of Kunming. China committed to support India in upgrading its infrastructure. An action plan on railway cooperation was signed by the China National Railway Administration and India's Ministry of Railways<sup>177</sup>.

Both countries have in common their intention to develop prosperity based on international trade. China is India's largest trading partner with two-way trade totalling about USD 65.5 billion in 2013. However their trade relations are characterised by India's soaring trade deficit vis à vis China. Indian consumers have indeed been consuming an increasing amount of Chinese products, but Indian exports to China have not grown in the same way. Additionally, Chinese foreign direct investments to India also remain at a low level. According to Indian government statistics, the country has received a total of around USD 400 million from China in investment in the last 14 years.

### **Past tensions in Sino-Indian relations**

The relations between India and China have had their ups and downs. On 1 April 1950 India, the largest democracy in the world, became the first non-socialist country to establish diplomatic relations with the People's Republic of China (PRC). Indian Prime Minister Jawaharlal Nehru paid an official visit to Beijing in October 1954.

Since China's annexation of Tibet in 1950, which led India and China to share a common border, Tibet has been one of the core irritants in the Sino-Indian relationship. Although India recognised China's sovereignty over Tibet, India's welcome to the Dalai Lama in 1959 was perceived as supporting Tibetan separatism. Despite substantial improvement over the years, it continues to affect relations. In 1959, when the Dalai Lama fled to India after the first Tibetan uprising, India promptly made its position on Tibet clear: 'The Indian government, while sympathetic to the case of the Dalai Lama, contends that Tibet legally is a part of China'. However, other sources reported<sup>178</sup> later that repressive Chinese policies in Tibet had disappointed Indian policy-makers, public opinion and media. Indian leaders welcomed the Dalai Lama as a guest of New Delhi's government and granted refugee status to tens of thousands of Tibetans, who followed their spiritual leader. Today, India is home to about 100 000 Tibetans, who mostly live in refugee communities in Delhi, Dharamsala and other areas in northern India. They are granted healthcare and education, are protected from repatriation to China and are allowed to own land in specific areas, a privilege not extended to other foreigners.

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<sup>177</sup>CCTV America, India China Agreement, 2015, <http://www.cctv-america.com/2015/05/16/24-new-agreements-signed-following-premier-li-modi-meeting>.

<sup>178</sup> The New York Times, Between Tibet and China, India plays delicate balancing act, 2012, [http://india.blogs.nytimes.com/2012/04/03/between-tibet-and-china-india-plays-delicate-balancing-act/?\\_r=0](http://india.blogs.nytimes.com/2012/04/03/between-tibet-and-china-india-plays-delicate-balancing-act/?_r=0).

The presence of both the Dalai Lama and of a strong exiled Tibetan community in India has resulted in China viewing India as the heart of Tibetan separatism. This is exacerbated by the fact that the Tibetan government in exile is established in Dharamsala. Beijing views this exiled government as a constant challenge to its rule in Tibet. In contrast, the Indian government considers it as a non-governmental organization (NGO), although it regulates its political activities.

High-level Chinese visits to India have been a source of tension for Chinese leaders and have provided opportunities for Tibetans to protest. In May 2013 during Chinese Premier Li Keqiang's visit, a Tibetan protester broke through the police barrier outside the Chinese Embassy after dousing himself in kerosene. He was arrested just before setting himself alight. In March 2012, during a visit by former Chinese president Hu Jintao, a Tibetan exile set himself on fire. He died from his injuries.

In 1960 the Sino-Soviet split contributed to the deterioration of relations between China and India, as India was perceived to be increasingly close to the Soviet Union. In 1962, tensions escalated to the point that a war broke out between India and China, over disputed territories at the Himalayan border, which separates the two countries. China won the war, which resulted in over 2 000 casualties. To this day China claims the Indian state of Arunachal Pradesh, which it calls South Tibet, while the government of New Delhi claims Chinese-controlled Aksai Chin.

After 1962 relations between India and China remained strained for many years, until Prime Minister Rajiv Gandhi paid an official visit to Beijing in 1988. The visit signalled a period of improvement in bilateral relations with the signing of numerous agreements and the establishment of stable Sino-India relations in diverse fields such as bilateral trade, climate change, governance, military and anti-terrorism<sup>179</sup>. A slow positive trend has continued since then.

The two countries' relations with Moscow have in the meantime improved as well. The concept of a strategic triangle between Moscow, Beijing and Delhi is not a new idea. The last leader of the Soviet Union, Mikhail Gorbachev, wanted to place the USSR squarely between India and China within a mutual cooperation framework. Gorbachev's idea did not work at that time. Since 2002 however, Russia, China and India have been holding meetings to discuss international and regional issues. The last meeting took place in April 2016. The agenda included global and regional issues, matters related to strengthening international law and the collective fight with regard to common challenges. This could provide a source of inspiration for the EU, and it is probably also interesting to monitor this process.

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<sup>179</sup>European Council on Foreign Relations, China's actions India's worries, 2015, [http://www.ecfr.eu/article/commentary\\_chinas\\_actions\\_indias\\_worries3067](http://www.ecfr.eu/article/commentary_chinas_actions_indias_worries3067).

### 3. Competition and cooperation

China and India have a paradoxical and challenging relationship, where growing cooperation goes hand in hand with mounting rivalries. This is highlighted particularly in the fields of security and defense, infrastructure connectivity, cross-border water management and international financial institutions. These four fields are particularly emblematic of the direction in which the emerging countries' relationship is heading. The issue of nuclear proliferation, which deserves a study in its own right, is not covered in this briefing.

#### 3.1. Security and defence

Mutual security and defence interaction between India and China has been steadily increasing since the 2005 bilateral Strategic Partnership for Peace and Prosperity agreement.

Regular high-level exchanges have taken place since 2007. Navy vessels from both countries regularly make port calls. Additionally, the two countries hold an annual defense and security dialogue where cooperation between the two countries is discussed. The seventh annual defence and security dialogue was held in Beijing on 10 April 2015. Both countries recognized the maintenance of peace and tranquillity on the borders as an important guarantor for the development and growth of their bilateral relationship. They also exchanged views on regional and global security issues of mutual interest and agreed on the need to expand military cooperation and identify new avenues of engagement.<sup>180</sup> The 2016 annual defence and security dialogue has not yet taken place.

In May 2015, Narendra Modi and Xi Jinping<sup>181</sup> agreed that enhanced military ties are conducive to mutual trust. The two armies held a fifth joint<sup>182</sup> counter-terrorism exercise on 28 January 2016 in Kunming<sup>183</sup>. Both countries agreed to improve border co-operation with annual visits and exchanges between military headquarters.

The two countries have also established Border security mechanisms and agreements, such as the Working Mechanism for Consultations and Coordination of India-China Border Affairs and the Border Defense Cooperation Agreement<sup>184</sup>. However, these measures have not resolved the issue and incidents on the ground regularly occur. Moreover, the border issue is used by both countries

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<sup>180</sup>Embassy of India, 7th Annual defence and security dialogue, 2016, <http://www.indianembassy.org.cn/newsDetails.aspx?NewsId=595>.

<sup>181</sup> IBTimes, Modi in China, 2015, <http://www.ibtimes.co.in/modi-china-live-chinese-president-give-indian-pm-highest-level-reception-xi-632382>.

<sup>182</sup> The first one was held in China in 2007 and the following ones alternated between locations in the two countries;

<sup>183</sup> NDTV, Indian Chinese Army kick off anti-terrorism exercise, 2016, <http://www.ndtv.com/india-news/indian-chinese-army-kick-off-anti-terrorism-exercise-1271017>.

<sup>184</sup>Embassy of India, India China bilateral defence cooperation, <http://www.indianembassy.org.cn/DynamicContent.aspx?MenuId=5&SubMenuId=0>.

to justify significant military budget increases<sup>185</sup>. India is the world's largest importer of military goods.<sup>186</sup>

Both countries are members of the Asia Regional Forum (ARF) and of the East Asia Summit (EAS). Prime Minister Modi has highlighted his country's desire for regional leadership in the EAS. To a certain extent, the two countries coordinate their policies in international fora. President Xi Jinping's concept of Asian security, which claims that Asian countries should decide Asian affairs first, reinforces the importance of all Asian regional security dialogue. An example of China including India in regional security fora is the acceptance of India as a full member of the Shanghai Cooperation Organisation<sup>187</sup> (SCO) in July 2015, along with Pakistan. PM Modi offered help to the SCO in combating terror and boosting trade.

