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Editorial

Dear readers,

From this issue we have added an additional service for you, our “Agenda” which contains some important seminars, conferences etc. Which are not always well known in Europe and the world. If ever you want to feed this column with your or others’ events, please write them to eufaj@libertas-institut.com, as far ahead as possible.

We often use in EUFAJ content clusters, not in every issue, but when there is an opportunity for it. Cluster elements from different countries underline the subjectivity of policies, and if they come from outside of the EU they may mirror its impression. So this issue contains Eastern Partnership (from a Ukrainian point of view), NATO and OSCE after their last summit meetings (a general and an Albanian point of view), the issue of migration (EU and ECOWAS policies, but also a Russian view on the EU), of Foreign Direct Investment in and WTO accession of Serbia. And, again, for some of these contributions we need some understanding, but as it is known we try to be a kind of forum for many even dissenting voices.

As to the appearance date, we once more thank our readers for their patience.

With best regards,



Hans-Jürgen Zahorka

Eastern Partnership – Beyond Initiative, But Not A Strategy Yet

By Olena Snigyr



Olena Snigyr has a Ph. D. in Political Science and is at present Head of Sector for Europe in the Foreign Policy Department of the National Institute for Strategic Studies under the President of Ukraine. She has about 10 years of professional experience of analytical and scientific work in the sphere of government service and is author of many scientific articles and analytical reports on issues of European policy, European security, Black Sea regional development, foreign policy of Russia, foreign policy of Ukraine. Besides one publication in Slovak and many

publications in Ukrainian language she is also co-author of "Ukraine in the 21st century. Strategy of Reforms and Social Consolidation",
www.niss.gov.ua/public/File/2010_Book/Poslanya_2010/eng.pdf

2011 may be a year of new opportunities for the European Union (EU) in developing a strategic vision regarding its policies in Eastern Europe and also for Ukraine in the context of its commitment to European integration. This is not just about the final stage of negotiations on the Ukraine-EU Association Agreement (AA) that includes a Deep and Comprehensive Free Trade Zone (DCFTZ). This year a revision of the European Neighbourhood Policy (ENP) also takes place, in particular the EU's Eastern Partnership (EP)¹ initiative, with updated EP renewal recommendations to be presented at the EP Summit, which is scheduled for autumn this year.

Two years of EP development showed that the EU considers this format as a policy for developing relations with six countries of Eastern Europe. And, despite the shortcomings of the EP, the EU still considers it necessary to continue to adhere to this format. That is why the rejection of the EP by Ukraine, typical of the early implementation of this initiative, is not relevant today. A constructive approach from the Ukrainian side lies in common with the EU to search for the ways to reform the EP and in defining possibilities to make qualitative changes to the EP to increase its effectiveness based on the comparison of strategic goals of Ukraine and the EU.

¹ EP does here not mean „European Parliament“ but Eastern Partnership.

Relations with Eastern European countries constitute an important direction of EU foreign policy. Herewith, the EU still has no holistic strategic vision for its foreign policy in Eastern Europe. In addition, the dynamics of the development of political processes in Eastern Europe leads to the perpetual transformation of EU approaches to the development of its eastern policy and postpones its conceptual design.

Within a decade, the EU has always built its strategy for Eastern European Countries under the European Neighbourhood Policy. This policy could not provide an adequate response to challenges in EU relations with its neighbours. Discussions on upgrading the ENP, which began in 2006, foresaw the need for a separate EU strategy development for the Eastern dimension. One attempt was made to design regional cooperation through the launch of the EU initiative called "Black Sea Synergy". The actual incapacity of this initiative caused further discussions on the EU Eastern policy and the establishment of the Eastern Partnership.

At the time of the founding summit of EP in Prague in 2009, the EU decided to transfer the relationship with all six countries of Eastern Europe into a single format of the Association Agreement with the creation of a Deep and Comprehensive FTZ and into the multilateral dimension of regional cooperation issue in a number of cooperation mechanisms at the sectoral level. The most important part of the Polish-Swedish initiative - recognition of the Eastern European countries' perspective of membership in the EU - was removed, and the level of cooperation in practical areas was not clearly defined. This significant conceptual limitation was caused by the need to find an acceptable solution for all EU member states, taking into account the differences in their foreign policy priorities. However, the adopted version of the EP was negatively perceived by Central European EU member states as well as by Ukraine.

A critical reaction of Ukraine towards the Eastern Partnership was due to the fact that this initiative, as the entire EU Eastern policy, excluded the Ukrainian view of the European project. Ukraine's expectations from the new EU Eastern policy significantly exceeded the outcome - EP did not contain any fundamentally new approaches. In the form it was adopted, Eastern Partnership testified that the EU has chosen for itself a reactive role of an observer of political processes in the region, refusing at least at this stage to play an active role that would provide its presence as the balance for Russia's regional presence.

Having no ready Eastern strategy, the EU at the level of bilateral relations has applied to the Partner countries' policy of "successful precedent". Ukraine, in this case, plays the role of "a flagship" - it is based on the Ukrainian experience that the European Union produces unifying approaches to cooperation with other partner countries in the EP.

Thus, with all partner countries of the Eastern Partnership, the EU talks about the Association Agreement, including a Deep and Comprehensive FTZ. Talks on this began with Ukraine in 2007, and in 2008, after a difficult search for compromise, it was decided that the future agreement should be called the Association Agreement. In 2010, negotiations on a likewise Association Agreement began with Moldova, Armenia, Georgia and Azerbaijan. A similar situation developed in increasing mobility (visa regime liberalization) and on cooperation in the energy sector.

A multilateral dimension of the EP could have added some extra value to the existing developments of the EU in the Eastern direction, since this is its innovation. The EU has identified for itself a priority structure of cooperation within the multilateral dimension, which is based on 4 platforms:

- 1) democracy, good governance and stability;
- 2) economic integration and convergence with Euro policies;
- 3) energy security;
- 4) contacts between people.

The Civil Society Forum and "flagship initiatives", whose concept preparation is under the care of the European Commission (EC), also involve a multilateral dimension.

It is too early to talk about the success or failure of the multilateral cooperation format within the framework of the Eastern Partnership. However, attention should be paid to the fact that for two years there was no full-scale project offered that would encompass the whole area of Eastern Europe in general. On the other hand, the initiatives for the realization of specific projects within the multilateral dimension of the EP, which proceeded in 2010 jointly by Ukraine and Belarus and in the format of Ukraine – Belarus - Lithuania were not successful due to a lack of EU funding.

In European political and political science discourse there is at present a thought pertaining to the self-value of Eastern Partnership as a tool for socialization and modernization of the EP partner countries in the European environment - a tool that will give partner countries in the EP an opportunity to obtain direct experience of cooperation with European organizations and individual EU countries while implementing specific projects that produce "an experience of dialogue within the EU, based on the culture of negotiation, dialogue and consideration of different, often contradictory, interests."² This quality of Eastern Partnership undoubtedly has implications for partner countries, but it cannot act as a core initiative.

Thus, Ukraine knows about the benefits and innovations of the Eastern Partnership in words only. In reality, the EP was an initiative of the EU, aimed at optimization and systematization of the EU foreign policy in an Eastern direction. However, today the Eastern Partnership is the only framework in which the EU builds its relations with six countries of Eastern Europe, including Ukraine.

The need for changes in Eastern Policy of the European Union in general, and EP in particular, is recognized both in the European Union and Eastern Europe. Such changes should occur at the conceptual level. Without this, the EU Eastern policy turns into a systemic crisis in nature and will constantly require transformational events.

² Marushyak Y. Partnership without imagery (yet) / Марушяк Ю. Партнерство (поки що) без уявлення / Марушяк Юрай // SUREC Newsletter – 2010, - №5. – С.2

The fact that the development of bilateral cooperation between the EU and partner countries in the EP is in the fairway of the development of bilateral relations with Ukraine proves Ukraine's special role in the EU Eastern policy. However, this particular role was not a derivative of Ukrainian activity, and stemmed mainly from passive geopolitical influence of the state. This was caused, among others, by the Ukrainian mentality in its approaches to the Ukrainian European integration strategy.

For two decades EU policy towards its neighbors has been evolving within constructivist and rationalist approaches³. Moreover, the appropriate changes had also occurred on the part of the EU partners, including Ukraine. There are three developmental phases of the Eastern Neighbourhood Policy:

- 1) initial - constructivist, about the time the ENP started. During this phase the EU (through the European Commission) and the ENP partners focused on "cultural and worldview unity";
- 2) second phase - a mix of rationalism, in which the emphasis was on cooperation priorities before integration and on the priority of interests before values;
- 3) the third phase (present time) is characterized by strong rationalism on the part of both parties (the EU and the ENP partners). Prioritization of maximum benefits from cooperation.

This development approach from constructivism to rationalism was caused by both the internal development of the EU (i.e. "enlargement fatigue") and the difference in the perception of the EU states of Central Europe and the Western Balkans and Eastern Europe. Hence the restrictions on the "membership perspective" - instead of the European perspective partner countries in the ENP were invited to focus on the practical side of collaboration and rewards that they can get from it.

Meanwhile, state partners, including Ukraine, resisted such change in the approach and tried to convince the EU of the need to adhere to the priority of "cultural and ideological unity," which characterized the initial approach (which was more favourable for some countries aspiring towards EU membership). This was reflected in a critical attitude towards the ENP in general and the Eastern Partnership in particular.

However, strong realism inherent in the current period of ENP involves keeping the value component of relations between the EU and partner states in the ENP. The crisis in relations between the EU and Belarus shows a strong constructivist component in approaches to the development of the ENP.

Presently the strengthening of the realistic approach by the partners of the ENP, particularly Ukraine, is a positive thing that allows Ukraine to take a more active stance in relations with the EU. Ukraine gradually abandons the perception of Eastern Partnership policy as such which limits its European perspective. Instead, the attention is drawn to the value of practical substantiating of the proposed format of relations. By doing so, Ukraine and the EU speak one

³ Petr Kratochvil, Elsa Tulmets (2010): Constructivism and Rationalism as Analytical Lenses: The case of the European Neighbourhood Policy. *Politics in Central Europe* 6 (June 2010) 1: 22-40.

language and on the particular subject matter - the conditions and benefits of proposed cooperation formats. This approach also eliminates the possibility to develop EU relations with Eastern Europe through asymmetric projection of their own rules (take or go), absolute advantages and progressiveness of which they do not question⁴.

Ukraine's attention to the practical component of the European integration policy could be successfully combined with the initiatives of the Visegrad Group since the EU is chaired in 2011 by Hungary and Poland. For both countries the efficiency of Eastern Partnership is a priority of their chairmanship. However, taking into account developments in the Hungarian and Polish chairing, we can already draw some disappointing conclusions and make some predictions. Possibilities from the Hungarian EU chairmanship for Ukraine were soon lost, especially connected with the fact that the Hungarian chairmanship was accompanied by certain political isolation of the country because of a new national policy of the Hungarian leadership. More opportunities for Ukraine to develop EP is provided under the Polish chairmanship.

However, analysis of the current Polish plans for its chairmanship of the EU in the short perspective does not allow making optimistic forecasts concerning the elevation of the Eastern Partnership to a new level. Despite the fact that the Eastern policy of the EU is the focus of the Polish government, the context of program declarations on the activities of the Polish Chairmanship in this area is quite blurred. So, Poland uses standard phrases of European politicians on the need to "strengthen the stability, security and prosperity of all its partners."⁵ However, it is very possible that the renewed programs of the Polish government before its EU chairing will contain more specific provisions to reform the Eastern Partnership.

Explanation of such insignificant attention to the EP by a country that is a co-author of this initiative should be found in the change of Polish foreign policy priorities in recent years. In addition, the main role in developing foreign policy strategies of the EU does not belong to Central European countries but the countries that form the core of "Old Europe" and, first of all Germany, which is a key country for development and implementation of EU's foreign policy in the Eastern direction. Today it does not offer any conceptual innovations in the Eastern policy of the EU.

Thus, the qualitative transformation of the Eastern dimension of EU foreign policy is possible only with the increased attention of influential EU states. However, the conceptual redesign of EU's foreign policy in the Eastern direction is more essential than the intensified search for effective mechanisms of practical cooperation realization.

⁴ Shapovalova O. Eastern Partnership: The asymmetry of expectations and possibilities. Шаповалова О. Східне партнерство: асиметрія очікувань і можливостей. / Шаповалова Олександра // International Review. Відносини Україна – ЄС: «Східне партнерство» у регіональному вимірі – 2010, - №3(15). – С.10 (С.4-14).

⁵ Document of the Council of Ministers 15 March 2011 „Program of 6 months Polish chairmanship in the EU Council in the 2nd half of 2011” - Dokument Rady Ministrów z 15 marca 2011 r. „Program 6-miesięczny polskiej prezydencji w Radzie Unii Europejskiej w II połowie 2011 r.”, przedłożony przez pełnomocnika rządu ds. przygotowania organów administracji rządowej i sprawowania przez RP przewodnictwa w Radzie UE. <http://www.prezydencjaue.gov.pl/obszary-przygotowa/programowanie>

For Ukraine, the European Union's ability to fill its relations with Eastern Europe with strategic content is perhaps more important than for the EU. Ukraine here can only play an indirect role because it is a European Union foreign policy strategy. However, the sensitivity of the process of shaping foreign policy of the EU towards external influences creates additional opportunities for Ukraine.

Along with the challenges Ukraine shares the EU's strategic goals in the EP - the transformation of the regional countries (their Europeanization), tying the Eastern European countries to the EU and strengthening security in the Black Sea zone. Successful achievement of these goals is only possible by solving the key objective of the EU - balancing its Eastern policy in two directions: the Eastern Partnership and relations with Russia⁶. The success of Ukraine's foreign policy depends on the solution of a similar problem – the combination of both European and Russian foreign policy directions.

The key to solving this problem would be the decision of the European Union to strengthen its political presence in the Black Sea region. This would affect the balance of power and would allow the EU to achieve the right balance in its Eastern policy. For Ukraine, it would simplify a search for ways to combine European and Russian foreign policy directions.

Considering such a strategic goal of Eastern Partnership as strengthening of security and stability in the Black Sea region, the lack of a security dimension of a cooperation in this initiative appears rather strange, although the reasons for avoiding sensitive topics are quite clear. Realizing the EP deficiency without this dimension of cooperation, the EU states the need for enhancing the Eastern Partnership with cooperation in the framework of another EU initiative called the "Black Sea Synergy".

We believe the combination of the two initiatives is unlikely, but supplementing the Eastern Partnership format with political and security dimensions of cooperation would be very useful for all participants. This can be done through establishment of a new platform called "cooperation in the political and security sphere", or reformatting of the platform #1 in changing it from "democracy, good governance and stability," to the "cooperation in the political and security sphere".⁷ It should be noted that such platform was offered in the Swedish-Polish initiative on the introduction of the "Eastern Partnership".

Increased political presence of the European Union in the Black Sea region is an important step towards filling the strategic Eastern policy of the EU. However, the European Union must also be ready to gradually increase the political and functional capabilities of the EP and to provide limited formats of integration. In particular, the EU could offer as a conceptual supplement to the Eastern Partnership a prospect of EU membership through evaluations of complex conditions –

⁶ Shapovalova O. Eastern Partnership: The asymmetry of expectations and possibilities. Шаповалова О. Східне партнерство: асиметрія очікувань і можливостей / Шаповалова Олександра // International Review. Відносини Україна – ЄС: «Східне партнерство» у регіональному вимірі – 2010, - №3(15). – С.14 (С.4-14).

⁷ Ministry of Foreign Affairs of Poland, "Polish-Swedish Proposal: Eastern Partnership," June 2008, <http://www.msz.gov.pl/Polish-Swedish,Proposal,19911.html>

achieving the relevant criteria and stages.⁸ The criteria remain the Copenhagen criteria, and the adopted stages may be, for example, - the functioning of the Association and a Deep and Comprehensive Free Trade Zone Agreement, the introduction of a visa-free regime, the effective integration into the European educational and humanitarian space and more.

Given the complexity of contemporary political processes in the European Union and the Mediterranean region, it is very difficult to talk about time prospects of making qualitative changes in the EU policy on the east. This process can only be accelerated by uniting the efforts of concerned countries. That is why Ukraine should consider the possibilities of bilateral diplomacy to develop a common vision of the Eastern Partnership as well as to promote the necessary changes at the EU level.

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⁸ Veselovsky A. On the verge. Eastern Partnership and/or European Integration. Веселовський А. На межі. Східне Партнерство та/або Європейська Інтеграція / Андрій Веселовський (С.13-25) // Матеріали міжнародного експертного круглого столу «Східне партнерство та ідея європейської інтеграції. Можливості, обмеження і сфери співробітництва з точки зору Польщі та України» - 23 листопада 2010 року. Вроцлав 2010. –132 с.

The Lisbon NATO Summit: What's New?

By Guy Vinet



NATO policymaking is under permanent, critical self-examination. How this developed and about the new challenges for the alliance is illustrated in the following article which may be of particular interest for non-NATO state citizens, who want to understand this organisation. The author, M. Guy Vinet, is a Colonel (rtd) of the French Gendarmerie and a PhD in Political science. He worked for different international organizations (EU, NATO, OSCE and UN) and is an expert in Euro-Atlantic strategic and security issues, regularly publishing articles in

French defence magazines on these matters. It has to be noted that the contribution has been written before the NATO intervention in Libya.

NATO held its last Summit on 19-20 November 2010 at Lisbon (Portugal). This high level and symbolic meeting gathered the Heads of State and Government of the 28 member countries; it was the moment for the adoption of the New Strategic Concept and a Summit Declaration. While the former aims at guiding NATO's evolution according to an updated strategy, the latter recalls the general NATO commitments and provides the broad outlines of NATO's reform.

From Strategy to Strategy

In the wake of the end of the cold war, NATO adopted its New Strategic Concept in Rome, in November 1991. This document took note of the new security challenges and risks that NATO faced at that moment in the sense that there were no longer threats of a large-scale or surprise attack on NATO countries. The Soviet Union still then existed but was on the verge to break apart. Nevertheless, it underlined the possible instability or uncertainty which could take different expressions ranging from proliferation of mass-destruction weapons to terrorism. The most significant new point of this concept was the introduction of the 'management crisis and conflict prevention' item⁹. Since collective defence was not disputable, it appeared that the important change in the strategic context was the risk to see a low-intensity conflict emerging in the vicinity of European countries. It seemed crucial to prevent any kind of conflict and to defuse

⁹ Paragraphs 31-33 of the 1991 Strategic Concept

any risk in this way; in addition for some policy decision-makers the Soviet Union remained a concern. In general, the 1991 Strategic Concept shifted NATO's military posture from defence of territories to operational flexibility.

But as soon as this new Concept had been adopted the Soviet Union collapsed and, to some extent, NATO's existence appeared questionable since its traditional enemy had disappeared. As a consequence, NATO began to consider a possible enlargement and to move to a more general role by taking into account the new European context of post-Cold War.

When the war began to rage in the Balkans the international community, under UN auspices, failed to grasp the conflict and to find a way out. NATO had to intervene on the basis of the 1991 Strategic Concept and proposed its assistance and support for any requests coming from the CSCE or the UN¹⁰. At a later stage of the conflict, NATO led military operations¹¹ to bring the local authorities of the warring factions to the negotiation table and to finish it. At that time the American diplomacy played a decisive role by taking into account the Balkans issue on the one hand and promoting NATO on the other one. It was how NATO started to play an active out-of-area role, and to have also non-article 5 missions.

In July 1997, the North Atlantic Council was requested to initiate a new work in order to review the Roma Strategic Concept and to introduce a new version at the 1999 NATO Summit¹². At that moment NATO was learning lessons from Bosnia-Herzegovina but did not know yet it would have to go once again to war in Kosovo, and later in Afghanistan.

In the process to amend the 1991 Strategic Concept, one of the questions was to discuss NATO's global role. In the light of the Bosnian war, NATO could have been granted a larger role and the possibility to launch operations without a UN decision. It was the American's stance, but some Europeans did not share it and a consensus could not be achieved on this point. As a result, it was not in the final draft of the amended Strategic Concept, which was essentially characterized by a broad approach of the security and stability of the wider Euro-Atlantic area. An emphasis was put on the effective conflict prevention and the crisis management; the door remained open for further enlargement and for cooperation partnerships in the area. Of course, article 5 "collective defence" it was recalled should remain the core principle of the Treaty.

Interestingly, this new Strategic Concept was adopted at Washington while NATO was running the air campaign operations 'Allied Force' in Kosovo¹³.

¹⁰ North Atlantic Council decision, Oslo, 2 September 1992

¹¹ Air Operation 'Deliberate Force', 30 August – 20 September 1995

¹² This Summit took place at Washington and celebrated the NATO's 50th anniversary.

¹³ 23 March-10 June 1999

The 9/11 attacks in the United-States (U.S.) drastically changed the international context and NATO priorities accordingly. Fight against terrorism was then at the top position of the NATO's agenda.

At the Riga Summit in 2006, NATO adopted a Comprehensive Policy Guidance (CPG). This document aimed at providing a strategic line for the coming decade and opened the door to the 'global approach'¹⁴. However the CPG was not a new strategic concept. At the 2009 Summit at Strasbourg-Kehl, NATO decided to launch a study with the view to draft a new Strategic Concept to be adopted in Lisbon. During the 2009 summer and in the wake of a decision taken in Tallinn (22-23 April 2009), a group of experts led by Mrs Madeleine Albright¹⁵ was set up and tasked to prepare a document, which would be the basis of the new concept. The group delivered its outcome on 17 May 2010.

The 2010 Strategic Concept allows NATO to have a new stance adapted to the current international context whereas the 1999 Strategic Concept had progressively appeared outdated. This new concept draws the road for the next ten years; along with the Summit Declaration it could be analysed as follows:

The Lisbon Strategy

The main outlines of the Strategic Concept adopted at the Lisbon Summit are the collective security, the deterrence and the crisis management. This document has a first quality: it is quite brief. While the 1999 Concept consisted of 65 paragraphs and the 1991 Concept of 60 paragraphs, the 2010 one has only 38. Secondly, the Alliance's core tasks are expressed in a more simple way through three items:

- collective defence (where the missile defence capability takes place),
- crisis management,
- cooperative security¹⁶.

Then the message looks more accessible and understandable to the public. To have three core tasks seems more consistent than to have four (1991) or five (1999), and therefore NATO's global strategy appears more obvious and firm. Besides, the 2010 Strategic Concept lists the new threats and challenges such as **Afghanistan, terrorism, the proliferation of weapons of mass destruction, energy supply and cyber warfare**. Concerns such as **global warming and water scarcity** are also mentioned¹⁷ and may appear a bit far away from NATO's mission.

One of the goals of the new Strategic Concept is to make NATO and its operations more efficient and cost effective.

¹⁴ CPG Paragraphs 7e and 17

¹⁵ Mrs Albright was US Secretary of State under President Clinton; the group was composed of 12 members.

¹⁶ Paragraph 4 of the Lisbon Strategic Concept

¹⁷ Paragraph 15 of the Lisbon Strategic Concept

Afghanistan

In the wake of the 9/11 terrorist attacks Washington launched a military operation in Afghanistan with the prospect to sweep away and destroy the terrorist forces and the local power supporting them. In December 2001 an UN-mandated international force took the control of Kabul and in August 2003 NATO took the command of this force, which progressively expanded to the whole country.

Today in Afghanistan, the NATO-led forces have more than 130 000 troops including 98 000 from the U.S. In Lisbon, NATO decided to end its presence there by 2014, but keeping on place military advisers and trainers if needed. The German government said that they will begin their withdrawal by the end of the current year, the Polish one stated that all their troops would be out in 2014 and France is believed to be planning to bring home its soldiers in 2012. NATO's withdrawal from Afghanistan will start this year (2011) and will proceed along with a long-term partnership with the country.

M. Karzai, who attended the Summit, declared that the Afghan army and police will be ready to take over full responsibility in 2014.

Whereas NATO clearly succeeded in the Balkans with its two operations in Bosnia-Herzegovina and Kosovo, there are some doubts about a similar success in Afghanistan. NATO has been there since 8 years and the situation is not yet stabilized in a satisfactory manner. Therefore Afghanistan is a crucial challenge to NATO as it can't afford to fail in that country, and its credibility is at stake.

NATO - Russia

Linked to the Afghanistan issue, the question of the NATO-Russia relationship was at the top of the Summit agenda. The Lisbon Summit was also the time to organize a NATO-Russia Summit (NATO-Russia Council). In a meeting with his French and German counterparts in Deauville (France) in October 2010, Russian President Medvedev announced his participation to the Lisbon Summit opening the door to a renewed link with NATO. It was the first meeting of this level where both president Medvedev and president Obama were present.

After the fall of the Berlin Wall, NATO worked to set up a post-Cold War order. EU and NATO took on board the countries coming from Central and Eastern Europe; despite some specific bilateral agreements with Russia, both organizations tended to exclude Moscow, which Washington ignored too. The status of things has since then changed with a new political power in Kremlin and an improving economy. As it was sometimes said 'Russia is back' and has now the confidence and the capability to push NATO back, President Medvedev and Prime Minister Putin openly speak about 'Russia' sphere of interests'. In 2008, Russia has demonstrated NATO's

limits in Georgia. In addition, Moscow is in position to play a decisive role in the Afghan conflict where NATO is chiefly involved. Russia agreed to cooperate with NATO regarding the supporting routes, thereby helping the Alliance to build capacity of the Afghan institutions and to prepare its exit strategy. However, does Russia really want NATO to be successful in Afghanistan? On the one hand, if NATO finally fails there, it will mainly be an American failure too, and Moscow might not be displeased by that. On the other hand, NATO's failure in Afghanistan could also affect regional security and stability, and Russia's neighbourhood.

With its new Strategic Concept NATO did not set any threat to Russia and invited Moscow to fully cooperate on the European missile defence, NATO's main programme to which Russia proposed to provide important input. Nevertheless it should be noted that Russia wants to work on the basis of 'equality' while NATO is advocating 'cooperation' and maybe considering some reservations in the military-technological cooperation with Russia. More probably and with realism Moscow tries to take advantage of the new balance.

