The 18th International Conference of Young Scholars

Crucial Problems of International Relations through the Eyes of Young Scholars

25 years without the Iron Curtain: Challenges for International Relations

Conference Proceedings edited by Zbyněk Dubský and Radka Havlová

2014
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Foreword

The International Conference of Young Scholars (ICYS) was established in 1997 at the Jan Masaryk Centre for International Studies, Faculty of International Relations, University of Economics, Prague, and under the auspices of Central and East European International Studies Association (CEEISA). From the very beginning, its organizers have attempted to create a unique annual event that would bring together young scholars, doctoral candidates and post-doctoral research fellows from various countries, and offered them the opportunity to gain experience, present their research and establish contacts with their colleagues in abroad international environment.

The 18th ICYS was held on the 30th May 2014 at the University of Economics, Prague, Czech Republic and covered the topic “25 Years without the Iron Curtain: Challenges for International Actors”. The programme of the conference was prepared and supervised by the Programme Committee under the patronage of CEEISA (Central and East European International Studies Association). The conference was divided into two sections: 1. „International Actors in post--Cold War World Politics: Continuity and Change“ and 2. „An Ever Closer Union or Post--Cold War European Politics“.

The papers in the first section explored the international actors in the post-Cold war world politics focusing on continuity and change in this period. Papers presented in this section focused on the role of international non-state actors, such as international organizations, regimes and NGO’s. Papers in the second section focused on the economic, political and social changes across Europe and globally as well as changing role of the European Union in the last 25 years.

At the 18th ICYS Prague meeting 19 young scholars from 7 universities presented their research papers. The abstracts of all papers were published in Electronic Conference Proceedings – Abstracts and are available at http://icys.vse.cz/wp-content/uploads/2014/07/proceedings-icys-2014_Hotovo.pdf.

17 papers underwent a demanding pre-selection and double blind-peer review process. Finally, 12 were accepted for publication and are contained in the conference proceedings. The editors of the conference series together with the organizing committee would like to thank for kind support to the Grant Agency of the University of Economics, Prague (grant number 113/2014) and to other supporters of the conference –the Central and East European International Studies Association, the Centre of European Studies at the University of Economics, Prague, the Academic Council of the United Nations System and the Czech United Nations Association. In addition, they gratefully acknowledge the cooperation of the peer reviewers as well as of all participants of the conference, especially those who submitted their manuscripts for review and those who provided their papers for the publication in this volume.
The editors together with the organizing team look forward to seeing young scholars at the 19th ICYS Prague meeting to be held on the 24th April 2015 in Prague. This year’s meeting theme is “Europe Inspiring“.

Radka Havlová, co-editor of the Conference proceedings,
on behalf of the Jan Masaryk Center of International Studies
and the ICYS organizational team
Editorial

We have the honour of presenting here the conference proceedings that gathers selected papers presented at the 18th International Conference of Young Scholars, held at the University of Economics in Prague on 30th May 2014. We can proudly say that the idea of organizing such an international conference of young scholars annually has become a tradition and it’s proved to be a valuable element of discussions on the international system and its changes. Since its inception in 1997, many young scholars from different countries all over the world have taken the opportunity to present the results of their scientific research and further debate the diverse issues of international relations as well as their points of view on the current course of the academic field which has been the very original aim of the Conference.

The main political, economic and social changes in the world make us think and discuss the threats and opportunities in and for the 21st century both on the global and regional level. The year 2014 marked the 25th anniversary of the end of the Cold War and thus the theme and title of the 18th International Conference of Young Scholars was “25 Years without the Iron Curtain: Challenges for International Actors”. Holding the Conference in the capital of the Czech Republic, a country which has undergone many crucial changes since the fall of the Iron Curtain, the choice of the theme was natural.

The Conference was divided into two sections, corresponding with its title. The first section „International Actors in post-Cold War World Politics: Continuity and Change“ dealt with the role of states and international non-state actors, such as international organisations, regimes and NGOs. Their importance has been continuously rising over the last decades and apparently making an assault upon the state-centric view of international politics. Since early 1970s this has been widely accepted by the IR theory. The end of the Cold War then has brought further radical transformations of the IR system creating enormous challenges both for the states and the other international actors. The many serious questions discussed by the scholars during the conference were for example: How have the international actors been transformed over the last quarter century both within themselves and in their global context?; What has been achieved since 1989 and what has not been attempted yet?; What seems to have failed?; How have policies and priorities of the international actors changed in response to the new understanding of the issues they deal with and of their external international environment?; What policies and strategies are adopted to effectively meet the existing challenges?; What can the UN system, as a global political body, be reasonably expected to accomplish? The papers from the first section thus primarily address these questions both from theoretical and empirical point of view and on different levels of international relations.

The end of the Cold War has brought profound changes all across Europe and therefore the second section of the Conference was devoted to European politics. Named “An Ever
Closer Union or l’Europe des Parties: Post-Cold War European Politics”, it first and foremost explored various issues of European integration process and its role both inside European continent and on the global level. The post-Cold War Europe was to a large extent defined by the expansion of the European integration. It has been a significant contribution to the consolidation of the continents’ new democratic and market-economic order. It has at the same time created great challenges both for the European Union and the NATO and the new member states from the Central and Eastern Europe. During the conference and in their papers, the scholars covered diverse aspects and problems of the post-Cold War European politics and the European integration. Among others, the papers deal with these topics, important questions and challenges: How and to what degree has Europe and the EU and the other European organisations been transformed over the last quarter century?; What has been achieved and what are the political deficiencies that still need to be addressed?; What role can Europe play in addressing global challenges and is Europe adapted to the needs of a 21st century “superpower”?; How has the enlargement affected the European Union and its external relations?

The papers published in these Conference proceedings confirm that the centres and institutes of scholarly research and education as well as the academic conferences have unique added value for the course of both global and European future, from theoretical as well as empirical perspective. We believe that the readers will get some relevant and fresh information that could represent valuable source for additional discussion on our common future.

Zbyněk Dubský, co-editor of the Conference proceedings
The Blue Card in the Context of EU Immigration Policy: A Comparison between Italy and Britain

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Abstract
The aim of the paper is to analyse the impact of the EU in labour migration policy. Ten years after a common migration policy was called for, the Blue Card Directive (2009) has been the first policy output in this area to be approved: it concerns the conditions of entry and residence of highly qualified third country nationals in EU countries and it is conceived as the European answer to the global competition for talents, in which the EU countries entered later than the US, Canada or Australia. However, the Directive has been quite unanimously considered a very disappointing answer, compared to the initial aspirations of the Commission, and the added value of the regional cooperation has been questioned.

My aim is to analyse how competitive the Blue Card is as a tool for attracting qualified immigrants to the EU, and to do so I will compare high-skilled immigration policy in a country in which the Blue Card directive had a considerable effect on it, i.e. Italy, to a country that opted out of the Directive, still sharing the goal of attracting the 'best and the brightest', i.e. the UK. While member states that had already a policy to attract qualified migrants faced little potential benefit from this new entry route, member states that lacked such a policy, like Italy, had the most to gain. Moreover Italy, due to favourable political circumstances, has enacted the directive in a quite liberal fashion. On the contrary, the UK started earlier to divert its immigration policy in favour of the most qualified applicants. The literature has put forward some indices to compare highly skilled immigration policies; I will stem from them to design an index that measures the attractiveness of a policy both in terms of entry requirements and procedures, and in terms of entitlements granted to applicants and family members. The result of the comparison will be that, although Italy and the UK score equally in entry requirements and procedures, yet Italy scores considerably higher in terms of entitlements, and this is thanks to the Blue Card.

My contribution then supports the thesis that the added value of the regional cooperation in migration policy is the inclusion of rights rather than the expansion in numbers.

Introduction
This paper draws upon my MA dissertation and now, being in the first training year of my Ph.D., I am in the phase in which I am devising a well thought out research design stemming from this. This is an explanatory study and it serves as a hypothesis devising for further research development.

The aim of the paper is to analyse the impact of the EU in the labour migration policy. Ten years after a common migration policy was called for, the Blue Card Directive (2009)
has been the first policy output in this area to be approved: it concerns the conditions of entry and residence of the highly qualified third country nationals in the EU countries and it is conceived as the European answer to the global competition for talents, in which the EU countries entered later than the US, Canada or Australia. However, both in the literature and by policy analysts, the Directive has been quite unanimously considered a very disappointing answer, compared to the initial aspirations of the Commission, and the added value of the regional cooperation has been questioned.

My aim is to analyse how competitive the Blue Card is as a tool for attracting qualified immigrants to the EU, and, due to its character of setting (a minimum set of standards), I will compare the high-skilled immigration policy in a country in which the Blue Card directive had a considerable effect on it, i.e. Italy, to a country that opted out of the Directive, still sharing the goal of attracting the 'best and the brightest', i.e. the UK. While member states that had already a policy to attract qualified migrants faced little potential benefit from this new entry route, member states that lacked such a policy, such as Italy, had the most to gain. Moreover, Italy, due to favourable political circumstances, has enacted the directive in a quite liberal fashion. On the contrary, the UK started earlier to divert its immigration policy in favour of the most qualified applicants.

The literature has put forward some indices to compare the highly skilled immigration policies; I will stem from them to design an index that measures the attractiveness of a policy both in terms of entry requirements and procedures, and in terms of entitlements granted to applicants and family members. The result of the comparison will be that, although Italy and the UK score equally in entry requirements and procedures, yet Italy scores considerably higher in terms of entitlements, and this is thanks to the Blue Card.

My contribution then supports the thesis that the added value of the regional cooperation in migration policy is the inclusion of rights rather than the expansion in numbers.

**Research question**

**Defining preferences**

The UK and the EU share the preference for economically managed migration, in particular for the highly skilled immigrants. In the UK, both Blair's foreword to *Managing Migration in 2005* and the *Conservative Manifesto in 2010* expressed the desire to attract the best and the brightest, while aiming at reducing irregularities and the entrance of people not bringing any economic benefit. In the EU, the Policy Plan and the *Pact on migration* stress the urgency to set up measures for the high-skilled immigrants, and the member states in the Hague Programme, the Lisbon strategy and then *Europe 2020* also make reference to the positive impact of economic-driven migration on growth.
During the same period (second half of 2000s), the UK and the EU have developed two distinct policy tools to pursue their preference: the Blue Card Directive in 2009 and the Points Based System phased in between 2008 and 2010. These go with a general tendency in OECD countries to identify the profile of "desired" and "undesired" immigrants, and consequently to attract the former and repulse the latter (Kolb 2010; Menz and Caviedes 2010). In political economy literature, this sectoral turn is explained by the shift in industrial relations toward a greater decentralization of bargaining power within employer associations and unions. This allows the smaller interest groups to act according to the preferences of the sectors they represent (Caviedes 2010; Cerna 2009) and allows the service economy activities and the IT sector to gain more power (Wogart and Shüller 2011). In political science, the sectoral approach in the EU is conceived as a partitioning strategy to overcome deadlock in the Council (Roos 2013). But, and it is more relevant here, the targeted policy is also conceived as an answer to the perceived global competition for talent: attracting the highly skilled immigrants would enhance the growth of a country, while refraining from doing that would be disadvantageous for the state's competitiveness with regard to the other countries engaged in the contest (Menz 2010; OECD 2008). So, albeit later compared to the US, Canada and Australia, the European countries have started to realise the need of the highly skilled people and to design policy accordingly (Kahanec and Zimmermann 2011).

In this competitive picture, the EU countries decided to cooperate and play together, while the UK decided to play alone.

My research question therefore is: has the impact of the EU on the labour migration policy been positive with respect to the goal expressed by the EU itself and shared by countries that decided to opt out, such as the UK? In particular, did the EU succeed in providing an attractive policy for the highly skilled TCNs in Europe or does the EU solution lag behind what the member states alone could in fact design? To do so, I will compare highly skilled migration policies of a country that opted out, Britain, and a country that fully participate in the EU migration policy, Italy, and I will assess their policy in terms of attracting power.

**Italy and the UK: hypotheses and expectations**

**Italy and the UK experience different kinds of migration:** as far as it concerns the demography of migration, Italy is a new immigration country, whereas the UK is an old one. As a consequence, the number of foreign-born is higher in the UK than in Italy (11.3% against 7.9% of the total population). Also, in the UK, immigrants are more highly qualified than immigrants in Italy and more qualified than native Britons as well, whereas in Italy immigrants are mainly low qualified. However, Italy has also the lowest number of the high-skilled native-born of the EU and the phenomenon of over-qualification is widespread for immigrants (OECD 2008). These data may be seen both as a sign of a lack of the need for the highly skilled immigrants in Italy, or as a sign of poor policy that needs to be improved.
Regarding the public debate, in Italy, it is overwhelmed by the irregular migration and the argument of attracting talents for the economic purpose is not common. In the programmes of the three major parties in the last electoral campaign (national election 2013), only the centre-left party mentioned the labour migration and the highly qualified immigrants in the context of the EU, but in fact the migration did not play any role. In the UK, on the contrary, the labour migration, and especially talented migrants, has been an object of the debate since the 2000s, and also the last David Cameron's speech acknowledged the need of immigrants. The main concern is the uncontrolled migration, not necessarily for the labour purposes, and the burden on the welfare system it may mean. These demographic characteristics may lead to expect that Italy welcomes the high-skilled immigrants less than the UK because of the lack of political tradition and the lack of economic need. Yet, the same data may also lead to think that Italy needs to promote the highly qualified immigration more than the UK, because of its delay in attracting the qualified immigrants and, considering the low rate of the native high-skilled, because of the economic need, the little language diffusion and the low growth rate of the population (van Riemsdijk 2012).

Considering the political events, Italy implemented the directive late but under particularly favourable circumstances. The government at that time was composed of technocrats led by Mario Monti and the Parliament was largely collaborative. So it is reasonable to expect that the implementation has been quite smooth and along the EU intentions. Also, comparative studies (Cerna 2013) point out that Italy had a quite liberal implementation of the Directive, which goes with the supportive attitude it had in the phase of negotiations. Generally, the member states which lacked a highly skilled migration policy indeed saw the directive as an opportunity to start attracting the highly qualified people and to shift the balance among immigrants, whereas others, such as the UK, with an established tradition of the highly qualified migration, perceived the Directive as a useless constraint (van Riemsdijk 2012; Gümüs 2010; Cerna 2010; Collett 2008).

In Great Britain, the Points Based System was contrived by the Labour government and since 2010 managed by the Coalition government. Although both the Labour and the Conservative party have similar preferences for the selective and economic-driven migration, the latter is favourable to set a threshold to the number of immigrants allowed to come to the UK (cap) and more inclined to reduce the overall number of migrants. So, for these political circumstances, it may be expected that the system in the UK is more restrictive than the one in Italy.

In the UK, the political aspect of migration is linked to the economic one through the Migration Advisory Committee, which was set up with the task to advise the government about the ways to coordinate the policy with the market needs, which has no equivalent in Italy. Moreover, both the Points System and the Directive were devised during favourable economic circumstances and regulated or implemented during the unfavourable ones. This may cause either a more restrictive turn, with the aim of preserving jobs for nationals, or a
more open policy and the efficient regulation of immigrants to call for investors and skills required.

Therefore, the expectation from the comparative analysis is that the British and the Italian highly qualified migration policies differ. My research question is which country has a policy more consistent with the preference of attracting the high-qualified immigrants. The considerations above support both hypotheses:

1. Italy has a more attractive policy for the highly skilled immigrants than the UK, 1.i) thanks to the Blue Card Directive, or 1.ii) notwithstanding the Directive;
2. the UK has a more attractive policy for highly skilled than Italy, 2.i) because it opted out of the Directive or 2.ii) because Italy has implemented the Directive in a restrictive fashion.

In the case in which the Italian and British policies were similar, it should be enquired if it is so for the Directive.

**Methodology**

My primary source is legislation: if in Italy the Directive is implemented in the primary law, through a legislative decree converted into act; in the UK, rules, written and modified on a regular basis by the Home Secretary, regulate migration. Therefore, for Italy, I will consider the so-called Testo Unico (law 286/1998) and ministerial circulars that specify how to apply the law and decrees; and for the UK, I will consider the Rules. My purpose is to provide an index to measure the attractiveness/competitiveness of migration policies for the highly skilled people. I will put forward several indicators of attractiveness, in relation both to the access into the country and to the entitlements granted. I will give a point to each indicator according to their relevance: for the indicators that are more important in order to establish if a policy is attractive in terms of the access and entitlements, I will give a score between 0 and 3, while for the indicators less relevant, the score available is between 0 and 2. In weighing the score, I partially depart from the existing literature as generally scores are not weighed. Yet, I still will stem from existing comparative studies, as long as the indicators that score higher are those more often considered by the literature, like the labour market test or the cap. I will include though also less commented indicators, with a lower score, like biometric information or application fees, because I deem that they are relevant, especially when comparing two countries. The studies I refer to, on the contrary, consider more countries and select only a few indicators to make the comparison more manageable. To verify the hypothesis 1 and 2 above, I will sum up the score for each indicator. I will also consider the highest points available through a very open implementation of the Blue Card and I will compare it with the score of the Italian implementation in order to verify if Italy has a more attractive policy, it is the case of 1.i or 1.ii, or the UK, case 2.i or 2.ii respectively.
In devising the indicators for an attractive migration policy my source are Mipex and secondary literature. Mipex is an in-depth and detailed index of integration which includes also the labour migration policy, though without distinguishing categories of immigrants. The comparative studies on the highly skilled migration policies, either in-depth or considering only few indicators, are mainly carried out with a broad perspective, but also studies with a narrower focus are available (Lowell 2005, Cerna 2009, 2010; Kahanec and Zimmermann 2011; Wiesbrock and Hercog 2012). I will narrow the scope of indicators to two countries, so, even if in general my indicators are valuable for assessing all the highly skilled immigration policies, yet here they are specifically adjusted to the countries I am considering.

The higher is the score, the more the policy is competitive. This means that the access to the national labour market is easier and the number of rights that the person can claim is higher. I will codify the competitiveness with the access and entitlements. The access refers both to the application procedure and to the requirements, whereas the entitlements refer both to the rights enjoyed by the main migrant and by the members of her family. Regarding the procedures, the most relevant indicators are the following: the presence of a pre-set cap to inflows, which can be for all migrants or only for some categories and that obviously discourages application; the application fee, which, if high, discourages applications; and the range of professions qualified as highly skilled, which, if narrow, attracts few people. Less important, but still relevant indicators are the timing foreseen for the application to be processed, the possibility to apply from within the state, the person who has to apply (whether the employer or the employee), and the request of biometric information. Regarding the requirements, the most important to assess the competitiveness of the policy are the necessity of a job offer; the level of education, if any; the minimum salary threshold that should be overcome; the amount of maintenance fund that the applicant should have secured, if any; the length, if any, of the labour market test, i.e. the advertisement of the vacancy to the European market to comply with the Community preference principle. Other indicators are the minimum length of the contract, the request of the language test and the housing certificate. Concerning the entitlements enjoyed by the Blue Card holder, I will consider the period of validity of the Blue Card and the access to long-term residency as the most important indicators. Other indicators are the degree of openness of the labour market, the mobility for tourism or work allowed and the period of unemployment granted. Regarding the entitlements of the members of the family, I will consider when they can apply to reach the main applicant, who they are, whether they can work, how long they can stay, the maintenance fund required, if any, and what happens in case of death or divorce/separation (see appendix).
Analysis

Identifying the target: Italy and the UK

In Italy, the main entrance channel for work purposes is through a quantitative selection mechanism, with qualitative elements - the inflow decree that generally every year specifies the number of people allowed to come to Italy for work purposes. Another channel is through the 'art. 27', which regulates the out-of-quota entry, for specific professions.

The Blue Card is included into the legislation with the article 27 quarter of the testo unico as a new channel out of quota for the highly skilled immigrants. Some professions are covered both by the art. 27 quarter, by the inflow decree or the art. 27. These are managers, researchers, entrepreneurs who benefit the national economy, freelance professionals, partners and officers of companies, artists world-wide renowned (when considered as subordinated); University lecturers, language teachers, translators and interpreters, artists and nurses. However, for the purpose of comparing the highly skilled policies, I shall consider only the art. 27 quarter-Blue Card. In fact, given the little range of professions allowed and the little share, if any, of the quota reserved for the high-skilled immigrants, the other channels do not constitute valid alternatives to the Blue Card. Therefore, if the hypothesis 1 was proven, namely that Italy 1 has a more attractive policy, it would be because of the Directive, so 1.i.

Within the British five-tier system, the highly qualified immigrants have specific entry channels. The Tier 1 is labelled as 'high-value migrants' and it is entirely supply-driven. Specifically, it is aimed at investors, entrepreneurs, and graduate entrepreneurs per year, and exceptionally talented worldwide recognised specialists in the art, science or engineering. When the system was phased in, it included also Tier 1-General for immigrants scoring a certain amount of points over specific variables. Yet, this route was closed in April 2011. Tier 2 addresses the skilled workers and is demand-driven, the sub-categories being sportspersons, ministers of religion, intra-corporate transferees and the general skilled immigrants.