India and China have been rivals in their strategic relations with other countries, in particular with the United States (US). India has been forging closer security ties with the US. In early 2016, the US and India discussed the possibility of jointly patrolling maritime areas such as the Indian Ocean and the South China Sea to ensure freedom of navigation. India not only sent vessels to visit the South China Sea but explicitly called for freedom of navigation and the peaceful resolution of territorial disputes as part of its above-mentioned Act East policy. The maritime border conflict between China and several South East Asian countries has been gaining in intensity in 2015 and 2016. The US has sent warships to patrol the area, while China has engaged in vast reclamation works in the Spratly and in the Paracel islands. The conflict has evolved into a balance of power between the US and China. The US decision to transfer 60 % of its navy to the Pacific may also be interpreted in this context as an attempt to contain China. When US defence secretary Ashton Carter visited India from 10 to 13 April 2016, India and the US signed a logistic support agreement.

Additionally both India and China are eager to establish safe trade routes through the Indian Ocean, heightening their strategic value. India imports nearly 80 %<sup>188</sup> of its energy, mostly oil, from the Middle East. Around 84 %<sup>189</sup> of China's imported energy resources passed through the Strait of Malacca from the Indian Ocean in 2012<sup>190</sup>. As China has been increasingly active in South Asian countries, in particular Sri-Lanka<sup>191</sup>, India has also strengthened its presence in the Indian Ocean,

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<sup>185</sup> Annual Defence Budgets according to GFP intelligence reports: India USD 40 bn; China: USD 156 bn (2016 report).

<sup>186</sup> SIPRI, The Top 20 Arms Importers, 2015, [https://www.sipri.org/googlemaps/2015\\_of\\_at\\_top\\_20\\_imp\\_map.html](https://www.sipri.org/googlemaps/2015_of_at_top_20_imp_map.html)

<sup>187</sup> The SCO is a Eurasian political, economic and military organisation funded in 2001 to jointly address the common threats of terrorism, separatism and extremism. Current members are China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan.

<sup>188</sup> Business Standard, Can India halve oil dependence by 2030, 2015 [http://www.business-standard.com/article/economy-policy/can-india-cut-down-its-oil-import-dependence-by-a-half-by-2030-115040800227\\_1.html](http://www.business-standard.com/article/economy-policy/can-india-cut-down-its-oil-import-dependence-by-a-half-by-2030-115040800227_1.html)

<sup>189</sup> US Department of Defence, Military and Security Developments, 2014, [http://www.defense.gov/Portals/1/Documents/pubs/2014\\_DoD\\_China\\_Report.pdf](http://www.defense.gov/Portals/1/Documents/pubs/2014_DoD_China_Report.pdf).

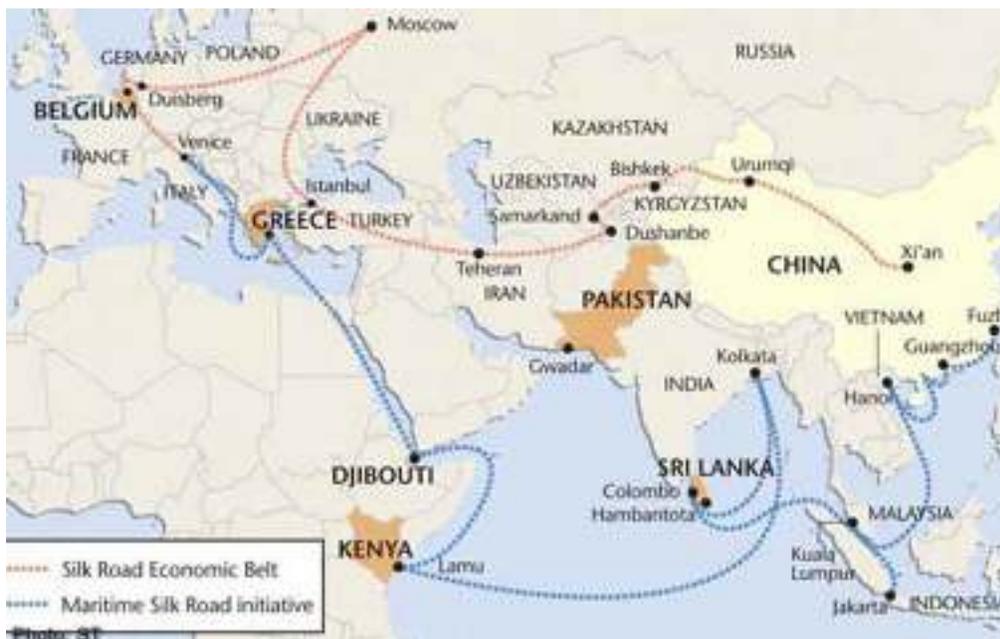
<sup>190</sup> Council on Foreign Relations, Competition in the Indian Ocean, 2015, <http://www.cfr.org/regional-security/competition-indian-ocean/p37201>.

<sup>191</sup> Laurence Vandewalle, Policy Department, Sri Lanka after the elections

primarily by upgrading its navy, which has included anti-submarine warfare planes since 2015<sup>192</sup>. Prime Minister Modi has improved relations with India's neighbors and has taken strategic steps, such as the bilateral India-Australia exercises<sup>193</sup>, and India's participation in annual multilateral naval exercises called Malabar<sup>194</sup> with the US, Australia, and Japan. In the 2016 exercise, US, Japanese and Indian vessels held a large-scale joint naval exercise in April 2016 close to the Diaoyu/Senkaku islands in the East China Sea. In 2015, the drill was held in the Bay of Bengal, without the participation of Japan<sup>195</sup>. Little doubt exists that despite India's traditional principle of nonalignment, outreach to the US, Australia, Japan and even Indonesia are calculated moves to counterbalance China's assertiveness in Asia<sup>196</sup>.

### 3.2. Infrastructure connectivity and quest for regional influence

Figure 1: One Belt One Road



Source: The Economist, One Belt One Road, 2015

<sup>192</sup> The Diplomat, India Inducts First Squadron of Anti-Submarine Warfare Plane, 2015, <http://thediplomat.com/2015/11/india-inducts-first-squadron-of-anti-submarine-warfare-plane/>.

<sup>193</sup> The Times of India, India-Australia naval exercise to begin tomorrow, 2015, <http://timesofindia.indiatimes.com/india/India-Australia-naval-exercise-AUSINDEX-15-to-begin-tomorrow/articleshow/48916443.cms>.

<sup>194</sup> The Economic Times, India, US, Japan to take part in naval exercise in Bay of Bengal, 2015 <http://economictimes.indiatimes.com/news/defence/india-us-japan-to-take-part-in-naval-exercise-in-bay-of-bengal/articleshow/49261686.cms>.

<sup>195</sup> 30Channel News Asia, US, Japan, India to hold major naval drill in Western Pacific, 2016, <http://www.channelnewsasia.com/news/asiapacific/us-japan-india-to-hold/2852498.html>.

<sup>196</sup> Council on Foreign Relations, Competition in the Indian Ocean, 2015, <http://www.cfr.org/regional-security/competition-indian-ocean/p37201>.

Both India and China have developed initiatives to improve infrastructure and other connections in South Asia.

### 3.2.1 One Belt One Road - A Chinese vision

Beijing has envisioned the 'One Belt One Road' (OBOR) initiative to connect major Eurasian economies through Chinese-led infrastructure, trade and investment. This initiative includes the China Pakistan Economic Corridor (CPEC), a project for a network of railways, roads and pipelines connecting Pakistan's port city of Gwadar on the Arabian Sea with the Chinese city of Kashgar. The maritime chapter of OBOR is called the 21st Century Maritime Silk Route Economic Belt (MSR). The MSR plans the development of maritime shipment routes through the Indian Ocean and the Persian Gulf alongside Chinese support to the building of harbours in Bangladesh, Sri Lanka, the Maldives, and Pakistan<sup>197</sup>. The recently built deep sea port of Gwadar is managed by a Chinese company, the China Overseas Ports Holding Company (COPHC). When completed, the harbor which China has both financed and constructed, could offer a direct access route to the Indian Ocean and the possibility to bypass the Malacca Straits<sup>198</sup>.