The NATO-Russia cooperation could also be the way of the Collective Security Treaty Organization (CSTO), a Russia-led organization based on the Tashkent Treaty (1992), which mainly works in Central Asia where Moscow has many interests. Although still weak, the CSTO could help NATO in Afghanistan and its neighbourhood.

To sum up and more broadly, NATO needs Russia regarding the stabilization of Afghanistan, the fight against terrorism and the security of energy and it is time for NATO to appropriately consider Russia. Lisbon moved one step ahead in this way although much remains to be done in the view to build trust, not only at the military-to-military level, between both sides, in the spirit of the 'United-States – Russia' reset. On the European side, the Weimar Triangle (France, Germany and Poland) could play an active role by strengthening their links with Russia as they intend to do¹⁸. President Medvedev's final statement was rather optimistic in this regard and the question whether we are at the beginning of a progressive integration of NATO and Russia into a common security space is open. This issue was addressed more widely two weeks later during the OSCE Summit in Astana where the concept of 'security community' was introduced.

European Security

NATO aims at ensuring European security. This is the reason why the 28 member States have decided in Lisbon to develop an antimissile capacity in order to protect European countries against strategic missile threats. This missile defence will be based on the project launched in 2005 currently in progress with a more modest ambition. The goal of this system is to protect NATO's European populations and territory against the potential risk of ballistic missile attacks. NATO allies welcomed the U.S. contribution to missile defence in Europe through their 'Phased

¹⁸ Weimar Triangle's meeting at Warsaw (Poland), 7 February 2011.

Adaptive Approach'. Moreover the Lisbon Summit made clear that allied missile shield is not directed against Russia, and that NATO-Russia cooperation on missile defence can work with an agreed reduction in stockpiles of American and Russian strategic weapons. Russia seems now willing to fully cooperate at all levels with the United States and its European allies on this programme.

Although Europe is no longer the central point of reference for the United-States, they have a crucial role in the European security; it can take different ways. Even if it is not its direct goal, the new START Treaty (signed by Washington and Moscow on 8 April 2010) is a step forward. It entered into force on 5 February 2011 after ratification by both signatory States. It plans to cut by 30% the strategic nuclear weaponry of the two countries. This treaty significantly improves the international security and more specifically the European one. It also paves the way for discussions between Washington and Moscow regarding other agreements on nuclear weapons and, maybe, conventional forces. We can imagine that the negotiations on the Conventional Forces in Europe Treaty (CFE) could resume after Russia stopped its participation in the Treaty in July 2007.

Additional confidence-building measures, mainly in Northern Europe and the Black Sea region, including major military exercises along shared borders, should be devised. It is necessary to provide credible security reassurances for Central and Eastern European NATO members through confidence-building measures with Russia. The countries previously belonging to the 'Communist Block' and close to Russia expressed satisfaction regarding the NATO-Russia cooperation and the START Treaty. The America-Russia 'reset' gave NATO Eastern countries leaders an incentive to 'reset' their links with Moscow.

Thanks to the NATO Summit, the process of the American ratification of the START was possible. On the other side, despite its ratification Russia has expressed some reservations concerning the antimissile defence.

NATO's Reform

An important point of this Summit was the decision adopted in order to reform NATO. The restructuring process will aim at improving the operational capabilities, taking on board the new threats and developing critical capabilities. NATO's structure and chain of command will be made more flexible. The military manpower of the headquarters will be reduced from 13.000 to 9.000, the number of headquarters will decrease from 13 to 8 and the 14 agencies will be gathered in 3 branches (acquisitions, communication and support)¹⁹.

¹⁹ Paragraphs 49 and 51 of the Lisbon Summit Declaration

NATO's Secretary General announced the decision for radical spending cuts. All these savings are needed to face the implications of the economic crisis and to support the development of the European missile defence, which will be very costly. These considerable changes remain to be implemented, and if they are, it needs to be determined how.

To Moscow's satisfaction, NATO doesn't envisage any further enlargement; it will more probably develop partnerships which are more flexible. The Strategic Concept states²⁰ that the door remains open to all European countries according to the article 10 of the North Atlantic Treaty but doesn't mention any country. The Lisbon Summit Declaration recalls the Bucharest Summit decision to welcome Georgia and Ukraine as NATO's members later²¹. Realistically, it is often assessed that NATO already is overextended.

Regarding the broad issue of operations, NATO brought up the concept of 'comprehensive approach'. It consists in taking into account all the aspects of an operation ranging from the military to the civilian and political ones. Of course it doesn't mean that NATO will do everything but there are different understandings depending on the document we refer to. In the Strategic Concept²², the comprehensive approach gives NATO an important and active role, while in the Summit Declaration the word 'modest' is used²³.

Regarding the budgetary issue, the Summit Declaration calls to provide all necessary resources to allow the Alliance to perform 'the full range of its missions' and for 'the utmost financial responsibility'²⁴. The 'burden-sharing' between America and Europe seems to have been forgotten as any increase of military budget.

Conclusion

Eventually what could the Summit outcome be? The New Strategic Concept adopted there is an update of NATO's strategy in the light of the last Euro-Atlantic developments. NATO's achievements so far are already considerable by contributing to unite the West, to secure Europe and to terminate the Cold War. In the nineties, NATO was attempted to become a global alliance; today this idea has vanished and, to some extent, the question regarding NATO's 'raison d'être' remains pending.

The Summit opens the way for NATO to leave Afghanistan on a successful result and to refresh the partnership with Moscow. Beyond the show and the words, Afghanistan still is a crucial issue in which NATO doesn't have all the cards in hands to overcome any possible failure, and with Russia it is not clear whether both parties will be really satisfied with the agreement.

²⁰ Paragraph 27 of the 2010 Strategic Concept

²¹ Paragraphs 21 and 22 of the Summit Declaration

²² Paragraph 21 of the 2010 Strategic Concept

²³ Paragraph 9 of the Summit Declaration

²⁴ Paragraph 44 of the Summit Declaration

Regarding some other issues, it doesn't seem that all ambiguities have been raised. As examples, the relationship between NATO and the EU, the crisis management comprehensive approach, the open door and the possible partnerships, the antimissile defence and the military capacities, and the distinction between cooperative security and global alliance were not really sorted out.

The Lisbon Summit was a success insofar as two important documents have been adopted. Notwithstanding, it should be said that, in order to achieve consensus, some points have not been completely clarified and for this reason some difficulties could emerge in the future.

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Together Towards the Future: Euro-Atlantic Security Approaches After Lisbon and Astana

A View from Albania

By Edval Zoto²⁵

The subjects

The subjects of the international order that have gained more importance and authority in recent decades are international organizations with competence in the field of security and defence. The first place in terms of development and active role in maintaining international peace and overall growth of international security belongs to the organizations that hold the stretch in the Euro-Atlantic region. The North Atlantic Treaty Organization (NATO), the European Union (EU) and the Organization for Security and Cooperation in Europe (OSCE) are the three most important organizations of this region that have shaped world history through their commitments in the framework of maintaining peace and stability. Commitments have been developed with different characteristics in accordance with the characteristics of the international order, the scope of interventions and goals to be achieved. The only aspect that has not changed in any commitment of these organizations has been the determination to preserve human life. Data from UN reports on conflicts and security show that the average size of modern conflicts (from the end of the Cold War) causes 90% less fatalities annually than the average size of a conflict in the 50s. This is due to the smaller military units engaged in fighting and limited areas of operations, the positive development of humanitarian assistance and strong international approaches toward preserving peace and security.

So, in light of these reasons it is noted that "the most desired trophy" to preserve in a conflict, the human, has been reached mostly through peaceful and non-military commitments. This fact has increased the awareness and the abovementioned organizations have constantly reviewed and changed their roles and competencies, concepts and policies. In these two decades these organizations have been restructured and have applied new codifications that allow the regulation of relations between members but also with third parties. This "adjustment" that has been determined entirely by consensus finds representation in the basic documents but also in newly developed strategic documents.

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Returning to the facts, in a relatively short time, from December 2009 to December 2010, both NATO, OSCE and EU have had a busy agenda. Regarding NATO, this period finalizes member countries' efforts to establish a new Strategic Concept that will lead the Alliance activities for the following decade. On its turn the OSCE has organized a summit for the first time after 11 years, since its last which took place in Istanbul, Turkey. This summit was particularly important not only because of the fact that was going to take place in a former Soviet country – Kazakhstan – but because it was taking place when the organization was facing a lot of criticism in light of numerous and heated debates over its role and activities. Regarding the EU, the Member States ratified the Lisbon treaty which appears as a particular success on the road towards European integration that nevertheless has made several think-tanks all over Europe to evaluate the developments and make related proposals. So all three organizations in a very short period have redefined their vision for the future, their security concepts and approaches towards security challenges and risks.

The Lisbon summit aftermath – The global future of NATO

NATO today is without any doubt the most powerful political and military alliance in the world. Its 28 members come from the most productive region with the most advanced technology, the most modern societies with the greatest economic prosperity and democratic policies. The potential of NATO is not just military. The real power of NATO stems from a combination of American military power with economic power of European countries that gives to the alliance a political character and a versatile role in international relations. The Lisbon Summit, in its entirety, dimmed the smallest doubts on the veracity of the claims above. In all aspects the Alliance marked achievements.

Regarding the new Strategic Concept entitled "Active engagement – Modern defence", it contains new elements in accordance with current security challenges and new features attached to old security concepts. The spirit of cooperation and the need for full utilization of the capacities in the field of security, not only that of member countries but also that of partner countries, pervades the entire strategic document, which will be followed by NATO in the next decade. Specific aspects of the new concept include: the definition of the risks and challenges, where are mentioned the proliferation of weapons of mass destruction, extremism, terrorism and cross border crime, cyber attacks and threats originated by the technological development and natural hazards that are becoming more and more frequent; achievement of the consensus on missile defence development and the commitment to remain a nuclear power, continuation of the presence of U.S. nuclear capacity in Europe until the complete reduction of nuclear weapons, the creation of joint capacities of allied countries to face the new risks; improving and creating new capacities for conflict prevention, crisis management and post-conflict stabilization and reconstruction interacting with international actors, building and strengthening of regional partnerships, developing and implementing the open doors policy in the Alliance; starting a deep

reform and transformation of the Alliance's civil structures as well as military ones to make it more flexible and efficient, etc.

Regarding the NATO engagement in Afghanistan, in Lisbon was held a summit with the leaders of the countries that participate in the ISAF mission and at the end of it 48 heads of state issued a final declaration which stated: engagement of the above countries to begin withdrawing troops and leaving the authority to the Afghan security forces starting in 2011 (130 thousand allied troops will begin withdrawing when national security forces will reach the number 300 thousand) until the full withdrawal in 2014, increasing cooperation and compliance of the commitments of all international actors operating in Afghanistan for an efficient stabilization and reconstruction of the country, commitment to increase cooperation and strengthening security in the region through the strengthening of relations between border states, etc.

One other important event of the Lisbon summit was the meeting of the NATO-Russia Council in which were settled objectives of a particular strategic importance for the future. First, it was agreed to start the work on adopting the new Strategic Arms Reduction Treaty. Secondly, the participating countries committed themselves to strengthen the non-proliferation regime under the relevant treaty and the revitalization and modernization of conventional weapons proliferation control. Thirdly, it was decided to cooperate on establish a missile defense system whose characteristics will be analyzed and will be presented in June 2011 at ministerial level meeting of the NRC. Finally, it was put up a special fund for creating and storing a non-fixed wing aircraft capacity for Afghanistan and the strengthening of regional cooperation in the fight against narcotics trafficking.

Analysing the Lisbon summit in general came out with the following conclusions: First, NATO in the years ahead will continue to take the characteristics of a regional alliance with global impact. In the future its direct commitments will be selected with care and about other issues the Alliance will be in the centre of the vast network of organizations operating in the field of international security. This was predicted even by Zbigniew Brzezinski²⁶ who expressed his idea during the discussions on the design of the new Strategic Concept "NATO will go towards gaining a central role in a global security net."

Second, as a body composed of many organs, which are not only states but also partner states and state groups, in order to enable a normal and healthy operation it will need to move in synchrony so it can avoid "dead limbs". This character represents a positive development for NATO, especially as stated by the supporters of the global and liberal approach in international relations. The induced growth of interaction leads to difficulties in decision making and constitutes an important element for the calculation of the activity of the Alliance. But multilateralism and interdependence are future features of the global order, so it won't be as difficult as it might be considered. As the Supreme Allied Commander in Europe Adm. James Stavridis has stated *"the future of security in this 21st century is not an on-and-off switch between hard power and soft power, between combat and peace...It's a rheostat"*.

²⁶ Formerly Security Advisor to US President Jimmy Carter

Third, relying heavily on the new Strategic Concept, the Alliance has got all the mechanisms needed to undertake future activities with the greatest flexibility possible. The proximity between Article 4 and Article 5 of the Washington Treaty is not just sequential inside the new concept. The lack of precise methods and commitments to address emerging risks went on stage in the last decade should not be seen as a weakness of the Allies to get a clear decision but should be seen as a phenomenon in line with the spirit of the general characteristics in the international relations nowadays and especially of the activities of international organizations operating in the field of security.

Finally we should mention the fact that the Lisbon summit outcomes in a substantial part are merit of the Obama administration policies ranging from the genesis in enabling the right environment to start the process of drafting the new Strategic Concept to creating opportunities for the commitment of NATO-Russia on cooperation on missile defence programs and at least in increasing international contribution toward security in Afghanistan.

The Astana summit – Nothing new from the “Eastern front”

At the end of 2010 in Kazakhstan’s Astana the summit of the Organization for Security and Cooperation in Europe (OSCE) was closed. Heads of state and governments of 56 participating countries in the organization and senior representatives of 67 partner countries and international organizations in a global distribution attended the two day meeting at the Independence Palace where the agenda was clear and very strict prescribed not only for organizational reasons but also because of the fact that this summit was realized after 11 years since the last, held in Istanbul. Consequently a large part of dignitaries who spoke during the hearings were presented the first occasion and probably the last to address the public at that level in an activity of the OSCE and therefore the time factor was vital. But let's analyze the outcome of this long-awaited summit.

The summit was held in a period of crisis for the organization. The main reasons of the crisis are various differences between participating countries. Locking on consensus as key mechanism of decision making has led OSCE’s policies since 2003, since when the organization has not produced any key document. Also, the level of representation in the organization has been in the lower levels, culminating with only ministerial-level meetings. The heads of state had gathered for the last time 11 years ago in Istanbul, though, as to the internal procedure code they should be meeting every 2 years.

The situation deteriorates to the fact that the past decades have been very important for the international scene. Effects of events developed along it have strongly influenced the role of the OSCE. First, the revolutions in Georgia, Ukraine and Kyrgyzstan, the attempts to deploy an U.S. anti-missile system in Europe, energy security issues and, then, the war in Georgia have clashed on the policies of powerful states in Europe. Political issues related to Kosovo, Abkhazia and South Ossetia have clashed between their own principles of the Helsinki Final Act, such as territorial integrity and self-determination of peoples. Increased political importance of Central

Asian countries, the importance of present conflicts and problems in international security and the development of additional responsibilities on security issues by the European Union and NATO, in parallel with their territorial expansion, creating overlapping competencies with the OSCE, have strongly influenced the weakening of the role of the organization.

Besides losing exclusivity, the OSCE has had no success in achieving the objectives fixed in its strategic documents, including the fight against organized crime, border control, anti-corruption, security of containers etc. An example is enough: the realizations of the OSCE participating States in Central Asia. Through these countries, every year passes 90% of the global amount of heroin and less of 5% of it is blocked by the authorities.

Besides the "attacks" from outside the OSCE is strongly criticized by the participating countries themselves. It was strongly criticized about the disproportion of attention devoted to the dimensions of security and concentration of the main commitments of the organization in the human dimension and additionally, only in certain regions of its vast territory. The most severe critics derive from the region where it is more engaged. To the remarks of the Community of Independent States and Russia in 2004 was added the idea for a new security treaty in Europe expressed in several international meetings by the Russian President Medvedev in 2008, thus putting into question the existence of the OSCE itself. Also, at the informal meeting of foreign ministers of countries participating in the OSCE, held on 16-17 June 2010 in Almaty, Kazakh President Nazarbayev proposed the unification of the European security space with the Asian one. These powerful messages have further questioned the continued existence of the OSCE in its current form.

Precisely for these reasons the Astana summit was seen as a watershed in the history of the organization. But unfortunately, the summit failed to produce a joint statement to clearly address issues facing the organization in many respects different from those associated with internal organization, decision-making, financing, and the debate over reforming its organs activity. The joint declaration of the summit entitled "Astana Commemorative Declaration - Towards a Security Community" aimed to commemorate the 35th anniversary of the signing of the Helsinki Final Act. Inside this short document except the preamble that fulfils the characteristics of documents of this type, there is provided for the future of the OSCE an enhanced cooperation among the participating states, but it shows no ways how, the creation of a security community without specifying its features, it recalls that the security of each state is inextricably connected to that of the others but does not mention any initiative for the resolution of actual frozen conflicts.

The more clearly expressed issues are scarce among which, the launch of negotiations for the ratification of the Treaty on Conventional Forces in Europe in 2011, the commitment to strengthen the rule of law and reconstruct Afghanistan, and its involvement in the activities of the OSCE. In this document was not included, nor any decision in accordance with the conclusions of the panel set up in 2005 with the aim of the proposing reforms to be undertaken by the organization in order to cope with future security challenges. Also the idea that prevails in

the document, that of creating a Euro-Atlantic and Eurasian security community is a careful adaptation of Kazakhstan of the idea presented by President Medvedev 2 years ago in several conferences on security in Germany and France.

After analyzing the Astana summit it must be said that this summit has contributed more to strengthening the international position of Kazakhstan as the leading state for the year 2010 than to strengthening or revitalizing the organization itself. Kazakh President Nazarbayev's words that a great success of the summit was the "gathering of all leaders of participating countries together" along to the words of the former Chairman-in-Office Saudabayev, that the summit was "the first step in the initiative of Kazakhstan to creating an unstoppable Atlantic and Eurasian security committee" clearly show that the national interest of Kazakh leaders in organizing the summit has been relatively far from the interest of the OSCE as an organization of other 55 participating countries.

Despite this "achievements" some predictions can be made in anticipation of another summit in the future. Until then, OSCE activities will be limited to the adoption of various policy documents located at the ministerial level or lower. OSCE operational capabilities will be used to achieve the objectives set earlier by it, providing assistance to various countries, etc. Despite the continuing loss of international authority OSCE will not stop to exist as it would break an important political relationship between Western countries and countries which emerged from the breakup of the former Soviet Union, and none of the transatlantic and other international institutions cannot replace it in the near term. As a result of the economic crisis, possible cuts in the budget will strongly affect the efficiency of the OSCE field missions, to which runs about 80-85% of the funds of the organization. For these the organization can reduce excess spending.

In relation to the current phenomenon of the loss of exclusive rights of the OSCE in the development of preventive and conflict management skills it seems that it is an unstoppable process. EU, NATO and the Council of Europe have developed not only political but also legislative competencies that overlap and sometimes overcome the OSCE efforts, and this also in the light of the latest politico-strategic developments. For this reason, the OSCE should retain the position in the international arena and should find efficient ways to prevent its replacement with regional organizations territory-wise more limited but with the same goals. But this should not be perceived as a challenge.

EU after Lisbon Treaty – Building assets, strengthening achievements

The origin of security and defence architecture in Europe comes from the situation created after the Second World War. In the late 40s cooperation initiatives were increased in various sectors through the European countries. The most prominent examples are the Treaty of Brussels of 1948, which preceded the foundations of the Western European Union (WEU) and the European Community of Coal and Steel as the initiator of the European integration process. In the late 60s European Community began examining the possibilities for harmonization of foreign policy of the members and after the Hague summit in December 1969 these ideas enabled the launch of a

European Political Cooperation, whose idea was included into the Davignon report in October 1970. Under this initiative communitarian countries committed to consult each other and harmonize the positions on foreign policy. This kind of collaboration laid the foundations of the Common Foreign and Security Policy (CFSP), which is expressed in the Maastricht treaty. This treaty created the European Union, which was supported institutionally by three pillars, one of which was exactly the CFSP. Under the Maastricht Treaty, the CFSP, among others was to serve as a platform to accommodate a common defence policy that would implement common defence.

But the Maastricht Treaty was insufficient to meet all the security challenges derived from the events of time and a clear example are the wars in former Yugoslavia. On the Declaration of Saint-Malo in 1998 and defining the Petersberg tasks the European Council decided its commitment to create the conditions for undertaking various activities in the field of security, such as: peacekeeping operations, humanitarian operations, search and rescue operations, crisis management and peacemaking operations. At the Cologne summit in 1999 the European Council decided on the designation of the European Security and Defence Policy (ESDP) while during other meetings its capabilities were expanded. In 2003, ESDP was activated and within a year the EU was engaged in over 20 crisis management operations. In December of 2003 was presented the document "European Security Strategy", which presented security risks and challenges for the EU.

With the entry into force of the Treaty of Lisbon on the 1st December 2009 ESDP changed the label into the Common Security and Defence Policy. The Lisbon Treaty also established the position of the High Representative of the Union for Foreign Affairs and Security Policy ("EU Foreign Minister"). This position melted the two previous positions in one and symbolically represents the demise of one of the institutional pillars as defined by the Maastricht treaty. The new treaty also extends Petersberg tasks including: joint disarmament operations, humanitarian operations in a wider scale, military advising and assistance, conflict prevention and peace keeping, post-conflict stabilization, etc. It also allows the Union contributing to the fight against terrorism, including supporting other non-member states in combating terrorism in their sovereign territory. Member countries also commit to military and political solidarity.

Ratification of the Lisbon Treaty represents an important moment for the Common Foreign and Security Policy in general and for the Common Security and Defence Policy in particular. Despite political and institutional achievements, in the future the EU should establish for itself the necessary instruments to carry out self-defence and assure security in its areas of interest. In the recent years it has become more necessary the transition from an organization with a security system mostly disordered at an organization with a defence and security system where civil and military capabilities are used in harmony with each other. CSDP currently has its documents and institutions that develop it, but it is not clear what is its scope and methodology of intervention. Usually these are topics that are deliberately overlooked in strategic documents in order to preserve consensus between the national authorities. Nevertheless, despite official statements several think tanks all over Europe have proposed further engagements such as an EU White

Paper on security and defence issues. But as the CSDP itself is a brand new achievement it will take some time, most possibly less than a decade, to advance officially and establish something like that.

Different paths, common goals

Strategy of security as art and science involves development, use and coordination of all necessary means to cope with security challenges.

Neither more nor less is being done by international organizations that are considered in this study. All commitments, methodologies, new tools used in order to maintain peace and stability and enhancing security are in accordance with the time challenges and risks. The latter have changed profoundly. Globalization and migration movements, tangibility of modern industrialized societies, global governance and asymmetric non-state actors identify the need for redefining the national security systems and also an international engagement.

In the future international organizations which enjoy capabilities in defence and security will survive and will only succeed if they strengthen and develop the concepts of security and collective defence, if they discipline and build automatic and effective decision-making systems to manage the right to use under the rules expressed in the UN Charter and will harmonize military with civilian efforts to deal with crises and potential conflicts.

Another factor that has changed and is expected to change in the future is the international order. The redistribution of power globally and the increased interdependence are two features that will rebuild the international order. In the future the international order is expected to be multi-polar and interdependent as a living organism. In light of these predictions and also of actual challenges the EU, the NATO and the OSCE have attempted to alter the characteristics of their approaches to security. In the Euro-Atlantic region NATO is effective on its peacekeeping role by having the underlying collective defence and presence as key player in military operations in crisis management. The OSCE, established by the principles of the CSCE, today plays the role of a collective security tent covering the entire Euro-Atlantic area and beyond, while the EU provides security mechanisms of soft power but has constantly developed the capacity in matter of defence and security. Founding documents of these organizations refer to the same principles and values and engage their members under the UN Charter. Together they constitute the most sophisticated functional system in the world, a system which has replaced the system of international relations based on the balance of power with a system based on codified rules where each player benefits from interdependence and cooperation. In the period under review these three organizations are involved in a process of “reshaping” which started much earlier through numerous debates and proposals.

At the conclusion of this process is observed the strengthening of positions of the EU and NATO in security and defence and the stagnation of the OSCE. The Lisbon Treaty provides a platform for strengthening the EU on foreign policy issues but also in terms of security and defence.

NATO's New Strategic Concept was adopted unanimously and includes new concepts in the field of security and cooperation. Maybe even by the effect of strengthening of these two organizations before and especially by creating their own capacities that previously only the OSCE enjoyed, this very broad organization couldn't create a program in order to revive the authority it enjoyed a decade ago. However in accordance with the features envisioned for the future for the international order competition between these organizations does not appear necessary. The perfect solution is the coordination of capabilities and cooperation while facing the challenges and risks of any kind.



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The Return of Skills to West Africa: Towards EU and ECOWAS Policy Coherence

By Anne Sofie Westh Olsen²⁷

Abstract: The article will compare and apply the local and EU measures of attracting highly skilled migration to West Africa, with the object of achieving better EU-West African policy coherence. West Africa is the most important source of brain drain from Africa, with an increasing number of highly skilled persons leaving the continent every year. The Parliament of the Economic Community of West African States (ECOWAS) has in this regard underlined four major problems in the sub-region: i) lack of financial resources, ii) inadequate structures, iii) inadequately trained personnel and iv) lack of political will. These four points will serve as outline for improving policy coordination in regards to the return of skills to West Africa. The study includes the sending and receiving countries, with an emphasis on both European and West African political will as being crucial for instating migration governance schemes that facilitate brain gain.

Key words: Highly skilled migration, brain gain, West Africa, policy.