For the purpose of comparing policies for the high-skilled immigrants, I have to detect the British equivalent of the Blue Card. Despite the name, it is not Tier 1-General: not only Tier 1-General is closed, but even if it was open, the workers aimed at by Tier 1-General are higher qualified than those aimed at by the Directive. Considering the table that defines the points to grant for each criterion in the Immigration Rules, an immigrant qualified to apply for the Blue Card, i.e. having a Bachelor degree and a salary 1.5 the average salary, could not apply for Tier 1-General, unless he/she has earned more than half of his/her annual salary in the UK and is under 30. Moreover, in general, Tier 1 is conceived to be supply-driven, whereas the Blue Card to be demand-driven. I thus shall consider Tier 2-General, which, although has no education requirement, however requires a graduate job salary. I will neglect Tier 2 sportspersons and intra-corporate transferees, whose entrance,
in Italy, is covered by the quota-exempted route, and ministers of religion, for whom a complex legislation applies.

I have therefore identified the target: art. 27-quarter in Italy and Tier 2-General in the UK. The first consideration is about the lack of terminological homogeneity: the workers with a similar profile are qualified as highly skilled in the EU and as skilled in the UK. Therefore, potentially, the Points System allows a more nuanced framework that distinguishes between skilled and high-skilled workers, whereas this distinction is absent within the EU discourse. In fact, however, Tier 1-General is closed and the majority of the high-qualified immigrants have to apply for Tier 2.

**Measuring the attractiveness**

Using the indicators reported in the methodological section, I have compared the Italian and the British legislation in terms of the facility of access (by procedures and requirements to be filled) and in terms of the entitlements granted (both to the Blue Card holder and to the family members). The competitiveness of the policy is measured in terms of the degree of attractiveness for potential immigrants, following the declared goal of the EU and the UK of attracting the best and the brightest.
The findings are summed up in the graph and discussed below:

<table>
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<tr>
<th></th>
<th>Points available</th>
<th>Blue Card in the full possibility</th>
<th>Italy</th>
<th>UK</th>
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<td>21</td>
<td>14</td>
<td>10</td>
<td>11</td>
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<td><strong>ENTITLEMENTS</strong></td>
<td>26</td>
<td>23</td>
<td>20</td>
<td>11</td>
</tr>
<tr>
<td><strong>FOR THE BLUE CARD HOLDER</strong></td>
<td>14</td>
<td>11</td>
<td>11</td>
<td>2</td>
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<td><strong>FOR THE FAMILY</strong></td>
<td>12</td>
<td>12</td>
<td>9</td>
<td>9</td>
</tr>
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</table>

Italy is more attractive in terms of the entitlements granted, in particular to the Blue Card holder. This is thanks to the Directive since it has been enacted almost in its full potentiality. So, the hypothesis 1.i for the entitlements is proven. In particular, whereas immigrants in the UK cannot apply for long-term residency (changes in 2013, so mention cap), the Blue Card allows immigrants to cumulate periods of residence in the EU countries in order to achieve the five years to be eligible for long-term residency. Also a certain extent of the work mobility is possible within the EU for the Blue Card holder. In terms of access, the UK and Italy equalise, although they score differently in individual indicators. For Italy, some requirements that are considered less attractive derive from the specific Italian implementation, others are compulsory and come from the directive; however, the directive does not properly impose them, since it is without any prejudice to the competence of member states. Also, concerning the requirements in which the UK is more restrictive, like
the cap, the English test, and the labour market test, in the text of the directive they are left to the discretion of member states.

So the finding is that Italy is more attractive in terms of the entitlements, whereas in terms of access the UK and Italy tie. Even if for some requirements the British policy is more attractive, however, the directive would have not been an obstacle to more attractive policy, since a competitive implementation, such as the Italian one, achieves the same overall results in terms of access and since the Directive is compatible with any other more liberal national route.  [therefore, a by-product research question is: why did the UK opt-out?]

**Contextualizing the findings**

Italy and the UK are close in terms of policy and Italy is even more competitive when it comes to the entitlements. However, they started from very different positions.

**UK: liberalisation and tightening**

From the 90s, the UK has gradually diverted its immigration policy toward labour migrants and especially the highly skilled ones, being Tier 3 for the low-skilled immigrants still closed. This process brought about the Points Based System proposal in 2005. After 2009, however, several adjustments marked a change of direction (Devitt 2012; Cerna and Wietholtz 2011; Murray 2011; Spencer 2011): in 2009, during the last year of the Labour government, the regulation for employers willing to hire non-EU migrant workers has been tightened, and the labour market test was strengthened. The immigrants applying for Tier 1 faced higher entry qualification requirements and the shortage list for Tier 2 was reduced, while efforts to upskill the existing labour force were made.

In April 2011, the Coalition government modified Tier 2, by raising the language requirements and the minimum pay threshold to the level of a graduate job, whereas previously the salary threshold depended upon the qualification of the worker. Since then, the qualifications of the workers are not taken into account any more. Also quantitative changes were made with setting a cap for Tier 1 and Tier 2-General of respectively 1000 and 20,700. The cap responded to the desire to reduce migration of "tens of thousands" and comes from the consideration that the majority of immigrants come via Tier 2, the government also decided to close Tier 1-General for the highly skilled immigrants. This decision, strongly advised against by the Migration Advisory Committee, was motivated by the finding that that the immigrants were employed in low skilled occupations, although there are criticisms to the reliability of the study that reached the conclusions (Murray 2011).

In 2012, other changes increased the funding and the skill requirements for Tier 2, the post-study work permit was closed and students could only enter through Tier 2 or the new Tier 1-Graduate entrepreneurs, which has a cap of 1000 people. Over time, also the settlement rights have been gradually restricted.
The reasons that explain this restrictive trend after 2009 are three: the first one is the change of government in 2010. In fact, the Conservative Manifesto clearly expressed "we want to attract the brightest and the best people who can make a real difference to our economic growth. But the immigration is too high and needs to be reduced" (quoted in Spencer 2011). However, despite the rhetoric, there was not a real change in preferences. The Labour Party and Conservative traditionally share similar preferences toward the migration. The Points Based System was welcomed by Conservative (Devitt 2012) and, even if the Labour Party has always opposed cap, yet the Labour strategy already made attempts to reduce settlement rights and the possibility of benefiting from the public funding (Home Office 2005). Moreover, it was the Labour government who led off changes in the system in 2009 and inverted the rhetoric about the labour migration with the Brown's speech "British jobs for British workers". Thus, there is not really a change in preferences with the Coalition government, but there is indeed a tension within the very goal of willingness to play a role in the global race for talents and at the same time of curbing the migration. Also two contextual factors are important: during the last two decades, British migration preferences have shifted toward the EU and especially low-skilled European workers have played as substitutes for the low-skilled TCNs (Home Office 2005; Cerna and Wietholtz 2011; Paul 2012, Devitt 2012). After the 2004 enlargement, the UK, being, with Sweden and Ireland, the only state not imposing restriction to labour market access for the new EU citizens, experienced an unexpected migration from new member states. Thus, after this high inflow of new member states' nationals, and considering the mobility right soon enjoyed by Bulgarians and Rumanians, the same dynamics may have played a role in restricting the access for the skilled workers. The third factor, and perhaps the most widespread reason in speeches, is the economic downturn that has having a general depressive effect on the economy (Cerna and Wietholtz 2011; Murray 2011 Spencer 2011; Devitt 2012).

Italy: timid developments

In Italy, before the Directive, the highly skilled immigrants mainly followed the quota system. Neglecting the years in which the inflow decree has not been issued, the trend of places reserved to the high-skilled immigrants is slightly bell-shaped with a peak in 2007. Aside from quantitative changes, the only qualitative improvement concerning the highly qualified immigration policy is contained in the Act on Public Security of 2009 and consists in simplified procedures for hiring TCNs (Caponio and Graziano 2012). However, as Salis (2012) notes "the Italian quota system does not include any specific selectivity measure that aims at attracting highly qualified and highly skilled workers" and within the quota the logic that regulates the allocation of permits is 'first come, first served'.

After 2007, the economic crisis affected the quota set, in such a way that in 2009 and 2011 no decree was issued, and in 2012 the number was considerably reduced. The system has problems in identifying the labour shortages, lacks of an effective labour matching mechanism and the implementation is overly bureaucratic (Salis 2012). However, a few
attempts to reform it have been made, as the migration is politically costly. Whereas preferences of the centre-right and the centre-left are similar, as the policy convergence over time reveals, yet, at the level of the public debate, the political belonging is still very relevant, as the bills at the very beginning of the mandate shows instead (Zincone 2011). In 2012 and in 2013 two measures were approved, which make the Italian policy more attractive, not only for the highly qualified workers. Respectively, the length of the unemployed work-permit was lifted from six months to one year, and, the labour market test were reduced to the mere check of the availability of a local worker at the centro per l’impiego (Job Centre) (Act 92/2012 and Act 99/2013).

The Labour migration is quite neglected in the public debate, compared to the role that the irregular migration takes place. The migration is mainly seen in the negative terms and the benefits that it brings to the national economy are left unmentioned. Also legislative actions were security oriented, as the two Acts on Public Security in 2008 and 2009 (made right after the election of the centre-right government) show. The only exception was the Ferrero-Amato Bill presented by the centre-left government in 2007, which included a route for the highly skilled immigrants; yet it decayed after the fall of the government.

**The impact of the EU**

Therefore, the current British policy for the high skilled immigrants comes after a period of more openness and the factors above explain why it had a restrictive turn. Apparently, then, the UK is going into the opposite direction compared the EU.

As shown above, the UK and the EU have the same preference for attracting the high-skilled immigrants and in the 'global race for talents' there are only two possible scenarios: either the UK cooperated with the EU or competed against it. On the one hand, with opting out of the directive, the UK chose not to cooperate; on the other hand, by the analysis above, the UK during the last five years has not competed either. Apparently, in the UK there is no reference to Europe: neither in terms of cooperation nor in terms of competition.

Considering the Blue Card after the watering down negotiation process, it is clear that the UK could have opted in. The advantage would have been to have an entrance route particularly attractive in terms of the entitlements and easy to adjust in terms of the access. However, this is an *ex-post* judgement. Two factors could explain the choice not to cooperate with the EU in attracting the highly qualified immigrants: the role that migration plays in the British political debate and the underestimation of the gain possibly obtained from a cooperative strategy with the EU. As seen above, British governments have a dual goal which may turn up to be in tension: they desire to attract the best while reducing the number of the immigrants. Keeping the labour migration an entirely British matter makes easier to pursue that goal because leaves a wider leeway to the government, for example not only in setting a cap, but also in modifying the settlement rights, which would have
been bound by the Directive. Moreover, the labour migration has been (and currently is) a very popular electoral theme in the UK. A certain 'hyperactivism' has been recorded in the migration issues (Spencer 2011) so it is understandable that parties have an interest in maintaining it a domestic issue. The EU would have represented an electoral cost. On the contrary, in Italy, the irregular migration is more electorally relevant than the labour migration and it lies in the interest of both main parties to keep irregular migration a European issue. The UK seemed also to have not deemed the benefits from the cooperation with the EU to exceed the cost. This is understandable if we consider that presently the UK outperforms its EU competitors in attracting the highly qualified immigrants (Appendix 1). However, in the medium/long-run, not cooperating with the EU may turn up to be counter-productive for the purpose of attracting 'the best and the brightest'. The EU cooperation may create, in the long-run, a policy more competitive than the British one and the UK, with its opt-out labour migration measures, would have missed the opportunity to take the 'best of both worlds' (Costello 2012).

In Italy, the debate about the benefit of a 'managed migration', which is the framework for the policy to attract certain types of immigrants, has not really taken off. As Salis (2012) notes "the idea of "useful migration" is still considered a taboo by many stakeholders in the debate, and this entails a lack of discussion both in the needs, in terms of the quantity and quality of immigration, and on the actual policies that could better manage the phenomenon". Also the policy is not very effectively contrived in terms of the market needs, but the decision of how many immigrants to let come in is often a political decision. Considering that, the EU Blue Card is quite innovative. It takes on some features that were indeed already present in the previous legislation but put them into a new and stable entry route. Even if the debate is not focused on attracting the best and required skills, however, as Salis (2012) shows through interviewing a string of civil servants, since 2010 there is a "silent although deep reforming process" of the labour migration, which aims at including the skill selection and recruitment in the country of origin. This is also clear considering the liberal implementation of the directive and the subsequent changes. The reformation process would represent a quite substantial turn compared to the previous lack of any skill assessment and would go therefore into the direction pointed by the EU.

Therefore, in terms of the policy pursued, the impact of the EU has been a substantial enhancement of features already present in the Italian legislation. This did not overhaul the preference already held by parties, but made their pursuit easier, because of the role the migration traditionally plays in the public debate. What has to be further analysed is that whether the EU has also contributed in starting this tacit reform process or whether this reform process has found in Europe a good ally.
Conclusion

The goal was to assess the impact of the EU in the labour migration policy. The only legislative piece dealing with the labour migration approved so far at the EU level is the Blue Card Directive regulating the access of high-skilled immigrants. I have therefore compared the British and Italian policy, to assess the directive implemented in particularly favourable circumstances and a possible alternative scenario. I have produced an index against which to assess the attractiveness of the two highly qualified workers migration policies. The first finding has been that the UK and Italy are equally competitive in terms of the access (procedures and requirements), whereas Italy has a more competitive policy in terms of the entitlements granted to the Blue Card holder and to their family members.

Subsequently, I contextualised this finding in the diachronic dimension of the migration policy development in Britain and Italy: in the one case, there is a trend toward restriction, in the other case there are slow steps toward openness.

The result is important because confirms the theory that there is a trade-off between number and rights in the migration policy (Ruhs 2013), in the sense that the more rights a policy grants to immigrants, the more likely it will allow only a limited amount of people to enter the country. In particular Roos (2013), through comparing the Blue Card and the Single Permit Directives has showed that the main feature of the EU involvement in migration policy has been in setting a higher standard of rights rather than in opening the access.

A further development of this research is to verify whether the same holds for the seasonal and the intra-corporate transferees directives, and their implementation. Also the reasons why people choose to apply for the Blue Card and the implementation mechanism each country displays may be a next research step.

Developments

I have analysed countries with a diverse configurations of factors. I could maximise the diversity of configurations, by considering also other countries. Moreover, I could inquiry into more details about the relationship of the Blue Card implementation and national routes and asking whether that specific implementation was a case of policy fit or rather a radical change in the national pattern. Also the comparison with other EU measures could be useful, and specifically with the seasonal workers directive: does the EU act as a right promoter also in this filed, or it is something more specific to the highly skilled policy. By inquiring into these other questions, I could strengthen my conclusion of the EU as right promoter agent.
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<td>Comparison with non HS policy at the national level</td>
<td>Seasonal workers (2014) + QMV</td>
<td></td>
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References


OECD (2012) Settling In. OECD Indicators for Immigrant Integration


### Appendices

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<thead>
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<th></th>
<th>Points Available</th>
<th>Blue Card in the Full Possibility</th>
<th>Italy</th>
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### FOR THE FAMILY

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| (points to be added) | 2 | 1 | 1 | 1 |

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<tr>
<td>Intra-Corporate Transfers Directive</td>
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<td>Seasonal Workers Directive</td>
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<th>percorsi di formazione</th>
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<th>autonomo</th>
<th>origin</th>
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Women’s Movements in the Socio-Political Sphere of the State: the Case of Tanzania

Anna Cichecka
University of Wroclaw, Institute of International Studies, Wroclaw
Polish Centre for African Studies, Wroclaw
anna.cichecka@onet.eu

Abstract
One of the most significant current discussion is the importance and the role of non-governmental actors in the processes of shaping both political and social spheres in states and on the global scene. The article examines the role of women’s movements in the socio-political sphere in Tanzania, referring to the importance of this kinds of movements and considering both: the historical background of NGO sector with particular attention on women’s movements, factors and correlations which characterise women’s activity at the local level, as well as, the impact of women’s movements on the socio-political sphere in Tanzania. The general conclusion is that the phenomenon of women’s movements in socio-political sphere of the state is problematic to describe without necessary limitations referring to theoretical framework and definitions, and subsequently that the rhetoric on great importance of women’s movements in the social sphere is rather overstated or just difficult to find out while the influence on political space is apparent. The paper refers to the social constructivism theory and is based on the content analysis of both, the literature sources, reports on women issue, as well as the statistical data.

Keywords: social movements, women’s movement, NGO, socio-political sphere, Tanzania

Introduction
It has been widely assumed that international relations consist of the relations between states. Until the early twentieth century, international relations have been understood in terms of relations between states, and states were considered as the most important international actors. Non-state actors, such as economic institutions and social groups had a secondary status in shaping the reality. But since the late 1960s, many non-state actors have become more involved in the international political process. Nowadays, state and non-state actors interact regularly across national boundaries in almost every area (Willets, 2014: 321-326). This traditional dichotomy of important state actors and less important non-state actors has ceased to be functional as a result of the end of the Cold War and globalisation. The globalising and liberalising forces in the last three decades of twentieth century have transformed the structure of international relations and undermined the role of the state. Although the state remains central in carrying out the activities of governance, non-state actors also constitute an integral role in contemporary international issues (Willets, 2014: 321).
One of the most significant current discussion is the importance and the role of non-governmental actors in the processes of shaping both political and social sphere in states and on the global scene. In recent years, there has been an increasing interest in theories on social movements which were mostly based on socio-psychological approaches. Among the researchers who were involved in this phenomenon are, inter alia, Gerald Davies (Davis, et. al. (ed), 2005), Ted Gurr and Barbara Harff (Gurr and Harff, 1994), Neil Smelser (Smelser, 1992), Alain Touraine (Touraine, 1981), Claus Offe (Offe, 1990), Alberto Melucci (Melluci, 1995), Robert Park (Park, 1967), Donatella della Porta and Mario Diani (della Porta and Diani, 2009). The authors examined the concept of social movements as collective social actions (Park) or the sum of individual’s actions (Davies, Gurr, Harff), as a signs of: exclusion (Davies, Gurr), socio-political tensions (Smelser), conflicts (Touraine), social crisis (Park), as well as, symptoms of criticism of social order and democracy (Offe) or an attempt to oppose the state and market (Melucci). Some of this theories assume that social movements have a power to create new norms and values and that collective actions may lead to socio-political changes which go parallel to transformation processes in the state (Park, della Porta, Diani).

So far, however, there has been little discussion about social movements and their role in the socio-political sphere in the state with respect to the theories of international relations. Concerns have been raised by several authors, included Immanuel Wallerstein (Wallerstein, 2004) and Manuel Castells (Castells, 1996). Nevertheless, the aim of Wallerstein’s world-system theory was not to explain what is the role of social movements. His assumptions were used rather by others to explore this phenomenon in the context of global changes (Silver and Slater, 1999; Moody, 1997). Castells has mainly examined the correlation between the crisis of identity in the West and South, and the development of network society based on information technology. The great importance has Barry Buzan’s theory about international society, defined briefly as an acceptance of the deep rules of the game that states share with each other sufficiently to form a kind of social order (Buzan, 2010). Alexander Wendt’s social theory of international relations has also significant influence on exploration the phenomenon of social movement’s and their role in the socio-political sphere in the state. Wendt assumes that what holds societies together is: coercion (forced conformity of behaviour), calculation (instrumental self-interest), or belief (ideational acceptance). It refers to the theory of social constructivism and demonstrates that the normative and the ideational structure shape the identity and behaviour of actors who correlate with each other (Wendt, 1987: 335-370).

Different literature sources, as well as, various views on the issue of social movements cause that this topic might be an exploration object for diverse theoretical approaches. Consequently, the study of social movements is full of definitions also. Throughout this paper, the concept of social movements will be limited to women's movements and will be used referring mostly to the definition which states that social movements are able to force new norms and values and lead to socio-political changes in the state. In this approach, the
women’s movements are understood as a part of social movements which react and correlate to transformation processes in the state (Park, della Porta, Diani). The study will be restricted to women’s movements represented by local NGOs due to the fact that it would be difficult to infiltrate other informal groups. The social movements and the whole NGO sector in Tanzania warrant further examination but lie beyond the scope of this article.

The paper will refer to the social constructivism theory where ideational structure will be defined as: state, authorities and public institutions, etc.; while actors as: society, NGO sector, social movements, women’s movements, etc. However, the author does not attempt to take a comprehensive explanation of relations between structures and actors, or build assertions about the nature of cause and effect, but only to consider and understand this phenomenon. The paper will examine the role of women’s movements in the socio-political sphere in Tanzania, referring to the importance of movements of this kind and considering the research questions as it follows:

1. What is the history of NGO sector in Tanzania?
2. What is the role of women’s movements in NGO sector in Tanzania?
3. What factors characterize women’s activity at the local level? What kind of correlations do exist on this ground?
4. Is it possible to find out how is the impact of women’s movements on the socio-political sphere in Tanzania?