Pakistan is a longtime ally of China and they seem increasingly close to each other. The Stockholm International Peace Institute's most recent report shows that China has sold Pakistan over half the arms it imported in the last five years<sup>199</sup>. India is concerned about OBOR's possible impact and in particular that of CPEC due to the military potential of the Gzadar harbour. From Delhi's perspective, CPEC could enable the PLA to gain a better access to the Indian Ocean. In recent years, Chinese submarines have indeed docked at the Pakistani port of Karachi<sup>200</sup>.

Another major source of concern for India is that the CPEC crosses the disputed region of Kashmir. Prime Minister Modi made an official complaint on the CPEC route to China on 13 May 2015. The former princely state remains a disputed area between India, Pakistan and China. The majority of the state is administered by India, another part is de facto administered by Pakistan (Azad Kashmir and Northern Areas) while a third part, Aksai Chin, is held by China. It is the most militarised territorial dispute in the world. Despite the 2003 cease-fire between Pakistan and India, hostilities occur regularly. In this context, China's military support to Pakistan remains a matter of deep concern for India — even if China has avoided taking sides in the conflict in the past fifteen years.

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<sup>197</sup> CFR, James McBride: Building the New Silk Road, 25 May 2015 <http://www.cfr.org/asia-and-pacific/building-new-silk-road/p36573>.

<sup>198</sup> European Parliament, Pakistan and China, 2015, Laurence Vandewalle.

<sup>199</sup> Stockholm International Peace Institute, World Nuclear Forces, 2015, <http://www.sipri.org/yearbook/2015/12/12A>.

<sup>200</sup> The Times of India, Chinese submarine in Karachi, 2015, <http://timesofindia.indiatimes.com/india/Chinese-submarine-in-Karachi-India-alarmed/articleshow/47845930.cms>.

The increased Chinese involvement in Pakistan signals greater Chinese involvement in South Asia. During the most recent South Asian Association of Regional Cooperation (SAARC) summit, held in November 2015, China's bid for full membership was supported by Nepal, Pakistan and Sri-Lanka, and strongly opposed by India. Given China's increasing involvement in South Asia, it is likely that it could succeed in joining the association in the long term. SAARC is currently being under used mainly because of the tensions between Pakistan and India. China could in the long run be a game changer due to its economic interest in securing trade routes in the region.

Chinese rivalry with India is visible in Afghanistan as well. President Ashraf Ghani's decision to pay his first official visit abroad to China in October 2014, when he asked for Chinese involvement in talks with the Taliban, highlights how Beijing has been gaining ground in Afghanistan. President Ghani paid a visit to Delhi on 27 April 2015. China has indeed joined the US, Pakistan and Afghanistan in the quadrilateral coordination group that negotiates with the Taliban. Some diplomats hold the opinion that China could be the next power to sink into Afghanistan.

A similar scenario is visible in Nepal, where Chinese influence has been soaring in recent years. In March 2016, Nepal's Prime Minister Khadga Prasad Oli paid a week-long visit to Beijing. He met with the top leadership of the country and attended China's major economic conference, the Boao Forum for Asia. He expressed hopes that his country's economy could integrate with China's. Nepal has also been high on the Indian agenda. Prime Minister Modi has made efforts to maintain close relations between Delhi and Kathmandu, amidst concerns that China's increasing investment in Nepal could prompt the country to move much closer to China and Pakistan than to India. Tibetan refugees in Nepal (approximately 20 000 in 2011, with an additional 1 500 Tibetans living in refugee-like situations) are on the frontline of tensions and high-stake battles for regional influence between the two Asian giants. Nepalese refugees are permitted safe passage from Tibet to India through Nepal, under the terms of an agreement with the UNHCR. The growing influence of China over the country in the last few years has allegedly led to violations of their basic rights, including restrictions on their freedom of assembly and expression, arbitrary arrests and detentions, and restrictions on their religious and cultural rights. Signs of increased cooperation between Nepal and China appear to ruffle Indian feathers. If they were to be completed, new road and rail links between Tibet and the Nepal-India border could facilitate a Chinese troop deployment to India.

The kingdom of Bhutan, has also increased its relations with China, despite not having established full diplomatic relations with Beijing to date. Modi has reacted by making Bhutan the destination of his first foreign visit in June 2014.

### 3.2.2 Indian-led projects

India's concern that it is being marginalised in its own backyard have prompted it to support the Chabahar harbour, located in Iran. It is positioned on the Persian Gulf about a hundred kilometers from Gwadar. During his eagerly-awaited official visit to Iran in May 2016 Prime Minister Narendra Modi announced that India would invest approximately USD 500 million in building the port which could provide trade routes to Afghanistan, Central Asia and beyond. India, Iran and Afghanistan have signed a trilateral agreement to build a transit and transport corridor.<sup>201</sup> This strategy of regional connectivity could in the long run diminish Pakistan's strategic importance as a transit route. Some observers consider the Chabahar harbour a response to the development of the China–Pakistan Economic Corridor<sup>202</sup>. Furthermore the strategic interest of the harbour can be reinforced by the International North–South Transport Corridor project, aimed at connecting the South, Central and West Asia with Russia and Europe, enabling India to compete with China.

Two other Indian initiatives to reclaim its position in the Indian Ocean are the Mausam project<sup>203</sup> launched in 2014 with the aim of reviving ancient maritime routes and cultural links with countries in South Asia. The second project is the Spice Route, aimed at reviving old links between India and 31 countries in Asia and Europe. In March 2015 ahead of the Annual Defence Dialogue, China expressed its readiness to work with India to link the MSR with the Mausam project. Competition for connectivity is also ongoing in South East Asia. Towards the South, OBOR reaches the Bangladesh-China-India-Myanmar Economic Corridor (BCIM-EC). For China, keeping Myanmar/Burma from joining what it considers as the US 'encirclement of China' policy is a top security concern. China is Myanmar/Burma's largest development partner, with assistance to strategic projects financed by Chinese state-run banks and carried out by Chinese construction companies<sup>204</sup>. At the same time, the ongoing democratic transition has provided an opportunity for India to regain ground in the country, which it considers as its 'Gateway to the East'. This is strategically important for New Delhi. Indian Prime Minister Narendra Modi paid his first official visit to the country in November 2014. He unveiled the above-mentioned 'Act East' policy there.

This rivalry is also visible in Vietnam, where an Indian state company was chosen for oil and gas exploration in the South China Sea. China warned that no agreements should infringe on its territorial claims. Relations between Vietnam and China have been challenging in recent years mainly due to the conflict in the South China Sea.

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<sup>201</sup> BBC News, India and Iran sign historic Chabahar port deal, 2016, <http://www.bbc.com/news/world-asia-india-36356163>

<sup>202</sup> East Asia Forum, Modi puts in the groundwork with Iran, 2016, <http://www.eastasiaforum.org/2016/06/08/modi-puts-in-the-groundwork-with-iran/>

<sup>203</sup> full name: Maritime Routes and Cultural Landscapes Across the Indian Ocean

<sup>204</sup> European Parliament, Myanmar/Burma: The 8 November 2015 general election: an election does not a democracy make, 2015, Laurence Vandewalle

### 3.3. Cross-border water resource management

Encircled by the Himalayas and with an average elevation of 4 500 metres above sea level, the Tibetan Plateau is often referred to as 'Asia's water tower'. As the largest repository of fresh water outside the North and South Poles, and the source of the earth's eight biggest river systems, it is indeed a critical resource for the world's 10 most densely populated nations surrounding the plateau. In recent years, climate change, economic development and population growth in the downstream countries have increased the Tibetan plateau's strategic importance. China and India could be engaging in a 'water grab'<sup>205</sup>, as they seek additional sources of electricity to power their growing economies.