Code JEL: ZO

Résumé : L'article va comparer et appliquer les mesures locales et celles de l'UE pour attirer des travailleurs hautement qualifiés en Afrique de l'Ouest, dans le but d'obtenir une meilleure cohérence des politiques UE-Afrique de l'Ouest. L'Afrique de l'Ouest est la plus importante source de fuite des cerveaux de l'Afrique, avec un nombre croissant de personnes hautement qualifiées quittant le continent chaque année. Le Parlement de la Communauté économique des Etats de l'Afrique de l'Ouest (CEDEAO) a souligné à cet égard quatre problèmes majeurs dans la sous-région: i) le manque de ressources financières, ii) des structures inadéquates, iii) l'insuffisance du personnel qualifié et iv) l'absence de volonté politique. Ces quatre points serviront de cadre afin d'améliorer la coordination des politiques pour le retour des compétences en Afrique de l'Ouest. L'étude comprend les pays de départ et d'arrivée, en mettant l'accent sur les volontés politiques européennes et ouest-africaine comme cruciales afin d'instaurer des régimes de gouvernance des migrations qui facilitent le gain de cerveaux.

Mots clefs : migration des travailleurs hautement qualifiés, gain de cerveaux, Afrique de l'Ouest, politiques

Code JEL : ZO

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INTRODUCTION

With the case of West Africa-EU, the article will treat one aspect of the international migration of skilled ²⁸ human capital, which is return (or brain gain). With the object of analyzing the gaps in policy coherence and encouraging the exchange of best practices, I will outline the lacking coordination between EU and West African policies for the return of highly skilled migrants to West Africa. The article will also paint a picture of the relationship between policy and politics, in both sending and receiving countries, in regards to the southbound mobility of skills.

The focus of the article will be twofold, since brain drain involves both African students who move abroad in order to complete their education as well as professionals that migrate to further their career. I will therefore both examine policies and politics in regards to students/higher education as well as professionals/recruitment-work environment. The link between politics, policy and projects will be further developed on specific cases.

On July 15 2009, the Parliament of the Economic Community of West African States (ECOWAS)²⁹ expressed concern over the increasing rate of brain drain among African countries, stating that this worrisome development would require urgent intervention by its leaders to reverse the trend. At the opening statement of the Enugu meeting, the Chairman of the Committee on Health and Social Services of ECOWAS, Yahaya Sandari, confirmed that the parliament had pinpointed four major problems in the sub-region in this regard³⁰. The main questioning of the paper is built on these points, with an interchanging perspective from respectively the European Union and West Africa:

- A) Budget expenditures: Investment in education, scholarships, post-doctoral studies, R&D, technology/equipment so forth;
- B) Regulations, administrative facilitation, tax incentives, legislative sector focus;
- C) Investment in HR, career development;
- D) Creating political will

Theoretical framework

With consideration of the current political context, the article will theoretically insert itself into the recently developed framework of Global Migration Governance (GMG) by Alexander Betts³¹. It attempts to contribute to the perspective of how bilateral, regional and inter-regional institutions intersect and shape North-South power relations on migration. While the refugee

²⁸ Highly skilled persons are defined as having studied or currently studying for a university degree or possessing equivalent experience in a given academic field

²⁹ ECOWAS includes the 15 West African countries of; Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, The Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. See also www.ecowas.int
³⁰ <http://allafrica.com/stories/200907151014.html>

³¹ Betts, Alexander. Global Migration Governance. Oxford University Press. USA. 2011

regime has relatively clearly defined structures, labor migration (even when it comes to highly skilled) has a far less coherent regime of institutional cooperation. The theory does not elaborate on the development issues nor the causes or consequences of highly skilled migration or return; it rather highlights policy with a focus on EU-African relations on migration, thus the governance of migration.

The GMG is based on comparative research in three Sub-Saharan African regions: SADC (Southern African Development Community), EAC (East African Community) and IGAD (Intergovernmental Authority on Development). This article will further develop the framework for the region missing; ECOWAS, with a limited perspective on highly skilled migration.

The Global Migration Governance research underlines the emerging formal and informal mechanisms through which Europe is increasingly structuring the norms and practices of migration policy in Sub-Saharan Africa. In the current article, EU politics and policies will function as benchmarks for creating new norms and practices that structure and coordinate the policy debates on high-skilled return to West Africa. However, the main focus will be the West African states. The Global Governance Migration project examines the position of African countries in relations to migration governance, and the conditions under which 'weaker' states can overcome power asymmetries in the politics of migration. The article will thus analyze weaknesses and strengths in West African policies and recommend ECOWAS institutional governance in order to encourage exchange of best practices.

THE GLOBAL COMPETITION FOR SKILLED HUMAN CAPITAL: THE CASE OF WEST AFRICA

A report on immigration by the Council of Europe's Parliamentary Assembly estimates the number of sub-Saharan African migrants in Europe as being between 3.5 to 8 million³². According to OECD statistics, 88 percent of migrants to countries of the Organization for Economic Co-operation and Development have at least a secondary education³³, whereas ca. 300.000 Africans are studying for a higher education³⁴. Furthermore, approximately 20.000 highly educated people leave Africa annually³⁵.

Over the last thirty years, West Africa has been the most important source of brain drain from Africa³⁶. From the 1970's, inflation and recession motivated emigration of groups of engineers, applied scientists and medical personnel from countries such as Gambia, Ghana, Liberia and Sierra Leone. As the economy of Nigeria declined at the end of the 1980s, Nigerians joined the

³² The report also notes that these figures are likely to underestimate the African migrant population due to factors such as illegal migration Number of Africans in Europe. See Council of Europe Parliamentary Assembly. 2008-02-11. <http://assembly.coe.int/Main.asp?link=/Documents/WorkingDocs/Doc08/EDOC11526.htm>.

³³ E.g. House of Commons, International Development committee. Sixth report of Session 2003-04, Volume I

³⁴ Campus France 2008. http://editions.campusfrance.org/chiffres_cles/brochure_campusfrance_chiffres_cles08.pdf

³⁵ Woldetensae, Yohannes. 2007. Optimizing the African Brain Drain: Strategies for Mobilizing the Intellectual Diaspora towards Brain-Gain. ASSOCIATION OF AFRICAN UNIVERSITIES (AAU). Tripoli, Libya, October 21 – 25, 2007. http://www2.aau.org/corevip07/papers/sec-docs/Yohannes_Woldetensae.pdf

³⁶ IOM World Migration 2003. Chapter 12

http://www.iom.int/jahia/webdav/site/myjahiasite/shared/shared/mainsite/published_docs/books/wmr2003/chap12p215_238.pdf

stream of skilled migrants to overseas destinations. Within the sub-region, many skilled migrants from Burkina Faso, Guinea, Mali and Senegal migrated to Côte d'Ivoire over the years. During the 1980's and 1990's, brain circulation continued to spread within West Africa but also to other African destinations (such as South Africa, Libya and Zimbabwe) not to mention Western Europe and the USA.

In West Africa, even though one might identify a certain political discourse to retain or attract nationals, the general situation remains one of low political and policy implication in the global 'competition' for the international migration of skilled human capital. Among the African initiatives are the different councils for Africans abroad, with the goal of reaching out to the Diaspora: For example the 'Conseil supérieur des Burkinabés à l'étranger' and the 'Haut Conseil des Maliens à l'étranger (HCME)' with representation in parliament. In Mali this has led to the creation of the 'Ministère des Maliens à l'étranger et de l'intégration africaine'³⁷. Other efforts have also been undertaken in West Africa in the means to establish a Diaspora policy; these include expanding the *jus sanguinis* with double nationality rights, the right to vote for nationals abroad, the support of associations and entrepreneurs of the Diaspora, facilitating remittances and favoring migrant investments.

On the global spectrum, some of these politics can nevertheless be described as politics of *attention* (historically the case of Russia and Italy) or of *influence* towards a continually stronger Diaspora for domestic political and economic reasons (China and India). Some countries use the Diaspora as an advocacy group for *power struggles* (Mexico and its electorate in the US, to some extent Algeria). The West African countries, in most cases, seem to use it as *a diplomacy of influence*, with emphasis on the demographic and mainly economic aspects through remittances and investments.

The exception to the rule is Senegal, with several policies coupled by an active political approach to attract highly skilled persons. One might underline that the portfolio is located at the cabinet of the president, thus surpassing singular ministerial priorities and certain budget restrictions. Senegal's unilateral co-development policies include mobilizing productive investments by the Diaspora and to broker private-public partnerships with host country firms, enterprises and government³⁸. In addition to Senegal's bilateral agreements³⁹, Senegal's cooperation with international co-development programmes include the UNDP TOKTEN, IOM MIDA, the UN Digital Diaspora Initiative and a memorandum with EU FRONTEX, Spain and IOM.

When comparing the statistics of the OFII (Office Français de l'Immigration et l'Intégration)⁴⁰ to the rest of Western Africa, Senegal seems to bear the fruits of this joint political/policy approach

³⁷ <http://www.primature.gov.ml/>

³⁸ implemented amongst others by the Government Agency for Investment Promotion and Major Works (APIX), the Ministry of Women Entrepreneurship 'Caravane des PME's and last but not least by the Ministry of Senegalese Abroad (internet portal since 2008 www.senex.sn with IOM

³⁹ France pact on concerted migration management, 23 September 2006 and covenant of 2008, Spain cooperation agreement on migration of 10 October 2006, Switzerland aborted migration management agreement (2004).

⁴⁰ www.ofii.fr

with the largest number of well-educated (Master, DESS, PhD) profiles returning to establish businesses⁴¹.

POLICY AND POLITICS FOR THE MOBILITY OF SKILLS

The analysis will be based on the hypothesis that political intent remains crucial for brain circularity⁴². The paper therefore seeks to underline the divergence between the West African initiatives of outreach to the Diaspora and the actual politics to facilitate return of the same group. While the reasons might be multiple, including economic and social, I will later on single out the political motives.

Additionally, the relationship between policy and politics of the tandem of migration and development will be analyzed regarding European initiatives: In European Union development aid there has since 2005 been a strong trend towards: Circular migration, brain gain and mainstreaming migration into development policies. The EU has proclaimed that it *“will take a lead in placing migration and development issues on the agenda of the international community.”*⁴³ Under the Africa-EU strategic partnership, a joint Africa-EU Strategy (with an Africa-EU partnership on Migration, Mobility and employment) was developed with the objective: *“To overcome policy and financing gaps for achieving the MDGs”*⁴⁴.

However, a natural gap develops between policy and politics when the two largest demanders of brains - the EU countries and the international institutions - are the ones also implementing the policies against brain drain. Good intentions only go a certain way, especially when African lobbying is quasi nonexistent. One can therefore conclude that there is a gap between the integration of migration into development projects of the European Union, and the introduction of development into European politics of migration⁴⁵.

According to Christophe Bertossi, a migrations expert at IFRI (Institut Français des Relations Internationales)⁴⁶, the European Pact on Immigration and Asylum is *“a legally non-binding compromise of political principles”*. He further argues that *“the Pact fails to provide Europeans with a policy paradigm for implementing a viable, consistent and efficient migration policy.”*⁴⁷

The European Pact on Immigration and Asylum offers examples of somewhat conflicting policies and political statements in regards to high skilled migration: For example, the Pact that was accepted by the EU Council on October 16, 2008 stresses the mandate of *“encouraging the synergy between migration and development”*⁴⁸. Nevertheless, in opposition to initiatives

⁴¹ 23 % of the projects were creation of consulting cabinets (for local development, training and environment etc). 32 % were in commerce, especially e-commerce, But also projects in housing, education, presse, health etc. A diversified range of investors, a large number of well-educated (Master, DESS, PhD) profiles. www.ofii.fr

⁴² GCIM, Global Commission on International Migration. 2005. <http://www.gcim.org/en/finalreport.html>

⁴³ Presidency Conclusions of the Brussels European Council (14/15 December 2006)

⁴⁴ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/97496.pdf

⁴⁵ The implementation gap between the ‘global approach on the question of migration’ (e.g. the projects under EU-UN Migration4development) and ‘The European Pact on Immigration and Asylum’

⁴⁶ Institut Français des relations internationales. www.ifri.org

⁴⁷ Bertossi, Christophe. How can Europeans agree on a Common Migration Policy? Notes de l’ifri, February 2009.

⁴⁸ European Pact for Immigration and Asylum

towards temporary and circular migration schemes⁴⁹ (supported by efforts such as ‘Africa-recruit’⁵⁰) comes politics to attract high skilled human capital through ‘selective immigration’⁵¹ complemented by strong policy measures of regulatory, administrative and budgetary implication furthermore coupled by strong financing.

One should therefore not lose the global perspective of the international competition for brains: While the European Union is a stated partner in brain gain schemes for West Africa, the European countries are themselves developing policies for the retention or return of their highly skilled nationals, but mainly for attracting third country nationals. This is implemented through efforts of salary increases for researchers and an active promotion of research and development (R&D)⁵².

A West African example is the creation of the EU-funded ‘Centre d’Information et de Gestion des Migrations’⁵³ in Mali⁵⁴. The center exclusively targets high skilled candidates and is not associated to any European politics for multiple entry visas, which could have motivated candidates to return to Mali for a short period without fearing not being able to re-enter the EU. The Center neither has the mandate of ensuring the governance of European codes of conduct for recruitment in specific sectors. Brain drain therefore generally seems to have been downsized to the neutral project level, ensuring political attention but escaping large policy implications.

Among the strong policy measures to attract brains is the EU Blue card⁵⁵, adopted by the EU Council on May 25th 2009⁵⁶. The goal of the Blue Card directive is to increase EU’s attractiveness for high skilled workers (and their families) from third countries. When applying a somewhat cynical perspective, there is therefore a long way from development rhetoric with weak policies to actual governance regimes.

EU “PRACTICAL MEASURES” AGAINST BRAIN DRAIN – AND THE COORDINATION WITH WEST AFRICA

In the lack of a common policy, the European Commission put forward some new initiatives to improve the impact of migration on development, or what was called a “*package of practical*

⁴⁹ European Commission. COM (2005) 390, article 5

⁵⁰ <http://www.africarecruit.com/> complemented by MIDA (OIM) and TOKTEN (UN)

⁵¹ This is without referring to stronger border control, the fight against legal immigration and the return directives for repatriation

⁵² See *Maastricht* Economic Research Institute on Innovation and Technology, based on a study for the European Commission entitled ‘Brain Drain - Emigration Flows for Qualified Scientists’ <http://www.merit.unu.edu> or <http://www.merit.unimaas.nl/braindrain/>

⁵³ Which does not replace the creation of recruitment agencies in Africa for positions abroad? E.g. House of Commons, International Development committee. Sixth report of Session 2003-04, Volume I

⁵⁴ And Cap Vert. Financed by the European Union Cap Vert: <http://www.cigem.org/> or <http://www.delmi.ec.europa.eu/fr/siteindex/iso.html>

⁵⁵ The Blue card is designed to: 1) facilitate the admission of these persons by harmonizing entry and residence conditions throughout the EU; 2) simplify admission procedures; 3) improve the legal status of those already in the EU (including social security and pension). After eighteen months of legal residence in the first member state as an EU Blue Card holder, the person concerned and his family members may move, under certain conditions, to a member state other than the first member state for the purpose of highly qualified employment

⁵⁶ the Directive 2009/50/EC. It entered into force on 19th of June 2009 and member states have until 19 June 2011 for the transposition of the directive.

measures”⁵⁷. This package included remittances; enhancing the role of diasporas in the Member States; and more specifically encouraging circular migration and facilitating return to the country of origin; while mitigating the adverse effects of brain drain. Among the Commission’s main propositions for the latter point (Annex 6) were: Creation of codes of conduct and fostering institutional partnerships.

These two points, along with efforts of co-development, will be studied further in the following paragraph in order to understand the current governance regime. The perspective will be on underlining the possibilities for West African states to further encourage high skilled return:

i) Codes of conduct

The brain drain can be especially dramatic in particular sectors – such as health and education – with for instance 60 to 70 percent of Ghana’s health professionals emigrating⁵⁸. Most Ghanaians have historically been employed in the UK, through a permit system that has indeed facilitated mobility towards the UK. This case will therefore serve as key example:

In the UK Government’s second White Paper on International Development⁵⁹, it highlighted the tension between the UK’s need to recruit staff to fill skills gaps in the National Health Service (NHS), and the needs of developing countries’ health systems. The Government’s response to this tension has been to develop a Code of Practice for NHS employers involved in the international recruitment of healthcare professionals.⁶⁰ The Code of practice encourages employers not to recruit actively from countries which would suffer as a result of losing staff⁶¹. There are nonetheless several loopholes in the NHS Code of Practice⁶².

The Memorandum of Understanding between the UK and South Africa, signed in October 2003⁶³, will serve as an example of establishing partnerships with developing countries on recruitment issues. It was developed in the framework of designing schemes to train nurses in developing countries for temporary employment for a specified number of years in the NHS, on the understanding that they would then return to their home country.

In conclusion, these efforts remain isolated bilateral arrangements, lacking the context of a larger governance regime. However, recruitment might be better regulated through international cooperation, and transformed from policy into international accords: Firstly due to the risk of

⁵⁷ On September 1st 2005 http://europa.eu/legislation_summaries/development/sectoral_development_policies/114166_en.htm

⁵⁸ B. Lindsay Lowell, Allan Findlay and Emma Stewart, *Brain Strain: Optimising highly skilled migration from developing countries*, Asylum and Migration Working Paper 3, IPPR, May 2004, p. 5. Available at <http://www.ippr.org/research/index.php?current=19&project=183>

⁵⁹ HMG, White Paper on International Development, *Eliminating World Poverty: Making globalisation work for the poor*, 2000, paragraphs 132-134

⁶⁰ Department of Health, *Code of practice for NHS employers involved in the international recruitment of healthcare professionals*. Available at <http://www.dh.gov.uk/assetRoot/04/03/46/51/04034651.pdf>

⁶¹ The Department of Health has worked with DFID to produce a list of countries from which there should be no active recruitment, based on the OECD Development Assistance Committee’s list of aid recipients

⁶² First of all, it is a voluntary code with no enforcement powers; secondly it discourages active recruitment, but doesn’t discourage so-called passive recruitment (responding to enquiries from individuals from developing countries); thirdly it only applies to England (not to Scotland, Wales or Northern Ireland) and it doesn’t apply to private sector recruitment agencies. Last but not least it doesn’t prohibit the recruitment of migrants who enter the UK for other reasons.

⁶³ <http://www.doh.gov.za/docs/sp/2003/sp1024.html>

simply diverting migrant streams to receiving countries which are not party to an agreement. Secondly because of the global proportions of the issues, which are not merely a south-north issues, but also north-north. Finally, the brain drain has to be tackled at both ends: Improving conditions in home countries is crucial so that skilled professionals have fewer incentives to migrate.

ii) Institutional partnerships

While the funding of individual researchers from developing countries is widespread (approximately 300 organizations offer funding, grants and so forth), inter-university collaboration with double diplomas are still rare on the continent⁶⁴. At the Tripoli EU-Africa Ministerial Conference on Migration and Development in November 2006, Africa and the EU adopted a joint strategy (in the form of the Tripoli Declaration) to respond to the challenges and maximize the benefits of international migration. Among the expected outcomes were: “*Support partnerships and twinning initiatives between institutions in Africa and the EU, such as hospitals and universities*”⁶⁵.

A case where the scientists are encouraged to stay in the developing country is through the support of the International Foundation for Science (IFS)⁶⁶. Nonetheless, as a means of mitigating the outflow of highly skilled human capital it has shown to not necessary be a perfect tool. A survey made by IFS about the state of African Scientists that had received either IFS or INCO grants first and foremost showed that, in 1999, almost 80% of the grantees held a PhD⁶⁷. Many of the scientists had been offered jobs abroad (1/5 of all respondents to the survey, but 50% of INCO beneficiaries - due to the medical professions). A large majority of these scientists (72.3% for IFS and 60.3% for INCO) had accepted it⁶⁸. For those who remained in Africa, over 90% of the scientists surveyed find work at public universities and research institutes⁶⁹. In the survey, the scientists expressed satisfaction with the job security, but were generally dissatisfied with their salaries and the social benefits. “*Although they earn on average nine times the minimum salary, they cannot live on this alone*”⁷⁰.

An increasing number of African countries have established or are establishing competitive research grant schemes at the national level⁷¹. Senegal remains the West African precursor in this regard. Yet, partnership programmes and strategic alliances are still rare. ECOWAS is already doing advanced work on migration in West Africa, nonetheless the organization might play an

⁶⁴ E.g. UK-Africa inter-university partnership for teaching and research in public procurement regulation <http://www.ukafricapartnerships.org>, or German-African inter-University partnership etc.

⁶⁵ http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/97496.pdf

⁶⁶ www.ifs.se.

⁶⁷ IFS survey on African scientists http://www.ifs.se/Publications/Mesia/MESIA_2_Questionnaire_Africa_english.PDF

⁶⁸ IFS survey on African scientists http://www.ifs.se/Publications/Mesia/MESIA_2_Questionnaire_Africa_english.PDF

⁶⁹ Public universities (60.0%) and public research institutes (32.7%). Relatively few work for NGOs (4.2%), private institutes (1.9%), or private universities (1.2%). IFS survey on African scientists

http://www.ifs.se/Publications/Mesia/MESIA_2_Questionnaire_Africa_english.PDF

⁷⁰ “*Half of them supplement their incomes with extra jobs, which provide on average four times more income than their salary. To supplement their incomes, they are employed by a consultancy or private business (37.0%), teaching (25.0%), having their own consultancy or private business (20.0%), or farming (13.0%)*”. IFS survey on African scientists

http://www.ifs.se/Publications/Mesia/MESIA_2_Questionnaire_Africa_english.PDF

⁷¹ often with support from funding organizations in the North

even bigger role as a governance mechanism for policy development in the sub-region. Behind and beyond the obstacle of funds thus lies the need for political awareness and cooperation in order to ensure policy facilitations. For example, in regards to creating new scientific networks, West Africa has not been as productive as its East African neighbors in promoting the creation of networks such as NAPRECA⁷² (natural product research network for Eastern and Central Africa). West Africa has also not assured a common approach to improving the maintenance of research equipment; in this case one might refer to the example of the NUSESA⁷³, (the Network of Users of Scientific Equipment in Eastern and Southern Africa).

iii) Co-development

While co-development is built on existing patterns of social transnational action, the public policy has had limited success compared to the preceding social practices initiated by Diaspora groups themselves. Decades of ‘classic’ co-development policies and projects, such as Diaspora mobilization and support of African entrepreneurs⁷⁴, have not resulted in a true mobility of skills, unless supported by source country government initiatives, such as has been the case for Senegal⁷⁵.

France’s bilateral co-development in its current ‘Pacts on concerted migration management’ is linked to brain gain. Historically, there has been a continued link between return and co-development⁷⁶. As part of its co-development strategy, France now only admits high-skilled workers from the solidarity zone⁷⁷ for a limited period of six years. In contrast to other countries, development aspects and the concern over brain drain has been given a high priority in French policy measures. High-skilled workers coming from the solidarity zone are also encouraged to engage in cooperation or economic investment with the migrant’s country of origin. Without possibility of renewal and with the obligation of return, several migrants have however chosen other visa categories or simply other destinations. There were only 11 admitted on the ‘Carte competences et talents’ in 2007, 473 in 2008 and 593 in 2009⁷⁸. While France has shown its

⁷² <http://www.napreca.net/>

⁷³ <http://www.aau.org/announce/detail.htm?ai=9>

⁷⁴ Amongst other the projects conducted under the French Ministry of Immigration, integration, national identity and solidary development.

⁷⁵ <http://www.codev.gouv.sn/>

⁷⁶ Return policies have been implemented in Germany since 1972, the Netherlands since 1975 and in France since 1977. In France, reinsertion policies providing economic help for ‘voluntary return’ were led in 1977, 1983 and 1998. In the mid 1990’s, a report by government advisor Sami Nair marked the beginning of a new strategy of co-development built on existing patterns of social transnational action. Today, co-development, or solidarity development, has been replicated by a multitude of international actors: By international organizations through UNDPs TOKTEN, IOM’s MIDA, World banks D-MADE etc. The Co-Development Programme’s concept (France-Mali) has been adopted by Germany (with Turkey), Italy (with Senegal) and Spain (with Ecuador). Co-development has been propagated by international soft law (Global Commission on International Migration (2005), by the International Agenda for Migration Management (2005) and the UN High Level Dialogue on Migration and Development (2006). It has been ‘Communitarized’ in EU’s global approach to migration and EU mobility partnerships. Latest, and what has revealed to be a key development, it has been adopted by source country governments.

⁷⁷ http://www.diplomatie.gouv.fr/en/france-priorities_1/development_2108/french-policy_2589/governmental-strategies_2670/priority-solidarity-zone_2671/index.html

⁷⁸ Lucie Cerna. Competition for the best and the brightest: The case of France. Paper prepared for ‘Séminaire général du Centre d’études européennes’

determination towards high skilled immigration (HSI) to the entire world, the marginal effects of the policy might make you question whether it was indeed symbolic politics⁷⁹?

The French-African pacts for migration⁸⁰ might have been a good place to start in terms of creating an aligned governance regime for skilled migration in West Africa, possibly monitored by ECOWAS. This would be the place to underline concerted arrangements across ECOWAS for: Secondments, specific institutional partnerships, cooperation for Diaspora taxation, training partnerships as seen in the UK-South Africa MOU, further co-development so forth.

FOUR POINTS FORMULA

From the broad overview to the specifics, I will in the following elaborate on the main points of ECOWAS concern for brain drain, and analyze the gaps in policy coherence and cooperation both internally but also between the EU and West Africa. The areas are as mentioned:

- A) Budget expenditures: Investment in education, scholarships, post-doctoral studies, R&D, technology/equipment so forth;
- B) Regulations, administrative facilitation, tax incentives, legislative sector focus;
- C) Investment in HR, career development;
- D) Creating political will.

A) BUDGET EXPENDITURES

i) Investment in education:

Higher education remains the key to any sort of (brain) development. Many different strategies to educate and keep graduates are now under way in Africa; from regional collaborations and centers of excellence to tailor-made courses offered by universities abroad. Nonetheless, as recently as 2005, a review by Harvard University⁸¹ found that most African countries had not included higher education in poverty-reduction strategies.