The introduction sets the theoretical background to social movements, while the conceptual section critically analyses the place of women’s movements in the socio-political sphere in Tanzania. The paper first will give an overview of the recent history of social movements with particular attention to women’s movements. The second section will examine women’s activity at the local level and will try to characterise what kind of correlations exist on this ground. In the last part, the author will try to find out the answer if it is possible to describe what is the impact of women's movements in the socio-political sphere in the state. The paper will be based on the content analysis of both, the literature sources, reports on women issue, as well as statistical data.

This article will refer to the women's movements in the mainland Tanzania, excluding Zanzibar. The territory was selected due to the fact that the situation of NGOs in Zanzibar is different from the situation of NGOs in mainland Tanzania, and could be the subject of a separate study. The terms of NGOs and women's movements are used interchangeably.

The historical background of NGO sector in Tanzania

As it has been mentioned above, NGO phenomenon is closely related to the concept of social movements. In other words, NGO sector is understood as a part of social movements which may influence the socio-political sphere in the state. What is characteristic for NGOs and what makes them different from other kinds of social
movements? The list includes: causal debates, demonstrations or protests, it is formal legitimacy and continuity of action (della Porta and Diani, 2009: 2-5). Diversity of theoretical approaches and definitions on NGO, based on subtle conceptual nuances often, poses numerous problems for academics. However, the literature provides some similar explanations of the term of NGO. According to Andrew Kiondo, it is a concept which ‘refers to a private, non-profit, volunteer organizations established for the purpose of fostering some objectives determined by the founders and providing support to communities in particular fields (Kiondo, 1999: 3). The World Bank’s definition emphasises ‘presence in public life and the ability to represent the interests and values of their members and others’ (World Bank, 2013). What is common, it is a fact, that both of these definitions underline capability to act on behalf of others in the public sphere. What is also important, it is the Kiondo’s assumption that NGOs have nothing common with the government (as a non-governmental entitles) and have non-profit nature, which brings them to the issue of charity.

The development of NGO sector has been observed in Tanzania since the 1980s. The changes were precipitated by the processes of economic and political liberalisation, in response to International Monetary Fund (IMF) and World Bank conditions attached to the agreement of a Structural Adjustment Programs (SAPs), which were created with the goal of reducing the developing country's fiscal imbalances and becoming more market-oriented. After accepting the adjustments associated with SAPs, Tanzania also dismantled the one-party state form and introduced a multi-party system. Liberalisation of the economy and political ideologies permitted and encouraged NGOs to take a greater role in the country and created more space for the civil society development (Mercer, 1999: 248-249).

The quantitative expansion of NGOs in the 1990s was also associated with the end of the Cold War. The 1990s brought economic and political destabilisation in many parts of the world. The escalation of conflicts was particularly evident in the low and the middle-income countries (mainly in Africa and Asia) and often required a humanitarian aid support. At the same time, donations on the development aid declined. The situation was determined by the following factors: development aid ceased to be a political tool in setting spheres of influence; Western countries concentration focused on the transition countries of the Central and Eastern Europe region; Western countries’ expenses on development aid were subjected to financial savings; development aid was questioned as an effective way to speed up development in the poor countries of Africa and Asia (aid fatigue phenomenon). As a consequence of various interactions between these factors the phenomenon of ‘gap aid’ was created. As it turned out, NGOs were those who filled this gap and within a few decades grew to gigantic proportions (Hopkings, 2000: 426-434). Figure 1 shows the proliferation of NGO sector in Tanzania since 1990.
In that case, the history and current status of NGOs in Tanzania reflect changes in the social, economic and political environment that have taken place from the colonial period to the present. These changes resulted from the interplay between both internal (policy of the state and social demands), as well as, external factors (policy of IMF and World Bank). In the historical process of NGO’s growth, three phases are identified: the colonial period, the post-colonial period up to the 1990 and the period after 1990. In the first period, there were no typical NGOs in the country. In the second period, the expansion of free civil society organizations was restricted and between 1962 and 1980 only 18 NGOs were formed. Moreover, the one-party state system determined civil society cooperation in the framework of national mainstream, which had a great influence on the phenomenon on social movements. In the third period, many nongovernmental movements struggled to open up organizational space for the people. As has been mentioned above, it was a result of undermining the role of the state on the one hand, and liberal reform in the country on the other hand (Kiondo, 1999: 5-8).

The wave of changes on women issues came along with various international conferences on women held in that time (Mexico City in 1975, Copenhagen in 1980, Nairobi in 1985, Beijing in 1995) (United Nations). Aili Mari Tripp suggests that international trends aimed at strengthening the policy of equality were reflected on the African ground. It was observed mostly in increasing numbers of international commitments on equality adopted by African governments, changes in national legal systems and women mobilisation which was expressed in discussions, meetings and various kinds of single actions, which led finally to rising of women’s movements (Tripp, et al., 2012).

The most significant moment formed in Tanzania was in 1985, after the conference in Nairobi. The meeting set international standards to require the participants in a public sphere in the state and adopted the Nairobi Forward-Looking Strategies for the Advancement of Women. The document had a great importance because it provided the
provisions on the policy of equality, such as: constitutional and legal steps to eliminate all forms of discrimination against women; tailor national strategies to facilitate the participation of women in efforts to promote peace and development; gender empowerment in regard to health, education and employment. It also determined the courses of actions by organizations and women’s movements (United Nations, 1985). However, what was even more significant, was the atmosphere over the conference. This meeting ended the UN Decade for Women and was a forum for debate about what has been done and what should be done. The African participants were left with feelings that the turning point on women issues is coming to sub-Saharan Africa and that they should follow the examples of other countries around the world (Tripp, et al., 2012: 398-399). The conference also revealed that women’s movements around the world have significant voice in process of shaping the policy of equality, which made this sector began to emerge more frequently on both national, as well as global scenes (United Nations, 1985).

During this period in Tanzania, women were united in regional and national groups and associations, and demanded the enforcement of their rights. The demands of women focused primarily on the respect for equality in the family, access to education, welfare and healthcare. As time went on, the women’s organizations began to use media and advertising resources to achieve its objectives, gained more and more notoriety, new supporters and sponsors. In the 1990s, the so-called the second generation of activism was formed - stronger and struggling for the rights of women and the most vulnerable groups in a much wider scope. Women’s organizations began a struggle for space for women in the political and economic spheres, as well as, guarantees of equality in the legal field by placing the relevant provisions in the legislation, including the Constitution. They also fought for a better access to education, improving standards of medical care and against HIV and AIDS (Geisler, 1995: 546-555).

**Women’s activity at the local level**

The expansion of social movements, including women’s movements and NGOs on women issues induced academics to lead a discussion about the respective developmental roles of governmental institutions and non-governmental organizations. Due to this continuing debate, it is worth asking questions: what kind of factors characterise women’s activity at the local level and what kind of correlations exist on this ground. As it has been mentioned above, the common part of definitions on NGOs was that actors in these sector have the capability to act on behalf of others in the public sphere, and have both non-governmental, as well as non-profit nature. In this section the attempt will be made to examine the phenomenon of women’s movements as non-governmental and non-profit actors who act on behalf of others in the public sphere of state.

Women’s movements had become apparent in Tanzania after the Nairobi Conference on Women, in 1985. What was unique, was a mass women mobilisation in a very patriarchal
society where was almost no space for women in the political sphere since independence. Among the social movements at that time, there were also men leaders and men participants but their activity was not so surprising as the activity of women who were quite and marginalised since ages (Davidson, 2011: 147). The growth of NGO sector on women issues brought thus a great hope, as well as a great fear of changes.

As statistical data show, the proliferation of NGOs became visible in the public sphere in 1990s (The United Republic of Tanzania, 2014). Women’s NGOs were mostly focused on women issues, which in other words means, that women acted for women struggling for equality (Tripp, 2012). Demands on equality in the state are signs of inequality, which in fact were visible in Tanzania at that time and which influenced women (and children who were treated as the weakest and the poorest group in society). Thus, women’s movements demanded equal rights for men and women, and took some responsibilities of the provision of public services on their shoulders¹.

Discussing NGO phenomenon in Tanzania, one should remember their non-profit status and non-governmental nature. The NGO sector, including women’s movements, depends on both public funds, as well as, various types of donors (local and foreign). Interdependence of government funds prevents them from independent criticism of the government and isolation from political action. In view of this, the term ‘non-governmental’ does not describe the nature of NGO sector accurately. As a result, NGOs are often forced to behave in an inconsistent way with their internal principles and values (van der Heijden, 1987: 106). Moreover, similar controversies cause lobby and dependence on donors. In addition to the implementation of aid projects NGOs, they often deal with actions targeted at the sponsors (lobby, advocacy). The purpose of these activities is to encourage policymakers to specific behaviours or changes in legislation. This type of activity is objectionable because organizations become thus part of the policy from which to renounce (Fatal Transactions, 2014). Adriaan van Klinken proves also that the government is often involved in NGO activities by subsidising nongovernmental organizations by personnel or equipment and that NGOs implement part of government programs, which causes that management becomes the same as the ownership (van Klinken, 1998: 349).

The tidy government-NGOs relationship is evident in the structure of the personnel as a result of unique historical processes and specific political life in the state based on neopatrimonialism (Taylor and Williams, 2008: 137). Educational elites in Tanzania are fairly small, which causes that both senior NGOs and government personnel often share ethnic and class backgrounds, have undergone the same socialisation, and have similar rules and norms for social behaviour. Consequently, many retired civil servants join NGOs or

¹ At this point, it is worth to note, that Michael Edwards and David Hulme demonstrate that this kind of shift might be seen as a variety of problems because the state is this one, which is relieved of the obligation to provide public services. Accordingly, taking a huge part of duties may leads to the persistence of inefficiency of the government and constitutes a significant barrier to conduct deeper reforms and structural changes in the country (Edwards and Hulme, 1998: 961-973).
start to cooperate with them. This problem is also reflected in the personal links between NGOs and the government, which is labelled as ‘networking’. This concept generally describes linkages among NGOs and between NGOs and Umbrella Organizations (Kiondo, 1999: 15-21). However, the network between government and nongovernmental organizations causes confusion and controversy related to the motivation of the elite activity. The allegation is that involvement in actions of NGOs is only a method to gain access to and monopolise aid funds (NGOs as an opportunity to form an additional channel for resources) (van Klinken, 1998: 350-353). Accordingly, it seems that the ideas of nongovernmental and non-profit nature have the other side of coin and are not so clear as the definitions suggest.

One of the characteristic factors of women’s movements in Tanzania is the rhetoric of both the empowerment, as well as working with the grassroots and strengthening civil society. From this point of view, NGOs are considered as independent actors who retain the capacity to challenge the state, ensure accountability, express discontent and opposition and represent grassroots interests. However, as it has been shown above, the situation is not so clear. On the one hand, the government is well aware of the contribution of NGO sector to the civil society (taking part of responsibilities in the public sphere), but on the other hand, it is evident that the government’s overarching objective is to assimilate NGOs into social provision. It implicates negative ramifications for the development of independent social movements (Mercer, 1999: 248-252).

Mercer analyses that taking the analysis down from national level to a smaller scale reveals even more controversy. Women’s groups in rural areas, at the village, sub-village or parish level are generally associated with either the local state, the church or a private patron. The majority of women’s groups which have no links, no funding and no support, meet infrequently and have not been able to develop a coherent program or project. This phenomenon is another argument which indicates the blurred lines between the state and social movements. In addition, a deeper analysis of the phenomenon allows to conclude that the ‘space for NGOs at the local scale is not carved out by actors seeking to represents themselves but is response to external agendas’ (Mercer, 1999: 254) that give support or funds.

Activity in the socio-political sphere

The analysis of monographic and online sources suggests that in the last twenty years there has been a noticeable increase in the number of associations, foundations, international organizations and NGOs that brings together women's movements. The sector is diverse with many different types of organizations operating under the banner of the term ‘NGO’, ‘Foundation’ and ‘Association’ in Tanzania. Kiondo states that there is a visible relationship between the development of civil society and the increasing number of non-governmental organizations, social organizations and various civil movements.
(Kiondo, 1999: 2-8). Consequently, most of social movements, including women’s movements, are considered with improving the socio-political status of their members or beneficiaries.

In this part of the article an attempt will be made to find out what is the impact of women’s movements on the socio-political sphere in Tanzania provided that identifying this impact will be possible at all. A simple relationship between women’s movements activity and changes in socio-political sphere in the state is questionable for several reasons. Firstly, as it has been stated above, women’s movements in Tanzania are only a part of social movements and a section of NGO sector. That means, even if this straightforward correlation existed it would not be so clear who did what for the society – the women’s movements or the social movements as a whole. The influence of NGO sector is rather immeasurable due the fact that both the concept of ‘influence’ has very subtle nature, as well as the non-governmental organizations are not completely independent actors in the state and their actions involve often the participation and ideas of other entities (such as government, donors, foreign NGOs). In other words, even if ‘influence’ could be simply described by the statistical data, it would be extremely difficult to recognise who have greater or less impact on the socio-political sphere and whose idea – women’s movements or government or donors – was the most significant in the process of changes.

However, some observers and academics take steps to define this phenomenon. Besides Kiondo, as has been mentioned above, a Tanzanian author and academic Issa G. Shivji tries to describe the role and the scope of active women’s movements in the socio-political sphere in the state. Despite the problems with the evaluation of the efficiency and effectiveness of NGOs activity, she considered the NGOs as significant players on the national and international levels. However, at the same time she adds that it should be remembered that the socio-political condition of the state can not be regarded as a simple derivative of the activity of nongovernmental organizations. Nevertheless, the number and activity of NGOs can be considered as one of the variables influencing factors of the socio-political sphere. (Shivji, 2004: 689-694).

When we have a look at the statistical data referring to changes in some parts of the socio-political sphere in the state, such as phenomena of increasing public awareness and social mobilisation understood as attending a community meeting, attending a demonstration or protest, march and interest in public affairs, we see that between 1999 and 2012 almost nothing changed (Afrobarometer, 2014). The studies below presents weighted results referring to the period from the apparent increase in the number of NGOs in Tanzania to the present day, omitting independent variables such as age, sex, place of residence and others.
Table 1 shows the answers of respondents to the question: over the past year, how often have you attended meetings of a group that does things for the community?

<table>
<thead>
<tr>
<th></th>
<th>1999/2001</th>
<th>2011/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, would never do this</td>
<td>25 %</td>
<td>4 %</td>
</tr>
<tr>
<td>No, but would do if had the chance</td>
<td>the response did not exist</td>
<td>16 %</td>
</tr>
<tr>
<td>Yes, once or twice</td>
<td>5 %</td>
<td>13 %</td>
</tr>
<tr>
<td>Yes, several times</td>
<td>34 %</td>
<td>29 %</td>
</tr>
<tr>
<td>Yes, often</td>
<td>37 %</td>
<td>39 %</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0 %</td>
<td>0 %</td>
</tr>
</tbody>
</table>

Table 1. Attend a community meeting
Source: (Afrobarometer, 2014)

Table 2 shows the answers of respondents to the question: over the past year, how often have you attended a demonstration or protest march?

<table>
<thead>
<tr>
<th></th>
<th>1999/2001</th>
<th>2011/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>No, would never do this</td>
<td>89 %</td>
<td>62 %</td>
</tr>
<tr>
<td>No, but would do if had the chance</td>
<td>the response did not exist</td>
<td>22 %</td>
</tr>
<tr>
<td>Yes, once or twice</td>
<td>1 %</td>
<td>6 %</td>
</tr>
<tr>
<td>Yes, several times</td>
<td>7 %</td>
<td>7 %</td>
</tr>
<tr>
<td>Yes, often</td>
<td>3 %</td>
<td>3 %</td>
</tr>
<tr>
<td>Don’t know</td>
<td>0 %</td>
<td>0 %</td>
</tr>
</tbody>
</table>

Table 2. Attend a demonstration or protest march
Source: (Afrobarometer, 2014)

Table 3 shows the answers of respondents to the question: how interested would you say you are in public affairs?

<table>
<thead>
<tr>
<th></th>
<th>1999/2001</th>
<th>2011/2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all interested</td>
<td>16 %</td>
<td>8 %</td>
</tr>
<tr>
<td>Not very interested</td>
<td>the response did not exist</td>
<td>12 %</td>
</tr>
<tr>
<td>Somewhat interested</td>
<td>47 %</td>
<td>39 %</td>
</tr>
<tr>
<td>Very interested</td>
<td>36 %</td>
<td>41 %</td>
</tr>
<tr>
<td>Don’t know</td>
<td>1 %</td>
<td>1 %</td>
</tr>
</tbody>
</table>

Table 3. Interest in public affairs
Source: (Afrobarometer, 2014)
When comparing the data, one should pay attention to the fact that the possibility of an answer “No, but would do if had the chance” from Table 1 and Table 2 and “Not very interested” from Table 3 did not exist in 1999. Respondents who chose these options in 2012 would have to answer “No, would never do this” in Table 1 and Table 2 and “Not at all interested” in Table 3 in 1999. Therefore, analysis of these data allows to formulate a general proposal that from 1999 to 2012 the number of people who: have never attended meetings of a group that does things for the community; have never attended a demonstration or protest march; are not interested in public affairs slightly decreased. Adequately, it can be concluded that social issues and participation in public life during this period slightly increased, and subsequently that the correlation between the increase of women’s movements and the increase of public awareness and social mobilization is very difficult to describe.

Additionally, if we even acknowledge the thesis that social movements, including women’s movements, change the socio-political sphere in the state - on the assumption of both that we are able to conduct a qualitative surveys which would help us to recognise the ‘influence’, as well as that we may leave concerns on who do what (social movements as a whole or NGO sector on women issues or both of them with the cooperation with government and/or donors) – we would find out that the available data shows something different. At the same time, it is worth remembering that examining this thesis is very complicated and full of subtle nuances, which makes it difficult for the statistical and even qualitative measure. Thus, as an alternative way, some academics (Kiondo, Shivji) have choosen descriptive analyses to examine the phenomenon of women’s movements in the socio-political sphere in the state.

On the other hand, it seems that political sphere in the Tanzania has changed since 1990s. A very significant moment was in 1990 when the Ministry of Community Development and Children was established. The Ministry acts on the rules of National Strategy for Gender Development which was adopted in 2000. It is responsible for developing the policy of equality in the state and for cooperation with NGO sector and with women’s movements (Ministry of Community Development Gender and Children, 2000). The idea of establishment the Ministry was related with the activity of women’s movements because it came along with both changes connected with the process of liberalisation in the state, as well as with the wave of demands on equality after the conferences on women held at that time.

Another historical moment was in 1997 when one of the oldest Tanzanian non-governmental organization on women – Tanzania Media Women Association (TAMWA), organized a symposium on violence against women and children, and invited the members of parliament. It was the first time in the history of Tanzania when the National Assembly was held on the issue of violence and sexual harassment. The proceedings ended with the signing the document Sexual Offences Special Provision Bill. It was the first time also when impact between NGOs on women issue and the government has been broken???????
(Kiondo, 1999). After this occurrence, women’s movements hold further meetings and discussions about policy of equality, leading to changes in the national legal system, parities in governmental institutions and the women’s role in society (REPOA, 2007).

Accordingly, one may ask the question: what does it mean when women’s movements shape political changes in the state and have a very small influence on the social sphere? The author suggests caution and proposes a balanced answer that changes in the political sphere of the state are rather easier to capture than social transitions. It may be found as a simple correlation between particular demands of women’s movements and governmental reaction to it while the social sphere rather subtle and more difficult to explore.

**Conclusion**

The author tried to examine the role of women’s movements in the socio-political sphere in the state, considering the case of Tanzania. The analysis of the theoretical framework of the concept of ‘social movements’ and an attempt to define the phenomenon of ‘women’s movements’ in this sector revealed a various doubts. Firstly, the idea of social movements should be rather examined from the sociological point of view than from international relation’s standpoint. Secondly, the multiplicity of definitions carries a potential risk of both the generalisation and going into great detail, which makes it impossible to find out the general sense. Therefore, the conclusion is that limitations are necessary to provide transparency analysis.

The literature referring to the historical background of social movements in Tanzania shows that the presence of this type of movement has increased since 1990s. The explosion of women’s movements – as a particular part of social movements and NGO sector – came after the Nairobi Conference on Women in 1985. That moment had a great importance not only for Tanzania, but for the sub-Saharan Africa region as a whole. The delegations came back after the meeting full of enthusiasm and ready to start the struggle against the inequality. The atmosphere around social movements at that time was full of rhetoric of women’s power, which was unique and special and marked a turning point in the history of women.