The Yarlung Tsangpo-Brahmaputra River is the main concern as regards competition for access to water resources. The 2 880-km long river is one of Asia's longest rivers. It goes through Tibet as the Yarlung Zangbo, China as the Yarlung Tsangpo, India as the Brahmaputra River and finally through Bangladesh where it is known as the Jamuna River<sup>206</sup>. A resource-based conflict arose on 11 June 2000 after a natural dam burst in Tibet and killed around 30 people causing damage to infrastructure in Arunachal Pradesh<sup>207</sup>. Indian officials suspected that the flood could have been purposely caused by China, drawing the possible conclusion that China was trying to interrupt the water supply to India. This was contradicted by satellite images that confirmed a natural disaster. Two years later, as a result of that incident, China and India signed a first memorandum of understanding for the provision of hydrological information. Additionally, in 2008, the two countries signed a memorandum of understanding upon provision of hydrological information on the Yarlung Tsangpo-Brahmaputra River in flood season.

In 2008, the Chinese government announced plans to begin the construction of the Zangmu hydroelectricity dam in the middle reaches of the Yarlung Tsangpo-Brahmaputra River. It has also announced its decision to construct three more plants on the same river at Dagu, Jiachu and Jiexu. The Chinese government did not reveal the details of the project, stating that it was an 'internal matter' but Indian observers warned of a water war<sup>208</sup>. Confusion remains regarding the exact number of dams the Chinese authorities intend to build on the Yarlung Tsangpo-Brahmaputra River. Jana Jagriti, an Indian non-governmental organization (NGO), has claimed that China would construct twenty six hydro-electric projects in the upper reaches of the river. In addition to these dams, reports suggest the possible construction of a giant hydro-electric project at Edog near the Great Bend of the river. Although plans are not clear, if this dam was to be built, it could be

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<sup>205</sup> Science, Threat from India's Himalaya Dams, 2015, <http://science.sciencemag.org/content/339/6115/36.summary>

<sup>206</sup> The National Interest, China India and Water across the Himalayas, 2015, <http://nationalinterest.org/blog/the-buzz/what-could-start-war-between-india-china-13447>.

<sup>207</sup> The National Interest, China India and Water across the Himalayas, 2015, <http://nationalinterest.org/blog/the-buzz/what-could-start-war-between-india-china-13447>.

<sup>208</sup> The European Council on Foreign Relations, China's actions, India's worries, 2015, [http://www.ecfr.eu/article/commentary\\_chinas\\_actions\\_indias\\_worries3067](http://www.ecfr.eu/article/commentary_chinas_actions_indias_worries3067).

twice as big as the Three Gorges dam<sup>209</sup>. China has always denied that it has any intention of diverting the waters of the Yarlung Tsangpo-Brahmaputra. In 2011, China's vice minister for water resources stated that that his country had no plans to do so. Four years later, in a press conference in March 2015, the same vice minister stated that priority would be given to water conservation and environmental protection<sup>210</sup>.

India itself has plans to build dams on tributaries of the Yarlung Tsangpo-Brahmaputra river before it flows into the third riparian country of the river, Bangladesh. The Indian government recently sanctioned an 800 megawatt hydro-electric project on the Yarlung Tsangpo-Brahmaputra River in Arunachal Pradesh<sup>211</sup>.

A similar suspicion exists on the other side of the Himalayan border. A Chinese state-run think tank accused India of pressuring China to prevent it from using water resources in Tibet by building dams on the Brahmaputra. An article in the state-run Global Times said ‘the Chinese government acknowledges the water resource disputes, and predicts a potential intensified controversy which, however, will not trigger political and military turbulence’. In an article titled ‘Indian threat-mongering over water resource disputes dangerous fantasy’, Li Zhefei of the National Institute of International Strategy, claimed that disputes over water management had become a contentious issue between the two countries.

Figure 2: The flow of the Yarlung Tsangpo-Brahmaputra River



Source: <https://commons.wikimedia.org/w/index.php?curid=15068725> (Pfly, Own work, CC BY-SA 3.0)

<sup>209</sup> Geopolitical Monitor, China and India: River wars in the Himalayas, 2015, <http://www.geopoliticalmonitor.com/china-and-india-river-wars-in-the-himalayas-4954/>

<sup>210</sup> The Diplomat, China-India: Revisiting the 'Water Wars' Narrative, 2015, <http://thediplomat.com/2015/06/china-india-revisiting-the-water-wars-narrative/>

<sup>211</sup> Geopolitical Monitor, China and India: River wars in the Himalayas, 2015, <http://www.geopoliticalmonitor.com/china-and-india-river-wars-in-the-himalayas-4954/>

As India and China are yet to sign any river water sharing treaty, the establishment of a legal framework would contribute to the development of trust-based relations. The two countries have gradually put in place mechanisms to deal with cross-border water management but the fact that border disputes continue in the area renders the elaboration of a water sharing agreement impossible at this stage. Hence cross-border water management remains a thorn in the relationship between India and China. On the contrary, if both governments improved their dialogue and relations regarding cross border water management, it could become an important field of cooperation between the two Asian giants.

### 3.4. International economic governance

Growth projections show that by 2015 India could evolve into a global economic pole along with China, the US, and the EU<sup>212</sup>. Both India and China are active members of the G20 which they prefer to the G8.

India's economic reforms began in 1991. According to the International Monetary Fund's World Economic Outlook in January 2016, India's economic growth had already caught up with China' in 2014. Growth projections for this year and 2017 confirm the trend<sup>213</sup>. India is going to reap the benefits of the demographic dividend, as its population is also gradually catching up with the size of the Chinese population. This makes India a potential sizable market, provided its middle class grows in proportion to the country's economic growth.

China's economy is at a different stage. China implemented market reforms in 1979. Since the third plenary session of the Communist Party's 18th Central Committee in 2012, it has been transiting to a more sustainable model called 'the new normal'; designed to bring about measured growth. China's export-led growth, industrial production, manufacturing investment and fixed asset investment have all declined<sup>214</sup>. The economic growth rate has fallen to its lowest level since 1990<sup>215</sup>.

New Delhi is a major player in the BRICS<sup>216</sup> grouping which it chairs since 15 February 2016. The next BRICS summit will be held in Goa on 15 and 16 October 2016. Themes include institution-building, People-to-People interactions, business, youth and sports.

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<sup>212</sup> The Great Shift: Macroeconomic projections for the world economy at the 2050 horizon; Jean Fouré, Agnès Bénassy-Quéré & Lionel Fontagné February 2012 [http://www.cepii.fr/PDF\\_PUB/wp/2012/wp2012-03.pdf](http://www.cepii.fr/PDF_PUB/wp/2012/wp2012-03.pdf)

<sup>213</sup> European Parliamentary Research Service Blog, India's Economy- Figures and Perceptions, 2016, <http://epthinktank.eu/2016/03/21/indias-economy-figures-and-perceptions/>

<sup>214</sup> The Telegraph, China's growth slows to lowest level since 1990, 2016, <http://www.telegraph.co.uk/finance/economics/12107169/Chinas-GDP-growth-slowest-in-25-years.html>

<sup>215</sup> The Telegraph, China's growth slows to lowest level since 1990, 2016, <http://www.telegraph.co.uk/finance/economics/12107169/Chinas-GDP-growth-slowest-in-25-years.html>

<sup>216</sup> The BRICS is comprised of Brazil Russia India and China.

Since the beginning of the 21st century BRICS countries led by China and India have been vocal in calling for reform of international institutions. In particular they want to focus on financial institutions to give more weight to emerging economies. They claim that these institutions are outdated and reflect the post World War II economic power balance. Tired of waiting for reforms, China has embarked on the creation of its own institutions, with India's active participation and support even if India at times seems displeased with China's prominence in the grouping.

The New Development Bank (NDB), formerly known as the BRICS Development Bank, started to operate in July 2015. Located in Shanghai, its first president is an Indian banker, Kundapur Vaman Kamath. So far, the NDB has already approved four green renewable energy projects from India, China, Brazil and South Africa entailing bank financing of USD 811 million. At the BRICS meeting held in April 2016, countries discussed the establishment of a bank institute which could be based in New Delhi, and of a rating agency.