For decades, scarce funds to education in sub-Saharan Africa have led to the severe deterioration of many institutions, which in turn has fed the brain drain. In the common belief that tertiary education were for the elites and thus not part of the development effort, international donors had during many years downsized funding to higher education. During the 1980s, average public

⁷⁹ Patrick Weil, a French migration expert, has numerous times stipulated the difference between the real and symbolic in politics, underlining that for the French case one should focus on the implementation of the laws rather than the law itself⁷⁹. It is thus a question of looking at the administrative level rather than the legal/policy level, or at the implementation rather than the discourse.

⁸⁰ http://www.diplomatie.gouv.fr/en/country-files_156/africa_2286/france-and-africa-summits_2513/24th-france-and-africa-summit_5461/special-file-by-the-mfi-about-the-24th-france-africa-summit_5455/africa-france-emphasis-on-concerted-management-of-migratory-flows_8666.html

⁸¹ Bloom D, Canning D, Chan K (2006). Higher Education and Economic Development in Africa. Harvard University http://siteresources.worldbank.org/EDUCATION/Resources/278200-1099079877269/547664-1099079956815/HigherEd_Econ_Growth_Africa.pdf

expenditure in Africa plummeted from US\$6300 to US\$1500 per student according to the World Bank⁸².

The effect on the research capacity can still be felt drastically in many countries: Public research budgets in Africa have generally been cut to such an extent that, with a few exceptions, hardly any research activities can be undertaken without foreign aid.

ii) Scholarships, Postdoctoral studies, R&D, technology/equipment so forth:

An increasing number of African students study abroad each year; in 2006 the number of students was 284.260⁸³. It is a widespread phenomenon to actively finance foreign education of Africans, and several European countries support granting of scholarships for education and research for foreigners. While there has been a long western tradition, also socialist countries and Arab countries have pursued this idea. African countries themselves are also offering scholarships to study abroad, mainly in Europe and the United States. While previously, a scholarship (mostly to the former colonial mother) generally implied a return to Africa working as a civil servant, this is not the case today where only a minority returns to Africa after having finished studying abroad.

The Guinean government has experimented with a system of doctoral and post-doctoral education schemes that aims to keep researchers in Guinea. Partner accords have been designed to limit the researchers time spent abroad (1/3 of the time). These local alternatives to counter the brain drain however seem to remain isolated initiatives on project level. For example, they don't include further investment in technological infrastructure and equipment agenda to retain the highly skilled after the completion of the programme.

B) REGULATIONS

France again serves as example since it is a country that seems unable to attract highly skilled persons anywhere near the success of countries like the UK or the US. France's High skilled immigration (HSI) liberalization began with labor shortages in the IT sector, which prompted the 1998 circular for the facilitation of recruitment of foreign IT workers⁸⁴. It was followed by a number of other circulars (e.g. 2004)⁸⁵, but it was not until the 2006/2007 laws that a policy change took place. A skills and talent visa was created for high-skilled immigrants, and President Nicolas Sarkozy emphasized that France would now recruit chosen immigrants (*"immigration choisie versus immigration subie"*⁸⁶), which other countries had been doing for years.

A recent study carried out for the French Senate however tells of a still somewhat: *"discouraging landscape of administrative convolution, heavy taxes and inflexible labour*

⁸² World Bank (1994). Higher Education: the lessons of experience. World Bank, Development in Practice series. http://siteresources.worldbank.org/EDUCATION/Resources/278200-1099079877269/547664-1099079956815/HigherEd_lessons_En.pdf

⁸³ Campus France 2008. http://editions.campusfrance.org/chiffres_cles/brochure_campusfrance_chiffres_cles08.pdf

⁸⁴ Chevènement Law 98-349

⁸⁵ For detailed information, see Lucie Cerna. Competition for the best and the brightest: The case of France. Paper prepared for 'Séminaire général du Centre d'études européennes', Sciences Po, France (3 June 2010)

⁸⁶ <http://www.vie-publique.fr/actualite/dossier/immigration-choisie/immigration-vers-politique-immigration-choisie.html>

legislation.”⁸⁷ These three points of: 1) administrative facilitation, 2) tax incentives and 3) legislative sector focus; seems to be the main obstacles to attracting brains.

One can thus assume that for developing countries these initiatives should serve as the absolute minimum common denominator for return of nationals, or for the arrival of new highly skilled persons. I will outline the three points in the following paragraphs:

i) Administrative facilitation

Many initiatives exist in addition to the EU Blue Card: Germany, France, and Norway have introduced regulations that allow foreign students to remain in the country on completion of their studies and obtain a work permit on the basis of their skills (‘switching’). Germany has introduced the Green Card System and Ireland has moved to fast-track work authorizations for the highly skilled. The British government has introduced a Highly Skilled Migration Program, allowing highly skilled workers entry to the UK without a prior offer of employment. The UK has also introduced a new pilot scheme to enable multinational companies to self-certify work permits for their intra-company transferees. Finally, Denmark changed immigration regulations in order to attract more highly skilled workers by automatically covering spouses by the permit of the initial applicant.

As for Africa, strict and costly visa regulations coupled by heavy administrative paperwork represent an initial burden for the curious. Needless to say, ECOWAS countries present policy obstacles of entry visas, for instance in the specific case of entrepreneurs where lengthy and untransparent procedures make them stay away. The Doing Business 2010⁸⁸ underlines that no specific initiatives were made in terms of business legislation in countries such as Cote d’Ivoire, the Gambia, Guinea and Mauritania. In the rest of ECOWAS there were reforms on export, salary taxation, loans, corporate income rate and several creations of one-stop-shops for starting a business. Further reforms of sectors such as banks would also be necessary to attract their high skilled nationals back ‘home’.

ECOWAS countries need to implement reforms beyond the entry level, and might consider conducting spouse-politics, guarantying jobs in development for educated spouses (in partnership with the major donors, ONG’s, universities and so forth). Additionally, opportunities of good schooling again become a key component to attracting highly skilled migrants with children.

ii) Tax incentives:

The Netherlands can serve as an example of favorable tax rules for foreigners contemplating a move. In 1995 the country set up tax incentives to attract the highly skilled implying that

⁸⁷ ftp://ftp.cordis.europa.eu/pub/indicators/docs/pckfbd_snap6.pdf

⁸⁸ Doing Business, ECOWAS

http://www.doingbusiness.org/Documents/RegionalReports/DB10_Economic_Community_West_African_States.pdf

foreigners who are starting to work in the Netherlands may be granted a special tax-exempt allowance of 30%⁸⁹.

Developing countries such as India and Taiwan have been successful in attracting highly skilled workers among other through tax exemptions. Additionally, cases such as southern Spain show that tax rules coupled by attractive and safe residential areas with access to infrastructure (and sun) can attract retirees of all nationalities. If Morocco is starting to become a new retirement paradise, then why not Senegal, the Gambia or Cap Verde?

iii) Legislative sector focus:

The case of international health and medical workers is a classic example of facilitated mobility, for example through the UK permit system mentioned above. The fast tracking of scientists and IT people is also becoming generalized in countries such as the UK, Ireland, Germany, Denmark, the Netherlands and Belgium.

France has made shortage occupations lists that can benefit from fast tracking: The two lists concern respectively; nationals of ten EU member states subject to transitional measures comprising 150 occupations, (including those with low skills); and third-country nationals including 30 skilled occupations⁹⁰.

An example of West African sector focus is Mali's Malaria Research Training Center (MRTC) which we will treat in detail in paragraph 7.

C) INVESTMENT IN HR, CAREER DEVELOPMENT

The Public sector should be a motor for attracting skilled nationals back to their countries of origin. However, while the Burkinabe Minister for Youth and Employment on his promotional tour to France in 2009 reportedly recruited two members of the Diaspora, no policy or politics of attracting nationals to state positions exists. Furthermore, the West African states generally don't guarantee substantial career opportunities to nationals that have chosen to stay put in their country of origin, neither to those wishing to return⁹¹. These individuals are therefore forced to see state working as a stepping stone with 'stable' income to launch private, side activities (see UNESCO funded 'African middle classes project'⁹²).

With untransparent recruitment policies (including gender disparities⁹³), low salaries, interchanging contracts, blurred career opportunities, questionable union support as well as low levels of accountability and largely politicized management, today's African state system has basically stopped attracting professional career civil servants.

⁸⁹ Subject to a requirement that the vacancy could not be filled with a Dutch person.

⁹⁰ Regnard, C. (2009). *Rapport du SOPEMI pour la France*. Paris : Ministère de l'immigration, de l'intégration, de l'identité nationale et du développement solidaire. Page 244

⁹¹ See UNESCO and AFD funded project 'African middle classes': <http://www.classesmoyennes-afrique.org/en/>

⁹² See UNESCO and AFD funded project 'African middle classes': <http://www.classesmoyennes-afrique.org/en/>

⁹³ See Camilla Stivers (1990) in "Gender Images in Public Administration: Legitimacy and the Administrative State". Thousand Oaks, CA: Sage

Secondments might be part of a governance regime for attracting brains or mitigating brain drain. If secondments – or the exchange of civil servants for a limited period - are a widespread trend throughout the public service of developed countries, it generally functions as a carrot for career development of national functionaries.

One should thus thoroughly question why such a system is lacking for Africa: International organizations and development ministries would here be able to contribute directly to the development and retention of African civil servants through offering them a limited period of learning and professional enrichment in the course of their African careers.

D) CREATING POLITICAL WILL

Countries such as Australia, Canada and the United Kingdom regularly publish reports on how much immigrants bring to the economy, tax system, innovation etc. Without country specific data and reports on the economic utility of returning migrants in Africa, political efforts for encouraging local openness will be very hard sought. In the case of France, studies have showed that France needed high-skilled immigrants because its education system had been inefficient for many years. The Economic and Social Council (ESC) stated that France did not produce enough graduates: *“less than 150,000 French individuals per year obtained a BA or a higher degree. This number of students would have to increase by 35,000 per year to balance the number of individuals retiring.”*⁹⁴

The same sort of background information would be valuable for each West African country in terms of costs of education and migration. Data could also be linked to networks such as the example of the South African Network of Skills Abroad (SANSA)⁹⁵. It allows the graduates to keep in touch with their universities and it allows data collection on the number and geographical location of expats and – most importantly - on circulating local job offers. This could facilitate policy making towards brain export measures.

Apart from data, political will nonetheless depends on actors lobbying for policy making, and the possible return of highly skilled nationals may not always be a political priority in Africa. Firstly, while I have evoked the political reasons for policy making throughout the paper, I have not underlined the political reasons for emigration.

One should not rule out the possible political motives of the current outflows, e.g. a defiance towards the state system or towards the political regime in place. Consequently, keeping the Diaspora abroad might also be a political objective. Hence, the dissociation between the elites abroad and the origin states will increase, and this phenomenon further complicates the

⁹⁴ Kretzschmar, C. (2005), ‘France’, in J. Niessen and Y. Schibel (eds), *Immigration as a Labour Market Strategy – European and North American Perspectives*, Brussels: Migration Policy Group. In Lucie Cerna. Competition for the best and the brightest: The case of France. Paper prepared for ‘Séminaire général du Centre d’études européennes’, Sciences Po, France (3 June 2010)

⁹⁵ <http://sansa.nrf.ac.za/>

implementation of common projects for the transfer of skills to Africa⁹⁶. This largely decreases the political will to lobby for specific brain exchange measures.

When looking at the interest groups against and for highly skilled return/immigration in developed countries, one might question who is left to pull high skilled migrants back to West Africa:

- Native high-skilled workers will oppose open HSI policies because of labor market competition⁹⁷. Neo-classists such as George Borjas have elaborated the argument that with the immigration of high-skilled workers, the supply of qualified workers increases, which in turn decreases the wages in the sector⁹⁸. In Africa the consequences supersede this by actually pushing high skilled workers into low skilled positions with minimum wages, or induce brain waste.
- In developed countries, native low-skilled labor organizations are moderately pro-HSI due to complementarity effects. Barry R. Chiswick in *'High skilled immigration in the international arena'* explains that they may benefit from HSI because of greater productivity and wages through increased demand for labor services⁹⁹, which is indeed the case in Africa. However, their access to government and their integration in policy making is limited. As Georg Menz claims, organizational power is the result of representation of actors, organizational centralization, plus access/linkage to government¹⁰⁰. *"Overall, high-skilled workers will be represented and have influence in countries with a strong union movement, high unionization and a strong access of unions to government. The contrary will be the case in countries with a weak union movement, low high-skilled unionization and limited access to government"*¹⁰¹.
- In Europe, the main interest group fighting for HSI are the owners/employers in high-skilled sectors (e.g. high-tech, engineering), who will be strongly in favor of HSI since they may benefit from lower wages and the sustained ability for growth. As one might imagine, this is quite the opposite in Africa.

As follows, actual political will is not only proven by policy but rather by implementation.

⁹⁶ Such as the project 'Tres por Uno' in Mexico, where the federal and municipal state adds a dollar each for every dollar sent back by the Diaspora. See Ellerman, D. 2003. *Policy research on migration and development*. Policy research working paper 3117 Washington DC, Word Bank

⁹⁷ Lucie Cerna. Competition for the best and the brightest: The case of France. Paper prepared for 'Séminaire général du Centre d'études européennes' June 3rd. 2010.

⁹⁸ Borjas, G. (2003), 'The labour demand curve is downward sloping: re-examining the impact of immigration on the labour market', *Quarterly Journal of Economics* 118(4): 1335-74.

⁹⁹ Chiswick, B. (2005), 'High skilled immigration in the international arena', *IZA Discussion Paper* 1782. Bonn: IZA.

¹⁰⁰ Menz, G. (2007). 'Employers, trade unions and labour migration policies: examining the role of non-state actors'. Paper prepared for the European Union Studies Association Conference, Montreal, Canada, 17-19 May 2007.

¹⁰¹ Lucie Cerna. Competition for the best and the brightest: The case of France. Paper prepared for 'Séminaire général du Centre d'études européennes' June 3rd. 2010.

THE SUCCESS EXAMPLE OF MALI

A project under the reign of biotechnological aid (amongst other by the European Union BioMalPar Network) has been most effective in attracting highly skilled persons to Africa through the support of the Malaria Research Training Center (MRTC)¹⁰² in Mali.

This represents an example of measures to counter brain drain through the mentioned formula of:

i) Budget expenditures: investment in education, scholarships, post-doctoral studies R&D, technological equipment and infrastructure and so forth ii) regulation, tax incentives, legislative sector focus, iii) investment in HR, career development and iv) pressure for political will.

MRTC's work has not only resulted in a significant drop in malaria in many areas, but also in the return of 40 postgraduates to Mali, amounting to five generations of scientists since the Center opened. The scheme is now being exported to other countries in the sub-region, including Senegal and Burkina Faso. MRTC is also developing research groups to focus on diseases beyond malaria including HIV, leishmaniasis and lymphatic filariasis.

A) Budget expenditures: investment in education, scholarships, post-doctoral studies, R&D, technological equipment and infrastructure

MRTC chooses the top graduates from Mali's university and medical schools and submits them for PhD and Masters qualifications abroad. According to Professor Ogobara K Doumbo, director and co-founder of MRTC: *"If I send a Malian to the US, I want to be sure he is in good hands, with a man who cares about the culture and returning [to Mali]."*¹⁰³ The groups to which Doumbo's students are sent are part of a research network that are collaborating with MRTC on several projects, whereof many send their own scientists to work on Malian projects at MRTC

The graduate's of Mali's Malaria Research Training Center are obliged, through their contract, to return to Mali to work, not only at the end of their studies, but also during vacations. After they return, MRTC pledges to provide a suitable working environment for the scientists – including equipment and facilities they have worked with during their studies¹⁰⁴. *"If a PhD student comes back and he is not able to perform molecular biology with PCR or genomics in Mali he won't stay here,"*¹⁰⁵ says Doumbo.

B) Regulation, tax incentives, legislative sector focus

The Malian government has played a role in helping limit the brain drain for MRTC. In addition to guaranteeing positions at the university or medical school to returning postgraduates, it helps facilitate the bureaucratic procedures that regularly delays drug and vaccine research in many countries.

¹⁰² <http://www.malariagen.net>

¹⁰³ <http://www.tropika.net/svc/interview/Anderson-20090603-Profile-Doumbo> Tatum Anderson, TropIKA net, july 3rd 2009.

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¹⁰⁴ According to Tatum Anderson, the MRTC has state-of-the-art freezers, fume hoods, polymerase chain reaction machines and fully-networked computers that are linked to the National Library in the US

¹⁰⁵ <http://www.tropika.net/svc/interview/Anderson-20090603-Profile-Doumbo> Tatum Anderson, TropIKA net, july 3rd 2009.

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C) Investment in HR, career development

A good working environment includes the potential for career advancement. Many, for instance, are offered research groups and responsibility for research grants quite early on. Furthermore, the investment in technological infrastructure allows sites 800 km from Bamako to have access to the internet via satellite. That means scientists in the field have full access to journals and can continue their education through e-learning courses. The scheme thus strives to be one of career progression, personal fulfillment, job security and a stimulating work environment.

D) Pressure for political will

The current situation appears to have been reached through hard negotiations with the government. MRTC therefore underlines that a strong bargaining position is vital: *“We are always publishing science [in international journals], helped by the national malaria control programme and in our study areas where we have field [tested] we’ve reduced significantly the deaths due to malaria and people [in government] are seeing that,”*¹⁰⁶ says Doumbo.

As a conclusion, the MRTC manages the way the country’s most promising scientists receive higher education around the world. Importantly, it relies on a mutual understanding between MRTC and Malian scientists that recognizes both the needs of Mali as well as those of individual scientists. The compact appears to be attractive, judging from the number of graduates who have returned to Mali so far.

CONCLUSION

There is a gap between the politics of poverty reduction and the policy implication regarding attracting skilled human capital both in sending and receiving countries. While some might underline the lack of opportunities for highly skilled persons in Africa, this article has looked at the possible incentives to improve the current situation of brain drain and possibly creating a governance regime on high skilled migration.

In conclusion, whereas one observes a rising number of initiatives for creating brain gain in Africa, the development efforts of the origin countries remains the prerequisite to attract skills in an efficient manner¹⁰⁷. The countries of the Maghreb and South Africa remain the precursor countries in this regard. While in the case of West Africa, Senegal has taken the leading role. In most West Africa states, however, the management of the gold mine represented by the mobility of skills seems to be wasted.

In the current state of brain *strain*¹⁰⁸ in West Africa, brains risk being *wasted* if they stay in the

¹⁰⁶ <http://www.tropika.net/svc/interview/Anderson-20090603-Profile-Doumbo> Tatum Anderson, TropIKA net, july 3rd 2009.

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¹⁰⁷ See Global Commission on International Migration.

¹⁰⁸ B. Lindsay Lowell, Allan Findlay and Emma Stewart BRAIN STRAIN - Optimising highly skilled migration from developing countries Asylum and Migration Working Paper. 3 August 2004. Institute for Public Policy Research

sub-region, and they are easily *drained* ¹⁰⁹ towards Europe through attractive policies. This is not coordinated through a strategy of brain *export*.

While projects for brain *circulation* are being implemented in cooperation with international organizations, the lobbying for fruitful brain *exchange* programmes has been minimal. West Africa is therefore still subjected to the negative effects of brain *globalization*.

Exchange of best practices across ECOWAS countries, and in coherence with EU policies, should be encouraged; focusing on the mentioned formula of: i) Budget expenditures: investment in education, scholarships, post-doctoral studies R&D, technological equipment and infrastructure and so forth ii) regulation, tax incentives, legislative sector focus, iii) investment in HR, career development and iv) pressure for political will. In the current political context of global competition for high skilled labor from EU and insufficient lobbying and political will from West African countries, ECOWAS initiatives for monitoring and improving policy coherence thus might be an effective way of instating migration governance schemes for the return of brains to West Africa.

¹⁰⁹ B. Lindsay Lowell: *High skilled mobility. Changes and challenges*. Presentation to the United Nations “International Symposium on International Migration and Development,” Turin, 28-30 June 2006
http://www.un.org/esa/population/migration/turin/Turin_Statements/LOWELL.pdf

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Migration and European Policy of Multiculturalism – A Russian View

By Igor Sergeyevich Metelev

The author examines trends in communicative actions within the boundaries of the migration experience, the ways of thinking about the phenomenon of migration in collaboration with the social environment, and on this basis, the direction of the localization of the citizens' conflicts in the policy of multiculturalism. In EUFAJ 3-2010 he published an article about the U.S. Immigration Policy and what consequences Russia might take – this time it is Europe. The author is Head of the Logistics Department of the Omsk Institute – affiliated to Russian State University of Trade and Economics (RSUTE) and a postgraduate for Ph.D., Department of Philosophy,

The problems of multicultural education are being actively discussed in foreign and domestic social sciences and humanities, including the optimization of contemporary migrants. As emphasized in the modern Russian science, its effectiveness is largely located outside the educational effort and depends on the "socio-political realities", although multicultural approach is a "tool" of a democratic and human social environment, harmonization of relations between different types of civilization¹¹⁰. It leads to the objective desire for integration, identification of cultural and educational field within the joint international and local activities in the elimination of negative precedents and inhumane processes.

Philosophical and political science approach emphasizes universal phenomenon "a genuine migration" in terms of global development, the possibility of implementing the ideas of the "path", the "breakthrough" of borders earlier "reached" in the elements of a dynamic experience. Meanwhile, the end of the XXth century has demonstrated that this process has little in common with economic and recreational tourism, which is far from traditional travel and adventure, or economic emigration in search of work. The democratic appeal "Freedom is the freedom of movement" is now obscured by the problem of defense against refugees, the cultural interaction is displaced by environmental problems of survival. As a result, information and communication revolution generates cultural homogenization, although "untrodden paths of heroes remain as attractive places, if not in the present, but for the future"¹¹¹.

Thus, the true migration is related to the present time, its new developments, areas, landscapes. For Russian citizens the factor of European culture as a comprehensive system is the basis for connecting the manifold world of values and traditions, both historical spiritual mode

¹¹⁰ Dzhurinsky A.N. Multicultural education in a foreign pedagogy: Problems of Philosophy, № 10, 2007, p.41.

¹¹¹ Kasavin I.T. "A person traveling": ontology path and the terrain // Problems of Philosophy. 1997, № 2, p.84.

and close cultural existence. Personality is not reducible to its immediate givenness, it is in continuous formation, implements multiple potency and, through this, is "always on the go, with all the ups and downs. But he is the product of "new communications" when traveling loses the "heat of bona fide human contact, the dialogue – the necessary atmosphere of intimacy," which reminds according to M. Blyumenkrants rather "a visit to a prisoner under constant supervision ... a mediator of a telephone or electronic apparatus." The modern *homo migrationis* as a universal phenomenon is fast and portable due to the technical means of modern service of hyper-industry. "All my possessions are with me and so I am always on the go", travelers joke¹¹². Of course, the old way of life, slow pace of life, the house "is not a halt, remain. But today, socio-cultural centers are lost, but they keep the meaning of human existence and the world and the people are immersed in the private micro-space, their migratory existence is no more but a pleasant promenade of everyday pleasures of anti-cultural pastime".

We have to refer to this analysis, because the problems of a "migrating human" forms a specific conceptual and complex problem as a combination of traditional and innovational concepts and categories in the relationship of understanding and explanation of certainty of the perspectives in living processes. The displacement of citizens in the phases of social-cognitive attitudes detects such conjugated fragments as migration experience, migratory existence, migratory behavior, migratory fate that enter the inner nature of a man.

However, the strategy of assimilation of other nationalities remains the leading in developed democracies. Moreover, a controversial alternative appears for the purpose of the displacement of ethnic minorities, as, for example, the situation with Gypsies as an undesirable element in France in the end of 2010, the attacks by a number of political parties of Great Britain against the Muslim community for their "apparent desire" to dominate in the cultural and religious life (in anxiety and panic, as if it was a real penetration into the government). Similar problems are found in Russia, the first acts of open worship and religious rites on the squares and in the streets were observed in Moscow in November 2010, during the days of the holy festival of Ramadan. But the administrative authority of the city showed an excerpt and disciplinary restraint to avoid giving the events of the motif of the organization of "islamized" public space.

Today we should not talk so much about the socialization of migrant adaptation, but rather about pluralization of lifestyles, behavior and thinking, and as a result the dominant "we" should not speak for "them" as private criminal gangs, by contrast, together with "them", in recognition of diversity of individual and personal qualities. But the fact that "others-strangers" - in some cases even "our citizens" - are not perceived at all, or seriously, when a field of indifference, ethnic conflict corresponds to the public sentiments and interests. The normative model behavior differs from group to group, from culture to culture, but it should take each other's roles to achieve the conventional agreement. Today, complex societies, including those that are coming to the movement on the basis of mass migration processes should be turned to the exclusion of communicative misunderstanding, the neglected integrity of interpersonal

¹¹² Blyumenkrants M., In Search of a Name and Face. Phenomenology of Contemporary Landscape: Problems of Philosophy, 2007, № 1, p. 49, 50-54.

relations.

Is there such a level of relationship in a pluralistic society? If yes, so the majority of citizens share the generally accepted value system. But in this situation there is diversification of views according to the ideas of the social order, the essence of the human nature, moral and psychological qualities, ethno-national features, structures of spirit. For this reason, it is difficult to specify what people must be aware of and what should be explained to people to avoid undesirable behavior tendencies.

In this regard, for example, tolerance should not be seen in the abstract and humanistic sense, but in a realistic explanation and understanding. K. Mannheim develops a relevant idea of tolerance: it is nothing but "a worldview statement about the tendency to exclude from public debate any subjective or associated with certain groups the content of faith, ie, the substantial irrationality and adopt an optimal functional behavior."¹¹³ Accordingly, mass psychoses and prejudices should be excluded, the moral debate should not be transformed into ethnic and religious strife. K. Mannheim says: people should get used to the self-restraint in their reactions and actions, although most of them can see and understand only a part of the social process, explain the social interlacing, but gradually they get used to "reflect on the whole." Only "in the little" the highest stage of social rationality and morality develops "as the stage of planning". An important argument by K. Mannheim is that, on the one hand, the realization comes that one should think over the longer paths of development and act in the direction of social harmony, for example, "based on the requirements of conscience", on the other hand, there is a "dominant large social group" that intends to capture the planning of public affairs and undertakings, to use it "to do harm to other groups."¹¹⁴

Today we are witnessing the fact that such "one-way planning" means impediment for the process of adaptation, especially in relation to groups of migrants. Extremely negative is the tenet of the "Great Antimigration Wall" by some academics and politicians in Russia¹¹⁵, which negatively affects the mental-psychological life of the citizens, limits the processes of transformation of the society and the man, especially since the country came to a movement that is unstoppable.