The definitions of NGO proposed by Kiondo and the World Bank suggest that NGO sector is independent from other actors in the state – as government or donors – and has a non-profit nature. The analysis of factors, which characterise the women’s movements activity at the local level led to the conclusion that close government-NGOs relationship determines women’s movements activity and independence means nothing more than interdependence on both public found and sponsors. Factions within the state attempt to encroach upon NGO space and control the sector activities, which causes many contradictions and controversy, as even the NGO’s sector in Tanzania is seen as a new mechanism for the reproduction of inequality (Mercer, 1999: 255).
In the last part of the article, efforts have been made to test the thesis on a respective role and impact of NGOs in Tanzania on the socio-political sphere. It was extremely difficult to find out what is a subtle concept of ‘influence’ and even assuming it is a kind of ‘idea’, it was almost impossible to find appropriate tools to measure it. The situation became more complicated when the analysis came to the questions about the scope of the socio-political sphere in the state. The author used both the statistical data offered by Afrobarometer, as well as descriptive analysis to recognise the correlation between women’s movements and the socio-political sphere in Tanzania. The data showed that participation in the social sphere is overrated and NGOs activity is not well reflected in the development of the civil society that is still rather weak. At the same time, it was easier to find out the relationship between women’s movements (treated as a part of social movements and leaving concerns about their interdependence on government and donors) and the political sphere in the state. It has been concluded that political space has changed since 1990s and it was because of the engagement of NGOs on women.

However, the final conclusion is that the phenomenon of women’s movements in the socio-political sphere of the state is rather difficult to describe using statistical data. At the same time, the author is aware of the current rhetoric of the social movements importance, which probably would not exist if NGO sector was weak and meaningless. As some survey shows, NGOs network can facilitate and provide the required forum for the debate between government and specific interest groups as well as it can contribute to civil society by taking part of responsibilities in a public sphere. It also can create potential tools for local governments as for a policy debate and formulation. To play this role, however, active women’s movements may be required to stay out of politics. Then, they would have a bigger chance to help strengthen the critical capacity of local government, reinforce and exploit interdependence and reduce the gap between the state and the society (van Klinken, 1998: 352-253).
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The Rising Power of Transnational Organized Crime: Challenges and Perspectives

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Abstract

Transnational organized crime (TOC) has repeatedly been identified as a severe threat to international and human security. TOC is a rising phenomenon that thrives in extremely open interconnected globalised environment. As a constantly changing non-state actor, it is very difficult to describe and conceptualise, thus being a demanding, yet important topic in the international relations and security studies. Not only does the transnational organized crime prolong conflicts by financing conflict actors, it can also be the main factor that causes conflict. Large-scale transnational criminal organizations are difficult to dismantle due to their omnipresence, diversity, enormous economic strength and stealthy nature. They resort to corruption to create environment of relative impunity, and infiltrate governmental organizations to avoid law enforcement operations or block anti-crime legislation. The article implements the preparation of investigative environment (PIE) method to identify watch points where TOC is most likely to thrive.

Key words: coping strategy, criminal organization, law enforcement, terrorism, transnational organized crime, weak state

Introduction

Widely discussed among scholars of multiple social science disciplines, the transnational organized crime remains on the outskirts of interests of the international relations and security studies, even though it has repeatedly been identified as a severe threat to international and human security. Not recognised by the majority of international relations theories, the transnational organized crime remains difficult to conceptualise. Its omnipresence, diversity, constantly changing face, adaptability and stealthy nature, in which it weighs its activities, make it a difficult problem to grasp. The article describes the evolution and current state of transnational organized crime as a malignant non-state actor that exploits a state centric global system and its deficiencies, which involve limitations of sovereignty, legal jurisdiction boundaries and ungoverned or weakly governed areas. It aims to discover whether and how the transnational organized crime evolved over the past twenty-five years and it attempts to identify the areas most susceptible to TOC (watch points). It implements a method called preparation of the investigative environment (PIE), which is based on the methodology known as intelligence preparation of the battlespace (IPB), originally used by the military.
IPB uses a number of different data collection and analysis approaches to provide commanders with tools they then use to predict enemy actions and locations. The U.S. Department of Defense (2005) defines IPB as an analytical methodology employed to reduce uncertainties concerning the enemy, environment, and terrain for all types of operations. Intelligence preparation of the battlespace builds an extensive database for each potential area in which a unit may be required to operate. The database is then analysed in detail to determine the impact of the enemy, environment, and terrain on operations and presents it in graphic form (Shelley, 2005). This method is however very labour-intensive and, given the global and covert nature of the transnational organized crime, cannot be applied without adaptations. There are also significant differences between military units and TOC groups. Transnational organized crime tends to be more diverse, it lacks a developed doctrine, upon which it operates, and it is located all around the globe with different levels of penetration. IPB was adapted to the study of the transnational organized crime and terrorist groups by Dr. Louise I. Shelley and her team. Both methods share almost identical goals – to provide a strategic and discursive analytical method to identify areas ripe for locating crime, confirm its existence and thus assess its ramifications (Shelley, 2005).

The first and one of the most challenging stages of researching transnational organized crime is obtaining enough data needed for the research. Given the stealthy nature of transnational organized crime organizations, many traditional methods of research are excluded. PIE works differently, providing the researchers with a platform able to map data available, thus revealing the “white spots” on the map. Researcher can then concentrate on filling the blanks, knowing where they are, and try to predict the moves and locations of transnational organized crime. PIE is able to work both with large quantities of data available and with data unknown. We can compare the method to an archaeological dig where we first map the areas already known or revealed. That leaves us with blank spaces that allow us to focus on the areas unknown. The map also serves as a context within which we evaluate the evidence obtained during the investigation or research (Shelley, 2005).

PIE focuses on the most important data known about the environment and the actors. It works with evidence about TOC’s operational behaviour as well as the environment in which it operates. Communications, financial transactions, organizational forms and behavioural patterns can be analysed in a form of PIE, also taking into account the unknowns in the picture. PIE is a holistic approach that systematically collects evidence in order to make predictions. Both PIE and IPB methods collect information in three steps. Firstly, IPB identifies the threat, then it collects data about the terrain and the environment. The third step consists of gathering information on the enemy’s doctrine. IPB is then able to identify the named areas of interest where military engagement with the enemy is likely. Similarly, PIE identifies the actors, namely the criminal organizations and networks of interest. Instead of only collecting data about terrain, it gathers information about the environment (both physical and virtual) where the actors operate. Lastly, because of the
absence of doctrine in TOC networks and organizations, PIE focuses on the behaviour and behavioural patterns of the actors. After analysing all the required data, PIE identifies *watchpoints* – the areas where the transnational organized crime is most likely to wage its activities.

**Defining transnational organized crime**

The term, organized crime, remains unclear despite the efforts of international community. Phil Williams states that the organized crime is a continuation of business by criminal means (Williams, 2002: 68). The definition is simple and broad enough to encompass a large variety of criminal behaviour, but it does little to address the violent nature of organized crime, thus making it seem as if organized crime was mainly associated with business related offences.

Alessandro Politi takes the definition further by identifying some of the most common criminal activities: organized crime is the acquisition of profits through crime, the use of force and intimidation, and recourse to corruption in order to maintain impunity (Politi, 1997). The most widely used definition seems to be one by the UN: “Organized criminal group shall mean a structured group of three or more persons, existing for a period of time and acting in concert with the aim of committing one or more serious crimes or offences established in accordance with this Convention, in order to obtain, directly or indirectly, a financial or other material benefit … an offence is transnational in nature if:

- a. It is committed in more than one State;
- b. It is committed in one State but a substantial part of its preparation, planning, direction or control takes place in another State;
- c. It is committed in one State but involves an organized criminal group that engages in criminal activities in more than one State; or
- d. It is committed in one State but has substantial effects in another State.”

(UNODC, 2000)

Though the conceptualisation was welcomed by the international community, it has only been formalised in a handful of legal documents with binding power. It is, however, suitable for this article because it encompasses a large variety of TOC without being overly broad or vague. It provides the perfect specification of the transnational organized crime for the preparation of investigative environment.

**Evolution of the actors – criminal networks and organizations**

Until the end of the Cold War, states had to face predominantly traditional threats. The notion that there is nothing left to be afraid of in terms of international security took over, only to be replaced with the fear of newly emerging threats soon thereafter. In 1997, Henry Hyde stated: “The Cold War is over. There are no more wars to be fought. A war every bit
as intense and every bit as catastrophic for freedom and for the free world is going on, but its character is entirely different now. It isn’t SS-18s that we need to be concerned about. It’s organized crime on a world-wide basis” (Congress, 1997).

The history of the transnational organized crime may be long; but its boom came with the fall of the Iron Curtain. After the Cold War processes of globalisation accelerated, creating environment hospitable to the organized crime. The removal of physical, economic and political barriers, international integration, advances in transportation, international finance and telecommunications made it possible for the transnational organized crime to thrive and flourish.

After 9/11 another non-traditional threat appeared on the radar of policy-makers, international terrorism. Until then, it was mostly considered a national security issue, and given the total number of victims also a minor one. There has been an on-going debate whether terrorism is in fact transnational organized crime or a distinct category. As ambassador Sheehan argues: “Terrorism is a crime. In looking at the broad picture of narcotics, terrorism, and international crime, we should start with the basic fact that terrorism itself is a crime, not a political statement. Hijacking aircraft, kidnapping innocent people, and bombing buses, buildings or ships are all forms of a crime, which must be viewed separately from the so-called “cause” that prompts some people to commit this crime” (Congress, 2000).

During the Cold War period, there was a somewhat clearer distinction between the two, but the borderline is fuzzier now. As the terrorist groups were adapting to the post-Cold War changes, they became closer to transnational organized crime to the point where the two are virtually undistinguishable. They share a number of characteristics – organizational structure, money laundering, similar or identical criminal operations to generate revenue, an attraction to regions where the rule of law is weak or absent, reliance on corruption as a tool of influence, secrecy, and the exploitation of advanced telecommunications and technology (Tunstall, 2002: 7).

The only difference that can be found between them today is that terrorist groups are often driven by political, religious, or ethnic ideology, whereas the primary goal of transnational organized crime is to generate revenue. As often seen, the criminal organizations might also have political ambitions. With corruption and infiltration of government institutions they are undermining law enforcement, blocking anti-crime legislation, and creating an environment of impunity. The terrorist groups, on the other hand, having lost their main state sponsors after the fall of the Iron Curtain, resort to criminal activities to finance their operations. The very same criminal activities that used to be frowned upon by terrorist ideologists, being perceived as harmful to the image of the organizations. Today, drug trafficking is not just the main source of revenue for the vast majority of them (Leader and Wiencek, 2000), but also another weapon against the societies the terrorist groups aim to harm. According to an FBI report, Hezbollah issued a fatwa
saying: We are making these drugs for Satan, America and the Jews, if we cannot kill them with guns, so we will kill them with drugs (Bodansky, 2001: 34).

In reality, it is very difficult to distinguish between terrorist groups, transnational organized crime and even insurgency, hence the terms narco-guerrilla or narco-terrorism. The Revolutionary Armed Forces of Colombia (Fuerzas Armadas Revolucionarias de Colombia – FARC) were founded as an insurgency funded by rural peasants and external ideological partners, such as USSR and Cuba (Cook, 2001: 11). Throughout the years, they committed many atrocities against civilian population, which earned them a place on the terrorist groups lists of many countries and organizations (USA, Canada, EU). The Colombian government insists that since 1990s the organization has been mainly focused on illicit drug production and distribution, making profit their primary goal (Youngers and Rosin, 2005).

Environment

Even though developed states are not immune to transnational organized crime, it is mostly weak states that are further debilitated by it. Wyler (2008: 25) defines weak states as: “lacking the capacity to fulfil their sovereign responsibilities, as well as missing law enforcement, intelligence or military capabilities to assert effective control over their entire territory.” Transnational organized crime challenges the states’ monopoly to use violence, threatening their domestic sovereignty. The lack of de facto internal sovereignty has a crucial international dimension, leaving the state unable to control the flow of people and goods across its borders. In such environment organized crime spreads and causes instability in wider regions. This is an obvious evidence that applying IPB-like methods to monitor the occurrence of transnational organized crime is viable. TOC is most likely to occur in areas of the world where the state has the weakest presence and means of control – i.e. areas with large shadow economies and regional conflict. Territory outside the control of the central state such as exists in failed states, poorly regulated or border regions (especially those regions surrounding the intersection of multiple borders), and parts of otherwise viable states where law and order is absent or compromised […] (Shelley et al, 2005). Transnational organized crime is also able to par or exceed the destructive capabilities of some states, making it a threat equally strong and at the same time more difficult to face for a number of reasons that stem from the third component of PIE, the behaviour of criminal organizations and networks.

Behaviour and behavioural patterns

1. Generating large amounts of profit

Drug trafficking and other illegal and illicit activities generate massive amounts of profit. Organized crime caters to the ever-rising demand for illegal substances and other goods.
RAND Corporation estimates that Mexican cartels’ gross revenue derived from drug export to the United States amounts to $6.6 billion, with different US law enforcement agencies placing the revenue between $8 and $29 billion (Chalk, 2011). The Sinaloa Cartel is thought to control between 40% and 50% of the market share, according to the most sober estimates enjoying revenues of approximately $3 billion from the US drug market alone. The nearly inexhaustible funds contribute to the ease with which transnational organized crime adapts to new conditions and avoids persecution.

2. Adaptability

Once too much pressure is applied on a criminal enterprise, it finds a way to eliminate or circumvent the inconvenience. Transnational organized crime is highly market-driven and responds to demand very fast. Not burdened by bureaucracy or lack of funds, it quickly caters to any detected weaknesses or liabilities, be it a violent disposal of undesired individuals or replacing traditional centralised hierarchic structure by more adaptable and harder to pursue ones.

3. Taking advantage of law enforcement shortcomings

The fight against transnational organized crime is largely based on policies developed in the USA in the 1960s/1970s. The policies are mainly repressive and rely on the liberal notion that crime threatens otherwise harmonious society from the outside. This, unfortunately, does not describe the situation correctly in many parts of the world. The policies tailored to much smaller scale of crime fall short in such environment. It is impossible and undesirable to put such large portion of society through the traditional justice system cycle, which presumes that crime takes place on the outskirts of society, and it only affects a marginal part of population (Naim, 2010). Therefore, the call for alternative approaches is still more prominent. More emphasis is put on the preventive measures and opportunity reduction. Harm-reduction activists are also seeking decriminalisation or legalisation of drugs. They maintain that making psychoactive substances illegal creates a menacing black market without significantly reducing the quantity consumed. Through the legalisation they hope to eliminate the negative side effects of the prohibition. Whether or not this renders true is unclear. The fact is that black markets are not only constituted by the demand and supply of drugs. There is much more variety in illegal goods and services, and some of them cannot be legalised under any circumstances, e.g. trafficking in human beings. While the legalisation of psychoactive substances might bring some advantages, it will not eliminate the organized crime and illegal markets completely.

The task of fighting transnational organized crime is usually divided between the national military and law enforcement agencies with emphasis on the latter. Both of these structures are fairly rigid and by no means do they possess the economic recourses or the adaptability of criminal organizations they are trying to combat. The law enforcement agencies often lack the capacity to pursue large-scale criminal organizations, while the military is in many cases not able to join the fight due to legislation limitations. The employment of army for
the purpose of executing laws is often restricted. E.g. in the United States it is prohibited by the Posse Comitatus Act stating:

“From and after the passage of this act it shall not be lawful to employ any part of the Army of the United States, as a posse comitatus, or otherwise, for the purpose of executing the laws, except in such cases and under such circumstances as such employment of said force may be expressly authorized by the Constitution or by act of Congress…” (Young and Hein, 2003).

Another disadvantage derives from the fact that the law enforcement agencies are usually nation-based, but criminal groups operate across boundaries, rarely limiting their activities to one state. In the absence of the international law and authority able to enforce it regardless of national borders, it will be almost impossible to dismantle the transnational organized crime organizations. Due to their adaptability, criminal organizations simply spill over to other areas when too much pressure is applied to them in one place. As demonstrated in the case of Colombia, where mutual efforts of the Colombian and US government saw significant success fighting transnational organized crime on Colombian soil (disarming right-wing paramilitary organizations, reducing guerrilla-controlled territory), the criminal organizations moved their activities to the neighbouring countries and surrounding regions.

4. Activity diversification

The fight against transnational organized crime also faces another obstacle, the broad spectrum of activities that the criminal organizations engage in. Illegal operations may include, but are not limited to: drug trafficking, fraud, extortion, bribery, cyber-crimes, counterfeiting, money laundering, kidnapping, corruption, and the smuggling of arms, people, diamonds, minerals and other commodities and natural resources (Tunstall, 2002: 9).

Increasingly common is also the overlapping of legal and illegal businesses as well as outsourcing of some criminal activities to local criminals and bands, thus obscuring the actual scale of crime conducted by the transnational criminal groups.

5. Infiltrating governmental institutions, corruption

Last but not least, criminal organizations often engage in corruption and efforts to infiltrate governmental institutions. Transnational organized crime can thus collect intelligence and avoid law enforcement operations, block anti-crime legislation and create environment of impunity, where it holds its operations relatively undisturbed. Especially weak and failing states provide perfect bases for the transnational organized crime activities. They are not able to enforce law effectively, to control their entire territory, and especially their border areas. Organized crime further incapacitates the states’ institutions and it benefits from their weakness. Corruption undermines the political system and civil society; it enables transnational organized crime to buy protection from law enforcement,
weakening trust and confidence in leaders and institutions. The criminal groups take advantage of their massive profits; they corrupt judges, politicians, law enforcement agents and journalists.

**Conclusion**

It is necessary to adopt a common definition of transnational organized crime to be able to research and tackle the problem. It is a challenging task because the definition must be broad enough to encompass all varieties of the transnational organized crime, but narrow enough to make it possible to quantify and conceptualise the phenomenon.

The same factors that enabled the rapid growth of transnational organized crime in the last two-and-a-half decades will likely continue to serve as a perpetuator of transnational organized crime. Transnational organized crime is capable of causing conflict, prolonging it by financing conflict parties, weakening governmental institutions and civil society. With a low or non-existent border control, it spreads into wider regions easily. While the strongest criminal organizations par or even surpass destructive capabilities of some states, they are more challenging to combat. Their enormous economic strength, adaptable nature and broad spectrum of activities enable the organizations to outsmart or circumvent law enforcement efforts.

The preparation of investigative environment reveals that the actors have changed significantly over the past 25 years since the fall of the Iron Curtain. TOC takes advantage of the processes that make the world more open and interconnected. PIE allowed us to identify both physical and virtual watch points where the transnational organized crime is most likely to conduct its illicit and illegal activities through the analysis of the environment and behaviour of transnational organized crime. The watch points are: a) weakly governed areas, b) areas lacking security and legal cooperation between states, c) insufficiently controlled and regulated economies, d) areas with a rigid and slowly adapting law enforcement, e) areas where the law enforcement and military cooperation faces restrictions, and f) areas with weak institutions. The watch points can be used to curtail the workload of analysts by reducing the search space. They set priorities for the analysis of transnational organized crime as they point out the areas where TOC is most likely to occur and conduct its activities. They, therefore, also provide an opportunity for the international community to focus on high-risk areas.

When addressing the issue, the international community should bear in mind that the repressive policies employed to fight the transnational organized crime and uncoordinated law enforcement efforts have turned out to be at the very best only partially successful. This realisation forces us to seek other ways of facing the problem. The first step might be admitting that the liberal notion that crime threatens the harmonious society from the outside and it is not in fact a part of the society, is faulty. It certainly is not true in many parts of the world, especially in weak states, but it might even be illusionary in the
“developed” part of the world. To understand transnational organized crime’s motivation, practices and scope, the research must be stripped of any false presumptions. Where a significant part of the society participates in criminal behaviour actively and/or relies on profits generated by transnational organized crime, the traditional repressive methods struggle to cope with crime. The ways of dealing with the problem seem to be headed towards harm-reduction, rather than complete eradication, which is deemed ineffective and at the time being most likely unachievable. Legalising the production, distribution and consumption of selected substances, preventive measures, and the opportunity reduction can, if used carefully, serve as alternative approaches against transnational organized crime.
References


Chinese Economic Diplomacy in the SADC: “Resources for Infrastructure” Agreements

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Abstract
This paper outlines a framework of trans-regionalism, economic diplomacy and resource-backed agreements and explains how these factors are translated into the current status quo of Sino-African relations. Trans-regionalism is seen as having a number of key functions and features of which some can be measured to approximate the strength of trans-regional relations. Chinese economic diplomacy with its principles then serves as a medium to exercise the relations and find ways to apply them in order to achieve trans-regional objectives. Resources for infrastructure agreements are a concrete materialization of Chinese trans-regional economic diplomacy in Africa, introducing a new method of infrastructure financing. The paper explains who the parties to the agreements are, how they operate and what the agreements’ benefits and shortcomings are. Since a landmark agreement with Angola at the start of the millennium, this development model has been widely applied in Africa and is inherently bound with Chinese foreign policy in resource-rich developing countries.

Key words: Resources for infrastructure, trans-regionalism, China, Africa

Introduction
Chinese economic ties with Africa have grown at a rapid pace in the last two decades, making China Africa’s most important business partner and developing investment schemes which received a lot of publicity. One of these models, referred to as “resources for infrastructure” (R4I) agreement, presented a way of developing the much needed African infrastructure at a low financial cost and instead used natural resources to repay the investment. The model was since its landmark adoption in Angola in 2004 welcomed in many other countries as a way of facilitating domestic development.