India and China are founding members and the largest shareholders of the China-initiated Asian Infrastructure Investment Bank (AIIB) whose headquarters are in Beijing and have been operational since 16 January 2016. The president is Chinese Jin Liqun. On 17 January 2016, India, which is the second share holder of the AIIB after China, was elected to the 12-member board of directors. The AIIB is expected to loan India USD 500 million in solar power projects<sup>217</sup>. The AIIB, whose founding was announced in autumn 2013, provided a policy challenge for the EU. It was not possible to coordinate a reaction, leaving the EU Member States to decide individually. So far 14 EU Member States<sup>218</sup> have joined the AIIB. The US and Japan have considered it a possible rival to the World Bank (WB) and to the Asian Development Bank (ADB) and have not applied for membership.<sup>219</sup>

In 2015, probably in the context of the establishment of the NDB and AIIB, the US Congress approved reforms of the IMF, granting increased power to BRICS countries in the international financial system. The BRICS' recent success does indeed suggest that close China-India cooperation is crucial for the grouping's leverage on global economic governance<sup>220</sup>.

The BRICS behaviour in the World Trade Organisation (WTO) is rather different. China, which has benefited from trade liberalisation, has remained rather discreet in comparison to other BRICS members, in particular India and Brazil that have been more vocal. China has however cooperated with India and contributed to the stalemate in the Doha Development Agenda negotiations. In 2013, the Chinese ambassador to the WTO, Yi Xiaozhun, was appointed deputy director general

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<sup>217</sup> Reuters, China-led AIIB eyes first loans to India, 2016, <http://in.reuters.com/article/asia-aiib-india-idINKCN0WX0T3>.

<sup>218</sup> Austria, Denmark, Finland, France, Germany, Italy, Luxembourg, Malta, the Netherlands, Poland, Portugal, Spain, Sweden and the United Kingdom [http://ec.europa.eu/epsc/publications/notes/sn1\\_en.htm](http://ec.europa.eu/epsc/publications/notes/sn1_en.htm).

<sup>219</sup> The Brics Post, AIIB board of governors to gather for 1st Annual meeting in Beijing, 2016,

<http://thebricspost.com/aiib-board-of-governors-to-gather-for-1st-annual-meet-in-beijing/#.V2pc2E1f2Uk>.

<sup>220</sup> Global Times, India should avoid division within BRICS, 2016, <http://www.globaltimes.cn/content/970265.shtml>

of the organisation. This was seen by observers as a sign of China's commitment<sup>221</sup>. However, China's specific interest and its competitiveness seem to prevail over coordination. For example the waiver to facilitate exports from Pakistan, after it was hit by severe floods, was delayed due to intervention of India, in particular. This indicates the lack of cohesion and alliance amongst developing countries as soon as their national interests are at stake<sup>222</sup>.

Finally, trade negotiations are providing a strategic battlefield in Asia. India was not invited to join the US-led Trans-Pacific Partnership (TPP) negotiations, but intends to be part of the Chinese-led Regional Comprehensive Economic Partnership<sup>223</sup> (RCEP). The 16-member RCEP, under negotiation since 2012, consists of the 10 ASEAN members (Brunei, Cambodia, Indonesia, Malaysia, Myanmar, Singapore, Thailand, the Philippines, Laos and Vietnam) and their six free-trade agreement partners: India, China, Japan, Korea, Australia and New Zealand. The agreement is rather controversial in India, where segments of the industry have expressed fears at the prospect of tariff reductions for goods imported from China<sup>224</sup>. It is currently the largest free-trade agreement (FTA) negotiation in Asia and is also the biggest FTA negotiation in which India has ever participated. With RCEP, India hopes to improve its access to Asian markets and its share in world trade.

Additionally, India and China both belong to the group of countries that could enter into negotiations for a Free Trade Area of the Asia-Pacific (FTAAP), in the context of APEC<sup>225</sup>. In 2014, APEC member countries validated a roadmap for the FTAAP.

The outcome of the trade negotiations in Asia is expected to have an impact on the trade flows of India and China, both major trade partners of the EU.

#### 4. Outlook for the EU

China and India — both set to become major global players in the 21st century — have been increasingly interested in contesting international norms and establishing new ones. They have gradually entered a new era of co-operation, in particular in the context of BRICS. As relations

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<sup>221</sup> Cairn, *La Chine et les institutions économiques multilatérales, entre révisionisme et statu quo*, 2016, [http://www.cairn.info/article.php?ID\\_ARTICLE=PE\\_143\\_0049](http://www.cairn.info/article.php?ID_ARTICLE=PE_143_0049).

<sup>222</sup> ICTSD, *EU Trade concessions to Pakistan*, 2010 <http://www.ictsd.org/bridges-news/bridges/news/eu-trade-concessions-to-pakistan-fail-to-obtain-wto-waiver>.

<sup>223</sup> *The Economic Times*: It is crucial for India to become part of RCEP, 2015, <http://economictimes.indiatimes.com/news/economy/foreign-trade/its-crucial-for-india-to-become-part-of-rcep-commerce-secretary-rita-teaotia/articleshow/48653860.cms>.

<sup>224</sup> Bruegel, *India must push forward with RCEP trade deal*, 2016, <http://bruegel.org/2016/06/india-must-push-forward-with-rcep-trade-deal/>.

<sup>225</sup> Asia Pacific Economic Cooperation members include: Australia, Brunei, Canada, Chile, The People's Republic of China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, The Philippines, Russia, Singapore, Chinese Taipei, Thailand, The United States, and Vietnam. [http://www.apec.org/meeting-papers/leaders-declarations/2014/2014\\_aelm/2014\\_aelm\\_annexa.aspx](http://www.apec.org/meeting-papers/leaders-declarations/2014/2014_aelm/2014_aelm_annexa.aspx).

between China and India have traditionally been quite frosty, it is taking time and effort for them to warm up. Despite growing cooperation and economic, political and military ties, there remain challenges for India and China to overcome before embarking on a mature relationship.

For the European Union, it is important to monitor the relationship between these two Asian giants because:

- China and India together host 36 %<sup>226</sup> of the world's population;
- they have fast-growing economies and are considered to be the world's growth engines;
- both are Strategic Partners of the EU. India is moreover a democracy. Controversially, despite its poor human rights record, China enjoys dynamic relations with the EU;
- the EU aims to accede to the East Asia Summit (EAS) and wants to become a security actor in Asia.

#### **Possible initiatives which the European Union and the European Parliament could take:**

- the EU's relations with China are dynamic as could be evidenced during the 18th bilateral summit between the EU and China, on 12 and 13 July 2016. Relations with India have remained more timid. The 13th summit between the EU and India held on 30 March 2016 after a four-year break created momentum towards revitalising the EU's relations with India. The country is a fully-fledged parliamentary democracy and shares common values with the EU;
- also the European Parliament's cooperation with the Indian parliament, Lok Sabha, could be reinforced through deepening dialogue between members of both houses and through staff exchanges;
- the EU could monitor China's political influence on India;
- in the context of strategic partnerships, the EU could encourage dialogue between China and India and envisage the establishment of triangular discussions between the EU, China and India;
- the EU could devise a specific policy towards the NDB and the AIIB. The EU and its Member States could discuss the possibility of joining the AIIB and the NDB, which is to admit new members from July 2017
- onwards. Previous cases exist where the European Commission<sup>227</sup> and the European Investment Bank have participated in multilateral facilities such as the EBRD<sup>228</sup>;

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<sup>226</sup> Cleveland, Population of India and China, 2015,

[http://www.cleveland.com/datacentral/index.ssf/2011/07/36\\_percent\\_of\\_worlds\\_populati\\_o.html](http://www.cleveland.com/datacentral/index.ssf/2011/07/36_percent_of_worlds_populati_o.html).

<sup>227</sup> Balazs Ujvari, The European Union and the China-led transformation of global economic governance, Egmont papers, 1 June 2016 [http://www.egmontinstitute.be/publication\\_article/eu-and-chine-led-transformation-of-econ-governance/](http://www.egmontinstitute.be/publication_article/eu-and-chine-led-transformation-of-econ-governance/).

<sup>228</sup> European Commission, The Asian Infrastructure Investment Bank, 2015,

[http://ec.europa.eu/epsc/publications/notes/sn1\\_en.htm](http://ec.europa.eu/epsc/publications/notes/sn1_en.htm).