As it is known, the historical experience of America demonstrates the effectiveness of the "melting pot" as a homogeneous nation, although in recent years they are compared with a "salad dish" as a form of spiritual and cultural diversity, and in some negative evaluations they are like a "Layer Cake" which is about to begin to disintegrate. An American sociologist Ch. H. Cooley explains the universal conflict: For example, an American family adopts a Chinese baby and brought it home to America, the baby's natural history is rooted in China (the physical appearance, the mentality). But the "social history" has to be related to a new country (the surrounding people, manners, ideas, and American political and educational institutions, excluding only the difference (if any exists) between the innate ability to learn and the abilities

¹¹³ Mannheim K. *Diagnosis of our time*. Moscow: Jurist, 1994, p. 304.

¹¹⁴ Mannheim K. *op. cit.*, p. 307.

¹¹⁵ The Great Antimigration Wall / <http://bg-znanie.ru/print.php?nid=347947>

of other American children. "The Chinese language and the American way will meet in his life,"- sums up Ch.-H. Cooley¹¹⁶. But this, of course, is the idyllic picture.

For example, in modern Europe, this line of thought is not confirmed by the outcome number of migratory processes, as the dominant value again is the idea of assimilation. So recently German Chancellor Angela Merkel made a loud and sensational statement (in confirmation of previous findings of the politicians) that the policy of "multiculturalism", i.e. the intention to ensure the principle of "living together and appreciate each other" in relations between indigenous people and migrants, has failed. In her opinion, even potentially the assimilation process will lead to self-liquidation of the traditional social system, which does not need an influx of people from other countries, and today the public mood in Germany corresponds to the right-hand populist views of politicians. First of all, the Turkish factor was underrated, along with its geopolitical significance, Turkey, along with maintaining their own identity, strengthened its influence on European processes, often from the inside.

In the socio-psychological sense the coordination of social actions is the personal readiness to behave differently than it has been dictated by their interests before (in fact there are new objects of inter-ethnic situation.) It should be "to penetrate the soul" of another person, take into account the peculiarities of his fate, the nature of past experience, as a consequence, to develop the ability to effectively take the role of others, to take into account the quality of the individual difficulties of every person. In this regard, the Russian leadership's actions during the period of recent interpersonal conflicts lay in the fact that groups of citizens have achieved understanding of the trends of a civil conduct, knew how to reconcile private opinions in the direction of social cohesion (which makes their further mutual adaptation possible and thus reduces social tensions). The formation of common reactions, based on the review of the past behavioral patterns can predict how it will behave around, although it is a relatively long process.

In this respect, it should not resume the arguments about the old feelings and hurt, but the change in regulatory responses, "the fact of participation in dialogic interaction must be necessary. Its members can be "warm" and "credible", and as a consequence, there is an agreement on a number of values (the effect of "joint action" within the established consensus). As a result, the acts are committed, just as people await their turn in public places, i.e., when they can wait and not interfere with each other. The emotional order of the senses is located within the new ideas about the typical, regulatory nature of social situations.

But this requires a change in moral situation in the Russian society. The moral meaning of the behavior, social ethics, imply the achievement of social and human understanding and solidarity. However, modern productive labor migrants are included in the economy through the monetary mechanism. According to N. Lumanu, in the foreground there are new forms of sociality, involving no interpersonal interpenetration, but the pragmatic orientation. This excludes the full inclusion of "human complexity in the complexity of another" when morality is

¹¹⁶ Cooley Ch.-H.: Human nature and social order. Moscow: Idea-Press, the House of intellectual books, 2000, p. 3

not merely unnecessary but should be avoided as a factor.¹¹⁷ Naturally, this affects the welfare of the majority of migrant workers as cheap labor. Only a gradual change in the forms of social differentiation make possible the motives of mutual respect as a process of enhancing social interaction, including the slogan of the European Union: market economy, but not a market society.

This underlines the special role of public morality, which must be weighed against the human rights provisions on registration of citizens, restrictions on number of expressions of "not in favor of" certain groups of citizens. What is the most important, as RG Apresyan notices, "the morality in action", its specifications for the realistic assessment of moral practice. Ultimately, social ethics contribute to an atmosphere of public benefit, solidarity and reconciliation, though the behavior patterns, the standards and lifestyles are not fixed.¹¹⁸

We are talking about specific difficulties, such as evaluation of other customs and traditions. In the socio-psychological sense people, even against their will, view them through their own prism (as a result the ethnocentrism appears). The fact that everyone likes their own environment and understands their own behavior better than of other nationalities - this phenomenon is relatively normal. But such differences cannot be turned into a superior quality of the relationship to other ethnic groups and, the most important, to bring that to the level of ethnic prejudice to justify discriminatory attitudes towards a particular group of citizens (it is not xenophobia as the aversion to the foreign). That is what happened in December 2010 with the fans¹¹⁹ (with the overlap of the traffic and further meetings and speeches). The phenomenon of this relationship is to transfer attention from an incident to the national identity. According to the world experience, in the period of racial discrimination in the United States the crimes were differently classified: if the white stole, he was a thief, if it was the black person who stole, he committed a criminal offense. This phenomenon is highly indicative: it is clear that the killing could make a fan in a street of any nationality (not only "Caucasians"). But we should recognize that the ethnic groups in Russia are in westernized space - they are from the "other" social space and exhibit opposite types of understanding, when, in the witty remark by P. Ricoeur, one can only be "a bet on the connectedness of events."¹²⁰ In particular, for other national groups the behavioral maximum is not clear: all the decent is natural, but not all natural is decent.

Today, in relation to migrant workers in Russia we should first seek the general rules of ethical and cultural behavior, which suggests, firstly, a mechanical or "memorized" morality in the form of elementary expressions of greetings, favors, verbal reactions in typical situations of communication; secondly, the stereotyped morality as a semi-automatic execution of accepted norms and patterns of behavior, cultural habits, forms of communication; finally, the conviction of morality as the achievement of individual inner understanding of moral principles and ideals of value orientations on the level of consciousness. Such a behavior of level plan in

¹¹⁷ Luhmann, N.. Social Systems. Sketch a general theory. SPb.: Science, 2007, p..317

¹¹⁸ Apresyan RG: The notion of public morality (the experience of conceptualization) / Problems of Philosophy, 2006, № 5, p. 5.

¹¹⁹ Editor's note: football fans in Moscow

¹²⁰ Ricoeur P.: The conflict interactions - M.: Medium. - 1995. - p.59

the sense of life is matched with the world of manners as sustainable cultural attitudes due to the direct influence of the environment (the world's morals of outskirts of large cities, specific professions, ethnic backgrounds, places of residence).

In the relations between the individual migrant worker and his relevant environment there are the following options: a person completely leaves the "maternal environment", remains fully within its limits, partially digests the value of the new environment, and combines them with traditional surroundings. In the latter case he may orient to the new values, but he cannot be taken in perspective of life world, a return to native soil also does not go for him "without a trace." In this case, the migrating entity is on the border of two environments (worlds), and its status can be equated to the marginal. As it is known, the nature of ethnic prejudice is in the fact that people do not realize their bias and even consider them quite natural, supported by the facts of personal relationships. They are traditionally preceded by stereotypes as a standard of semi-perception.

From the perspective of the European ethics, G. G. Kegler found the position of distribution of "the universal normativity of another person" essential, it is a promising answer to the "challenge of normativity, which suggests specific recognition of others and care about them as the need to meet face to face."¹²¹ In particular, the social experience of migrants must be significant for the people belonging to other traditions or "dissident" members of this tradition. On this basis, the universally normative setting is developed, it is able to avoid repressive "shortcomings" of conservative concepts of morality. The dialogical recognition of the "other" orienting to his world makes the recognition of "self-understanding of another, i. e. from his position, in order to adequately understand and explain his behavior. Abstract selfish meaning of the formula "everyone has what he deserves" in the moral and human sense, especially to those who find themselves in distress, means "misfortune of the miserable person", "happiness of the happy person" that ultimately appears as an expression of inequality.

The educational factor must serve as the connection determinant of an object to what this person needs, what he is interested in. We can talk about non-scientific methods of orientation in the society at the level of everyday ordinary experience, but they can be included in the daily activities and are the most desirable.

Today the recurrence of barbarism are diverse, they cannot be excluded in Russia and its future development. In this case, "the man's relation to a man" must exclude the uncivilized mind and inhumane acts. As pointed out by N. V. Motroshilova, the mechanism of civilization lies in the social reciprocity of the action, closely integrated with ethical issues ..." The point is that it is almost profitable and at the same time moral, noble "not to encroach upon the life, health, human dignity of others, not to conceive against them hostile, inhuman, merciless acts." The general civilization face of the country, its regions, the attitude of the scale of the world community¹²² depends on this, and it is a concern of the Russian political leadership.

¹²¹ Kegler, G. G., Ethics after postmodernism / Problems of Philosophy, 2006, № 3, p. 114

¹²² Motroshilova N. V., Barbarism as the flip side of civilization: Problems of Philosophy, 2006, № 2, p.48

Today, the Russian leadership transforms, if we use the idea of contemporary French philosopher F. Fede, from the design of the "power over someone" to the position of the "power what to do".¹²³ In this respect, the French philosophical culture is invaluable. In 1975 the French "new philosopher" A. Glucksmann made the assumption that the ruling Soviet elite is gradually becoming western. But according to the Paris Institute for Strategic Studies, the prominent Russian political analyst A.S. Panarin speaks about the arrival of the "internal racism" in the Russian society, i.e. the arrogant attitude by the "native Westerners to the citizens." As for the separation of the "Westerners" and "Slavophiles" there remains a dilemma: rush into the "European house", or into national original civilization. Sh.-M. Talleyrand warned of "instilling a false sense of security", those who are called imitators of Europe, it does not generate (in contrast, their opponents instilled a false sense of danger). The expert of the political life Duverger says that "the national character can enhance the political tendencies." But it is always urgent, as a French philosopher and psychologist Jean Politzer says "we convert the dramatic events into the spiritual processes".

¹²³ Fede F., The Imagined. The Power. - M.: Editorial URSE. - 2002 - p. 93

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Foreign Direct Investment in Serbia – Climate, Problems, Sectors

By Jasmina Murić

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LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
ICT	Information and Communication Technologies
OECD	Organisation for Economic Cooperation and Development
RATEL	Serbian Telecommunication Regulatory Agency
RTS	Serbian Broadcasting Corporation
SIEPA	Serbia Investments and Export Promotion Agency

INTRODUCTION

Presentation of the topic

In the past sixty years, foreign direct investments (FDI) have been fluctuating mainly in response to a few factors such as technological development, the need for support to countries damaged after the Second World War and the globalization of business (Moosa, 2002: 16-18). In the aforementioned period, Serbia as a part of former Yugoslavia has had great experience with FDI because it was open to Non-Aligned Countries in addition to Western European markets. The disintegration of Yugoslavia led to a difficult period for economic development and a stagnation and withdrawal in FDI. Currently, “Serbia” s economic development is a very important factor in strengthening the stability of the country, and this development is not possible without the entry of new foreign capital and external incentives” (Muric, 2010).

Foreign direct investments are considered as one of the most beneficial and safe forms of international capital flows and the financing of restructuring and development, because both offer direct access to foreign markets, as well as to modern techniques and technologies in the sphere of production and management, which should therefore enable Serbia to enter in competition with other world markets.

Statement of purpose

The aim of this thesis is to help foreign investors which are willing to invest in Serbia to understand the business environment as well as the business climate. In a clear way it presents the changes that Serbia has made in the past years for attracting investments, so that foreign investors would have a clear picture what they could expect and enable them to predict the future possible changes and trends. Moreover it also aspires to indicate to the state which are the main problems and what are the main reasons for driving back investors, in order to make improvements and create more opportunities.

Methodology and Literature

The methodology is based on critical analysis of official documents and legal acts of numerous institutions, reports, scientific literature. Moreover the empirical research on FDI is collected by SIEPA. It was also complemented with interviews with civil servants such as the Serbia Investments and Export Promotion Agency. One of the important limitations when making research was the lack of scientific literature on the topic of foreign direct investments in Serbia.

Structure of the main body

In the attempt to find the answers to the raised question, the thesis is devised into four parts. The first chapter introduces the theoretical approaches in analysing the concept of foreign direct investments and gives a precise definition which will be used later on. The second chapter tackles the investment climate in Serbia and aims at analysing whether the necessary economic and political factors are met in order to attract foreign investments. The third chapter attempts to give an overview of foreign investments in Serbia, with a sector specific case study of the energy sector and ICT sector. The last chapter provides an in-depth presentation and assessment of the main institution responsible for attracting foreign investments in Serbia, namely the Serbia Investments and Export Promotion Agency (SIEPA).

CONCEPT OF FOREIGN DIRECT INVESTMENTS

Moosa (2002) states that direct investments are one of the most dynamic elements of the modern world economy. After a period of stagnation in the early eighties, there has been an acceleration of growth of foreign direct investment from 1985 lasting till 2000. It has been universally recognized as one of the most important manifestations of the globalization process. Its dynamic growth in the nineties of the twentieth century became also an important factor in increasing internationalization of economic processes. At the time, foreign sales reached a level comparable with world exports of goods and services. The amount of trade exchanges between enterprises and their foreign subsidiaries accounted in 2003 approximately one third of world trade showing an increasing trend. Such a large increase in foreign investment during that period according to Moosa (2002) was the result of several factors.

First factor was the technological advance, especially the revolutionary changes in the processing and transfer of information. Inventions such as computer and satellite communication and their cost decrease, increased the technical ability to expand business abroad. It also encouraged multinational companies to allocate different activities in these countries, so they could make the highest profits.

Secondly, it affected the political and economic changes. The past thirty years have been the period of integration processes, especially in Western Europe. Progress in integration within the European Economic Community and the European Union (EU) led to a systematic elimination of restrictions on movement of capital between the countries of the Commonwealth. In addition, foreign investors activated the rapid acceleration of integration processes in the late 80's and 90's of the 20th century. Furthermore, the vast majority of developing countries opted for pro-market direction of development, when deregulation, privatization and opening up the accumulation of the world economies encouraged foreign capital to seek opportunities for profitable investments in Eastern Europe, South America and Asia.

Definition of FDI

Foreign investment is a form of international transfer of capital, defined broadly as a movement of capital recorded in the balance of payments. Foreign investments are divided into two categories:

- Direct investment (FDI);
- Portfolio investments.

Foreign direct investments are the most advanced way to enter foreign markets. In economic literature there are various definitions of FDI. P. Krugman and M. Obstfeld (2009) define FDI as an international transfer of capital to establish a branch in another country and to exercise its control. The definition of these authors emphasizes that the foreign direct investment shall be construed as investment made in a country other than the investor's country of origin, consisting of locating capital (usually long) in a foreign company in order to achieve effective management control of this company as well as to achieve profit. The concept comprises:

- Purchase of existing shares in foreign companies;
- Establishment of new subsidiaries abroad;
- The establishment of a joint venture with a foreign entity;
- Acquisition of property abroad for expanding their activities.

The Organization for Economic Cooperation and Development had published a *Benchmark definition for Foreign Direct Investment*, its definition of FDI has been internationally recognized and it states that “Foreign direct investment reflects the objective of obtaining a lasting interest by a resident entity in one economy (“direct investor”) in an entity resident in an economy other than that of the investor (“direct investment enterprise”). The lasting interest implies the existence of a long-term relationship between the direct investor and the enterprise and a significant degree of influence on the management of the enterprise. Direct investment involves both the initial transaction between the two entities and all subsequent capital transactions between them and among affiliated enterprises, both incorporated and unincorporated.” To put it in other words, direct investors aim at acquiring ownership of assets for “the purpose of controlling the production, distribution and other activities of a firm in the host country” (Moosa, 2002: 1).

The definitions given above show that authors agree on the need to exercise control over the company by a foreign investor. The right to exercise control by the investor is important since it enables policy shaping and decision-taking influencing in all areas of its business. Direct investments are not just a simple transfer of financial capital, which aims to bring only benefit from a global business strategy. Finance capital is more a facility for moving boundaries set by the factors of production in order to effectively exploit and fully accomplish their comparative

OMAHA UTAH GOLD JUNO SWORD NORMANDIE JUN 44

La première série de bandes dessinées racontant le débarquement en Normandie, en juin 1944.

Chaque album s'attache à l'histoire d'un des 5 secteurs ; Omaha, Utah, Gold, Juno et Sword...

Le débarquement en Normandie, nous connaissons tous...

Les cinq secteurs ou plages du débarquement en Normandie portent des noms, dont nous avons tous entendu parler...

Omaha Beach, Utah Beach, Gold Beach, Juno Beach et Sword Beach, cela sonne à nos oreilles, même si de mémoire, il n'est pas toujours possible de les citer tous...

Pourtant il nous reste beaucoup de choses à découvrir ou à redécouvrir sur ce qui s'est passé le 6 juin 1944, sur ces plages et dans les jours qui ont suivi.

Lorsqu'on habite en Normandie, qui plus est, près des fameux secteurs du débarquement, il est tout naturel pour des auteurs de bandes dessinées, d'avoir envie de raconter ces événements à travers leur art. C'est ainsi que Jean-Blaise Djian et Jérôme Félix ont posé les bases scénaristiques du premier album. Une équipe s'est construite autour du projet, constituée de dessinateurs et coloristes évidemment, Catherine Moreau, Alain Paillou, Tieko, mais aussi d'historiens et de spécialistes de cette période, Isabelle Bournier, Marc Pottier, Vincent Hautin. Des vétérans sont consultés ainsi que des archives, pour comprendre l'organisation de cette opération qui est d'une grande complexité.

Des hommes, de diverses nationalités, qui débarquent en même temps sur cinq secteurs différents, avec face à eux, l'ennemi...

Cela ne pouvait pas se raconter au travers d'un seul ouvrage, au risque de perdre le lecteur, surtout les plus jeunes. Le choix d'une série de cinq albums, un par plage, est donc le gage d'une plus grande compréhension.

Chaque album met en scène des personnages de fiction, des hommes, des femmes, des militaires, des civils, tous acteurs d'événements parfois tragiques. Les faits historiques sont relatés avec justesse, sans pour autant oublier le caractère profondément humain. Le fil conducteur de la fiction n'occulte pas l'Histoire, il la souligne simplement et permet d'intégrer nombre d'anecdotes et de faits moins connus, mais qui font partie intégrante de cette journée du 6 juin. Il permet également de susciter l'intérêt des plus jeunes.

Un cahier pédagogique parfaitement documenté, en fin de chaque album, reprend et développe certains points de la bande dessinée. Des photos, des documents originaux, agrémentent ce dossier.

Aujourd'hui les deux premiers albums sont sortis, Omaha Beach / Pointe du Hoc et Utah Beach / Carentan. A venir Gold Beach / Arromanches, Sword Beach / Caen et Juno Beach.



NORMANDIE JUN 44
Tome 1 : Omaha Beach / Pointe du Hoc
Album cartonné, 64 pages couleur.

Son frère, Jim, est l'exemple familial. Il a même récemment fait la une de « LIFE ». Il fait partie des Rangers chargés de neutraliser la pointe du Hoc.

Mais dans un camp « saucisse » peu avant le jour « J », Jim tombe nez à nez avec Peter qui n'a pas encore conscience du précipice dans lequel il vient de se jeter.

Et puis, brutalement, c'est LE JOUR « J » ! Peter et Jim se retrouvent plongés au cœur de l'histoire.



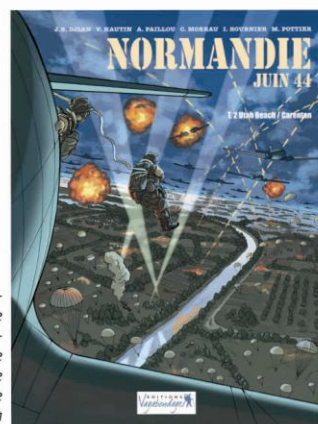
Tome 2 : Utah Beach / Carentan

La date du 6 juin 1944 approche. En Europe, un jeune Allemand et un jeune Américain écrivent à leur mère respective. Chacun se prépare, à sa manière, à vivre les événements tragiques à venir. Jürgen logé dans une ferme normande, sent bien que l'augmentation des bombardements et des vols de reconnaissance est un signe annonciateur d'un débarquement. Mais il l'imagine dans le Pas-de-Calais. Lewis quant à lui loge dans une famille anglaise. Il appréhende son parachutage et les futures batailles sur le sol normand, face à un ennemi qu'il pense connaître, puisque sa famille est originaire d'Allemagne. Le matin du 6 juin 1944 Lewis et Jürgen vont vivre leur destin face à face...



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NORMANDIE JUN 44
Tome 2 : Utah Beach / Carentan
Album cartonné, 48 pages couleur.

advantages in foreign markets. So the next transfer of capital is the transfer of technology, knowledge, management methods and marketing.

English economist John H. Dunning's (1977) thesis seems to be accurate, that foreign direct investment is a specific transaction binding three levels: financial capital, management expertise and technical knowledge and entrepreneurship. These features allow foreign direct investment to distinguish itself from the investment portfolio - another form of movement of financial capital and entry into foreign markets. Academic literature distinguishes two basic forms of foreign direct investments:

- Greenfield investments (construction of an independent business from scratch);
- Type of Brownfield investments (acquisition of existing companies and restructuring or work with a local partner in a joint venture).

Greenfield investments are specific to developing countries and rely on the fact that a foreign investor is building a plant in the host country from scratch. By contrast, investment in the form of mergers and acquisitions (brownfield investment type) predominate in developed countries and occur mostly through the acquisition of controlling interest by an entity in a second or a joint decision of both companies to merge their activities, even though these entities are located in different countries (Begović, Mijatović, Paunović, Popović, 2008).

How are investment decisions taken?

When explaining at a global level why do direct investments occur in a foreign country, John H. Dunning (1977) elaborated the "OLI"¹²⁴, or eclectic approach, a useful framework for analyzing analytical and empirical research in the area of interest. In order to consider a company as multinational the following advantages need to be available in the host country:

- Ownership advantage;
- Localization advantage;
- Internalization advantage.

According to this author, in order to implement a foreign direct investment there is a need for a simultaneous occurrence of three interdependent factors that make up the paradigm:

1. possession by the company-specific ownership advantages, are not available to other companies operating in foreign markets;
2. location, favourable factors;
3. existence of greater benefits for the company to internalize (transfer of ownership advantages abroad within your organization) than the externalization (providing advantages to foreign companies through the sale or lease) its activity.

¹²⁴ OLI stands for „Ownership, Localization and Internalization“

The Eclectic theory introduces a conscious connection to all the different theories and so far the best explanatory phenomenon of FDI, as well as the acceptance of the fact that this combination can be characterized as inconsistent. Modern theory that explains direct investment abroad is the eclectic theory, which was invented by J. Dunning (1977). In his view, the activities of international corporations are connected with the movement of production factors within it. For these factors are not set by market prices, i.e. prices of technical knowledge, technology, organization, managerial, etc. The corporate flows of many factors take place at prices which are intended to serve the interests of the corporation (Neary, 2009).

According to the eclectic theory FDI occurs when three conditions are simultaneously fulfilled. The first condition says that the company must possess some ownership advantages (ownership-specific advantages) to be able to compete with firms of other nationalities, by taking the production in their country. In the first version of the eclectic theory of FDI, its creator set out three specific types of advantages, namely:

- an advantage resulting from the exclusive, privileged position of the company or its access to specific assets, revenue-generating;
- an advantage with the participation of subsidiaries of multinational enterprises as compared to start-ups;
- advantages of multinationality as a consequence of the action.

According to the second condition eclectic theory of FDI, the company must be cost effective advantage in transferring abroad within their own organizations, rather than sell or lease them to foreign firms. The third condition eclectic theory says is that the company must be cost-effective use of possession advantage in conjunction with the amount of production factors outside their home country, i.e. there must be location advantages, designed to encourage localization of production in a given geographical area. J.H Dunning (1977) introduced a new classification of sources of competitive advantage in the international market, based on the theory of M. Porter.

These scored four groups of factors are:

1. access to raw materials, and capital resources;
2. natural resources, low job qualified professional to work with a high degree of qualification, ability to innovate, organizational skills, managerial experience, high qualifications of staff in supporting businesses and departments;
3. consumer demand associated with increased product quality and increase its innovation
4. competition among firms, - the links between domestic and foreign companies and institutions in supporting the agglomeration of the region, as well as universities and scientific research.

Necessary climate for FDI

Behind each FDI stands a reason why and where the direct investment enterprises are determined to invest. Before analyzing their motives, it would be compulsory to define the terms of foreign direct investor as well as direct investment enterprise.

The OECD Benchmark definition of foreign direct investment also provides the above mentioned definition.

“A foreign direct investor is an individual, an incorporated or unincorporated public or private enterprise, a government, a group of related individuals, or a group of related incorporated and/or unincorporated enterprises which has a direct investment enterprise – that is, a subsidiary, associate or branch – operating in a country other than the country or countries of residence of the foreign direct investor or investors.” (OECD, 1999: 10)

“OECD recommends that a direct investment enterprise be defined as an incorporated or unincorporated enterprise in which a foreign investor owns 10 per cent or more of the ordinary shares or voting power of an incorporated enterprise or the equivalent of an unincorporated enterprise.

The numerical guideline of ownership of 10 per cent of ordinary shares or voting stock determines the existence of a direct investment relationship. An effective voice in the management, as evidenced by an ownership of at least 10 per cent, implies that the direct investor is able to influence or participate in the management of an enterprise; it does not require absolute control by the foreign investor.