This paper focuses on the area of Southern African Development Community (SADC – for the purposes of simplification, SADC countries are in this paper referred to as “African countries”), a regional integration of 15 Southern African countries, most of which have significant undeveloped mineral reserves as well as insufficient infrastructural network, and depicts the role R4I agreements play in current Sino-African relations. The paper argues that Sino-African relations demonstrate a high degree of complementarity which enables these two distant regions to cooperate despite their obvious and multifaceted remoteness. Chinese economic diplomacy, tailored to specific African circumstances, has been used as a medium to facilitate this trans-regional relationship and created an environment where
mutual relations could develop in historically unprecedented ways. R4I agreements are an illustrious example of the achievements that Chinese economic diplomacy has made in Africa and serve as a palpable manifestation of Chinese trans-regional endeavour. Evidenced by relevant literature, this paper aims to analyse the role R4I investment scheme has played in Sino-African trans-regional economic diplomacy and what the costs and benefits of such agreements are for African countries. Fulfilling these objectives can provide an insight into a contemporary common practice of many African states and can offer some critical views on the phenomenon of bundling aid and investment. R4I are a small but not negligible part of all foreign investments flowing to Africa and understanding and contributing to expertise in this topic can help many African countries efficiently use their natural resources wealth as well as understand China as Africa’s biggest trade partner.

In the first part, the paper discusses the concept of trans-regionalism within the context of contemporary literature, defines its scope for this paper and asks whether and to what extent it is possible to measure the intensity of trans-regional ties. A scheme of operationalization is introduced to apply the theoretical concept to Sino-African relations throughout the paper and to be able to make a qualified assertion about current phenomena in the Sino-African relations. Trans-regionalism is then, in the second part, applied to Chinese economic diplomacy in Africa. Economic diplomacy serves as means of promoting business and national economy interests abroad and the paper will illustrate how Chinese economic diplomacy has been crafted to fit specific Sino-African relations. The last part of the paper shows the concrete form that Chinese economic diplomacy takes – the R4I agreements. The agreements are understood as a means of trans-regional cooperation, facilitated by mutually conducive conditions, broadening mutual ties and increasing interdependence – traits defined by the concept of trans-regionalism. After the conditions are outlined, the functional scheme of the model is introduced and the paper concludes by establishing to what degree these arrangements are beneficial or detrimental for African countries.

Trans-regionalism: the nature of Sino-African relations

After the fall of the Iron Curtain the field of international relations had to develop to be able to contain the rapidly growing ties across regions and theoretical concepts had to adapt to the new status quo. This is where a new trend called trans-regionalism emerged. For Cihelková, this trend “represents the formation or development of regional groupings (integrations) of two or more actors (countries or integration arrangements) from various (two or more) regions of global economy” (Cihelková, 2007, p. 23). Rüland defines several functions trans-regionalism can take (Rüland, 2002, pp. 7-12):

- Balancing and bandwagoning;
- Institution-building;
- Agenda-rationalizing;
- Agenda-setting and -controlling;
- Collective identity-building;

Owing to its nature, trans-regionalism is mostly approached using qualitative methods (for reference see Cihelková, 2007; Doidge, 2011; Koopman, 2003 and Rüland, 2002). However, several other criteria can be defined to measure the extent to which countries engage in trans-regional relations. Chyba! Nenalezen zdroj odkazů. has been adapted using Rüland’s functions and offers other approaches of determining the degree of “trans-regionality” used in this paper.

Koopman further emphasizes that one of the features of trans-regionalism is the participation of actors on different levels of economic development which enables the actors to mutually exploit the development gap (Koopman, 2003). Trans-regionalism is also predominantly found on a bilateral level (Doidge, 2011), with actors involved in other forms of integration, creating a complex web of relations and increasing the degree of structural interdependence.

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<th>Term</th>
<th>Function</th>
<th>Features</th>
<th>Indicators</th>
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<tbody>
<tr>
<td>Trans-regionalism</td>
<td>Influence-balancing in the international affairs</td>
<td>Orientation towards multiple partners</td>
<td>Number of official representatives’ visits</td>
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<td></td>
<td></td>
<td>Searching for other than regional partners</td>
<td>Number of preferential trade agreements closed</td>
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<tr>
<td></td>
<td>Institution-building</td>
<td>Emergence of formal institutionalized groupings</td>
<td>Regional partner diversity</td>
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<td></td>
<td>Agenda-rationalizing</td>
<td>Agenda-solving on lower level and in smaller groups</td>
<td>Number of newly emerged trans-regional groupings</td>
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<td></td>
<td></td>
<td>Adjusting the agenda to</td>
<td>Proportional representation of leaders in trans-regional groupings</td>
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The interdependence emerging from trans-regional relations rests upon highly complementary interests of actors, ergo, the driving force behind trans-regional involvement is powerful enough not to be affected by geographical location of actors. The mutual benefits are far more significant than the downsides of a geographically detached arrangement, which makes the relation both resilient and vulnerable in its interdependence.

Trans-regional relations are best exercised when there is a functional institutional framework in place to facilitate the working procedures and development. Depending on the depth of integration arrangements, trans-regionalism on its present level of development assumes forms ranging from trans-regional forums, preferential agreements and special economic zones as far as to free trade areas. Other political or economic integration on the trans-national level can be expected in the future but can hardly be found nowadays.

The evolution of Sino-African trans-regionalism entered a new phase in the post-Cold War era when China began to fill a void in African international relations caused by lack of Western interest. Nevertheless, as Hoadley and Yang note, the rise of trans-regional relations was further supported by other motives such as the “frustration at the lack of progress in multilateral trade organizations and forums, anxiety regarding the increasing momentum of FTA talks in other parts of the world, and the risk of discrimination against China’s exports” (Hoadley & Yang, 2007, p. 345).

In 2004, China managed to bring the leaders of Southern African Currency Union (SACU) to a negotiating table to sign a trans-regional free trade agreement which would provide China with an outlet for the bulging consumer goods market and promised the Africans a chance to export their mineral wealth easier. Despite this agreement not having been signed (Reddy, 2004), the effort to build a common Sino-African agenda and balance influence of both regions in international affairs was apparent. This effort also proved to China that the time was not ripe to conclude trans-regional agreements on a multilateral

<table>
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<th>geo-economic interests</th>
<th>Coalition- and group-building to pursue interests</th>
<th>Number of working groups</th>
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<tbody>
<tr>
<td>Agenda-building</td>
<td>Cultural, scientific and educational cooperation</td>
<td>Number of lobby groups emerged</td>
</tr>
<tr>
<td>Collective identity-building</td>
<td>Satisfaction of actors with the quality of cooperation</td>
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Table 1: Operational scheme of trans-regionalism  
Source: author according to Rüland (Rüland, 2001) and the scheme of operationalization (Buriánek, 1993)
basis and other agreements have been struck in the form of special economic zones (SEZ) instead. Currently there are 6 SEZs in Africa, 2 of them being in SADC (Zambia and Mauritius) (Ancharaz, 2013) – free trade zones, export processing zones or special kinds of arrangements – “resources for infrastructure agreements” being one of them. The vast majority of Sino-African trans-regional agreements and negotiations thus occur on a bilateral level (as described by Doidge, 2011) and exceptions are rare: in 2011 there was a SADC-China trade fair in Johannesburg, in 2012 on the Forum on China-Africa Cooperation the Chinese government agreed to seed fund a SADC cross border project and in July 2014 SADC-China Transport forum was held in Pretoria (Wang, 2014).

**Chinese economic diplomacy: a medium of Sino-African trans-regionalism**

The level of integration mentioned above could not have been made possible has it not been for official Chinese support that would enable it. Chinese economic diplomacy indeed stands at the forefront of increasing Chinese engagement in Africa, be it special economic zones, promoting import to and export from Africa, attempts to pursue free trade agreements or specially tailored agreements such as the “resources for infrastructure” model. It serves as a medium that strives to make Chinese economic interests compatible with those of Africa and operates on simple principles which facilitate this trans-regional cooperation.

- **One-China policy**
  In order for a country to boast more significant economic ties with China, it is important that it recognizes only the People’s Republic of China, not Taiwan (Republic of China). By its involvement in Africa, China seeks to gain allies neglected by the traditional partners for their governance shortcomings and also strives to prove that democracy is not necessarily a precondition for development – an argument speaking in favour of China’s internal political establishment (Executive Research Associates, 2009).

- **Aid and investment packaging**
  The distinction between foreign aid and investment is often blurry, moreover, China actively encourages its mingling (Sun, 2014). A good example of this is the R4I investment scheme where a credit line made available by the Chinese Ex-Im bank is used for aid purposes (infrastructure, schooling, training, sanitation…) while the other part of the agreement involves extraction of natural resources, i.e. an investment.

- **Unconditionality**
  Business and national politics are separated issues for the Chinese government, contrary to traditional Western partners. No political conditions are imposed on
neither aid nor investment. As Alfred Mutua, former spokesman for the Kenyan government, put it: “You never hear the Chinese saying that they will not finish a project because the government has not done enough to tackle corruption. If they are going to build a road, then it will be built” (Crilly, 2005).

- **Business complementarity**

  Complementarity also means reciprocity and interdependence. Instead of competing for a market, China seeks to create new markets and involve both parties to the agreement in a cooperative, yet dependent way (Yin & Vaschetto, 2011). China often emphasizes that the nature of all sorts of cooperation is win-win, i.e. mutually beneficial. Thus, it seeks to dismiss any “neo-colonialist” accusations and points to the differences between the colonial model and contemporary Chinese economic diplomacy inspired by the 5 Principles of Peaceful Coexistence.

- **Soft diplomacy**

  Opinions on this topic differ greatly. According to Perkins, China has strived to build an attitude of mutual trust, equality and friendship with African countries (Perkins, 2007). Conversely, Sun claims that African countries are merely a means of exercising political and economic influence than an end because cultivated relationships with the many African countries can help China broaden its influence elsewhere in the developing world or in multilateral forums (Sun, 2014). Be it as it may, between 1982 and 2002, Chinese high representatives have visited Africa twelve times and Qian Qichan, the foreign minister, even visited 36 countries (Brautigam & Gaye, 2007). In exchange, African officials were welcomed at receptions and conferences, the most famous of which was the Forum on China-Africa Cooperation (FOCAC).

FOCAC and an increasing number of official visits are a case in point for growing Sino-African institutional relations, one of trans-regionalism’s key features. The first FOCAC took place in Beijing in 2000 and was attended by more than 800 officials from 44 African countries and China (Executive Research Associates, 2009), laying the foundation for institutionalized relations. Since then the conference takes place every three years, in Africa and China in turns and the number of participating countries grew to 51 on the 2012 FOCAC in Beijing. Preparations are in place for the 2015 summit (FOCAC, 2013).

In 2009, cooperation was strengthened in the fields of agriculture, research, education and sustainability of Sino-African relations. Around 60% of African export goods are duty-free and thanks to this policy African exports to China have risen by 39% between 2010 and 2011 (FOCAC, 2012). Apart from these achievements, one of the official conference outputs was also a package of measures combining a previous offer of concessional loans and infrastructural cooperation in sectors such as highways, railways, ports, airports,
telecommunication and cheap housing projects underlining China’s interest in African infrastructural projects (MOFCOM, 2010).

**Resources for infrastructure agreements: economic diplomacy in practice**

One of the indicators of strengthened Sino-African relations are agreements which rationalize mutually complementary areas of interest and continue historical development of both regions. Towards the end of the century, China developed one of the most competitive construction industries in the world operating on very low margins (Foster, et al., 2009) (Corkin, et al., 2008). Due to its high demand for raw materials and energy, the construction industry had to turn outward for suppliers and seek official Chinese support. As a part of so called “Go Out” policy in 1999, the Chinese government chose to encourage overseas investments, particularly state-owned enterprises (SOE), with the intention of controlling entire supply chains. This measure was also intended to alleviate the pressure Chinese economy felt from within – the gradually liberalizing market conditions led to saturation of the domestic market which urgently needed to expand. Several organizations and forums have been established to promote such expansion to Africa: China-Africa Business Council, China-Africa Development Fund, China-Africa Joint Chamber of Commerce and Industry, and other. Currently, around 90 % of China’s imports from Africa by value constitute minerals and metals (IMF, 2011) and Chinese demand for metals has been growing by at least 10 % since 1990 (Cassel, et al., 2010).

Africa, on the other hand, suffered from a lack of infrastructure (often ravaged in the many conflicts), which was a critical precondition for its further development – during the period 1995–2005 the GDP per capita had been annually growing by 1.2 % on average as a result of building new infrastructure. According to Enterprise Surveys, poor infrastructure is considered to be the biggest obstacle for business by 48 % of respondents, compared with 30 % for corruption (Foster, et al., 2009). The average road shipment speed is only 11.6 km/h and the traffic suffers from long delays at customs. In the railway sector, South Africa boasts the best network. In other countries rails have often been damaged by civil wars and the traffic is not coordinated. Marine traffic is affected by the gently sloping shelf which makes any harbour construction difficult. As a result, the most frequented harbours (Durban, Dar es Salaam) have long waiting times due to maritime traffic jams. Aviation concentrates mainly around Johannesburg and low degree of airline liberalization hinders the development. The energy sector is one of the most perspective and also underdeveloped sectors, with DRC having the biggest hydro-energy potential of all SADC (and African) countries and the ICT sector, also heavily underinvested, is largely dependent on it (Ranganathan & Foster, 2011).

Poor infrastructure was, however, not seen by China as an obstacle. Rather, China saw it as an opportunity to find a market for its burgeoning construction industry. Thus, there
was only one major challenge to overcome – out of the 39 Sub-Saharan countries 34 are on the list of Heavily Indebted Poor Countries (The World Bank, 2014).

The options to finance infrastructure in consideration are either public financing, public-private partnerships (PPP), OECD Official Development Assistance (ODA), or non-OECD sources (Cassel, et al., 2010). Public financing means, that the project is funded from the state budget, however, the costs are often beyond the country’s means. Public-private partnerships tend to focus on more profitable sectors such as IT or energy combining the know-how and finance of the private sector with public funds. ODA may be conditioned by financial participation of the receiving country and has to adhere to strict conditions within OECD which makes it a relatively complicated means of funding. The last means of financing outside the OECD framework comprises grants as well as the R4I model.

With the R4I model, the issue of financing was eventually resolved in a historically unprecedented form for sovereign African countries. Payments were to be made in the form of natural resources – the critical piece of puzzle for Chinese resource-intensive economy. China was quick to realize the potential of African resources (see Figure 1) and not before long has become almost completely dependent on imports of cobalt, and largely dependent on manganese and chrome from Africa. It is therefore not a coincidence that the largest infrastructure projects in Africa are being built in resource rich countries such as the Democratic Republic of the Congo (DRC), Zimbabwe, Sudan, Angola or Mozambique and the Chinese Ex-Im bank had disbursed more than 12.5 billion USD in loans for infrastructure projects until 2006 (Bosshard, 2007, p. 2). To put R4I in perspective, until 2011 these agreements amounted to 15 % of total Chinese investments in Africa and the number is expected to increase as more private investors are joining the trend (AUC & UNECA, 2011).

![Figure 1: African natural resource wealth](Scipion Capital Limited, 2012)
The resource-backed financing model was developed in late 1970s’ and at that time China stood at the other end of the deal (resource provider) while Japan was the one providing funds for Chinese infrastructure (Cassel, et al., 2010). R4I deals require an intergovernmental agreement on the purpose, amount, maturity and interest rate. Parties are China Ex-Im bank and the government of the beneficiary country and the agreement stipulates that part of the project is subcontracted to Chinese companies (AUC & UNECA, 2011). If the project is financed by a concessional loan, at least half of the suppliers must be Chinese companies (Liu & Stocken, 2012) and the loans by Ex-Im bank have an average interest rate of 3.6 %, grace period of 4 years and 12-year maturity. The key distinguishing feature of R4I agreements is the fact that funds are provided directly to a Chinese construction company in several loan tranches or upon completion of the project (AUC & UNECA, 2011). Thus, funds never reach the beneficiary government, which puts the country in a remarkable combined position of a debtor and guarantor at the same. In exchange for the concessional credit line, the beneficiary government vows to provide access to its natural resources in amounts corresponding to the resources capitalization.

The relationship starts by a framework agreement between the beneficiary government and the Chinese government (see Figure 2). For the initial stages, the role of FOCAC as a broker institutional forum cannot be understated. The beneficiary government then applies for a concessional loan and conditions are discussed until the Ministry of Commerce (MOFCOM) awards the contract to one of Chinese construction SOEs. At this point, an agreement is signed with the Ex-Im bank fixing the interest rate, tranches, extent and period of mining concession and details of the infrastructure projects. Agreements can also be signed with the Chinese mining and construction SOEs, especially when the mining company is a joint-venture enterprise (as in Sicomines agreement in DRC, 2007). As soon as the extraction starts, constructions gets underway too. Resources are mined and sold to China and the loan is amortized with value of the shipped minerals. Lastly, unless paid concurrently, the Chinese constructor receives payment for the project.
During the onset of these agreements in Africa at the beginning of the new millennium, opinion on them was quite split: optimism and high expectations among local elites mixed with skepticism and admonishing remarks from the traditional (Western) partners and lack of knowledge among the broader public. Ten years after the first agreement with Angola, there are a number of voices (see Ghiasy, et al., 2013) pondering upon the possibilities this model might embody.

**Benefits**

Firstly, flexibility in terms of deliverables is definitely an argument in favour of R4I. Beneficiary governments have the option to choose projects which are most important to them, be it almost anything, and enter a “standard” contractual relationship. The credit line offered by Ex-Im bank is not politically or economically conditioned as it could be from Western partners, which supports the sense of freedom, self-reliance and responsibility for own future among Africans.

Also, R4I agreements do not increase indebtedness of the borrowing country in terms of foreign debt. The loan by Ex-Im bank is backed by the physical and proven resources as
collateral and the debt is amortized by their value. Therefore, there is little risk of a default and the interest can be very low.

When addressing concerns about risks of the so-called “Dutch disease”, i.e. overdependence of an economy on natural resources sector, the lesson is quite remarkable. The combination of natural resources extraction with development of infrastructure actually works in the other direction, creating conditions for development in other sectors, increasing labour productivity and mitigating the risk of competitiveness loss due to high interest rates.

From the diplomatic point of view, resource-backed agreements have proven a good leverage for negotiation with traditional as well as emerging partners by paving the way for alternative ways of development financing. They offer the “South” a chance to emancipate from the influence of their former colonizers, confer more responsibility and stimulate “South-South” relations and understanding.

Resource backed agreements are concluded with a long-term development perspective. The fact that the capital is often used towards constructing schools, hospitals, cheap housing projects, sanitation facilities or training of local labour aims to make a lasting effect, not to mention transport infrastructure which is critically needed for development in all Sub-Saharan Africa.

**Shortcomings**

The long-term perspective is, however, one of the possible threats too. Mining concessions are often granted for several decades ahead, restraining possible competition and increasing the risk of over-exploitation of mineral deposits. It is advisable to invest part of the mining revenues to a sovereign wealth fund which could serve as a stabilization or investment body and might mitigate possible negative consequences that extraction activities can bring.

What is of bigger concern is the risk in minerals’ pricing – a lesson from the Sicominex agreement – when attention should be paid to appropriate estimations of mineral reserves’ value and the price for which they will be sold to China. Transfer pricing of exported materials is one of the biggest challenges. Also, market prices can significantly vary in the future and should a drop in commodity prices occur, it could create pressure to overexploit deposits with consequences on the environment.

Environmental issues and sustainable mining are also challenging the R4I model. Both the infrastructural and extraction side of the agreement pose a danger to existing ecosystems and, if implemented recklessly, could lead to irreparable damage. Resources should be won with a long-term perspective – despite their large amounts in deposits they are finite, after all – and attention should be paid to developing resource-independent industrial and tertiary sectors too as well as project maintenance. To be fully effective, quality measures and
responsible watchdogs must come not only from the non-profit sector but above all from official places.

Last but not least, there are significant demographical consequences going hand in hand with the R4I model. Chinese companies import multitudes of cheap workers which not only take jobs of the locals but also create communities which do not integrate into the African society. Language and cultural barriers provide a fertile breeding ground for racial resentment and might be a source of unrest in the future.

**Conclusion**

This paper aimed to analyse the role that resources for infrastructure investment scheme has played in Sino-African trans-regional economic diplomacy and what the costs and benefits of such agreements are for African countries. It was argued that with the help of criteria such as the number of agreements concluded, number of official visits, growing institutional arrangements between China and Africa and more, the strength of trans-regional Sino-African ties can be inferred and justified. To reason Chinese economic interest in Africa, resource-backed agreements were used as a concrete outcome of Chinese economic diplomacy, utilizing mutual complementarity of interests and intensifying interdependence of both actors.