- the G20 Summit scheduled to take place in Hangzhou in September 2016 provides an opportunity for the EU to recall that it considers it a shared interest to jointly tackle the substantial negative impacts of global excess capacity in certain sectors, in particular on the global economy and workers;
- the EU is committed to effective multilateralism with the United Nations at its core. It could seek convergences with China and India on this matter as the two countries are also committed to multilateralism and support a larger role for BRICS at global level.

## 5. Annexes

Figure 3: India's top trading partners, 2015

Origin of imports				Destination of exports				Trade partners			
#	Origin	€ million	%	#	Destination	€ million	%	#	Partner	€ million	balance
1	China	56 357	15.4	1	EU 28	40 463	16.9	1	EU 28	80 693	+233
2	EU 28	40 230	11.0	2	USA	36 413	15.2	2	China	65 091	-47 623
3	United Arab Emirates	19 931	5.5	3	United Arab Emirates	27 324	11.4	3	USA	55 168	+17 658
4	Saudi Arabia	19 742	5.4	4	Hong Kong	27 324	4.6	4	United Arab Emirates	47 255	+7 393
5	Switzerland	19 258	5.3	5	China	11 012	3.6	5	Saudi Arabia	26 001	-13 483
All imports:		365 177		All exports:		239 900		Balance of trade:			-125 277

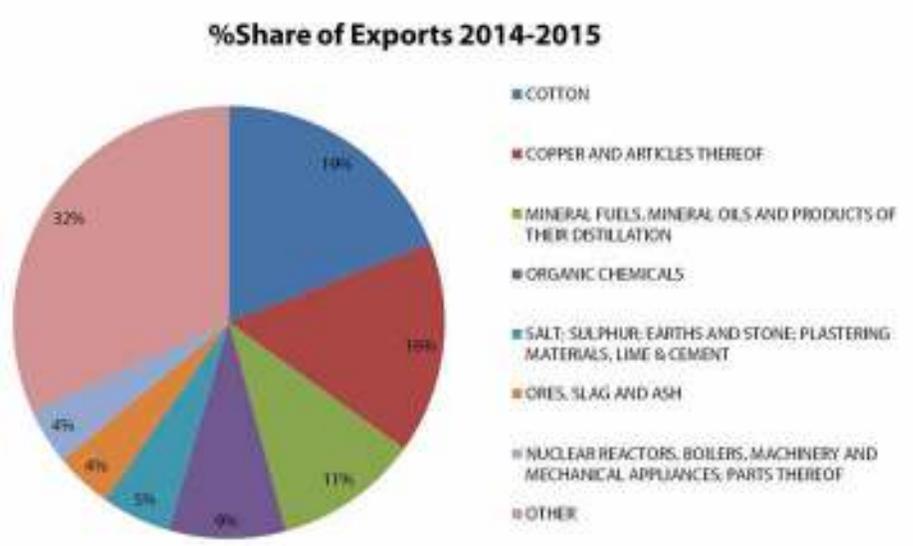
Source: European Commission, DG Trade

Figure 4: China's top trading partners, 2015

Origin of imports				Destination of exports				Trade partners			
#	Origin	€ million	%	#	Destination	€ million	%	#	Partner	€ million	balance
1	EU 28	188 383	13.0	1	USA	370 241	18.0	1	EU 28	509 784	+133 018
2	South Korea	157 088	10.9	2	EU 28	321 401	15.6	2	USA	500 811	+239 671
3	USA	130 570	9.0	3	Hong Kong	299 890	14.6	3	Hong Kong	307 246	+252 534
4	Taiwan	130 228	9.0	4	Japan	122 485	6.0	4	Japan	251 116	-6 146
5	Japan	128 631	8.9	5	South Korea	91 419	4.4	5	South Korea	248 506	-65 669
All imports:		1 443 678		All exports:		2 055 466		Balance of trade:			+611 788

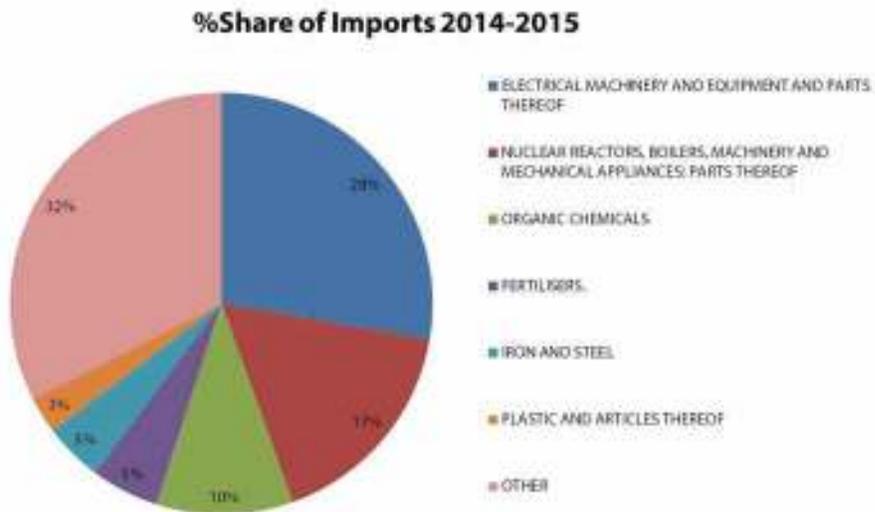
Source: European Commission, DG Trade

Figure 5: % share of India's exports to China



Source: Ministry of Commerce and Industry, Government of India

Figure 6: % share India's imports from China



Source: Ministry of Commerce and Industry, Government of India

## *Three Themes that Can Hit the Chinese Engine - A View from India*

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### **Sourajit Aiyer**



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Can the Chinese economic engine really be hit? It is going a transformational change currently from an investment-driven to a consumption-driven one, but that would still enable its engine to run at a decent speed. But yes, there may be 3 distinct themes that can severely hit the Chinese engine in the years to come:-

Where's the money, honey! China has been a bank-run economy, unlike the world where capital markets became the larger source of funds. The exposure in China is concentrated to 3-4 large banks, each of which has become so large that it is comparable to the entire banking sector of some nations. The size of the trust industry and shadow banking are significantly large. Pooling these together, its Debt to GDP ratio is estimated to be ~280% as per a Forbes report. At a GDP of US\$11tn, it means its Debt is ~US\$28-30tn. That is big! It is about half of the entire world's Debt. But its economy is growing and its government is trying to reduce lending rates; hence servicing such a huge debt should not be a problem. But the problem is that China is already burdened by bad-loans, which many believe is much larger than is being let out. A Reuters report carried the news of China's banking regulator saying that its non-performing loans (NPL) more than doubled in 2015 vs 2014, and that the total NPL was ~US\$300bn. Moreover, overall NPLs have been increasing for 10 consecutive quarters, and commercial bank NPLs have been increasing for 17

consecutive quarters. US\$300bn of NPLs means it is ~3% of its economy. But many in the world believe that this number is under-reported, and the actual NPL issue may be much larger if Western standards of calculating NPLs are used.

The problem is not whether the banks will fail. It cannot, since most banks are state-owned and most debt is local government debt, hence the government may bear liability. The question is – how? Where does it get the money? High growth rates due to a manufacturing boom helped China accumulate a foreign exchange surplus of ~US\$3tn. This is an investable surplus, which it is using to flex its geo-political muscle by funding bilateral investment projects in countries across Asia and Africa. Even if these were used to capitalize the lenders for their NPL problem, it would eat 10% of its reserves. But this is based on China's own NPL calculations. If the actual problem is larger or if the coming years accentuate NPLs further, then this would be significantly more than 10%. It would also reduce its investable surplus to fund projects in other countries, forcing those nations look elsewhere. Given that many of its investment projects abroad combine Chinese funding with contracts for Chinese engineering companies, any reduction in funding would impact business flows for the Chinese firms too. Its Budget is also constrained to capitalize the lenders for their NPL problem. Raising monies through higher taxes may also not be opportune right now since job creation for the millions of Chinese youth is a key challenge, as seen by the large crowds thronging job-fairs across Chinese cities. Any reduction in budget allocation to other sectors would hit its economy dear, at a time when it is slowing down. It also cannot fall into a circular chain of debt. Pakistan's economy highlights the risk of moving into the circular debt conundrum. i.e. of raising fresh debt to repay old debt. So China's banks and lenders will remain under pressure to capitalize themselves against its bad-loan problem, and the question remains how this money will be raised?