Although not recommended by the OECD, some countries may still feel it necessary to treat the 10 per cent cut-off point in a flexible manner to fit the circumstances. In some cases, the ownership of 10 per cent of the ordinary shares or voting power may not lead to the exercise of any significant influence while, on the other hand, a direct investor may own less than 10 per cent but have an effective voice in the management. OECD does not recommend any qualifications to the 10 per cent rule. Consequently, countries that choose not to follow the 10 per cent rule in all cases should identify, where possible, the aggregate value of transactions not falling under the 10 per cent cut-off rule, so as to facilitate international comparability.

Some countries may consider that the existence of elements for a direct investment relationship may be indicated by a combination of factors such as:

- representation on the board of directors;
- participation in policy-making processes;
- material inter-company transactions;
- interchange of managerial personnel;
- provision of technical information;

- provision of long-term loans at lower than existing market rates.

Other relationships may exist between enterprises in different economies which exhibit the characteristics set out above, although there is no formal link with regard to shareholding. For example, two enterprises, each operating in different economies, may have a common board and common policy making and may share resources including funds but with neither having a shareholding in the other of 10 per cent or more. In such cases where neither is a direct investment enterprise of the other, the transactions could be treated as between related subsidiaries. These are not regarded as direct investment.” (OECD, 1999: 10)

The main factors that are attracting FDI can be enumerated as follows (Begović, Mijatović, Paunović, Popović, 2008):

- Low cost of qualified, educated and skilled labour pool;
- Long-term market potential , greater than can be achieved domestically;
- Access to natural resources;
- Geography;
- Stability of the economic and political environment.

In conclusion it should be noted that foreign direct investment are considered as one of the most beneficial and safe forms of international capital flows and the financing of restructuring and development, because both offer direct access to foreign markets, as well as to modern techniques and technologies in the sphere of production and management.

INVESTMENT CLIMATE IN SERBIA

Upon facing political changes, the Government of the Republic of Serbia has realized that social development is impossible without economic development. Due to years of war and isolation, the Serbian economy is underdeveloped and it even regressed. Comparing the situation in Serbia with the situation in the Eastern Bloc countries that mostly completed the process of transition, it can be concluded that it is necessary to make changes in the legal and institutional framework and customize them to the "attractive" investment climate. It was necessary to regulate the market, which was largely monopolized, in terms of competition, modern social business, and to work on further developing human capital.

The political stability as one of indicators of a country's attractiveness for foreign investment is certainly rated by the degree of bureaucracy and corruption. Being aware of the fact that both of these phenomena are very pronounced in Serbia, it can be said that it is necessary to combat them. This section provides an overview of changes in the legal and institutional framework in the field of competition, corporate social responsibility and corruption that occurred in Serbia since democratic changes in 2000.

Economic

Law on Protection of Competition

The protection of competition is certainly a part of a favourable economic climate. By enacting two laws in 2009 Serbia primarily met its commitments in the process of European integration and also launched a new phase in the process of Serbian market liberalization.

The *Law on Protection of Competition* ("Official Gazette of the Republic of Serbia 51/09) in its introduction says that it "shall regulate protection of competition on the market of the Republic of Serbia, with goal of economic development and welfare of the society, and in particular to the benefit of consumers, as well as the establishment, position, organization and competencies of the Commission for Protection of Competition".

It is necessary to bear in mind that this is a new law that was enacted two years after the adoption of the first Law on Protection of Competition. The second *Law on Protection of Competition* was enacted under pressure of professionals due to the inability of applying certain provisions of the first law and due to the fact that the previous one was not in accordance with the European regulations. The new *Law on Protection of Competition* is fully harmonized with the European regulations.

The new law explicitly states that it does not apply to labour relations between employees and employers, nor to the labour relations that are covered by collective agreement between employer and labour unions. Further on, the Law states that affiliated undertakings are considered to be two or more undertakings that are affiliated in a way that one or more undertakings are in control of the other undertaking or undertakings. Control over an undertaking is defined as the possibility of decisive influence on managing activities of another undertaking or other undertakings. Moreover, article 14 of this above mentioned law defines that agreements of minor importance are those made by undertakings with total market share on the relevant market of goods and services on the territory of the Republic of Serbia that does not exceed: 10% of market share, if the parties to the agreement operate at the same level of production and trade (horizontal agreements); 15% of market share, if the parties to the agreement operate at different levels of production and trade (vertical agreements); 10% of market share, if the agreement has the features of both, horizontal and vertical agreements, or where it is difficult to determine whether the agreement is vertical or horizontal; 30% of market share, in case of agreements of similar effects on the market concluded by different undertakings, if the individual market share of each undertaking does not exceed 5% on each particular market, on which the effects of the agreement are manifested. Agreements of minor importance are allowed, unless the purpose of the horizontal agreement is determination of prices or limitation of production or sale, or the division of the supply market, as well as if the purpose of the vertical agreement is determination of prices, or the division of the market.



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Schiedsgerichtsbarkeit und Streitschlichtung im Mittelmeerraum

Freitag, 7. Oktober 2011, Basel/CH, Saal der Safranzunft, 9-17.30h

Aus dem Programm der Veranstaltung:

- Grusswort, *Dr. Franz Saladin, Direktor der Handelskammer beider Basel*
- Geschäftschancen und Investitionsmöglichkeiten im Mittelmeerraum infolge der Freihandels- und Assoziierungsabkommen der Schweiz und der EU mit den Mittelmeerstaaten, *Botschafter Dr. Hanspeter Tschäni, SECO, Bern*
- Schiedsgerichtsbarkeit und Streitschlichtung: Mittel der Wahl zur Streitbeilegung im Rahmen von Wirtschaftsbeziehungen zu Partnern im Mittelmeerraum, *Thorsten Vogl, Rechtsassessor, Bad Krozingen, Mitglied des Vorstands der Swisscham Africa*
- Streitschlichtung im Rahmen von Geschäftsbeziehungen mit Partnern im Mittelmeerraum, *Jean Gabriel Recq, Rechtsanwalt, Diem & Partner, Stuttgart*
- Vorbereitung und Ablauf eines Schiedsverfahrens: Abfassung der Schiedsklausel, ad-hoc-Verfahren und Verfahren bei einer Schiedsinstitution; Kriterien für die Auswahl der Schiedsinstitution, *Jörg Letschert, Rechtsanwalt und Avocat à la Cour, Kanzlei SOFFAL, Paris*
- Besondere Möglichkeiten der Schiedsgerichtsbarkeit und der Streitschlichtung im Bausektor, *Pierre Genton, PMG Ingénieurs-Economistes-Conseils, Lausanne*
- Streitigkeiten mit der öffentlichen Hand unter besonderer Berücksichtigung des ICSID-Verfahrens, *Rechtsanwalt Dr. Kilian Bälz, Kanzlei Amereller, Berlin & Dubai*
- Anerkennung und Vollstreckbarkeit von schiedsgerichtlichen Entscheidungen in den Mittelmeeranrainer-Staaten: rechtliche Grundlagen und praktische Erfahrungen, *Sami Huerbi, BK & Associés, Tunis, Directeur pour l'Afrique et le Moyen-Orient des Services de règlement des différends de la CCI*
- Promoting alternative dispute resolution methods in the MENA region, *Fatma Khalil, IFC - International Finance Corporation, Washington*
- Die Schaffung eines Raumes einheitlicher Schiedsgerichtsbarkeit: das Institut zur Förderung der Schiedsgerichtsbarkeit und der Streitschlichtung im Mittelmeerraum, *N.N., Camera Arbitrale Mailand*
- Das Internationale Schiedsgericht der Wirtschaftskammer Österreich, *Dr. Anton Baier, Präsident des Internationalen Schiedsgerichts der Wirtschaftskammer Österreich, Baier Böhm Rechtsanwälte, Wien*

Bitte wenden Sie sich bei Fragen oder für allfällige Anmeldungen an: Rechtsassessor Thorsten Vogl, e-mail: t.vogl@swisscham-africa.ch, Telefon: +49 7633 9808603; weitere Informationen über www.swisscham-africa.ch

The *Law on Protection of Competition* in article 15 defines dominant position as the position of an undertaking that has no competition or the competition is insignificant, or it has a substantially better position than the competition considering its market share, economic and financial strength, possibilities for access to supplies and distribution, as well as legal and factual barriers to entry by other undertakings. Furthermore, the Law states that an undertaking has a dominant position, if its market share on a relevant market is or exceeding 40%.

In addition, the abuse of a dominant position in the market is prohibited. For abuse of dominant position, conclusion of restrictive agreements, and implementation of concentration without the approval or for the failure of complying with the Commission's measures, the Commission may impose a penalty of up to 10% of the total annual revenue

This law stipulates that Commission for Protection of Competition is an independent and autonomous organization performing public competencies in accordance with the Law on Protection of Competition. Commission has the status of a legal entity and it is accountable for its operations to the National Assembly of the Republic of Serbia. Moreover, Commission is competent to decide on rights and obligations of undertakings, impose administrative measures, to be included in defining the rules to be passed in the field of protection of competition, propose to the Government regulations for the implementation of the Law, establish international cooperation in the field of protection of competition, and cooperate with the state authorities.

The work of the Commission for Protection of Competition is formally very transparent. By the Law it presents its Annual Work Report to the National Assembly, and has quite clear and simple web page. The Web site is especially significant to foreign investors, as it is available in both Serbian and English. On this Web address one can see the following contents: the Law on Protection of Competition, Regulations, Price List, Draft Regulations, Statute, Council of the Commission, Technical Service of the Commission, Council Meetings, Conclusions, etc. There are also Annual Reports which the Commission already submitted to the National Assembly of the Republic of Serbia.

The reports provide evidence of cartel cases in the field of insurance and road transport of passengers, which were conducted and completed; and of the existence of prohibited agreements in the field of sports equipment procurement and management of performers' copyrights. It was also noted that domestic market participants often discuss pricing and other business conditions and consequently make arrangements in the framework of their associations, which is an evidence of their lack of knowledge regarding the Law on Protection of Competition. Also, it is obvious that the case against the largest global provider of fast money transfer ended, which by concluding exclusive contracts with almost all banks in Serbia completely closed the access to other competitors in the domestic market.

The Commission's work caused positive comments in the public, although for now it has no real effect. Shortcomings of the previous law are one of the main reasons of this, most notably the lack of authority of the Commission to independently impose punishments. Another reason is the reluctance of courts to apply regulations on competition. In accordance with the new Law, the jurisdiction over disputes on the decisions of the Commission moved to the Administrative Court. With the aim of better efficiency of competition policy in Serbia, it is necessary to conduct trainings of judges for implementation of the new Law.

However, although the Commission has already been working for five years and has been "limited" by the provisions of the old law, it is not clear how the procedure on protection of competition in Serbian hypermarket chains founded by *Delta Holding* has not been launched. This holding company owns or has owned a stake in the ownership structure of *Maxi* supermarkets, *Mini Maxi* corner shops, *Tempo* hypermarkets, *Mercator* hypermarkets, *Rodic* hypermarkets. In Serbia there are only a few more hypermarket chains such as *Metro C & C*, *Cort*, *Idea* and *Tush*. On the web site of the Commission, one can clearly see that proceedings have been initiated against *Metro C & C* and *Idea*, and not against *Delta Holding*.

Law on State Aid Control

The enactment of another law aimed at preventing competition indicates Serbia has a clear policy of market liberalization and a strategy for protecting competition. It is the *Law on State Aid Control*. It was enacted on July 22nd, 2009 and published in "the Official Gazette of the Republic of Serbia" No. 51/09.

The law applies to all business sectors with the exception of agriculture and fishing products. Additionally, the Law says that any state aid given to companies or individuals and that limits market competition or which violates international treaties is prohibited.

The Law stipulates that state aid grantor is the Republic of Serbia, the autonomous province or local self-governments, which through their competent bodies and any legal person managing and having disposal of over public funds allocate the state aid in any possible form.

Moreover, state aid beneficiary is any legal or natural person which uses state aid in any possible form in their business operations.

The Law on State Aid Control of the Republic of Serbia has entrusted the control of state aid to the Commission for State Aid Control. The Commission for State Aid Control is a government agency, which indicates that it is established and controlled by the Government of the Republic of Serbia. The Commission has five members, one of whom is a representative of the Commission for Protection of Competition. State aid control may be ex ante or ex post.

Ex ante control of state aid implies that the Commission has received a complete state aid notification from the provider of state aid. The notification may take the form of state aid schemes or individual state aid. The Commission should decide whether the notified state aid is allowed within sixty days from the date of receipt of the complete notification. The notified state aid cannot be assigned to the beneficiary before the Commission has issued a decision.

Ex post control is conducted on the basis of information available to the Commission or on the basis of information collected from other sources, which indicate that state aid has been allocated or used contrary to the provisions of the Law. In this case, the Commission may suspend the use of state aid, until it issues a final decision.

If during the proceedings of ex post control the Commission finds any irregularities, it is authorized to adopt a decision and propose measures for eliminating these irregularities. If the provider does not correct the flaws, Commission may declare state aid forbidden.

An administrative dispute against the decision of the Commission for State Aid Control can be initiated within thirty days from the date of receipt of the decision. Still, an administrative dispute complaint does not postpone the execution of the decision against which it has been filed.

Human Resources in Serbia

When conducting interviews with the representatives of Serbia Investment and Export Promotion Agency (SIEPA), the British-Serbian Chamber of Commerce and with the representatives of foreign investors, all of them stated that human resources are important factor for attracting foreign investment. The quality and price of human resources in Serbia are very competitive compared to other countries in the region. However, the interviewees did not strongly praise the managerial staff in Serbia.

As the author once stated in another publication (Murić, 2010: 96-97): „When it comes to Serbia’s human resources, it is often said that they are highly educated, highly productive and that their prices are significantly lower than in the EU countries”

Based on read literature references, research done through questionnaires and on interviews with Prof. Vićentijević and Mr. Pejčić, who have significant experience and proven expertise in the area of human resource potential in the Republic of Serbia, certain conclusions could be made.

First and foremost, Serbian prospective employees are highly motivated, well educated, very skilful, and at the same time not that expensive when compared with their colleagues from EU countries. Yet, it should be also mentioned that there is a need for application of new skills and modern technologies, in order to make the production more effective. It is true that Serbian

workers reluctantly accept changes, but it is also clear to them that without these changes there is no improvement whatsoever.

Further on, employees' motivation is highly expressed due to the lack of good projects, especially in technologically intensive branches, and due to decreased demand for new employees.

Although the need for education is certain and unquestionable, experts still claim that good selection means saving money on trainings.

Having all this in mind, when thinking about investing in Serbia and thus recruiting new employees, one should hire headhunting agencies in order to get the best candidates. And of course, not to forget to obey the rules and regulations proscribed by the Serbian Government and relevant European institutions, especially when applying affirmative action measures is in question" (Murić, 2010: 96).

It is especially recommended to work on higher education of managers. Schools e.g. for MBAs or schools of administration that have programmes from the investors' countries significantly add to greater understanding of culture and politics brought by investors. Additionally, the experience of the host country helps to increase productivity.

„To conclude with, to manage employees in Serbia it is highly necessary to know the local conditions and customs. It is necessary to encourage management to directly communicate to associates both the meaning and the application of new procedures and instruments and thus to increase their approval. Moreover, it is necessary to plan the development of human resources in Serbia, which is a common task of employers, the state, which manages the education system, and the individual, who should work hard to improve their own skills and market competitiveness. And, finally, the necessity that the entire community is acquainted with all these plans should not be forgotten" (Murić, 2010: 96-97).

Corporate social responsibility (CSR)

By coming to Serbia foreign investors bring their culture, organizational, and managerial ethics, as well. Although the investor's basic motive is profit, it is clear that first they must establish relationship with the community. Through respect for ethical principles in business, correct attitude towards the employees, the preservation of the environment and philanthropy, the relationship between investors and the community becomes a serious factor of social development.

During the process of accepting the standards and practices of the European Union, the Government of the Republic of Serbia has adopted the *National Strategy of Development and Promotion of Corporate Social Responsibility in the Republic of Serbia*, in July 2010. The

Government, through the Ministry of Labour and Social Policy, has undertaken a comprehensive effort to establish public policy in this area through the integration of CSR into laws and regulations.

As for the business sector engagement in the field of CSR, it is obvious that a number of companies in the Republic of Serbia continue to believe that CSR is a public relations tool to improve image and reputation of the company in the society. CSR has the potential to become much more than that, i.e. to create added value in the society, economy and environment and thus bring benefits not only to the small elite, but also to the entire society. It is encouraging that a number of companies deliberately avoid "to promote" their socially responsible activities, which indicates an increased awareness of the benefits that practicing CSR brings.

As in other transition countries, there are examples of companies considering that CSR implies respect for the law, so they do not try to go beyond legal provisions to mitigate the negative and maximize the positive effects on society and the environment. It has been confirmed by the Cedanka Antic, General Secretary of the Socio-Economic Council of the Republic of Serbia that during the process of drafting the Strategy, the stakeholders in this process have recognized that respecting the law is a prerequisite and added that companies need to go further than that, if they want to be characterized as socially responsible.

The aforementioned strategy defines CSR at three levels:

- Firstly, it includes the respect of legal obligations (e.g. tax, health and safety, workers' rights, i.e. rights at work and based on work, consumer rights, the regulation in the field of environment), and industry standards;
- Secondly, it includes diminishing or eliminating the negative effects on society and business risk management (e.g. from human rights violations or pollution);
- Thirdly, it increases positive effects of business and creation of value through innovation, investment and partnerships aimed at social good and good for the environment (e.g. job creation, social and economic development and conflict resolution).

Most of the largest companies in the Republic of Serbia have a high level of awareness about the importance of CSR and are strategically oriented toward assuming a responsible and constructive role and towards giving such contributions to the community. The recently published report on good practices of CSR in the Republic of Serbia, *Database on good practices in CSR: analysis and recommendations (2009)*, it provides information on the state involvement in CSR among the surveyed companies (mostly large) in several important areas of CSR, and these are: environmental protection, safety and health at work, human rights, community involvement, commercial standards and market practices. The areas that are in the forefront in the implementation of CSR are those concerning the environment and fair dealing with employees. In these areas it appears that companies fully comply with laws and regulations, but are also able to offer original solutions and demonstrate a proactive approach in searching for the best ideas for improvement. This publication highlights that a trend has been noticed that the most

significant progress can be achieved when a developed volunteer program within one company has been spread to many others, as for instance in the field of environmental protection.

The Republic of Serbia, a country that is still in the process of transition, has been further hit by the global economic crisis that leaves deep mark on the social map. Global economic crisis has seriously affected many companies, especially those that are export oriented and those that are linked to multinational cooperation operating in the Republic of Serbia, which has resulted in reduced number of philanthropic and charitable activities. The strategy emphasises that in the period of economic difficulties companies could demonstrate their responsibility in other more appropriate ways, such as maintaining good communication with workers, or responsible approach to reducing the number of employees in terms of giving sufficiently long notice of termination to employees, as well as providing vocational counselling, vocational training, financial assistance, etc. On the other hand, the crisis could provide an opportunity to companies that are innovative enough to use the concept of CSR as an integral part of their business strategy in order to improve competitiveness. Emphasising long-term approach to CSR may be one of the possible ways to overcome the crisis, and to build a better competitive position when the crisis passes.

The strategy points out as the weakest link in the system of CSR, the reporting on non-financial business, i.e. the impact on society and the environment. Although in 2009 the percentage of companies that have reported such business aspect is noticeable (84%), still only 22% of surveyed companies do so through a separate report (report on sustainability, report on corporate citizenship, etc.). The percentage of reports that are prepared in accordance with one of the globally accepted standards is 18%.

Promotion of CSR is also relevant to attracting foreign investments, as there has been recorded a rapid growth of investment funds that complement financial goals with the social, ethical and responsible behaviour towards the environment when choosing, implementing and maintaining the investment. This "socially responsible investment" means granting of loans to or investment in securities of companies that meet some of the criteria of social responsibility. For example, according to the *Report on trends (Trends report) 2007* of the Social Investment Forum, in 2007, the total socially responsible investment assets in professionally managed portfolios that accept certain socially responsible investment practices have risen to USD 2,710 billion in the United States of America. The European market for socially responsible investment increased from EUR 336 billion in 2003 to €2,665 billion at the end of 2007 based on the *European study on SRI (European SRI Study 2008)* Eurosif of the European Sustainable Investment Forum. Serbian companies that intend to use some of these funds will face the challenge of changing the way they conduct their daily business activities in order to include the principles of CSR.

Similarly, Serbia Investment and Export Promotion Agency participates in the development of a Database on good practices of CSR. In an effort to reduce the significant risks associated with doing business in developing countries, responsible foreign investors are looking for states and companies with a proven history of CSR. In today's world of mass media, bad news associated

with unethical business practices of subsidiaries and associated companies or business partners around the world have the potential to spread quickly and adversely affect the company's business arrangements, its net profits, reputation and value in the market. Monitoring and documenting the CSR activities of local companies, especially the good examples, could be used to attract foreign investors and business partners.

The White Paper (2009) produced by the Council of Foreign Investors states that the Strategy of the Serbian Government is aimed at demonstrating its willingness to be a partner of the business community and civil society, foreign investors, united in the Council of Foreign Investors have already made the Manifesto of Corporate Social Responsibility.

Political

Openness to foreign investment

The openness of a country to foreign investments represents creating a favourable business, legal and social environment through the enactment of adequate laws and regulations, their consistent application, raising the level of investment and investor protection, the promotion of a competitive investment environment and achieving broader cooperation between private and public sectors.

After democratic changes in 2000, Serbia has clearly demonstrated that it has chosen a path of transition from a socialist to a modern developed society. Although much slower than the neighbouring countries, Serbia began a complete reconstruction of its legal system, mainly through the harmonization of laws with the EU. By adopting the *Law on Foreign Investments* ("Official Gazette of the Federal Republic of Yugoslavia" No. 3/2002 and No. 5/2003 and "Official Gazette of Serbia and Montenegro" No. 1/2003) a new page in the history of foreign investment in Serbia was opened. The *Law on Foreign Investment* regulates the conditions and procedures of foreign investments in enterprises and other forms of conducting economic activities in the real sector of the economy of the Republic of Serbia. The Law also gives foreign investors the right to establish and invest in all types of economic activities except in the production and trade of weapons, in which investors are obliged to have a domestic partner with a majority share in the enterprise. Foreign investors are being treated as national in doing business, legal security for investments is provided, as well as fully liberalized foreign exchange system in dealing with foreign countries, free transfer of profits and invested assets, tariff concessions, the right to international arbitration, etc. and a very simple procedure for registration of foreign investments.

After the enactment of this law a series of new laws followed together with a reform that is popularly called the "guillotine of regulations". The reform is a result of joint research of all stakeholders, such as the Government officials and representatives of foreign investors, experts in the field of international business and others.

As mentioned in the previous section, in July 2009 the Parliament of the Republic of Serbia passed a new *Law on Protection of Competition* ("Official Gazette of RS, No. 51/09) which extended the jurisdiction, i.e. the instruments of the Commission for the protection of competition, which is an independent body, and thus significantly improved the competitive environment.

In addition to legal reforms that were a consequence of Serbia's decision to open up to foreign investment and to international integration flows, the State established Serbia Investment and Export Promotion Agency (SIEPA), which conducted a series of activities in order to both attract investors and improve the climate for new investments.

On the basis of the *Decree on conditions and manner of attracting direct investments* ("Official Gazette of RS", No. 56/06, 50/07 and 70/08 in 2009) the Serbian Government issued two public calls for investors, while the call for grant funds is currently open for 2010. The call is open for companies that are registered in the territory of the Republic of Serbia, and want to finance investment projects in the manufacturing sector, research and development sector, and services sector that may be subject to international trade, except in the area of trade, tourism, catering and agriculture.

It could be said that Serbia demonstrates openness to foreign direct investment by reforming the legislative framework, improving the competitive investment environment, and through the institutionalization of cooperation between public and private sector through SIEPA's activities.

Bureaucracy

Bureaucracy is a form of social organization which seeks more centralized control and forced conformity, rigidly prescribed rules and channels of communication (Vidanović, 2006).

In an interview for RTS (Serbian Broadcasting Corporation) given on June 30th, 2010, Mr. Nenad Milenković from the National Alliance for Local Economic Development stated that by starting the project "Guillotine of Regulations" the Serbian Government ambitiously set out to settle accounts with the bureaucracy in order to reduce the number of regulations and thereby simplify the legal system and create a better environment for economic activities. His first estimate on how much money this action would save was EUR 200 million. By abolishing certain regulations so far Serbia saved EUR 60 million. However, he stated that although the political will for legislative changes in this area is very clear, during previous two years only 13% of the predicted regulation has been changed. Originally it was planned that the reform would be completely finished by July 2010.

Consequently, to register a company in Serbia one needs to comply with certain provisions of the *Commercial Law*, *Law on Business Registers Agency*, *the Law on Statistics*, *Pension and Disability Insurance Law*, *Labour Law*, *Occupational Safety and Health Law*, *Law on Tax*

Corruption

In addition to bureaucracy, corruption is one of the biggest problems facing the Republic of Serbia.

Professor Dragoljub Mićunović, former President of the Assembly of Serbia and Montenegro, the founder of the Democratic Party in Serbia and one of the leading fighters against corruption, says that "corruption, i.e. the practice of bribery, is as old as the state, so the struggle for its suppression is old as well. Along with the development of economic activities, state interventions in the economy and the bureaucratization of the society, corruption intensified and thus became one of the major problems of the modern world "(Begović, Mijatović, 2001:9).

International organizations that monitor corruption evaluated Serbia as a country with a high rate of corruption. "An indisputable effect of corruption on investment in a situation like this is that, with increasing levels of corruption, i.e. with the prevalence of corruption uncertainty increases, and thus the risk facing investors. Increasing risk inevitably leads to increased risk premiums, i.e. to the increased price of capital. In the case of equity, increased investment risk leads to the growth of interest rates at which the investor pays interest to the creditor" (Begović, 2007:332)

Acquainted with the effects of corruption, foreign investors have avoided Serbia as an investment location. As this phenomenon is bad in itself and for the overall development of the society, certain efforts have been conducted to improve the situation.