The R4I investment scheme is one of a few financially viable options for resource-rich African countries to build upon their potential and achieve development in key policy areas. On the institutional part, the model involves political as well as corporate actors who are contracted to implement mineral exploitation and infrastructure development. Together they form an institutional scheme, firmly grounded in economic and political motives of actors, that transcends regions and paves a way for aid-investment packaging in developing countries.

Limitations and benefits of the model should be thoroughly evaluated on a case by case basis to ensure that the agreement contains fair terms not only for the current conditions but also in the long run. Sustainable and efficient use of natural resources should always be a maxim for any resource-endowed country to ensure that the national wealth is inextricably tied with development and ultimately with the well-being of citizens. Chinese R4I agreements might not be the ultimately successful development model but their use can open the door to alternative and better models or foster interest in the African continent through competition of other countries.

Having said that, the area of trans-regional economic cooperation still offers a plethora of unexplored options and is worth further research. R4I model is one of the emerging alternative development models but does not sufficiently cover questions of sustainability of minerals extraction – a topic that is bound to shape future conduct of the whole extraction industry. China with its growing trans-regional agenda might be the major
partner of African countries at present but just as fast the tide has shifted in its favour, changing circumstances can also turn it elsewhere.
References


Disproportions between the Defence Capabilities of the Western and the Central and Eastern European Member States of the EU: Legacy of the Cold War

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Abstract

The bipolar geopolitical system of the world that existed during the Cold War has influenced many different aspects of day-to-day functioning of European states even after the Iron Curtain has disappeared. The rivalry between the NATO and the Warsaw Pact has resulted in different patterns of development of the defence capabilities of the EU Member States from the Western and the EU Member States from the Central and Eastern Europe. Those differences have resulted in a clearly visible gap between the military potential of both groups.

This paper aims to analyse developments that took place within the timeframe between the early 1990s and the early 2010s, regarding the three basic groups of resources, required to sustain defence capabilities: financial, technological, industrial, in order to verify a hypothesis that despite over twenty years since the end of the Cold War, the gap in the military potential between the Western, the Eastern and Central European members of the EU has not been bridged. To achieve that goal, the paper seeks answers to three following research questions. Firstly, how, if at all, have the values of investment in defence capabilities in the EU Member States changed since the late beginning of the 1990s? Secondly, how large are the disproportions between technological and industrial base for military capabilities of the West and the East? Thirdly, how has the process of standardization and technological development of defence equipment in the former soviet countries progressed since the fall of the Iron Curtain, contributing to its increased interoperability?

Keywords: Armaments policy, defence procurement, defence capabilities, defence industry, defence spending

Introduction – the defence capabilities and what affects them

The most basic definition of defence capabilities, or military capabilities, describes them as the ability of the armed forces to conduct military operations in such a way that ensures reaching the desired results within any specific operational environment. In other words, defence capabilities are a basic form of measurement of actual strength of military forces of a state, organization or alliance. Modern international environment remains a multipolar and constantly evolving. As a result, the security environment itself remains constantly at risk of becoming increasingly unpredictable. Consequently, basic desired characteristic of modern-day defence capabilities is flexibility, allowing the armed forces to shift rapidly and with ease between tasks falling into the categories of: prevention, deterrence, protection and intervention (Morel and Cameron, 2010: 1).
In order to be able to sustain such adaptive military capabilities in the modern international environment, any state, organisation or alliance has to maintain three types of resources (Morel and Cameron, 2010). Firstly, the financial resources - money invested, in various ways, in maintenance and development of the armed forces. Key areas where the financial resources are being spend in order to sustain and further develop modern military capabilities are: procurement, research and technology, military operations. Secondly, industrial resources – defence industry capable of providing the armed forces with all sorts of equipment required to sustain the military capabilities. Thirdly, technological resources – armaments characterised by a high level of technological advancement, as well as capability to develop and introduce new technologies in the production process for the defence equipment.

The temporal and geopolitical scope of study, and the goal of this paper

The modern European Union consists of twenty-eight Member States. Among them, there are eleven states that have remained on the eastern side of the Iron Curtain throughout the entire period of the Cold War. Out of those eleven countries two have belonged to the Socialist Federal Republic of Yugoslavia until the breakup in 1991: Croatia and Slovenia and, therefore, the development of their armed forces has remained under considerably lesser influence from the bipolar geopolitical order, however, the Soviet Union has remained the main provider of any defence technologies used in the Balkans. The remaining nine countries have constituted the Soviet bloc, either as satellite states (Bulgaria, Czech Republic, Hungary, Poland, Romania, Slovakia) or as integral parts of the territory of the Soviet Union itself (Estonia, Latvia, Lithuania).

When the Iron Curtain had finally started to collapse at the very end of the 1980s, a new geopolitical order emerged in Europe. One in which the key issue were disproportions on level of economic, social, but also technological, development between the West and the East, with the latter now being pluralistic and slowly aspiring to the same standards as their western counterparts. However, to claim that the gap in the defence capabilities that has formed between the two groups has simply been the result of disparities in the amount of financial, industrial and technological resources allocated in the Western and the Eastern Europe would be an oversimplification, ignoring the challenge of overcoming differences between the military capabilities of the states of Western Europe and those of the former Soviet Bloc, which resulted from differences in patterns of their development during the Cold War.

Even a quarter of a century later, the gap in the levels of development remains visible in many areas. Modern analyses of defence capabilities the EU boasts put an emphasis on the increasing disproportions between either three states (France, Germany and United Kingdom), or five states (the list then also includes Italy and Spain) and the rest of the
integrated Europe, looking at potential consequences of such situation, mainly the risk of increased responsibility for the European defence capabilities being put on a limited number of countries (Kacala, 2013: 239-240). However, one may argue that from the point of view of consistency of the EU’s military capabilities, effectiveness in providing security from the outside threats, as well as potential deeper integration in that area, remaining legacy of the Cold War and the resulting division between the Western, the Eastern and Central European members of the EU remains a greater threat.

The author’s intention of this paper is to verify the following hypothesis: twenty-five years since the Iron Curtain began to fall, differences between the Western and Eastern part of the EU still remain visible and the gap has not been bridged, but in fact, it may have widened even further. To make the verification possible, the paper will seek answers to certain research questions. Firstly, how, if at all, have the values of investments in the defence capabilities in the EU Member States changed since the late 1990s? Secondly, how large are the disproportions between technological and industrial base for the military capabilities of the West and the East? Thirdly, how has the process of standardisation and technological development of defence equipment in the former Soviet countries progressed since the fall of the Iron Curtain, contributing to its increased interoperability.

As it has already been mentioned in the paper’s introduction, the maintenance and development of the military capabilities is dependant on three major groups of resources: financial, technological and industrial. The key to fulfil the goals of the paper is to provide and comment on a statistical analysis how the resources have been distributed between the EU Member States over the years after the Cold War ended, with particular focus on disproportions in this distribution and their fluctuation over time.

Influence of the bipolar geopolitical system of the Cold War on the development of defence capabilities of the current Member States of the EU

An introduction to an attempt at verification of the hypothesis should be provided in the form of a brief historical analysis of the influence the bipolar geopolitical system of the Cold War had on development of defence capabilities of the EU Member States during that period, both those that remained a part of the Western hemisphere, and those that belonged to the Eastern side of the Iron Curtain at the time.

The continuous arms race between the Western hemisphere, united within the framework of the North Atlantic Treaty Organization (NATO) and the Eastern bloc, operating under the Warsaw Pact, has always been regarded as one of the key elements of the bipolar geopolitical system that characterised the global politics during the Cold War. Frequent tensions arising between the two conflicted sides, together with constant threat of aggression perceived by each of the two alliances and the need to put constant and
increasing pressure on the opponent have pushed both NATO and the Warsaw Pact towards continuous improvement of both quality and quantity of their arsenal, and through that towards continuous development of technological and industrial base for armaments production.

That arms race, which lasted throughout the entire Cold War period, is often perceived through the direct rivalry between the United States and the Soviet Union, both in the field of nuclear weapons and conventional armaments. It is undoubtedly true that both the US and the USSR were responsible for maintaining of the bulk of the military potential of their respective alliances. However, it is, in the author’s opinion, justified to claim that European states have seen its share of development of both the defence capabilities, as well as technological and industrial base sufficient to sustain those capabilities.

This appears to be true in particular for the Western European members of NATO. In truth, early stages of the Cold War saw indeed the European states rely heavily on the military potential of the United States to guarantee their international security, in line with the doctrine of Massive Retaliation, which was the leading strategic concept for NATO during the 1950s (Pedlow, 1969: 18-19). In accordance with the Massive Retaliation strategy, the NATO’s response to any large-scale aggression from the Warsaw Pact was to rely on massive nuclear strike, with conventional forces stationed in Europe being tasked with delaying the advancement of the Soviet forces. However, even when the role of the *sword* of NATO was fulfilled by the nuclear arsenal of the United States, NATO still needed its *shield*, the combined forces responsible for defence of the NATO territories as far forward as possible, in order to maintain the integrity of the entire NATO area (Pedlow, 1969: 19-20), while awaiting the use of nuclear weapons. The necessity to maintain the *shield* had in turn led to remilitarization of West Germany in 1955, despite the initial intention to keep Germany as a demilitarised zone after the end of the Second World War. Today, Germany remains the third largest spender in the field of defence investment in the European Union. Importance of the development of conventional armaments and conventional forces in the Western Europe was further enhanced in 1960s, when the Massive Retaliation strategy gave way to the concept of Flexible Response. The development of delivery systems for the Soviet nuclear weapons, experiences of the Korean War and the Berlin Crisis had resulted in a decrease of validity of nuclear strike as a measure of response towards aggression from the Soviet Bloc. The strategy of Flexible Response put the emphasis on the development of NATO’s capabilities in a way that can ensure activity on multiple fronts in smaller-scale conflicts, instead of all-out war with the East. Naturally, such change of priorities increased the importance of conventional armaments development programmes and further development of Europe’s own defence capabilities in that field.

The basic difference between NATO and the Warsaw Pact, in regard to the process of development of the defence capabilities of their participating member states has always been the purpose of existence of both alliances. While NATO has always been to some
extend an instrument to further interests of the US, it has also remained a system of collective defence, existing to ensure security from outside threats for all of its members. The Warsaw Pact, on the other hand, was established to ensure the security and promote national interests of its hegemon, the Soviet Union. Despite that obvious difference, the Pact also contributed to the development of both armaments and defence industry throughout the entire Soviet Bloc (Johnson, 1981: 2-3). Initially, between the late 1940s and the first half of the 1950s, the satellite states experienced the development of air defence systems, aimed at protection of the Soviet Union from NATO’s nuclear weapons means of delivery. By the end of the 1950s, the strategy of the Soviet Union evolved towards the development of rapid-reaction offensive formations, capable of undertaking actions directly against the NATO forces stationed in Europe. Such shift in the military strategy resulted in the further increase of importance of the armed forces belonging to the satellite states. In the 1970s, NATO analysts estimated that over 50% of the military forces of the Warsaw Pact prepared for potential warfare in Europe belonged to the satellite states rather to the USSR itself. (Johnson, 1981: 1) The increased role of the East and Central European members of the Warsaw Pact in the military capabilities of the entire alliance came with progressing specialization however. Military forces of the states of the Eastern bloc were developed, trained and organized in line with rather specific strategic tasks, in line with overall strategy of ensuring external security of each country.

**Disproportions in financial resources**

One could argue that out of the aforementioned three key factors contributing to the sustainability and progression of the military capabilities: financial resources, industrial resources, technological resources, the former are the most crucial. The development of stable and as self-sufficient as possible defence industrial and technological base is only feasible if the defence budgets of the involved states are large enough. In order to measure properly the amount of resources spend on the military by any state, one has to draw the exact definition of what military spending is. The author intends to follow the definition of military investment, or military expenditure, used by the Stockholm Peace Research Institute for the purpose of development of its databases on arms production, procurement and proliferation.

In accordance with SIPRI’s definition, military expenditure includes all resources spent on four major branches (Perlo-Freeman, Ferguson and Kelly, 2014) Firstly, the armed forces, including the peacekeeping units. Secondly, defence ministries and various government agencies involved in defence projects. Thirdly, various paramilitary units, if judged as being trained and equipped for military-grade operations. Finally, fourthly, military space activities. Resources invested within those four branches should cover a number of different issues. First, the personnel costs, meaning all expenditure on current personnel, both military and civil, as well as retirement benefits for the former military
personnel. Second, costs of operation and maintenance of the military units. Third, procurement costs. Fourth, military research and development. Finally, costs of military aid. Such a broad scope of the definition of the defence investment allows to cover the three aforementioned in this paper areas that are key for military capabilities of any state, organization or alliance: maintenance, research and technology and operations, as well as numerous other spheres that are necessary for integrity and stability of defence capabilities.

Throughout the final years of the 1980s and majority of the first half of the 1990s, four of the current Member States of the EU, formerly from the Eastern side of the Iron Curtain, have experienced sharp drop in military investment or stagnation (see Table 1): Bulgaria, Hungary, Poland and Romania. Out of the remaining seven states, the military spending in six states went through a period of stagnation. Such a situation can be attributed to the difficult economic situation the countries found in, resulting from the difficult, yet necessary transition to the free market economy based on the principles typical for the Western hemisphere. The difficulties of the period of transition forced to take austerity measures in public spending, leading to either a decrease, or a lack of any major commitment by the authorities in the field of military expenditure throughout the East and Central Europe, both in terms of its overall value and the percentage of each state’s GDP (see Graph 2). Croatia have remained a solitary exception from this trend, registering, since its secession from the Federal Republic of Yugoslavia in 1992, an increase in both the overall value of military investment and percentage of GDP spent in this field, with the latter reaching its peak in 1994, at an usually high amount of 11,1%. The Croatian exception can be attributed to the involvement of Croatia in the armed conflicts that resulted from the dissolution of the Yugoslavian state during the 1990s. Naturally, the active role in those conflicts forced Croatia to maintain larger defence budget.
The progressing stabilisation of the economic situation throughout the second half of the 1990s and the first half of the 2000s resulted in a stable and slight increase in the overall value of the military investment in the ten out of eleven countries. The only exception was, again, Croatia. The progressing stabilization of the Balkans resulted in a radical shift in priorities for the governmental investments, leading to a rapid decrease in the amount of resources invested in defence from 3421 million USD in 1995, equivalent to 9.3% of GDP to 1060 million USD in 2005, equivalent to 1.8% of GDP. Interestingly enough, the increased overall amount of money spent by the other ten countries did not result in a similar increase in the percentage of their GDP spent on military-related goals, as those values remained between 1% and 2% for each state throughout most of the years. It was also during that period of time that Poland established its position as the leader of this part of the EU. While the percentage of GDP spent on military investments by the Polish government was not visibly higher than that of the other countries, a steady increase in the overall value of defence spending resulted in the amount of 7733 million USD spent in 2005 (SIPRI, 2014), which was almost twice as much as the respective value for the Czech

![Table 1: Defence Investment of the Central and Eastern Member States of the EU](source: SIPRI Military Expenditure Database, values in millions of USD)
Republic, the second biggest spender at the time. Global economic crisis, which started in the second half of the 2000s, has forced a new wave of austerity measures on the countries, resulting in a slight but steady decrease in the overall value of military investment in all states, except for Poland. Further increase in the military expenditure by the Polish government resulted in strengthening the country’s position as the leading spender, with the value of 9431 million USD in 2013 being over 3.7 times higher than the amount of financial resources invested by Romania, second biggest spender at the time.

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Table 2: Defence investment of the Central and Eastern European EU Member States as % of their GDP
Source: SIPRI Military Expenditure Database

While the overall values of military investment in each of the 11 countries being analysed in this paper were changing quite dynamically between the first half of the 1990s and the first half of the 2010s, the average value of defence spending of a country belonging to the group has been very stable, even in comparison with the average value of military investment by the other 17 Member States of the EU that have been increasing steadily since its initial drop in the first half of the 1990s, only to plummet from 2008 onwards, after the outbreak of the global economic crisis (see *Graph 1*). However, even with the aforementioned drop in the defence investment per state among the Western Member States of the EU that started in 2008, the gap between the two groups remains vast.

*Graph 1: Comparison of average military investment per Member State of the EU
Source: SIPRI Military Expenditure Database*
Disproportions in technological resources and the issue of equipment standardization

Technological resources for the military capabilities can be understood in two ways. On the one hand, technological resources are the level of technological advancement of the equipment used by the armed forces. On the other hand, it is a scale and intensity of the research and technology activities and programmes in the field of defence technologies.

As it has already been demonstrated in an earlier subchapter of this paper, the pattern of development of the military capabilities was different for the countries that were once on the Eastern side of the Iron Curtain than for the other Member States of the EU. The increased specialisation of armed forces of each of the satellite states of the USSR have, and unsurprisingly, backfired against them once the Iron Curtain has fallen, as those countries found themselves in position that required major reforms in the field of the defence capabilities, in order to ensure decent all-round military guarantees of their external security, as well as military capabilities versatile enough to provide grounds for their proper use within the framework of NATO, which most of those countries aspired to join in order to secure further their independence and territorial integrity.

However, while such reform has put a lot of strain on defence budgets of the analysed states on its own, since it required, in many cases, a major increase in the military investment (see Table 1), the Central and Eastern European members of the EU had to face another challenge. The development of defence capabilities within the framework of two different regimes has resulted in two, vastly different, patterns of equipment used by the armed forces throughout Europe. Within NATO, and among the European members of that alliance throughout the Cold War, one of the key elements of the on-going development of military capabilities attained the highest possible level of interoperability of the equipment used by their armed forces, as this was perceived as crucial for effectiveness of any potential joint military operation. Consequently, much of the process of technological advancement in the matters of defence was aimed at further improvement of the level of standardisation of the European armaments. Compliance with this priorities led in turn towards the development of cooperative armament programmes, such as the Panavia Tornado programme, started in the second half of the 1960s, successfully concluded with the introduction of the Panavia Tornado aircraft in 1979, or the Eurofighter Programme, started in the 1980s and successfully concluded, despite various complications, in 2003 with the introduction of the Eurofighter Typhoon aircraft. Meanwhile, forces of the Warsaw Pact, as well as forces of the Federal Republic of Yugoslavia, were equipped with armaments researched, developed and in most cases also produced by the defence industry of the Soviet Union. Consequently, military units of the Central and Eastern European states started to fall behind their Western counterparts in the final stages of the Cold War, but more importantly, they were unable to meet any Western standardisation criteria and possessed close to no interoperability in the middle of the 1990s. The process of equipment modernisation of the
armed forces in those countries contributed visibly to the increase in the overall value of the military investment from the second half of the 1990s until the early years of 2000s (see Table 1), but it was later slowed down by the consequences of the economic crisis and has not been completed yet. One of the examples is the Polish Air Force. While the main force is constituted by 48 F-16 aircrafts, all of the remaining equipment has been manufactured during the Cold War in the countries belonging to the Warsaw Pact.

The European Defence Agency is tasked, among other things, with information gathering on the issues related to defence spending of the participating Member States of the EU (therefore EDA does not gather data on Denmark, a state that opted out from participation, and did not gather data on Croatia prior to Croatian accession to the EU. Some data regarding the United Kingdom, most notably the Research and Technology related figures, is considered to be restricted in accordance with the British law, and were not gathered by the EDA either). Even though the sheer disproportions between the overall values of the military investment in the Central and Eastern European members of the EU and in the Western EU are already an indicator of the fact that the Research and Technology (R&T) should also be lower in the first group of countries, analysis of the data collected by the European Defence Agency regarding the modern-day contribution of the EU Member States to the R&T activities makes at least two things become apparent (see Graph 2). Firstly, both among the Western Member States of the EU and among those that have spent the Cold War on the Eastern side of the Iron Curtain, there are states which do not invest their resources into defence R&T at all (Cyprus, Ireland, Luxembourg and Malta in the first group, Bulgaria, Estonia, Latvia, Lithuania in the second). Secondly, the only states from the group the Central and Eastern European members of the EU making substantial contributions towards the modern defence R&T programmes at all.
Disproportions in the industrial resources – weakness of the defence industrial in the Central and Eastern European members of the EU

While the main source of the post-Cold War weakness of the financial resources to sustain the defence capabilities of the Central and Eastern European members of the EU was the overall condition of their economies, and the source of the similar weakness of the technological resources was a pattern of defence capabilities development within the framework of the Warsaw Pact (or the provider of the armaments, in the case of the former members of the Federal Republic of Yugoslavia), the sources of the weakness of the defence industrial base in those countries was slightly different. For Croatia and Slovenia what can be perceived as that source was the forced isolation from both the Western hemisphere, and to some extent from the Eastern bloc, throughout the duration of the Cold War. For the former participants of the Warsaw Pact, the key issue has always been the central planning, which characterized majority of the decision-making processes within the Soviet sphere of influence.