Concrete-concrete everywhere, but not a business to run! When I was in college, we used to hear a term in context of China – “economies of scale”. Build a scale so large, that it brings down the average cost of production way below your competitors to enable you add market share. That was an admirable approach, which helped China become the manufacturing capital of the world. The issue is – they seem to have overdone it. News reports across media show how many factories across the country are facing the heat of low capacity-utilization. There is only that much the world can consume, and maybe even less so when the world is reeling under a continued economic slump. China's factories are suffering from lower demand, which in turn impacts their ability to pay for the debt they raised from banks and local governments, bringing us back to the earlier challenge. Many factories across the country have shut shop. Over-capacity also runs into real estate, as there is not enough demand from property-buyers for the real estate units. This has led to ghost-towns scattered across the country, basically projects where takers are yet to be found.

Not only does over-capacity impact the ability to repay loans, it also impacts new job creation and delay of incomes. Job creation in a country of China's size is a social challenge, and lack of adequate jobs might only fuel social unrest and dissatisfaction amongst the youth, something its

leadership cannot afford right now. The solution – create more jobs despite businesses in many factories being down. Easier said than done! It might create more jobs in the military, something which goes along its ambitions to extend its military network across various parts of Asia. But that's still not a commercial employment, i.e. it does not give a boost to business and commerce in the country directly. The other aspect is that while it is investing to build infrastructure in several countries across Asia through bilateral investment projects, even those countries will emerge as producers of some sort in upcoming years. Otherwise, what will the new infrastructure yield in those countries, and how will they repay any loans they would have taken now for these projects? Even soft-loans have to be repaid. Their local population will also expect creation of jobs and production activities, and would then become competitors with China. Intensified competition often means investing into innovations, since the innovative firm is able to garner market share then. But its current over-capacity might reduce its fiscal muscle to invest adequately in innovations.

The hand it feeds, might come back to bite it! Remember the stories of Americans allegedly involved with Mujahedeen fighters to counter the Soviets in the 1980s, or Pakistan's ISI allegedly involved with Taliban fighters in Afghanistan in the 1990s. The irony is that these very fighters came back to haunt USA and Pakistan after a few years. Where this connects with China is if it handles the issue of terrorism selectively! China has significant investment interests in Pakistan. But several terror networks are allegedly based on Pakistani soil. Its military targets Taliban networks who bomb Pakistan but not terrorists who bomb India, like Masood Azhar's Jaish-e-Mohammed, Hafiz Saeed's Lashkar-e-Taiba, Hizbul Mujahideen, etc. Countries across the world, and UN in some cases, have branded them as terrorists. But China vetoed an appeal of India against Azhar, citing UN provisions.

Ironically, the group headed by Azhar is declared a terrorist group by USA. Earlier, China blocked India's demand for action against Zaki-ur-Rehman Lakhvi, the Lashkar-e-Taiba mastermind of the 2008 terror attacks in Mumbai. While China may justify its actions saying it is as per guidelines, it must sound ironical that the whole world calls them terrorists, but not China. Either China is wrong, or the world is wrong! But this selective approach in branding terrorists may come back to bite China one day, like it did with USA and Pakistan. China is facing a challenge in its restive Muslim-majority Xinjiang region, which borders Pakistan and Muslim Central Asian states. Its relationship with neighbours is strong enough to ensure terror network are not exported into China. But who is to forecast the changes in regional geo-politics in the future? If these terror modules do spread in the next 20 years, China would face internal security challenges. Pakistan's case shows how internal security challenges severely impede investment flows into the economy. Could America in the 1980s or Pakistan in the 1990s have thought the same elements would come back to bite them after 20 years? While China may say its actions with regards to Pakistan-based terror masterminds are as per guidelines, the whole world might say it is because it has billions of dollars of investments in Pakistan. Who is to say these men would not have resorted to bombing Chinese projects in Pakistan, in case China had said otherwise.

The tragedy would be if this selective approach towards global terrorists comes back some years later to cause severe internal security challenges to it, which would then impact economic growth by reducing the flow of capital into projects into those very restive areas, which is precisely where China needs to focus more in the coming years for development. Hopefully, such a situation should not occur.

### Public Diplomacy

**Mai'a K. Davis Cross, Jan Melissen (eds.): European Public Diplomacy: Soft Power at Work**

*Palgrave Macmillan, New York, USA, 2013, 230 pages, \$105.00, ISBN 978-1-137-34329-1*

The current highly industrialized and globalized world presupposes a setting composed of not only physical and material power but is also structured through discursive power. That said, it becomes implacable that traditional diplomacy performed between governments is no longer the only and/or sufficient fora for the international reality. Reaching non-governmental actors and exercising comprehensible public diplomacy seems to be the way to mitigate barriers, misunderstandings and adversaries, if any, existent among the audiences, create a favourable image as well as gain support. Public diplomacy itself, being widely an American phenomenon, is to create relationships as well as affect foreign policies by appealing its citizens through listening, advocacy, cultural diplomacy, exchange and international broadcasting. The role of a coherent and multi-faceted public diplomacy has also become increasingly significant for the European Union for consolidating its influence as well as image. And while for the nation-state public diplomacy is directed for the citizens of other nations, in the case of the EU, it is aimed both for the inner and outward audiences.

Notwithstanding its complexity and authenticity, the topic is yet underresearched, giving way for inquiries regarding its capacity and potentials. In light of this, the book *European Public Diplomacy. Soft Power at Work*, edited by Mai'a Cross and Jan Melissen, is a valuable contribution to fulfill the gap and raise not only awareness but also discourse over the European public diplomacy, reveling the peculiarities and strategies of European policies and politics. It claims that the EU/ European public diplomacy seeks for the common good, realized at supranational, national, subnational, and transnational levels. The contributors present and analyze the traditional as well as new public diplomacy policies realized on the European realm to obtain various results, meanwhile promoting Europe. It applies to various case studies to depict the key aspects of European public diplomacy, its broad spectra and challenges.

In addition to introduction and conclusion, the book comprises nine chapters. In the first chapter, given the European realm, Cross defines public diplomacy from an international relations

perspective, stressing the underpinning role of public diplomacy in soft power. Furthermore, she shows how identity, narratives and norms influence public diplomacy and vice versa.

The succeeding six chapters opt for case studies of European public diplomacy. As such, in Chapter 2 James Pamment discusses the French, the UK, and German examples, showing how long-term and multilayered public diplomacy of these countries is combined with competition, which is a telling trigger in their public diplomacy activities and strategies.

Chapter 3 by Ociepka analyzes the case of the former communist countries of Central and Eastern Europe, presenting how the countries for whom public diplomacy was relatively new, have managed to reshape their agendas, while undergoing democratization, media liberalization, and membership to the EU, their public diplomacy being based on the adoption of strategic communication and acknowledgment of importance of images, construction of international identity, and promotion of the country's values abroad, i.e. branding.

In Chapter 4, Huijgh presents public diplomacy's domestic dimension in the European Union. The article analyzes different structures, policies, and institutions of the EU which have included the EU citizens in their foreign policy, stressing the role of "intermestic" public involvement. In connection with this La Porte in chapter 5 briefs on city diplomacy and public diplomacy, arguing that that cities are progressively becoming key sources of non-state actors in public diplomacy due to their immediacy to citizens, their democratic legality, potential to deliver, as well as the commitment and involvement of the civil population with European policies.

Simon Duke in Chapter 6 observes the supranational level of the EU in the field of public diplomacy, covering the European External Action Service (EEAS), which he presents as a potentially powerful, yet still an emerging source, for future European public diplomacy. For it to be successful he suggests to grasp of what is to be communicated. Additionally, he notes that centralization, with EEAS having a key role in it, is desired. Furthermore, he acknowledges that successful public diplomacy will depend on the will and commitment of both the EU as an entity and its member states separately taken.