The first steps in the fight against corruption were taken by the civil sector, primarily by Transparency Serbia, which is part of the worldwide network of Transparency International. This organization was registered in Serbia in 2000 and on its website (2010) promotes "transparency and accountability of the public officials as well as curbing corruption defined as abusing of power for the private interest. Transparency Serbia realizes its goals through preventive action – by raising public awareness about the dangers and damages that corruption causes to the society, encouraging reforms and by suggesting specific recommendations".

After the great pressure of the public, which is sufficiently educated to resist corruption, and due to the demands of the process of joining the European Union, the State has also taken certain steps to address corruption.

The first steps made by the State were made under pressure from civil sector. These are visible, but very small steps, such as highlighting the procedures and list of documents required for the issuance of a license or a similar document in a conspicuous place in the institution, and the

availability of laws and regulations. People immediately recognized and welcomed these small steps.

In 2009 the State adopted the *National Strategy for Combating Corruption for the period 2009-2014*, which includes three key elements:

1. efficient enforcement of anti-corruption legislation;
2. prevention, which implies elimination of opportunities for corruption;
3. awareness-raising and education of the general public aiming at public support for implementing Anti-corruption Strategy.

The Following conventions have been ratified:

- *UN Convention Against Corruption*;
- *UN Convention against Transnational Organized Crime*;
- *The Council of Europe Criminal Law Convention on Corruption*;
- *The Council of Europe Convention on laundering, search, seizure and confiscation of the proceeds from crime*.

The Government of the Republic of Serbia has also signed the *Civil Law Convention on Corruption of the Council of Europe*.

Moreover, according to the Strategy, Serbia participates in the following initiatives to combat corruption:

- The Group of States against Corruption (GRECO);
- The Council of Europe's Programme against Corruption and Organised Crime in Europe (PACO);
- The Council of Europe's Programme against Corruption and Organised Crime in South-Eastern Europe (OCTOPUS);
- The Anticorruption Initiative of the Stability Pact for South Eastern Europe (SPAI);
- Selected Committee of Experts on the Evaluation of Anti-Money Laundering Measures (MONEYVAL);
- The South-East European Cooperation Process (SEECF);
- The International Chamber of Commerce Programme for Fight against Corruption.

As in Serbia it is strongly believed that the State is governed by parties through their representatives in the Government, Law on Financing Political Parties was passed because non-transparent financing of political parties was recorded as a form of corruption. Regulation on registering state officers and their property was also enacted.

By enacting *Anti-Corruption Agency Act* („Official Gazette of the Republic of Serbia“, No. 97 of 27th October 2008, 53/10) and establishing Anti-Corruption Agency, the State institutionalized

the fight against corruption, although certain instruments such as courts had been previously available, but there had not been enough legal power.

The Agency is an independent institution and reports to the National Assembly of the Republic of Serbia. Its competencies are proscribed by the Law, in article 5: it "supervises implementation of the *National Strategy for Combating Corruption*, the *Action Plan for Implementation of the National Strategy for Combating Corruption* and sector action plans and gives opinions regarding their implementation:

- Institutes proceedings and pronounces measures for violation of this Act;
- Rules on conflict of interest;
- Keeps a register of officials, a register of property and income of officials, as well as separate records in accordance with Anti-corruption Agency Act;
- Performs tasks in accordance with the law governing financing of political parties;
- Issues guidelines for developing integrity plans in public and private sector;
- Introduces and implements training programs concerning corruption, in accordance with this Act;
- Issues opinions and directives for enforcing Anti-Corruption Agency Act;
- Launches initiatives for amending and enacting regulations in the field of combating corruption;
- Monitors and organizes coordination of government bodies in the fight against corruption;
- Cooperates with other government bodies in drafting regulations in the field of fight against corruption;
- Provides expert assistance in the field of combating corruption;
- Acts on complaints submitted by legal entities or natural persons;
- Organises research, monitors and analyses statistical and other data on the state of corruption;
- In collaboration with competent government bodies monitors international cooperation in the fight against corruption;
- Performs other tasks set forth by law“.

Combating corruption is a slow process, but it is very important that the action taken shows that there is political will to deal with this dangerous social phenomenon.

Bilateral Investment Agreements

In the preparation process for writing this thesis all interviewed representatives of SIEPA, the British – Serbian Chamber of Commerce and the representatives of foreign investors rated bilateral agreements that Serbia has with Russia, Belarus and Turkey, as well as signed CEFTA agreement as the strongest advantage of Serbia for investment.

Serbia signed the *Free Trade Agreement with Russia* in 2000. The agreement notes that its goals are the expansion and promotion of mutual trade and economic relations, aimed at accelerating economic development of the two countries, improving living and working conditions; increasing employment of the population in the field of manufacturing; achieving production and financial stability of the two countries; securing conditions for fair competition between economic subjects of the two countries, as well as harmonization of customs procedures. List of goods subject to this agreement is changed every year.

After the enlargement of the Agreement, the regime of free trade exempts the following goods: cars, sugar, meat, cigarettes, wooden furniture with the exception of office furniture, glucose syrup, undenatured ethyl alcohol, sparkling wine, yarn and woven cotton fabrics, some air pumps, tractors, cash registers, television and monitors.

There is no publicly available information on the extent of Serbian exports to Russia, i.e. on the extent to which this Agreement is used. However, the public is constantly reminded of the fact that the agreement is not used sufficiently and businessmen from Serbia are invited to seize the market of Russia

The Free Trade Agreement with Belarus

The *Free Trade Agreement between Serbia and Belarus* was signed in 2009. This agreement was signed for five years and applies to non-payment of customs duties on products originating from Serbia and Belarus. Products covered by the Agreement are as follows: sugar, cigarette, ethyl alcohol, pneumatic tires, road tractors, motor vehicles and passenger cars.

Serbia has also signed the EU the *Stabilization and Association Agreement (SAA)*, *Central Free Trade Agreement*, the *Generalized System of Preferences with the United States*, the *Free Trade Agreement with Turkey* and the *Free Trade Agreement with EFTA countries*.

In the process of joining the European Union, Serbia now expects to receive the EU questionnaire, which according to latest announcements is expected by the end of 2010.

In the period after political changes in 2000 Serbia's path has been of social and economic development. An indispensable factor for economic development are direct foreign investments. At the same time, Serbia has started the process of joining the European Union.

In order to create a favourable climate for investment there was a change of the legal framework, i.e. a series of new laws were enacted and several new institutions were established.

Law on Protection of Competition and Law on State Aid Control provide fair competition and the Commission for Protection of Competition of the Republic of Serbia as a monitoring body contributes to the development of this institute.

By adopting the National Strategy for Developing and Promoting Corporate Social Responsibility and the Manifesto of Corporate Social Responsibility of the Foreign Investor Council, the State and corporate sector agreed on key goals in the fields of doing business by the law, improving human capital, protecting environment and developing good relations between the investor and the community.

In order to reduce bureaucracy, the State has started with the implementation of a very ambitious project called „Guillotine of Regulations“. Although it is a very slow process, much slower than planned, it still is ongoing.

Corruption as one of the biggest barriers to foreign direct investment, i.e. to equal participation in the economy, began even to take control over and/or prevent the establishment of Anti-Corruption Agency. By enacting a series of laws such as Law on Financing Political Parties and Regulation on registering state officers and their property, the struggle with this disease began. A very important factor in this process is certainly the education of citizens through various programmes of nongovernmental organizations to identify corruption, as well as to learn skills to oppose it.

In addition to amending its legal and institutional framework, the State managed, through political and diplomatic processes, to sign free trade agreements with Russia, Belarus, Turkey, EFTA and CEFTA, which substantially raise the investment rating.

OUTLINE OF FDI THROUGH DIFFERENT SECTORS

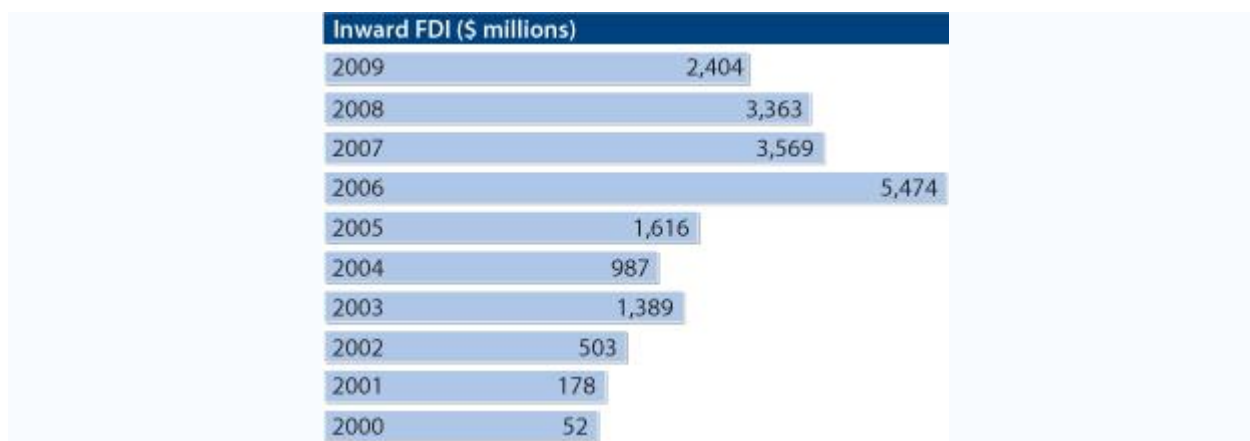
In the past years, the Republic of Serbia has been constantly improving the climate for efficiently attracting investments in various sectors, especially in the field of Financial Intermediation, Manufacturing, Transport and Telecommunications. For that purpose, the Serbian legal framework is continuously being improved in order to catch up with International and European standards.

General overview

Owing to a successful privatisation process, Serbia has known a boost in the number of foreign direct investments since 2000, as represented by Figure 1. They were constantly increasing until 2006, when they peaked at USD 5474 millions. Their growth was linked to the accumulation of all FDI from the entire region and was primarily the consequence of *Mobtel* privatization, which was bought by the Norwegian firm *Telenor* for about EUR 1.513 million. In the following years, there has been a drop in FDI due to a slower pace in the privatisation process after the parliamentary elections in 2007 followed by a difficult and slow negotiation process in forming

the new government. Nonetheless attracting foreign direct investments remains as one of the priorities of the current Government of Serbia. (Begovic, Mijatovic, Paunovic, Popovic, 2008).

Figure 1: FDI in Serbia in million USD, 2000-2009



Source: SIEPA¹²⁵

During the past 10 years, the leading foreign investors in the country were blue-chip companies and banks, such as *Telenor*, *Mobikom*, *Philip Morris*, *Banca Intesa*, *InterBrew*, in detail represented as follows:

Table 1: Most valuable FDI in Serbia 2000-2009

<i>N°</i>	<i>Company</i>	<i>Country of origin</i>	<i>Sector</i>	<i>Type of investment</i>	<i>Value (mil. EUR)</i>
	Telenor (mobile)	Norway	Telecommunications	Privatisation	1.513
	Mobikom Austria group	Austria	Telecommunications	Greenfield	570
	Phillip Morris – DIN	USA	Tobacco industry	Privatisation	518
	Stadt	Germany	Industry	Capital market	475
	Intesa Bank – Delta bank	Italy	Banking	Capital Market	462
	Interbrew – Apatinska brewery	Belgium	Brewery	Capital market	430
	NBG	Greece	Banking	Privatisation	425
	Mercator	Slovenia	Retail	Greenfield	240

¹²⁵ http://www.siepa.gov.rs/site/en/home/1/investing_in_serbia/strong_fdi_figures/

Lukoil	Russia	Oil industry	Privatisation	210
Holcim – Novi Popovac	Switzerland	Cement	Privatisation	185
OTP Bank	Hungary	Banking	Privatisation	166
Alpha Bank – Jubank	Greece	Banking	Privatisation	152
U.S. Steel – Sartid	USA	Sheet Metal and Steel Processing	Privatisation	150
Metro Cash and Carry	Germany	Wholesale	Greenfield	150
OMV	Austria	Gas stations	Greenfield	150
Coca cola	USA	Non alcoholic drinks	Capital market	142
Africa Israel Corp. Tidhar	Israel	Real estate	Capital market	120
Droga Kolinska	Slovenia	Industry	Greenfield	100
Grand prom.				

Source: SIEPA

It can be highlighted that over the past five years, service sectors have proven to be the most attractive to international investors. Banking and Insurance recorded the largest FDI inflow of USD 5.3 billion. Manufacturing industries held the second place with USD 3.2 billion, followed by Transport and Telecommunications, Real Estate and Renting, and Trade.

Table 2: FDI by Industries (2005-2009)

Industry	Investment value (million USD)
Financial Intermediation	5294.9
Manufacturing	3161.3
Transport and Telecommunications	2681.6
Real Estate, Renting	2060.9
Wholesale, Retail, repairs	1829.2
Mining and Quarrying	578.6
Construction	351.8
Hotels and Restaurants	178.8
Other Utility Social and Personal Services	166.0
Agriculture	131.2
Public Administration and Social Insurance	95.9
Electric, Gas and Water	13.0

Source: National bank of Serbia

Leading investors are coming from European Union countries, accounting for about 70% of the total FDI influx, as for instance Austria, Greece, Norway, Germany, the Netherlands and Italy, while major investor countries also include Slovenia, France, Hungary, the Russian Federation and Luxembourg. (SIEPA)

Attractiveness of the Energy sector

As showed in table 2, during the period from 2005 to 2009, the energy sector has been attracting foreign direct investments in a much lesser extent comparing to other sectors such as financial intermediation or transport. On the basis of a survey of preferences of foreign investors in Serbia presented in the Guide – International Business, it is clear that in the years to come green energy will be more and more attractive for FDI. Therefore it would be of great interest to Serbia to continue improving the climate for creating opportunities for wind and biomass energy. Up till now Serbia has adopted the necessary Law and signed international agreements in order to further develop and increase investments in that sector.

In 2004, the *Energy law*, partially harmonized with EU standards, was adopted. It introduces a simplified legal framework for the privileged producers of electric energy, including producers using sources of renewable energy and waste for energy production, as well as those producing energy in small power plants. It foresees numerous tax, customs and other benefits.

In order to facilitate the trade of energy and natural gas, the Republic of Serbia has ratified in 2006 the *Energy Community Treaty for South-East Europe*. The treaty regulates energy internal market and access to the cross-border network for exchange of electric energy. Therefore, introducing necessary amendments in the legal framework, especially in the *Energy Law*, is of paramount importance for establishing rules on promoting electric energy produced by privileged producers within the internal market, on accessing networks for transporting natural gas and on securing constant deliveries of electric energy as well as investing in infrastructure.

The Republic of Serbia signed in 2008 an agreement with the Russian government on constructing the South Stream section, gas pipeline. It gave the basis for *Srbijagas* and *Gazprom* to sign an agreement on establishing a joint company which will supervise the construction, manage the gas pipeline and the stocking of gas in the following year. The expected outcome of this agreement is an improved supply of gas on the market in Serbia and an increased capacity for gas storage.

In 2007 officials of Croatia, Italy, Romania, Serbia, and Slovenia signed the memorandum of understanding on the construction of The Pan-European Oil Pipeline (PEOP). It is expected that it will be operational by 2012 (White Book, 2009).

The Energy sector is one of the largest sectors of Serbian economy and it consists of: electric power; coal production; district heating; oil and gas; production and import; and it accounts more than 10 % of GDP (SIEPA, 2010).

According to data provided by SIEPA the priority investments in electricity sector are:

- Hydropower Plant (HPP) Bajina Basta (revitalization of four units and construction of fifth unit);
- TPP Nikola Tesla (Thermal Electrical Power Station) A1 and A2 units revitalization;
- TPP Kolubara B (2X350 MW) or TPP Nikola Tesla Unit B3 construction;
- Small Hydroelectric Power Plants construction.

The priority investments in oil and gas sector are:

- Main Gas Pipeline Nis-Dimitrovgrad;
- Oil products pipeline Pancevo-Nis;
- Underground Gas Storage Banatski Dvor;
- Oil refineries modernization.

The priority investments in mining sector are:

- Reconstruction and modernization of the Lead-Zinc Mines, specially “Lece” in Medvedja, Serbia;
- Development of the open pit Veliki Krivelj, RTB Bor – Serbia (based on the established geological copper ore reserves);
- Reconstruction and modernization of ‘Strmosten’ (underground coal mine) for exploitation of remaining coal reserves (2.200.000 t), thus providing the continued coal production for the consumption of Thermal Power Plant ‘Morava’, as well as for wider consumption.

The priority investments in District Heating Systems are:

- Conversion of a high capacity District Heating Plants to the CHP (Combined Heat and Power) Plants;
- Modernization, increasing of the capacities of district heating plants and spreading of the district heating system networks.

A number of measures have been taken in order to improve the situation in this area in Serbia. Mr. Petar Škundrić, Minister of Mining and Energy pointed out that "this year the major investment cycle is running in the energy sector, in response to the economic crisis, which I believe to be the momentum of recovery for the entire economy of Serbia", at a meeting of the Board of the Association of Energy Serbian Chamber of Commerce (PKS) as broadcasted by RTS (Serbian Broadcasting Corporation) in December 2009.

He also recalled that in 2009, the revitalization of HPP Djerdap 1 and HPP Bajina Basta has started, as well as that the negotiations with China on loan from around EUR 800 million for reconstruction and construction of a new thermal block in Kostolac have been completed.

When it comes to gas - oil sector, Mr. Škundrić mentioned that investing in oil refinery in Pancevo has begun, worth about EUR 396 million and he expects that in the Petroleum Industry of Serbia will be invested more than originally planned (EUR 500 million) expecting that the company could become a regional leader in the sector.

He pointed out that the level of investment in the energy sector depends on the overall development of the Serbian economy and that about 200,000 people are directly and indirectly engaged in the Serbian energy sector.

The Foreign Investment Councils advised Serbia to solve as soon as possible a number of problems such as the insufficient capacities of electric energy, be less dependent on imported energy and try to enlarge the capacities for storage of natural gas used for heating and by households. Moreover the monopoly of *Naftna Industrija Srbije* and the low prices of electric energy still prevent from further attracting foreign investments (White book, 2009).

Attractiveness of the Information and Communication Technology sector

Bearing in mind the fast development of new technologies and its impact on everyday life, it is a necessity to constantly follow that pace and improve policies and the legal framework.

Following the trends in the European Union, the Republic of Serbia has enacted a number of laws and bylaws facilitating undertaking business through internet. As for instance, the *Law on Electronic Communications*, the *Law on Electronic Document*, *Rules on Time Stamping Service*, and three entities are making the registration of Certification Service Providers for qualified electronic signatures. Moreover an e-Government portal which will provide a common infrastructure for user authorization, e-signature and issuance of documents, as well as e-payment of taxes and other fees has been established.

In the past year, a number of activities have been undertaken in addition to the adoption of the *Law on Electronic Communications* for the liberalisation of the telecommunication sector.

Apart from the abovementioned, in January 2010 the Government accepted the offer and the license for the construction, ownership and exploitation of public fixed telecommunications networks and services of public fixed telecommunications network was officially awarded to *Telenor* on in February 2010, with the one-off license issuance fee amounting to EUR 1,050,000.

The license is issued for the duration of ten years with possibility of extension up to ten years. *Telenor* has the duty to launch the commercial offer of services in a year from the date of receiving the license, as it is reported on the website of the Serbian Telecommunication Regulatory Agency (RATEL, 2010).

Due to the necessity for wireless access provision in the Republic of Serbia, the procedure of Public call for participation of interested parties in providing wireless access services using CDMA was launched and two licenses have been issued (RATEL, 2010).

Other measures have been introduced to further enable the liberalisation of the market, which is a precondition for attracting investments. The *National Broadband Strategy* is to promote competition between all communications networks, to improve service and content provision in networks, to increase broadband demand and to continue and improve the special measures in fields with no adequate demand for commercial broadband supply.

The Broadband Strategy also includes a summary of the measures taken under every action point. One of the goals of the *National Broadband Strategy* is to increase the number of broadband subscribers, lowering the prices and improving the regional availability of broadband services.

Introducing special measures for fostering the development of the broadband infrastructure (access network) in the underdeveloped regions of the country, will lead to a decrease of the digital divide in the country.

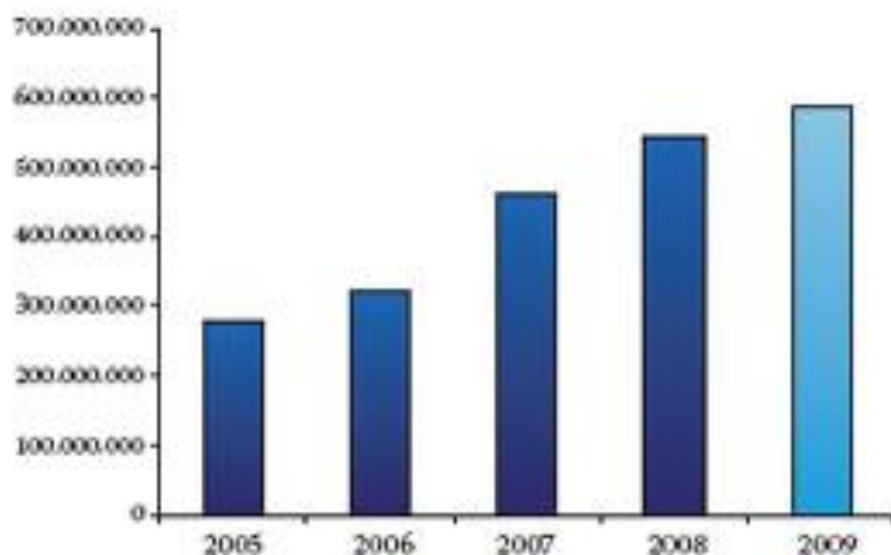
The Strategy insists on a complete liberalisation of telecommunication market, including local loop unbundling and introducing new operators in fixed telephony. It promotes technological neutrality that will ensure greater selection of broadband technologies for the customers, especially for those in rural areas of the Republic of Serbia. The procedure for adoption of the Strategy by the Serbian Government is in progress.

A document specifying the list of telecommunication services that will be included in Universal Service has been adopted. It indicates a number of special measures for vulnerable groups as well as for institutions such as schools, libraries and medical facilities etc.

Adopting this document will improve the accessibility of telecommunication services in the Republic of Serbia, especially in rural areas. It will ensure building the infrastructure in the areas without infrastructure. In the period from 2000 until 2009, the Information and Communication Technologies (ICT) sector especially in the telecommunications area attracted foreign direct investments.

It has also known high growth rates, as for instance in 2007, the telecommunications market represented 13%, Internet market 122%, the number of subscribers to broadband amount to 380%, the number of mobile users to 27%, comparing to previous years. (SIEPA)

Figure 2: Growth trend of IT market in Serbia (in EUR)



Source: Serbian Chamber of Commerce

SIEPA's data show that Serbia currently has over 1.523 registered ICT companies, with more than 25,000 employees in the sector. The share of GDP was 3.2% in 2008 and the total turnover of telecommunications sector was EUR 1.7 billion. It should be highlighted that more than EUR 2 billion were invested in ICT over the past 5 years.

In order to keep this trend, the White Book (2009) points out that in the upcoming period, it is of importance to continue improving the legal framework, as well as to enable the alternative infrastructure to be made accessible to all telecommunication services in order to make this sector interesting for further investments.

SERBIAN INVESTMENTS AND EXPORT PROMOTION AGENCY

Each country has established an entity, a governmental agency responsible for trade and promoting responsible for encouraging bilateral trade and investment in specific areas. This type of institution possesses all the necessary tools for promoting Serbia, helping foreign investors as well as attracting investments in the country.

Functions and activities

According to **Richard J. Hunter, Jr.**, Professor of Legal Studies at Seton Hall University (2008), the roles of a specialized agency in attracting Foreign Direct Investment are as follows:

- a) Generating foreign investment activity and interest by identifying suitable domestic partners;
- b) Providing professional management assistance;
- c) Pointing out specific Foreign Direct Investment opportunities;
- d) Creating and fostering a favourable domestic climate for Foreign Direct Investment;
- e) Monitoring and reporting on Foreign Direct Investment activities;
- f) Providing necessary “market entry” data; and
- g) Providing necessary information on taxation, administrative regulations, and other legal and financial matters.

As it was already mentioned in the section 4, SIEPA is a state agency for foreign investment and export promotion, and whose founding demonstrated Serbia’s openness to foreign investments.

Serbia Investment and Export Promotion Agency is a public agency that through its activities helps Serbian companies to export their products and services and become more competitive in foreign markets. On the other hand, by promoting investment opportunities and assisting foreign investors to start businesses in Serbia, SIEPA actively works on creating new job opportunities, on improving domestic economy, on technology transfer and the transfer of new knowledge and skills.

It has been stated by Mr. Aleksandar Radulovic, SIEPA foreign investment advisor, that in the field of promotion of foreign direct investment the following activities are considered as main:

- Preparation, development and presentation of information about different business opportunities and advantages of investing in the Serbian economy;
- Notifying foreign investors about programs for investment and export and about opportunities for specific investments in certain areas;
- Providing technical assistance to foreign investors in making decisions on the selection of investment areas and sites;
- Providing assistance to foreign investors in obtaining licenses and permits for particular activities or investments before the competent bodies and authorized organizations, if such permits are required;
- Organizing direct contact of domestic legal and personal entities with foreign investors interested for investing;
- Cooperation with relevant institutions and organizations in the country and abroad with the aim of increasing direct foreign investments;
- Creating and updating the database on the opportunities of the Republic of Serbia in the field of foreign investments.

According to Mr. Radulović SIEPA's activities can be classified into three main phases:

1. Pre-investment phase
2. Investment phase
3. Aftercare phase

In the pre-investment phase the activities of collecting and presenting information on the possibilities and advantages of investing are undertaken, and the programs and benefits for specific investments in certain areas are presented.

In the investment phase locations are proposed, and the investor is acquainted with legal regulations.