With the central planning as the basis of any major armaments procurement process, as well as the development of the defence industry, the industrial base in each of the countries was built in accordance with certain levels of specialisation envisioned by the decision-makers in Moscow. Consequently, while strong in some departments of the armaments...
market, defence industry of every state was showing considerable weaknesses in other fields. To cover those weaknesses, countries were supposed to rely on other members of the Warsaw Pact and their industries, and, what was more common, on the defence companies of the USSR.

When the Iron Curtain disappeared, the problem of the lack of flexibility or versatility of the national defence industrial bases were joined by another – the simple fact that defence companies in the Central and Eastern Europe were designed to produce armaments in accordance with the standards of the Warsaw Pact, and therefore their technology and norms of production required radical changes in order to adapt them to the process of modernization of the armed forces towards the NATO standardisation guidelines.

In 2012, only one company from the Central and Eastern European members of the EU was listed on The SIPRI Top 100 arms-producing and military services companies in the world excluding China, a list of defence companies with the largest values of annual arms sales. That company was Bumar Group (recently renamed to Polish Armaments Group), classified on the 89th position, with a note regarding high levels of uncertainty regarding the gathered data (SIPRI, 2014). On the same list, there were three companies from the Western EU among the top ten, and additional three among the next ten.

**Conclusion**

The gap in defence capabilities between the Western members of the EU and the states that previously remained on the Eastern side of the Iron Curtain is without a doubt a direct legacy of the Cold War period itself, and the bipolar geopolitical system it was characterised by. The disproportions regarding all of the three groups resources: financial, technological and industrial all have their origins in various aspects of that division within the global politics and economics.

Have the Central and Eastern European members of the EU improved their resources, and through that, their military capabilities since the first half of the 1990s? Yes, without a shade of doubt. The overall value of the military investment has increased, and even though it started decreasing in the 2000s, and now remains affected by the global economic crisis, it remains higher than in the period of time directly after the end of the Cold War. Of course, a potential side effect of this development may be a formation of a separate gap in defence capabilities within this group, between Poland as a clear leader in military spending, and the remaining ten states. The level of technological advancement of the armaments has improved as well, with the introduction of equipment designed in accordance with the NATOs standardisation guidelines. The industrial base itself went through major reforms to adapt it to the Western standards.
However, disproportions between the military investment in the Western part of the EU, and the Central and Eastern part have remained largely unchanged. R&T expenditure remains either low or non-existent among the Central and Easter members of the EU, while the process of adaptation of the military equipment to the standards desired by the NATO command, despite all the progress in this field, has not yet been completed either. In some cases, for example the case of Polish Army, modernisation programmes are also accompanied by the reform of the armed forces, from partially conscription-based to fully professional, generating additional costs related to training and education. The position of the Central and Eastern European defence companies, especially in comparison with their Western competitors, remains extremely weak as well.

The influence of the Cold War legacy on the disproportions between the defence capabilities within the EU has remained present until today. It is a challenge for the European integration itself for a number of reasons. Firstly, it is a potential obstacle in the process of construction of the European defence technological and industrial base that the European Defence Agency has been tasked with. Secondly, it may also be an obstacle if the EU attempts to establish the common European Defence Procurement Policy. Finally, it will be one of the greatest challenges to overcome if the European decision-makers ever choose to pursue stronger integration in the field of the Common Europe Security and Defence Policy by building the integrated European defence capabilities.
References


The EU as a Framing Actor: The Enlargement of the Schengen Area

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Abstract

This paper builds on a theoretical model developed by Kratochvíl, Cibulková and Beník (2011) which distinguishes four dimensions of actorness vitally important for understanding the role of the EU as an actor. It focuses on one of the four elements of the EU actorness – the framing power. The aim of the paper is to explore whether the EU was able to frame the public debates about the enlargement of the Schengen Area in the period 2011-2013. After the theoretical introduction the article proceeds to a discourse analysis of the news coverage of the particular case of Schengen enlargement in selected member states (Germany, Denmark and the Czech Republic) and on the website of the independent press agency Reuters and of Euobserver.

Key words: Framing, EU, Actorness, Schengen area, Schengen enlargement, Bulgaria, Romania

Introduction

Since both framing as a part of the EU’s actorness and the last potential enlargement of the Schengen Area have been to a large extent neglected in the literature, this paper seeks to explore the framing power of the EU in a particular case of a potential accession of Bulgaria and Romania to the Schengen Area. It builds on the theoretical model of actorness introduced by Kratochvíl, Cibulková and Beník (2011) which combines internal and external dimensions and defines four aspects of actorness: EU as a legitimate actor, EU as a framing actor, EU as a recognized actor and EU as an attractive actor.

In line with the theoretical model of actorness, the article understands framing as an ability of the EU to frame internal debates about external policies in the member states. Yet we believe that the EU may also be able to frame policies targeting the member states, not only the third parties. Our analysis refers to the top-down framing, e.g. we are interested whether and how the EU institutions understand and interpret certain issue and how they spread the generated frame to the member states.

The reason why the extension of the Schengen area to Romania and Bulgaria was chosen as this article’s case study is that this potential Schengen enlargement has not yet been analysed in detail and the very few existing studies perceive the issue from the Bulgarian and Romanian point of view. We therefore focus on current member states’ attitudes and opinions. The article seeks to answer the research question whether the EU is perceived as
a framing actor in case of a potential Schengen enlargement with a discourse analysis of the news coverage in selected member states (Germany, Denmark and the Czech Republic) and on the website of the independent press agency Reuters and of Euobserver.

The article first briefly introduces the theoretical model of EU’s actorness and describes framing as one of its four parts. Secondly, it presents a short summary of the context of the process of the possible accession of Bulgaria and Romania to the Schengen Area. Here, the reasons why the enlargement has not yet been accomplished are stressed. In the next step, the article proceeds to the results of the discourse analysis of news coverage and based on them it shows whether the EU was able to frame the public debate in selected member states and on the Reuters and Euobserver website.

**The EU as a Framing Actor**

In this article, we build on the model of the EU’s actorness introduced by Kratochvíl, Cibulková and Beník in their study published in the Journal of Common Market Studies in 2011 (Kratochvíl, Cibulková, Beník, 2011) which aims at overcoming one of the major challenges the study of EU’s actorness has been facing: separation of the internal and external dimensions of actorness.

Quite surprisingly, theories of European integration have not so far brought about any conceptualisation of the EU’s actorness. Rather than that, the EC/EU has been considered a set of actors, with the emphasis being put on the interactions of them (the so-called aggregation model), or a structure within which other actors (member states, regions, EU institutions etc.) operate (the so-called structural model). (Kratochvíl, 2011) Since the end of the 1980s, the EC/EU has been studied as a complex political system and thus conceived as an actor, however, with an explicit definition of the actorness still lacking and limited to its internal dimensions (analyses of the internal working of the system and relationships within it). (Ibid.) This is not to say that there has been no attention at all given to the actorness of the EC/EU by the academics. Already since the 1970s, several theories of the actorness of the EC/EU have been introduced (cf. Cosgrove and Twitchett, 1970; Sjöstedt, 1977; Jupille and Caporaso, 1998; Bretherton and Vogler, 1999; Thomas, 2010). They nonetheless almost exclusively relate the actorness to the external environment and focus on the external actions and policies of the EC/EU. As a result, “the dichotomy internal-external has regrettably remained one of the most conspicuous features of the study of the EU’s actorness, and the vast majority of studies explore either solely the internal aspects or solely the external dimensions of its actorness.” (Kratochvíl, 2013)

With the dichotomy internal-external in mind, Kratochvíl, Cibulková and Beník introduced their model of EU’s actorness which combines both its internal and external aspects and thus it enables to study the links between them, as well as the relations between internal and external dimension as such. The model distinguishes four aspects of actorness: recognition, attractiveness, legitimacy and framing power. It categorise these aspects by
dividing them along two axes: the first of them concerns the area which is analysed (internal functioning of the EU or its external policies) while the second one represents the perspective taken (from inside the EU or from outside the EU). The model is best depicted as a table:

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Source: Kratochvíl, Cibulková, Beník, 2011

In this paper, we explore the third dimension of actorness – EU’s framing power. We share the authors’ opinion that while the literature has been replete with studies and debates on the other three aspects of actorness (legitimacy, recognition and attractiveness), framing has been rather neglected. (Kratochvíl, Cibulková, Beník, 2011; Kratochvíl, 2013) Yet if we think of framing simply as of the ability to influence other actors, it undoubtedly forms a vital part of actorness.

In social sciences, framing is in very broad terms understood as an ability of an actor to influence the behaviour of others, however, not through the power or compromising but rather through shaping a debate on a certain issue in a way that promotes and strengthens the attitude of the framing entity. (Kratochvíl, 2013) Entman defines framing more subtly as “selecting some aspects of a perceived reality and making them more salient in a communicating text, in such a way as to promote a particular problem definition, causal interpretation, moral evaluation, and/or treatment recommendation”. (Entman, 1993) Another definition was offered by Rein and Schön to whom framing is “a way of selecting, organising, interpreting and making sense of a complex reality so as to provide guideposts for knowing, analysing, persuading and acting”. (Rein, Schön, 1991) It is important to note that framing does not first and foremost focus on the content of a particular issue but rather on how it should be interpreted, how should other actors think about it.

Most studies on framing deal with the interpretation of reality in the media, more specifically with the influence of the media on the public opinion. While the mass media mediation is essential for framing in social sciences, it is not the case when we think of framing as a part of the EU’s actorness. The media could indeed be helpful for spreading information, the EU has however many other communication channels and is thus much less dependent on them. (Kratochvíl, 2013)

Framing as a part of actorness is concerned with a question whether and how is the EU able to frame debates about the external policies in its member states. (Kratochvíl, Cibulková, Beník, 2011) The framing power of the EU could then be understood as a power to frame the policy agenda and the decision-making in the member states. (Kratochvıl,
While framing primarily refers to external policies, the EU can also frame issues and policies targeted at its member states. This intra-Union framing is very closely connected with legitimacy – successful framing by the EU may increase its legitimacy which is another dimension of actorness. Apart from intra-Union vs. extra-Union framing, we can distinguish another two types of framing: bottom-up and top-down framing. The bottom-up framing refers to the influence of member states, regions, EU citizens, etc. (e.g. political actors on hierarchically lower level than the EU) on the EU-wide understanding of a certain issue or policy. The top-down framing, which more often deals with external policies, asks whether and in which way the EU institutions understand and interpret certain issues and how they spread the generated frame to the member states. (Ibid.) In this article, we will refer to the second type – the top-down framing.

It should be noted that the framing power does not depend on the consensus among member states. Even when they do not agree, the EU may still be able to frame the political (or more generally public) discourse on a particular issue in a way which enhances its preferences. The only conditions for framing to be successful are following: 1) the member states consider the EU the main actor, 2) they react to the same events and 3) consider the same options (usually framed by the EU). (Kratochvíl, Cibulková, Beník, 2011)

Schengen enlargement – the case of Romania and Bulgaria

In order to understand why Romania and Bulgaria are not members of the Schengen area yet, it is important to know a broader context of the issue. Therefore, it will be shortly summarised in this chapter.

Although Romania and Bulgaria fulfilled the technical criteria of the Schengen acquis already in 2010, their accession has been rejected several times by various member states (Euractiv 2013). The reasons varied to a certain extent but the core of the objections was the same in all cases – it is true that the two countries fulfil the technical standards, but that does not mean that they are prepared for the membership in the Schengen area since neither the state of the judicial system and the rule of law, nor the level of corruption and organized crime comply with the requirements of the member states. Those member states that vetoed the enlargement referred to the results of the monitoring report issued by the European Commission every year. This report stated basically the same each year since the accession of Bulgaria and Romania into the EU – some progress has been made, but it has not been satisfactory enough and much more effort has to be made.2

The problem is that in order to join the Schengen area, only the technical criteria stated in the Schengen acquis have to be fulfilled. This was frequently stressed by the states favouring the enlargement and very ardently by the European Commission and by the

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2 All the monitoring reports are available at the website of the European Commission http://ec.europa.eu/cvm/progress_reports_en.htm#twelfth.
European Parliament (the EP voted in 2011 with an overwhelming amount of 487 votes in favour of the enlargement, only 77 against it and 29 abstentions, BBC 2011). On the other hand, the evaluation as described in the monitoring reports is a purely ‘artificial’ requirement that is not officially stated in any of the documents linked to the Schengen agreements.

Thus, if the Schengen acquis, which is quite strict itself, is accomplished by the two candidate countries, why is their accession to the Schengen area denied? The reason may be that the Schengen enlargement is a politically sensitive issue that exerts an impact on all the other members and hence, if the new potential members are not fully prepared, their problems may spread to other member states. Also, the enlargement must be approved by each member state. And it may be complicated to explain the benefits of the enlargement e.g. in France that has experienced many difficulties with the Roma from Romania and Bulgaria (no matter how dramatised by the media). And exactly the concerns about the welfare tourism and the Roma are voiced by the states that are against the enlargement quite often.

The situation was even aggravated due to the Arab Spring and especially the conflict in Syria which caused a massive inflow of immigrants to Europe. This ‘human tsunami’ became an attractive topic for politicians and the media that presented it as a big challenge (or even threat) to the EU member states. And since Bulgaria would link Greece (where most of the refugees from Syria are heading) to the rest of the Schengen area, this was an important contribution also to the debate about the Schengen enlargement (BBC 2011; Euractiv 2010). The national context in the member states of the Schengen area mattered as well, though. The veto of the Netherlands was mostly enforced by Geert Wilders whose national extremist views on the immigration and the reluctance to the free movement in the EU are infamous (Brady 2013). The German veto in 2013 was perceived by the media and broad public as influenced by the forthcoming Parliament elections (Lindsey 2013).

Germany and France vetoed the enlargement already in 2010 stating that neither Romania nor Bulgaria are yet prepared for the membership although they fulfilled the technical criteria. Both member states recalled the outcomes of the monitoring reports. The same reasons were behind the multiple vetoes by Finland and the Netherlands in 2011 and 2012 (Euractiv 2012). Even though none of the countries demanded a complete suspension of the enlargement process, they insisted on a postponement. In 2013, Finland agreed on a plan drafted by the Polish presidency that the enlargement would proceed in two steps (first the air and sea borders and then the land borders would be abolished). The Netherlands and Germany insisted on their veto, though. They demanded two positive monitoring.

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3 As the Italian Minister of the Interior Roberto Maroni stated (Brady 2012: 275).
reports in a row and expressed concerns about the welfare tourism, respectively (Euroskop 2013).

Even though the enlargement should be a technical process, as the European institutions and leaders patiently claim, it is obvious that the decision is solely political. There were some tensions and concerns also in 2007 when nine new countries joined the Schengen area (see e.g. the papers by Atger (2008) or Schwell (2009)), but this time the process has been delayed by more than 3 years and the enlargement will probably not be a matter of months. Even the president of the European Commission J. M. Barroso expressed his concerns that the enlargement will most surely not be accomplished during the year 2014 (Romania Insider 2014).

**Research design**

As stated in the introduction, our aim is to analyse the discourse concerning the enlargement of the Schengen cooperation to Romania and Bulgaria in selected member states of the Schengen area. The main question is whether the states perceive the EU as a framing actor regarding this issue. We assume that the EU will not be perceived as the main actor, since the free movement and immigration are nationally very sensitive issues and hence, the states will rather refer to their own opinions and interests.

It has been mentioned that the concept of framing will be used for the analysis. This concept usually tries to interpret the reality and public opinions by the means of media analysis. We are only concerned with the „top – down“ framing (see the theoretical part). In order to analyse the situation and to come to specific conclusions, we determined three hypotheses which are as follows:

**H1:**

States opposing the enlargement will emphasise national decisions, not common European attitude, which has always been in favour of the enlargement (Germany).

**H2:**

States in favour of the enlargement will emphasise the fulfilment of the technical criteria defined on the EU level and opinions of the EU, which comply with their own opinions (Czech Republic, Denmark).

**H3:**

Websites informing about the EU will refer to the EU as an actor most frequently (Euobserver).

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4 The discourse analyses of media and public opinion in Bulgaria and Romania themselves are already available, see e.g. Bârgăoanu (2011).
In brackets, you can find the selected countries. We chose Germany, as it was one of the countries that has been against the enlargement for most of the time since 2010. Concerning the second hypothesis, we selected two countries – the Czech Republic, which is a new EU and also Schengen member state, where the immigration and the welfare tourism are not an issue in the public debate, and on the other hand Denmark, which is a country where these issues are palpable and of utmost importance. Therefore, one could assume, that Denmark would be more sceptical about the enlargement than the Czech Republic. In order to get most reliable data, neither right-winged, nor left-winged, we worked with national public broadcasters, which should be as objective and neutral as possible.

Apart from these three national media, we analysed a website concerned only with European affairs – the Euobserver, and one of the most credible press agencies – Reuters. The reasons were as follows – we assumed that the Euobserver would inform about the EU as an actor most often and most ostentatiously as the EU is a matter of its exclusive concern. In the case of Reuters, our assumption was that since Reuters is a press agency which should inform without respect to the issues that are important or interesting for a specific nation (even though it is British-based, its impact is transnational).

**Research Findings**

In our analysis we worked with articles from the selected media (see the table below) where the time limitation was from 2010 (it was in this year when the news about Romania and Bulgaria joining the Schengen area began to be published) until 22. 5. 2014. In the chart below, the number of articles informing about the Schengen cooperation in general (the second column) and the number of articles related specifically to the Schengen enlargement in the case of Bulgaria and Romania is stated (the third column).

<table>
<thead>
<tr>
<th>Media</th>
<th>Articles about Schengen</th>
<th>Articles about Schengen enlargement</th>
</tr>
</thead>
<tbody>
<tr>
<td>ČT24⁷</td>
<td>53</td>
<td>14</td>
</tr>
<tr>
<td>ARD⁸</td>
<td>90</td>
<td>12</td>
</tr>
<tr>
<td>DR⁹</td>
<td>80</td>
<td>11</td>
</tr>
</tbody>
</table>

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⁵ Nevertheless, during the elections to the European Parliament, the restrictions on immigration were a substantial part of the campaign of the political party named The Dawn and were mentioned in the programs of some other parties, as well.

⁶ In the first hypothesis, which aims at the countries opposing the enlargement, we have only chosen one country since we assume, that if a member state is against the enlargement even though the majority of other states and the European institutions are in favor of it, then the immigration must be of vital interest for this country.

⁷ ČT24 is the information channel of the Czech television, the biggest Czech public broadcaster.

⁸ Arbeitsgemeinschaft der öffentlich-rechtlichen Rundfunkanstalten der Bundesrepublik Deutschland, which is a joint organization of German public broadcasters.

⁹ Danmarks Radio, the biggest Danish public broadcaster.
Table 2 Numbers of articles informing about Schengen area and Schengen enlargement
Authors' own calculations

<table>
<thead>
<tr>
<th></th>
<th>Euobserver</th>
<th>Reuters</th>
</tr>
</thead>
<tbody>
<tr>
<td>Schengen area</td>
<td>139</td>
<td>202</td>
</tr>
<tr>
<td>Schengen enlargement</td>
<td>24</td>
<td>16</td>
</tr>
</tbody>
</table>

The next graph shows the percentage of how often the selected broadcasters informed about the EU as an actor (the part below), how often they did not mention it at all (the part above), and how often they naturally not sharp, nevertheless, we defined the context in the way that the EU mentioned it merely as a context (the part in the middle). The boundary between perceiving the EU as an actor and as a context is was not perceived as an active player but only something the other actors – mostly states – referred to. This means e.g. that they named the technical criteria or the monitoring report but not the explicite opinion of the EU, the European Commission, the European Parliament, leaders of the EU, etc.

It may seem surprising but the country that referred to the EU as an actor most often was Germany, which was actually against the enlargement most of the time (explicitly in 2010 and 2013 as mentioned above). And interestingly enough, the media - not only the public broadcaster ARD - were sceptical especially about the second veto in 2013. The media mostly focused on the arguments why the veto was irrational and mentioned not only opinions from German politicians, but also from other countries (often Austria) and the EU as a whole or its institutions and leaders.\(^{10}\) This may be because Germany is a traditionally pro-EU country that has been its member from the very beginning and that is why the perception of the EU as an actor has its deep roots there.

On the contrary, this is not the case in the Czech Republic, where the references to the EU as an actor were most rare. This does not inevitably mean that the articles skipped the

\(^{10}\)See e. g. the detailed article published in Spiegel (Lindsey 2013).
EU completely. But they merely mentioned it as a context - the technical criteria or the monitoring report were mentioned nearly in all articles. On the other hand, the EU as a proper actor was rarely named – in less than a half of the articles. We think this is symptomatic of the Czech Republic. The Czech politicians and public in general know they are members of the EU and they take it as a fact. Nevertheless, they do not really perceive the EU as an actor (with the possible exception of the situation when referring to the ‘bad’ EU which imposes unfavourable legislation on them).