In chapter 7, "A Network Perspective on Public Diplomacy in Europe: EUNIC" by Ali Fisher a transnational dimension to this European-level exploration of public diplomacy is under discourse, by assessing networks engaged in public diplomacy, namely the European Union national institutes of culture(EUNIC). The author shows European public diplomacy is indeed multidimensional both at the project and organizational levels, involving multiple forms of ties and actors.

Chapter 8 and 9 investigate the theoretical and notional dimensions of public diplomacy and the power associated with it. Van Ham in Chapter 8 discusses the EU's social power and the challenges of it, focusing on the EU's endeavor to exercise its social power and the reluctance of member states and third countries to accept the Union's leadership. After insightful case studies, makes

conclusion on why the EU's social power is in decline – the Union's lack of leadership, as well as its unclear image and identity. Manners and Whitman in Chapter 9 analyzes EU's normative power, concluding that the normative power of public diplomacy can help the EU in “remaining distinctive” in economic, political and security terms as well as regarding norms and values.

Written by Melissen, the conclusion of the book, merges the ideas, cases and views discussed in the book and draws implications. Melissen also covers the aspect of what the EU says regarding other regions of the world, engaged in public diplomacy. Additionally, he stresses that the unresolved aspect of the debate in the book – whether the EU should rethink its present normative course, opening room for further research and studies.

Thus, the book can satisfy the reader both for its theoretical and practical insights. In terms of a theoretical aspect, it presents the norm dissemination of the European diplomacy, the influence that narratives can imply as well as the identity formation phenomenon. On a practical level, it discusses how the EU is function and performing to make itself more visible and influential both domestically and internationally, acknowledging that external image and internal identity are interwoven and mutually constitutive.

Another value of the book is that it does not suggest replicating the European model, but rather suggests lessons and examples to learn and evolve from, with the EU serving as a role model. The authors state that soft power is the key means to attract foreign support, strengthen international ties as well as secure regional and international stability. For that, public diplomacy can be instrumental and coherent for long-term constructive relationships.

Overall, while the book was written in 2013, it has not lost its actuality, providing the reader a practical and pragmatic look of the current trends of public diplomacy and its dimensions in the EU. With its multiple case studies, examples and actors, coupled with theoretical insights, the book presents the multi-layered and complex structure of the EU public diplomacy, with it being of a pivotal importance both domestically and abroad. The various aspects of the chapters, covering issues ranging from communications, public relations, network analysis, and European integration studies can contribute to knowledge raise, public awareness and debate as well as serve as a guide for policy activities.

*Ofelya Sargsyan*

## EU-ASEAN

**Daniel Novotny and Clara Portela (eds): EU–ASEAN Relations in the 21st Century. Strategic Partnership in the Making**

*Palgrave Macmillan, Houndmills, Basingstoke, 2012, 216 pages, \$100.00, ISBN 978-1-137-00749-0,*

In conjunction with the book reviewed above “European Public Diplomacy: Soft Power at Work”, it seems consistent to view one of the key aspects of the EU foreign policy with ASEAN. The two entities being the samples of the most advanced regional integration structures, there is a wide room for research, comparisons and implications.

In this vein, the book “EU–ASEAN Relations in the 21st Century. Strategic Partnership in the Making”, edited by Daniel Novotny and Clara Portela can come to showcase the history, development, dimensions and potentials of the relationships. The book briefly first briefly reviews the whole history of EU-ASEAN relations starting from the 1970s. It argues that while in the 1970s and 1980s the relationship between the two was mostly focused on trade, investment and development aid, with no controversies; and the ASEAN taking advantage of the European Community’s Generalised System of Preferences for its exports into the Common Market. The settings have started to change to certain disagreements over human rights issues in ASEAN in the 1990’s and since the 2000s, and especially, since the 11 September 2001 terrorist attack on New York, have reconciled, broadening the ties over non-traditional security fields. Yet, while economic and security aspects are outlined, they are by no means the focus of the book. Instead, the book draws its emphasis on EU–ASEAN political relationship.

The first part of the book provides a general overview of the EU-ASEAN relations. In a highly analytical and matter-of-fact manner Webber explains how challenges, stemmed from the Cold War era have shaped the EU-ASEAN relations. His article is also an excellent introduction to the book, setting the context for grasping the developments of EU-ASEAN relations. He finds that the post-Cold period have triggered similar policy responses in both regions, with the two facing the same predicament of deciding on between ‘deepening’ and ‘widening’. Yet, he notes that the distance between the two has increased since as they have tuned less significant important to each other because of the political transformations. As it is known the EU is not taken as a ‘hard’ security actor in Southeast Asia. On the other hand; the union is known to have a wide ample of non-traditional security capacity and leverages to utilize. To the point, comes the contribution by Naila Maier-Knapp “The EU and Non-Traditional Security in Southeast Asia”. The chapter analyzes the EU’s as well as its EU actorness, in promoting ASEAN’s regional governance agenda in economic, environmental and health-related areas.

The Second part of the book investigates the reasons for the potential of a decline or even a setback in processes of regionalism and interregionalism. To the point, Marshall Clark and Juliet Pietsch case study Indonesia and its official position towards the ASEAN integration, noting the Indonesian political elite's frustration regarding the ASEAN's reluctance for a more institutionalized cooperation. Meanwhile, other ASEAN members are concerned regarding the international actor's engagement in bilateral relations with Indonesia in contrary to ASEAN, as a whole, as well as about its prospective detachment from ASEAN. The next article of the Part 2, comes from David Treisman, who covers the economic aspect in the EU's Asia policies. The danger or risk for interregionalism in the economic field, Treisman sees in the fact that economically and financially, the EU would benefit if engaged with ASEAN members bilaterally rather than with the ASEAN as a whole.

Notwithstanding the challenges and limitations for the relationships between the two, presented in the previous section, the succeeding chapters of Part 3 and 4, discussing the images, perceptions and attitudes, ensure the consistency in the relationship and the possibilities for more efficient future cooperation models. To begin with, there is a lot of room for the two, to learn from each other, by sharing experiences and exchanging knowledge and know-hows. In this context, Natalia Chaban, Lai Suet-yi and Karima Abidat investigate the image of and attitudes of the EU in Southeast Asia, highlighting that the EU is mainly underrated and misinterpreted because of inadequate communication. Hence, there is prerequisite for a more intensive EU public diplomacy, emphasizing dialogue and openness.

Other valuable aspects discussed in the volume are in the contributions identifying the fields from where ASEAN could make use of the EU case, i.e. human rights protection and energy security. As such, Rachminawati and Anna Syngellakis, pointing to the difficulties in integrating and practicing human rights in ASEAN, propose the EU model for mastering infrastructures and settings for human its mechanisms for human rights protection in ASEAN. In his turn, William Kucera explores energy security field in ASEAN, noting that the governments there still apply to a traditional energy security based on national self-reliance, which, is still largely inefficient. Hence, Kuchera goes further to investigate the benefits of a potential entry of ASEAN members to the Energy Charter Treaty (ECT), which will increase energy security by mitigating political risks and promoting private financing in the field of energy. These are also the fields that the EU can consider when forming its Southeast Asia agenda.

In the same token, the fourth part of the book, comprised of four chapters, presents standpoints by practitioners, namely, by former ASEAN secretary general Ong Keng Yong, European Commission official Jan Willem Blankert, Asia analyst Xavier Nuttin, Director of Monas European and EU Centre at Monash University Pascaline Winand into the reality of the relationship. Their overall optimism in the analyses anchors well for future EU-ASEAN relations

The book is a welcome contribution to the study of EU-ASEAN relations as it opens new research paradigms, going beyond interregionalism and traditional diplomacy making. It highlights that,

progressively better attitudes and relationships between the EU- the Association of Southeast Asian Nations (ASEAN) relations can be reached through openness of the sides, readiness to compromise, overcoming obstacles, especially negotiations over free trade agreements and the partnership and cooperation. Given the societal, historical, social but also political and economic discrepancies between the two units, the book states that the role of the perceptions, images, norms and values can by no means be underrated. Hence, the EU public diplomacy as well as the EU model as a normative power per se can have a decisive role in efficient EU-ASEAN relations.

*Ofelya Sargsyan*



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