In the aftercare phase, advice is given in the field of employment and help is provided in lobbying for legal amendments, which are both in the interest of foreign investors.,

One of SIEPA's major activities in the program of supporting direct investments is administration of two public calls for the allocation of grant funds in 2009. On the basis of the *Decree on conditions and manner of attracting direct investments* (Official Gazette of RS, No. 56/06, No. 50/07 and No. 70/08), calls for grant funding were open for companies that were registered in territory of the Republic of Serbia and wanted to finance investment projects in the manufacturing sector, research and development sector, and service sector, which may be subject to international trade, except investment projects in the field of trade, tourism, catering and agriculture.

Based on these two calls, 35 companies received grant funding in the amount of EUR 15,364,500.00, which consequently enabled opening of 4,654 new jobs. Source of financing of this stimulating action was the budget of the Ministry of Economy and Regional Development of the Republic of Serbia.

Also, SIEPA organized participation of local companies and representatives of municipalities in one of the largest real estate and investment fairs, specialized for the markets of Central and Eastern Europe. Representatives of four municipalities (Stara Pazova, Pecinci, Indjija and Sabac) presented their investment opportunities. Moreover, SIEPA presented Serbia as an investment location and base of suppliers at the Midest Fair in Paris, at the Conference on Serbia's Privatization and Investment Opportunities in Budapest, at the Conference on the Economy of the Republic of Serbia in Rome, as well as on a series of similar events throughout Europe and the world.

SIEPA seen by foreign investors

In the questionnaire, created for the purpose of this master thesis, there was a set of questions about SIEPA and the representatives of companies that are established through foreign direct investments have responded as follows:

1. Have you heard about SIEPA?
2. Do you think that the state has contributed to the transparency of investment requirements in Serbia by establishing SIEPA?
3. Upon entering the Serbian market, have you used market entry data provided by SIEPA?
4. What are the responsibilities of SIEPA?
5. Have you contacted SIEPA during any of the three phases of activities (pre-investment, investment and aftercare)? If yes, during which?
6. Has SIEPA met your expectations and to what extent?
7. How would you rate the possibilities and the work of SIEPA?
8. Is there any other organization that could have helped you more in solving the problem for which you contacted SIEPA?
9. What can you suggest to SIEPA management in order to improve and broaden its work?
10. Is there something that you would like to add?

On the question of whether you are informed of the existence of SIEPA all ten respondents said that they were informed of the existence of a state agency for promoting export and attracting foreign investments and that they were in some kind of contact with it.

As for the second question of whether you think that the state has contributed to the transparency of investment requirements in Serbia by establishing SIEPA all ten respondents said they believe that the establishment of SIEPA significantly increased transparency of investment requirements in Serbia, as well.

When it comes to the question of whether upon entering the Serbian market you have used market entry data provided by SIEPA, only one out of ten respondents said that their investment strategy was based on entry data provided by SIEPA, while the other nine answered that they only partially used the SIEPA's market entry data and that they relied more on the information provided by the German Chamber of Commerce, the American Chamber of Commerce and consulting companies (two of them referred to Ernst & Young and one of them to PWC). Two interviewees also added that they did not use SIEPA's market entry data at great extent because at the beginning they had no confidence in this institution. They continued by saying that later on their opinion improved and that now they consider information obtained from SIEPA as being significantly more valid.

On the question of what the responsibilities of SIEPA are, the answers are rather scarce; all ten interviewed representatives of companies, which represent direct foreign investment, have given the answer that the main responsibility of SIEPA is promoting Serbia as an investment area; four of them added providing relevant information on the investment environment and investment

legal framework, while representatives of two companies also added that it is SIEPA's responsibility to organize meetings with interested parties.

On the question of whether you have contacted SIEPA during any of the three phases of activities (pre-investment, investment and aftercare) all ten respondents said that they consulted SIEPA during the pre-investment phase, four of them said that they consulted SIEPA during both the pre-investment and the investment phase and three respondents said that they contacted SIEPA during all three phases.

On the question of whether SIEPA has met your expectations and what extent all ten of the respondents answered that SIEPA always helped them if it was able to do it.

To the question of how you would rate the possibilities and work of SIEPA all respondents answered that in fact they did not have high expectations about it and that SIEPA's role is to promote.

On the question of whether some other organization could do more for the problem on the occasion on which you addressed SIEPA, and which one, the respondents answered very diversely. All interviewees are members of Foreign Investor Council, so they listed it as a very important organization for the issue of lobbying; three of them listed the U.S. Chamber of Commerce; two of them mentioned the German Chamber of Commerce. The investors also said that they turned to their embassies when it was necessary in order to protect their interests, and finally two of them referred to the Association of Employers of Serbia.

When asked to suggest something to SIEPA in order to improve its management or to broaden the scope of its work, the investors said they are satisfied with the work of SIEPA and they particularly emphasized the knowledge of foreign languages of SIEPA's employees. Moreover, they pointed out SIEPA's professional and efficient approach to work and providing services to customers, i.e. to potential investors and to investors who have already invested their money in Serbian economy.

After analyzing the responses given by representatives of companies, which have emerged as foreign direct investments, one can conclude that all of them are informed of the existence of SIEPA and that they contacted it in some way. In addition, the respondents are of the opinion that the state made information about investment opportunities in Serbia, about investment sites, the benefits of investing in Serbia, as well as information on the legal framework for doing business in Serbia much more accessible by establishing SIEPA.

By saying that initially they did not use information provided by SIEPA with full confidence, but that they engaged various consulting agencies and law firms to make sure the information is correct, they demonstrated the initial lack of confidence in this young institution. However, on the same issue, they added that by time they verified the validity of information and increased

the level of their confidence, which indicates that the quality of work has been proven through experience.

What is interesting is that interviewed foreign investors are not familiar with the responsibilities and activities of SIEPA, which probably significantly reduces the number of requests that foreign investors made to SIEPA. The agency's web page is quite simple and clearly informs of their responsibilities, activities and services. The question is whether the foreign investors do not use it out of ignorance or from a previously acquired habit to use an independent consulting company for some analysis, advice and advocacy for which they will be sure that it will protect their interests, while SIEPA is an institution founded by the state, and the exact nature of the initial relationship is to protect the interests of the state.

When asked at which phase they used SIEPA's services the prevailing answer is that they used them most in the pre-investment phase, little less in the investment phase and that services in the aftercare phase were used in the minimum percentage.

All respondents answered that SIEPA met their expectations whenever they requested an assistance or intervention within SIEPA's capabilities and responsibilities. This answer clearly indicates foreign investors' satisfaction with the cooperation with SIEPA. Also, the answer to the following question that expectations of the Agency are not that great and that only promotion is expected of them, perhaps explains the enthusiasm with the work of SIEPA.

A large number of associations and commercial representations, whose members foreign investors are or to whom they appeals, stresses the need for the existence of a body that will protect the interests of foreign investors, provide information on legal amendments and on new opportunities.

At the end of the questionnaire, foreign investors still rate the professionalism of SIEPA's employees, the quality of information and the skills they possess high.

Assessment

When one analyzes the role of SIEPA through the definition of Prof. Richard J. Hunter, Jr. it can be said that it generates foreign investment activity and interest by identifying suitable domestic partners through the organization of fairs, exhibitions and sector meetings. No data could be obtained either through interviewing SIEPA's employees or through interviewing with foreign investors or on the website of SIEPA that it provides professional management assistance.

SIEPA points out specific FDI opportunities and creates and fosters a favourable domestic climate for FDI through a continuous analysis of the data that it follows. SIEPA also monitors and reports on FDI activities and produces annual reports on it. It provides necessary "market

entry" data and information on taxation, administrative regulations, and other legal and financial matters.

All of this information is available at the request of interested parties. It should be noted that through the administration of the subsidies that state provides to attract foreign investments, SIEPA extends the framework of this definition.

CONCLUSION

The aim of this thesis was to examine the barriers that await investors when they come to Serbia, the climate and the basic market conditions, and to give an overview of two investment sectors in Serbia. Moreover, the intention of the thesis was to analyze and present what the State had done in the field of legislation in order to improve legal and institutional framework, and thus business conditions for all participants in the process of developing more contemporary and productive investment.

Based on the responses received during the interviews with the representatives of the state, whose task is to attract foreign investors and provide them with the first information, and with foreign investors, and after analysing laws and institutions, the easiest way to present the synthesis of obstacles and possibilities, the climate and the barriers through a SWOT analysis.

As Strengths the following can be mentioned: Free Trade Agreements with Russia, Belarus and Turkey; Membership in EFTA and CEFTA also contributes to free trade in goods; human resources stand out, as well as the availability of raw materials and low business cost. Political will for Serbia to become a serious and interesting market location is reflected in a clear stance to combat corruption by enacting laws, and in particular by establishing Anti-Corruption Agency. "Guillotine of Regulations", implying the removal of regulations that further complicate and prolong the process of starting a business, is an ambitious plan of the Government in the fight against bureaucracy. Although it was planned to have this process completed by September 2010, little has been done so far. Even though the country belonged to the Communist Bloc, Serbia, while it was a part of the Socialist Federal Republic of Yugoslavia (before the dramatic collapse), was significantly more open for trade in goods and services, and for foreign investments as well. From the aforementioned reasons, previous experience in doing business in Serbia was stated as a reason for re-investment. Openness to investment through the adoption of new laws that meet international standards is also one of the strengths of Serbia. Enactment of Law on Prevention of Corruption and of Law on State Aid Control is especially important.

Weaknesses that are identified during working on this thesis are primarily bureaucracy and too many laws that are rather non-transparent and only complicate the process of opening new jobs. Although the Commercial Court has been established, this process is still slow. Another great weakness, both in terms of attractiveness of Serbia as an investment location and in terms of

development of the entire Serbian society, is corruption. Non-transparent procedures and obligations towards the authorities make corruption possible. The procedure of issuing various licenses and permits is usually time limited. However, cases of state officers not acting within legally due time are still not sanctioned, despite the negative implications on job opportunities, and thus create opportunities for state officers to blackmail investors. The third observed weakness is poor infrastructure. During the years of crisis there were no investments in roads and energy efficiency, so even nowadays roads in Serbia are rather deteriorated and uncomfortable. Another weakness is the lack of sufficiently well-educated management personnel.

A unique Opportunity which Serbia has is that currently it is in the process of joining the European Union. In the process of joining the European Union Serbia applied to get EU candidate status. During the harmonization process Serbia will improve its legal system and align it with business laws in force in Europe, and thus reduce the regulatory distance. Moreover, the process of joining EU brings positive pressure to raise standards and change habits. Europe also provides funds that can significantly improve the political and economic factors, and thus contribute to the achievement of European standards concerning the Maastricht criteria.

The global economic crisis hit Serbia as well. This Threat has significantly stopped the inflow of foreign investment. Although there was visible progress in the development of Serbia in the past ten years, the obstacles brought by crisis affected the decline in purchasing potential. The demand for goods is drastically reduced, thus bringing back the memory of the great Serbian crisis of the nineties. The value of national currency has fallen, while the annual inflation is predicted to be 8%. All this affects the decline in market demand and stopping of market movements. In addition to economic instability there is another predicament that is of importance for making decision to invest in the Serbian economy and that is political instability. The burden of the past, unfinished Hague processes that impact Serbia's candidacy for accession to the European Union, polarized political affiliations of the population in the year of the coming elections - all this significantly slows down the process of upgrading investment climate.

Recommendations to the Republic of Serbia to improve the investment climate:

- To speed up the process of harmonizing its laws with EU laws;
- To make the procedures for obtaining various permits and licenses transparent;
- To implement automatization and interoperability of state administration;
- To speed up "Guillotine of regulations";
- To regularly educate state officers on its own new regulations, on regulations adopted by the European Union, and on international obligations that Serbia ratified;
- To continue with measures that stimulate opening of new job position;
- To support the development of control mechanisms established by the state, e.g. Commissioner for Information of Public Importance and Personal Data Protection, the Ombudsman, Anti-Corruption Agency, the State Auditor, the Commission for Protection of Competition, etc, and to respect their decisions.

Recommendations to investors:

- To participate in the efforts of the Republic of Serbia to improve the legal framework through expert contributions of the Foreign Investor Council or of the representative of Chambers of Commerce;
- To openly combat corruption;
- To specify barriers that should be removed;
- To participate in community improvement and environmental protection programmes;
- To transfer knowledge to employees in Serbia.

When coming to the host country, in this case to Serbia, foreign investors at this point can expect to face longer procedures for registering enterprises. The procedures are only seemingly simple and easy, and in addition to them it is also necessary to obtain a series of registry numbers and seals in modern and automatized Serbian Business Registry Agency. The next problem that investors encounter is obtaining also a rather huge number of licenses necessary for establishing business in various sectors. Obtaining permissions to work in certain sectors is defined by the relevant laws, however, the bylaws governing the procedures often do not comply with the relevant laws, which consequently slows down the process of obtaining these permissions. Civil servants in charge of the administration are not sanctioned if the matter is not being processed in legally due time. Opening space for corruption, which is the second largest barrier, is possible in such situations where there is no transparency in the process of issuing licenses and no sanctioning of civil servants. The State has demonstrated the political will to fight this problem by adopting the National Strategy for Combating Corruption and by establishing Anti-Corruption Agency. In addition to this, the Serbian Parliament adopted Law on Protection of Competition, all of which should enable equitable and competitive market competition. The Commission for Protection of Competition is responsible for the implementation of this law. The State has established a number of independent institutions that should promote the rule of law and fight the barriers that foreign investors face in Serbia. These institutions are as follows: The Commissioner for Information of Public Importance and Personal Data Protection, the Ombudsman, the State Auditor, the Anti-Corruption Agency, and the Commission for Protection of Competition.

The Serbian infrastructure is obsolete. However, the State demonstrates the willingness to enhance the cooperation with investors in this area as well. As an example of this in the case of privatization of Zastava Car Factory in Kragujevac, which was bought by Italian Fiat Auto Group, Serbian began constructing highway section that should better connect Kragujevac with international highways. SIEPA's employees point out this openness to such forms of cooperation to possible investors. SIEPA is a state agency for investment promotion that can provide a considerable amount of information, connect potential investors with local self-governments, i.e. cities and municipalities, which have shown interest to subsidize investments in various ways, one of which is giving free land for building factories with the expectation that they will employ a certain number of citizens and thus solve the problem of unemployment.

As far as the investment climate is considered, it can be predicted that in the future Serbia will certainly continue to struggle with different problems and that it will continue with creating new investment opportunities.

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3. www.mtid.gov.rs
4. www.ratel.rs

EU and Serbia Sign Bilateral WTO Accession Agreement

At the beginning of the year 2011, the EU and Serbia have signed a bilateral agreement on Serbia's accession to the WTO. The agreement was signed by Mladjan Dinkic, Deputy Prime Minister and Minister of Economy and Regional Development of Serbia, and the European Commissioner for Trade Karel De Gucht. It comprises provisions on tariffs for trade in goods and the reciprocal opening of the partner's respective services markets. These commitments will be embodied in the future Protocol of Accession of the Republic of Serbia to the WTO.

"Today's signature is a milestone in Serbia's WTO accession process and an important step towards fostering our economic relations," said EU Trade Commissioner Karel De Gucht. "Serbia has made remarkable progress in preparing for WTO entry and the EU remains a strong supporter of its swift WTO accession."

Deputy Prime Minister Mladjan Dinkic said: *"Recognising the importance of the multilateral trading framework embodied in the WTO, Serbia invested serious efforts in order to become a member of this important family. On this road Serbia was not alone, since the EU was and still is supporting this goal. We can say that at this point we see positive results and the end of the road. Today's event represents a step closer to our final goal and we are confident that it will help in finishing the rest of the bilateral negotiations in the WTO in the months to come. If we find the same constructive attitude with other partners, we are ready to finish accession negotiations by the end of this year."*

In order to accede to the WTO, Serbia still must complete bilateral negotiations with other WTO members and have its accession endorsed by a multilateral working group at the WTO in Geneva.

Background

Serbia applied for WTO membership in December 2004. In February 2005, the WTO General Council accepted its application, and a working group was established to start the negotiations. Parallel negotiations are being led at working party level and bilaterally with a number of WTO members.

Accession to the WTO is expected to make a lasting contribution to the process of economic reform and sustainable development in the Republic of Serbia. Bilateral trade commitments between the EU and Serbia are already embodied in the Stabilisation and Association Agreement (SAA) which was signed between the European Union, its Member States and Serbia on 29 April 2008. As ratification by Member States for the SAA is not yet completed, an Interim

Agreement on trade-related matters has been applied since 1 February 2010, allowing for the early implementation of trade provisions of the agreement.

The EU is Serbia's main trading partner. In 2009 the total value of goods exported to Serbia was € 3.4 billion, whereas imports from Serbia amounted to € 3.2 billion. Main EU exports are machinery, transport equipment, and manufactured goods. Serbia provides the EU market with iron and steel products, tyres, electrical machinery, corn and raspberries.

For further information: [Trade relations between the EU and the Western Balkans](#)

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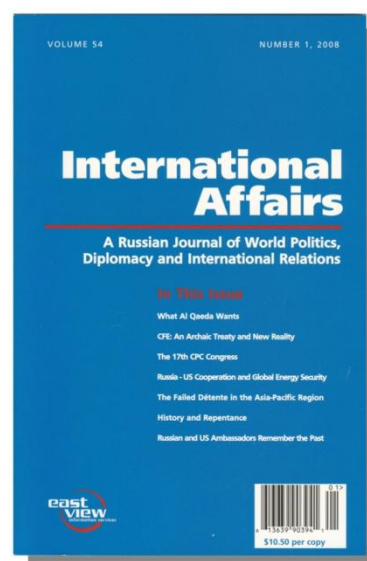
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Agenda



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You are invited to report us well in advance the events (www.eufaj.eu). We will be glad to publish them here. All data reported without the guarantee to be correct.

“Europa bewegt. Wir bewegen Europa” (“Europe moves. We move Europe“), München/Germany, 12.09.2011

20 years consultancy jubilee conference, 10 years of Open Europe Consulting, with many prominent guests from Central & Eastern Europe. More information: www.open-europe-consulting.de, khavina@open-europe-consulting.de

EUROMED INVEST, Alexandria/Egypt, 21./22.09.2011,
the annual high-profile marketplace event on investment and trade in the Euro-Mediterranean region, organized by MedAlliance, registration fees: free; more information: www.euromedinvest.org, questions via contact@euromedinvest.org.

Schiedsgerichtsbarkeit und Streitschlichtung im Mittelmeerraum (Arbitrage and Dispute Settlement in the Mediterranean), Basel/Switzerland, 07.10.2011

Organised by Swisscham-Africa (Economic Chamber Switzerland – Africa) Details: Most of the lectures are in German, some in English; debate in English or French possible. Further information: www.swisscham-africa.ch, t.vogl@swisscham-africa.ch

“Fostering Civil Society’s role for further European integration in the Eastern Partnership countries”, Yerevan/Armenia, 20./21.10.2011,

Organised by European Movement International (EMI), Brussels, in cooperation with the National Council of the European Movement in Armenia, bringing together civil society actors as well as local and national public authorities from the European Union and the Eastern

Partnership countries (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine). More information: irina.petrova@europeanmovement.eu, or www.europeanmovement.eu

European Economic Interest Grouping (Cooperation in Europe according to EC Regul. 2137/85), Frankfurt/Main, Germany, 11.11.2011

Workshop registration: 190 EUR (+ VAT), more information: www.ewiv.eu, ewiv@libertas-institut.com. Details: Lectures are in German; debate in English, French or Italian possible

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Terrorist Threats and Democracy: What Answers for Europe?¹²⁶



Olivier Védrine, Editor of EUFAJ, lives in Paris/France. Professor at the IPAG Business School where he is Director of an MBA programme, at IÉSEG/Université Catholique de Lille, and other universities. The Lecturer of the European Commission (TEAM EUROPE France) is President of the Collège Atlantique-Oural and Associate Research Fellow at UQAM (Université de Québec à Montréal)

More than nine years after the 11th September, it is interesting to approach a subject like this one. Firstly, what could be the roots of terrorism? This question allows us to guess what the dangers for Europe and the West could be and then develop a fair and effective response.

Authoritarian regimes have prevented the emergence of organised opposition in secular or civic society. It is in these countries that Islamic fundamentalism and terrorist networks have grown dramatically. Islamism has been the only movement to survive the authoritarian regimes as it is rooted in the culture of the country and is prevalent in the lower social classes.

The political movements that were created knew how to go about acquiring financial independence and protected themselves from security agents by holding meetings in mosques. These factors have given a freedom of movement that no other group has been able to have.

Their strategy to gain strength and power is based on weaving themselves into the disadvantaged, poor segments of society through the creation of charitable associations. It is with this intelligent and effective strategy that Islamic fundamentalism has gained ground in Muslim countries even extending to countries beyond the Arab world. Democracy is the only way to handle this political force as those who find themselves in power must adjust their ways if they wish to be re-elected in future.

¹²⁶ This article has been written at a time before the terrorist acts in Norway.

Islamic terrorism, along with the nebulous Al-Qaeda aims to destabilise both Muslim and Western nations. This strategy differs from traditional terrorism as it recruits from different countries and targets the whole world, having global impact. This is a terrorism that is very difficult to combat as it feeds on ideology.

The actions of the West have made it the enemy, with Islamism seeking to attack its culture and its values. The reasons for this attitude are both internal and external.

Inside these countries where these groups are formed, the situation can be partly explained by a political and cultural identity crisis between the Muslim world and globalisation. A historic sense of injustice towards the West due to the colonial past has deepened the sense of frustration.

On the outside or rather coming from the outside are the unlawful interventions by Western powers in the politics and economies of certain countries with the latest error being the two Gulf wars. It is also the support of certain authoritarian dictatorships by the West that causes deep anger. For this reason Muslim countries are the primary victims as the extremists accuse their governments of alliances with the interventionist West.

In this context and with these reasons we can only have dramatic consequences as was the case with the tragedy of September 11th 2001. It was an attack against the USA, against modernity and democracy and against Muslim countries allied with the West.

Al-Qaeda advocates the violent overthrow of regimes in Muslim countries and the establishment of Islamic states with a total eradication of Western values in the Islamic world.

The primary aim is to increase insecurity in the Middle East using Iraq as a breeding ground for extremists. This strategy has not produced the expected benefits and mobilization has not provided the desired numbers.

A second objective is to bring insecurity to the heart of the Western world by creating doubts about Iraq and Afghanistan becoming the new Vietnam.

Europe and Terrorism, how can our democracies manage such a problem?

Terrorism provokes a return to strong security policies, strengthens nationalism and achieves its aim which is to weaken democracy.

In a Europe weakened by economic slowdown, the terrorist threat may jeopardize our political systems. Under pressure from public opinion, national governments could be taken over by political parties with strong security agendas. These programmes would put a brake on economic growth due to the financial cost of maintaining high levels of military readiness and intervention. A return to nationalism and introspection could slow down political construction in

Europe. Fighting terrorism should be done through the spread of democracy and economic development assistance.

“The Barcelona Process: The Mediterranean Union” is an organisation which can serve as a platform for dialogue between Europe and Muslim member states. The Paris summit which founded the Mediterranean Union on the 13 July 2008 at the invitation of France and Egypt, states the objective of working together. This organization could provide a favourable environment for peace negotiations in the Middle East strengthening the efforts of the Obama administration to find a solution. It could also be used to revive the Euro-Arab dialogue between the 27 EU countries and the 22 member states of the Arab League. The accession of Turkey to the European Union would be a cultural milestone for the Muslim world and could lead to a different view of Europe and the West by Muslims people. This would serve as a driver for new co- operation and give rise to dynamic dialogue and relationships based on greater mutual respect.

Europe should cooperate more in the process of democratization by helping opposition parties to establish themselves and by supporting economic and social reforms made in certain countries. The West should also accept the emergence of Muslim democratic parties in the Muslim world in the same way as there are Western Christian Democratic parties. We should overcome our cultural and geographic biases and our fear of Muslim democratization. We should do everything possible to ensure that democratization takes place in the best possible conditions so that the results are the best for everybody.



Nehemia University is a new, private university in **Pogradec/Albania**, ashore Macedonian-Albanian Lake Ohrid. Since the early 1990s, Bavarian aid organisations bogged down in Albania, where they set up a group of kindergartens, elementary schools (also for underprivileged children), secondary schools, medical and rural development projects – and now also a university. The Chairman of Nehemia Foundation, Arnold Geiger, obtained in 2008 the Federal Cross of Merit from the German Ambassador, for the “construction works” – for which already old Nehemia was famous.

The University offers a **Master in European Studies**, besides Bachelor presence studies e.g. for a B.A. in Business Administration. The Master programme runs 24 months in “blended learning”, with distance studies (27 course units) and homework tasks, a Project Study (1st year), a Master Thesis (2nd year), Skype conversations between students and lecturers, and four presence courses of four days and one of two weeks. A team of altogether 35 lecturers from many countries is at the



disposition of the students. The Lecturers love their job – for it includes also discussions with intelligent students from countries who are in Europe or in other parts of the world. Everything can be overseen – also the group size in the presence modules, where the size of a group will be between 5 and 9 students. In the presence modules skills and debates are in focus, skills like negotiation techniques, international project management, European policy and values communication, and many topical subjects from European policymaking.

Here are some pictures of a part of the Campus (with a modern Adidas sports field) and of the panorama with the Lake Ohrid at the left and Macedonian mountains in the background. Albania is becoming interesting, aspiring for EU accession, with many young, clever people, who are eager to learn and to work with their fellow students from other countries. You need just a Bachelor degree to be able to continue your Master studies. And students can enrol **at any time**.



The Rector of Nehemia University, Prof. Dr. Alexander von Freyhold (formerly Rector of Dual University Baden-Württemberg in Mosbach/Germany), takes the time to discuss with the students personally their problems. There has been prepared a Master in European Studies, a Curriculum and online course material, which is always at the newest level, and a motivated Master in European Studies faculty is at disposition. Accreditation is envisaged in Germany, the courses are following the EU Bologna principles, and tuition fees are very competitive. Students from all over the world are welcome – as Nehemia University is small, they are individually taken care of. This is part of our familiar climate. More: www.nehemia-university.org



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