At this point, it is interesting to compare the Czech Republic as a new member state and Denmark as a relatively old member state. In Denmark, the EU is not mentioned as a mere context as often as in the case of the Czech Republic. The EU is perceived either as an actor or it is not being referred to at all. In Denmark, the national context is most visible in comparison to the other media. In nearly all articles, the main focus was on the Danish parties and politicians – both those favouring and opposing the enlargement. The latter was the case mainly of the right-winged anti-immigrant Danish People Party (Dansk Folkeparti), which is very strong in Denmark (it even won the election to the European Parliament in 2014) and was even part of the government till 2011. In the first half of 2012, Denmark held the presidency of the Council of the EU and, at that time, the Danish prime minister Helle Thorning-Schmidt said that the two candidate countries were not prepared for the membership of the Schengen area yet (but Denmark have never officially vetoed the Schengen enlargement).

In the end, the fact that Euobserver does not mention the EU as an actor very often, which may be quite surprising, must be explained. The reason is that on this website ‘regular’ long news (comparable to the news published in the rest of the selected media) and then very brief news (so called ‘tickers’) are published. These consist only of one or two sentences, so they often focus only on one opinion (e.g. German or French one) and, therefore, do not mention the broader context, including the attitude of the EU institutions. Nevertheless, in the ‘regular’ news, the EU was almost always present and what is even more, it often appeared in the title, which was not the case in the national media (except for Germany\(^{11}\)). On the Euobserver website, the EU was most often referred to as a whole – as ‘the EU’ or ‘Brussels’. The national media informed more about the European institutions, i.e. about what the European Commission or the European Parliament and their leaders think and say.

The next graph we would like to comment on is the one below, which shows the proportion of topics that the articles mentioned.

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\(^{11}\) But Germany, contrary to Euobserver, referred to the EU often as to a weak actor.
In the case of the Czech television, the technical requirements were the most frequent topic. This seems to be logical as the Czech argument was in favour of the enlargement. The focus was on the fact that the fulfilment of the technical requirements should be accepted and not twisted by the member states that vetoed the enlargement. The technical requirements were mentioned by far more often than the monitoring report which results were interpreted as not satisfactory enough. The corruption was also present quite often, but it was usually mentioned as a part of the argument of the countries opposing the enlargement. The mutual trust between the member countries was also stressed in many articles in the sense that Bulgaria and Romania fulfilled the necessary criteria and that is why the member states have to accept them. They cannot make them second-rate countries for which other conditions than for the Western countries are applied. Even the time of communism and the notion of the Iron Curtain were mentioned as a warning that Europe should not get back to the past. It is quite surprising that also the then eurosceptical prime minister Petr Nečas and even more eurosceptical president Václav Klaus were arguing in favour of the enlargement and considered the vetoes to be anti-European (sic!) in their core. The minister of interior Jan Kubice claimed that the reason why Romania and Bulgaria were denied the access to the Schengen area were purely substitutive. In a more general sense, it must be said that only the opinions favouring the enlargement were expressed in the Czech television.

In Denmark, the corruption was highlighted most often. But also the technical requirements were mentioned a lot. On the contrary, the monitoring report by the
European Commission, which considered the two candidates not to be prepared yet, was not mentioned at all. Also the welfare tourism and immigrants were focused on. This may be caused by the fact that the immigrant issue is very sensitive in Denmark and, as I have mentioned already, the Danish media is very nationalistic and hence, focused on the topics that matter specifically in Denmark. This self-centeredness is supported by the fact that the mutual trust is not mentioned at all.

In Germany, i.e. in a country opposing the enlargement, the technical criteria were (logically) not stressed as often as in the case of Denmark and the Czech Republic. On the other hand, the monitoring report was stressed quite a lot in comparison to the other media. The mutual trust was also mentioned, but in the opposite way than in the Czech Republic. The reason was that Schengen member states could not have trusted somebody who was not prepared enough to control the common borders and that they could not have fully relied on. Also the political instability in Romania and Bulgaria was the main topic of many articles. It is vital to say that most articles focused on something else than the enlargement of the Schengen area, though. The main topic of the articles was typically the political instability or the welfare tourism in connection to Romania and Bulgaria whereas the unsuccessful enlargement was only mentioned briefly as a consequence of these problems.

Being said that the national public broadcasters focused on and stressed especially the topics that were supposed to be interesting or important in the national context, it has to be pointed out that Euobserver and Reuters are the only media informing about e.g. the European fonds. This may be caused exactly by the fact that it is not catchy enough for the national media to even mention them. The problem is that the welfare tourism may be easier to understand because it concerns the national budget and not the European one, which is far away from the state itself.

As is visible in the graph, Reuters also has the most balanced ratio of the topics, which confirms the thesis that it tries to inform about everything and does not subjectively select the topics according to national priorities. In comparison to the national media, Reuters and Euobserver also described the situation in a broader context and got deeper. They did not just use catchphrases as was mostly the case in national media, but tried to explain why the vetoes actually happened, reminded the reader of the past and stressed how it is connected to the present, etc. Euobserver was also the only website that very often quoted the EU officials and diplomats whereas the national media cited mostly politicians or EU institutions.

**Conclusion**

The aim of this article was to explore whether the EU is considered a framing actor in a particular case of a potential accession of Bulgaria and Romania to the Schengen Area. It used discourse analysis of the news coverage in selected countries and on Reuters and Euobserver website as the method for answering the research question.
If we go back to our hypotheses and to the research findings, we can summarise the results in the following table:

<table>
<thead>
<tr>
<th>Hypothesis (H)</th>
<th>Confirmation</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1</td>
<td>NO</td>
</tr>
<tr>
<td>H2</td>
<td>YES/NO</td>
</tr>
<tr>
<td>H3</td>
<td>YES</td>
</tr>
</tbody>
</table>

Table 3 Confirmation of the hypotheses

Our first hypothesis was not confirmed as in Germany the EU was perceived as an actor most often, in comparison to other selected countries. As for our second hypothesis, which assumed that states in favour of the enlargement will emphasise the fulfilment of the technical criteria defined on the EU level and opinions of the EU, which comply with their own opinions (Czech Republic, Denmark), it was confirmed only partially. The argumentation of the pro-enlargement states was in line with the EU and hence, they referred to the EU very often. Nevertheless, in the case of the Czech Republic, the EU was mostly perceived as a mere context and not as the main actor and, therefore, we consider the hypothesis to be confirmed rather partially. The third hypothesis, which we designed, was confirmed. Not with numbers though, but certainly owing to the way the Euobserver pictured the EU as an actor.

The Euobserver was in fact the only case when the EU was presented as the main actor. The other media did mention the EU as an actor, but rather either as an actor on the same level as the states or only as a context. The EU as such rarely appeared in the headlines of the articles and it was seldom referred to as a whole, i.e. as ‘the EU’ or ‘Brussels’. More often, the news presented the opinions of individual European institutions or leaders.

Going back to the conditions for successful framing defined in the first chapter, we can see that these were to a large extent met. The EU was in most cases regarded as an actor, the selected states reacted to the same issue and considered the same options. We can conclude that even though the national context matters, even more so in such a sensitive issue as the Schengen enlargement, the EU can still have a considerable framing power and thus be perceived as a framing actor.
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Websites
DR: http://www.dr.dk/
Euobserver: http://euobserver.com/
Reuters: http://www.reuters.com/
Evolution of Czech-Based Multinational Enterprises

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Abstract

Multinational enterprises are a driving force behind the process of globalisation. They have been growing exponentially since the end of World War II and the pace further accelerated with the progressive liberalisation and integration processes in the world economy. As important non-state actors with substantial economic power and cross-border activities they challenge nation-state borders and sovereignty.

The last decades saw significant trends in evolution of multinational enterprises, in particular the shift towards defragmentation of their production chain with activities outsourced or offshore to various locations, efforts to minimise their world-wide tax liability by using complex tax planning structures including intra-group transfer pricing, change in their attitude with respect to the environmental and social issues, rise in emerging markets multinationals and birth of micromultinationals.

The paper deals with the Czech firms investing abroad with the aim to analyse basic characteristics of the Czech-based multinationals and their development over the last quarter century in the light of the above trends. The main objective is to assess to what extent have the corporate governance and management strategies of the Czech-based MNE been influenced by global economy and also to point at the specifics of their management. The paper especially focuses on motives of foreign investments, their form and the country of destination.

As the extant literature on the topic is limited in the Czech Republic, the paper provides an overview of literature also from the Central and Eastern Europe. In the second part of the paper, Czech multinationals are analysed using publicly available secondary data from major Czech companies.

The paper concludes that corporate governance and management strategies of the Czech-based MNE generally follow global trends in MNE development. While market-seeking and efficiency-seeking motives of foreign investment still prevail, multinationals with more complex structures also develop. In line with global trends, more small and especially medium enterprises invest abroad. The specifics of the Czech-based MNE come mostly from the transition process. The later start and other specifics are reflected in the lower level of internationalisation compared to the other developed countries.

Similarly to foreign MNE, it is hardly possible to evaluate the significance of the Czech-based (and other CEE countries as well) MNE due to the often complicated (and often non-transparent) ownership structure and complex business transactions. However, in the Czech Republic - a former transition economy – the largest firms are owned mostly by foreign investors and thus the Czech-based multinationals are limited both in numbers and scope and their significant expansion cannot be expected in the future.

Keywords: Multinational Enterprises, Global Value Chains, Outward Foreign Direct Investment, Czech Republic
Introduction

Multinational enterprises (MNE) as important non-state actors are a driving force behind the process of globalisation. They have been growing exponentially since the end of World War II and the pace further accelerated with the progressive liberalization and integration processes in the world economy. With substantial economic power and extensive cross-border activities, they challenge nation-state borders and sovereignty. The last decades saw significant trends in evolution of MNE, in particular the following:

- Shift towards defragmentation of their production chain with activities outsourced or offshore to various locations. Global value chains coordinated by MNE account for about 80% of global trade (UNCTAD, 2013:x).
- Efforts to minimize MNEs’ world-wide tax liability by using complex tax planning structures including intra-group transfer pricing, investment through offshore financial centers and special purpose entities (SPE) are more and more used even by smaller companies. Despite the international efforts to combat tax evasion, the financial flows through SPE are rising and the number of countries offering favourable tax conditions for SPE is increasing (UNCTAD, 2013:ix).
- Gradual change in the attitude with respect to the environmental and social issues occurs not only due to tighter regulation and higher environmental and social standards demanded by host countries but also by MNEs’ self-regulation - corporate social responsibility strategy.
- Rise in emerging markets multinationals (i.e. MNE from former transition and developing countries) at the forefront with MNE from BRIC countries with fast internationalisation process and selection of acquisition targets also in developed countries.
- Birth of micromultinationals. The technological progress allows even small companies to access international markets and new platforms and online business services provide plenty of business opportunities (Mettler & Williams, 2011).

This paper deals with the Czech firms investing abroad with the aim to analyse basic characteristics of the Czech-based MNE and their development over the last quarter century in the light of the above trends.

The Czech-based MNE have developed in the environment of open economy and must have coped with increased competition on the market (especially on a highly liberalized market with goods, to a lesser extent on service market).

It is thus assumed that successful Czech firms that were able not only to survive but also expand abroad - despite being exposed to the global competition – might have been inspired by the example of foreign MNE and their management strategies. Similarly, the corporate governance of the Czech-based MNE is supposed to be influenced by well-proven styles and processess applied by foreign companies.
The main objective of the paper is to answer the research question to what extent have the corporate governance and management strategies of the Czech-based MNE been influenced by global economy and whether they generally follow global trends described above. The aim is also to point to the specifics of the management of the Czech-based MNE.

The first part of the paper contains an overview of the existing research and empirical evidence from the Czech Republic and other CEE countries which (excluding Russia) show common traits in terms of size and openness of economy as well as starting conditions in the 1990’s. In the second part of the paper, Czech MNE are analysed using secondary data from database Amadeus, official websites, annual reports and financial statements, Czech Public Register and to a lesser extent also press articles.

For the purposes of this paper, a company is considered as a Czech-based MNE subject to the following conditions:

1. The foreign business activity is in the form of an equity investment with direct participation higher than 10 % of registered share capital.
2. The investing company is ultimately owned by Czech individuals or Czech public authorities.

The first condition was set for simplicity as it was not possible to obtain data on branches or representation offices of the Czech companies abroad. Similarly, information on non-equity forms of investment such as subcontracting, management contracts, franchising, licensing or production sharing is hardly available. The second condition aims to distinguish the Czech-owned MNE from the Czech MNE controlled by foreign investors. It is assumed that the companies that are members of international group usually follow the group strategy and show differences in lot of areas from decision-making process to access to financial resources, managerial and technological know-how, etc.

Data on Czech outward foreign direct investment (OFDI) provided by the Czech National Bank (CNB) are gathered from foreign exchange records (for the purposes of balance of payment) and from annual company survey (to find out information on components of FDI including reinvested earnings). The statistics include the country of destination or the industry (not both of them in order to prevent from matching them to the company-level data). The use of OFDI statistics for analysis of activity of the Czech MNE may be misleading for the following reasons:

- The statistics include investment of the Czech subsidiaries of foreign MNE. In the Czech Republic, a substantial part of OFDI is carried out by affiliates of foreign firms. Further, in determination whether the company is to be considered as a Czech MNE, the ultimate beneficial owner instead of direct owner should be taken into account (notwithstanding difficulties to trace the ultimate owner). From the Czech top 108 extra large companies with at least
one foreign subsidiary, only about a half of them has ultimate Czech owners –
either Czech individuals or public authorities (Source: database Amadeus,
Public Register, company official information, press articles).

- Given the wide use of holding and other middleman companies, the
  information on destination country may not reflect the actual scope of foreign
  operations. FDI statistics may be inflated also due to round tripping which
  refers to the transfer of funds abroad in order to bring the investment back as
  FDI and claim the benefits offered to foreign investors (UNCTAD, 1998:290).
  Round tripping is evident in case of Russian investments to Cyprus and
  backward which account for about 60 % of both inward and outward FDI
  stock (UNCTAD, 2013:65).

- The valuation of capital presence abroad is a complex issue and differences
  arise for example between transactional price and registered capital amount,
  between FDI flows and FDI stocks, etc.

The paper focuses on rather narrow group of the companies. There is little analytical
information on the topic. Few available studies are based on company search or analyse
Czech OFDI, i.e. including investment of foreign controlled companies. As the extant
literature on the topic is limited in the Czech Republic, the paper provides an overview of literature
also from the Central and Eastern Europe.

**Internationalisation process of Czech firms**

Due to the lack of data dealing specifically with the Czech MNE, I start from analysis of
OFDI. The findings presented in studies are completed by the statistics and charts based
on CNB data.

At the beginning of the transition process, the only OFDI were affiliates of state-owned
trading companies (foreign trade monopoly). During reintegration process of the Czech
Republic into the world economy, the following processes as a part of market reforms and
change of legal framework occurred:

- Privatization of state firms carried out in two steps: in the first wave, medium
  companies were subject to subsidized sale to domestic investors, in the second
  wave, large companies were privatized by distribution of vouchers to Czech
  citizens.

- Liberalization of trade flows leading to major reorientation of trade both in
  terms of partners (from member countries of Council for Mutual Economic
  Assistance to neighboring countries and Western Europe) and products
  (gradual shift from machinery and heavy industry to middle-machinery and
  services).

- Liberalization of capital account on which I comment below:
Despite the preference of Czech investors in the initial phase of privatization (unlike for example Hungary with privatization implemented mainly through foreign takeovers), soon afterwards lot of companies sought foreign investors in their transformation process. The main objective was to become competitive (or even survive) in the globalised business environment which required substantial investment in modernization and optimization of production. Besides much needed funds, the foreign investors provided also access to knowledge, management, marketing and technological know-how, incorporation in regional and global networks etc. The inward FDI soared in the second half of 1990s and were increasing along with gradual opening of other industries for FDI (banks, telecommunication).

The basis for creation of Czech MNE was therefore small with rather weak local companies and few remaining state-owned companies. Compared to their global competitors, the Czech companies suffered from undercapitalization, inexperience, lack of global brands, high quality products, global distribution network and marketing strategy. The companies thus did not have firm-specific ownership advantages necessary to undertake investment abroad and to run foreign business venture successfully. First OFDI attempts (directed into heavy machinery industry in China, South Korea and South America) were mostly unsuccessful due to lack of capital and experience. They confirmed that OFDI cannot be used as surviving strategy. The withdrawal from foreign activities followed (Bohatá & Zemplinerová, 2004).

The following chart depicts evolvement of the Czech OFDI. After slow start in the 1990’s, the OFDI has been growing steadily with occasional upswing caused by a large transaction. Further acceleration occurs after joining the EU. The global financial and economic crisis had effectively stopped the growth of OFDI stock, but recent data show recovery.

![Chart 1: Czech Outward Foreign Direct Investment Stock (in CZK million)](chart.png)

Source: Czech National Bank
According to investment development path concept (Dunning, 1981), level of OFDI is related to the level of economic development. The Czech Republic as well as Poland (Yaprak & Karademir, 2011) moved to stage two in the middle of 1990's and stayed there until recently whereby inward flows are still growing faster than outward flows. Joining EU resulting in a faster growth of inflows than outflows postponed the possible transition to stage 3 (Kalotay, 2004).

Geographical distribution of Czech OFDI

In the 1990’s, most of the OFDI were intra-regional profiting from geographical proximity and traditionally close business links with CEE (Slovakia, Poland, Hungary) (Bohatá & Zemplinerová, 2004). A disproportionately large stock of OFDI was directed to countries with favourable tax legislation for holding companies (the Netherlands, Cyprus, Luxembourg, Ireland and Lichtenstein). Main benefits of using special purpose entities (SPE) in those countries are especially the following:

- Tax efficient holding structure: the favourable national tax regime together with applicable EU directives and wide network of Double Taxation Treaties enable tax efficient flow of dividends, interest payments, royalties, income from sale of participation, etc.
- Centralization of financing by establishment of cash pooling facilities. Access to financial markets.
- Advanced business and legal environment, high quality of related corporate services, level of infrastructure, geographical proximity (compared to off-shore tax havens).

Exact data on use of tax havens are unavailable as a part of the transactions probably goes unreported. Intentions of these investments are hardly detectable as OFDI statistics do not show the ultimate country of destination.

The development of the geographical distribution of OFDI in the period from 2000 to 2012 (available data from the Czech National Bank) is depicted in the chart below.
The countries are grouped in five groups with possible similar motives and forms of investment. The following trends may be observed:

- The continuing expansion of indirect OFDI through SPE-favourable countries. Following the accession of the Czech Republic to the EU, the investments are routed rather through ‘safer’ EU countries than off-shore tax havens or non-EU countries (Lichtenstein). By the end of 2012, the Netherlands accounted for almost a half of the Czech OFDI stock abroad, followed by Cyprus, Ireland and Luxembourg.

- The position of neighboring countries in CEE (Slovakia, Hungary and Poland) remains strong with prevailing market-seeking motive of investment. Slovakia is the second largest destination (after the Netherlands) with about 13% of Czech OFDI stock in 2012. The investment in Hungary and Poland are much lower with about 1% of OFDI stock.

- Emergence of OFDI in Bulgaria and Romania reaching 8% of Czech OFDI stock in 2012, especially following their accession to the EU. Besides the market-seeking motive, the efficiency-seeking motive with setting up production facilities in those countries plays an important role.

- Growing OFDI stock in other EU countries with Germany, Belgium and the United Kingdom on the top of the list.

Kalotay (2004) reviewed CEE countries in 1999. The study confirms similar general pattern of OFDI in other CEE countries. The majority of FDI flows is intra-regional and targets the CEE economies with which they have traditionally close business links (for
example Slovenia with former Yugoslavia countries). The SPE-favourable locations are also used (mainly) as mediators in investment to other locations.

Jaklic (2007) in a research mapping internationalisation process of Slovenian firms confirms the significance of firm-specific advantages arising from knowledge-intensive assets. Export orientation and accumulating experience, building skills and developing the capacity to innovate are the most important determinants that stimulate the creation of MNE.

**Motives of Czech OFDI**

Bohatá & Zemplinerová (2004) present an analysis of Czech OFDI flows in the period from 1993 to 2002. Besides the official information obtained from the Czech National Bank on trends and structure of OFDI, they ran a company search to find out motives of OFDI and their impact on the restructuring process and competitiveness of the Czech firms and the Czech economy. Based on the information obtained from 26 companies mostly from machinery industry, they conclude that reaching new markets is the major motivation for investing abroad. They also mentioned motivation to overcome trade barriers in the 1990’s (for example SKODA AUTO decided to set up a car factory in Poland because it was more advantageous than export on the highly protected Polish market).

Nývltová (2004) analyses data on motives of Czech OFDI obtained from the company search made by Jaklic (2001) that is focused on investment in CEE including the Czech top 21 foreign investors. She concludes that the internationalisation process of the Czech companies is driven mainly by survival strategy in the strongly competitive business environment. In most cases, the foreign activities of firms gradually evolved from export to establishment of capital presence in order to maintain or increase the market share on the respective foreign market (market seeking).

Zemplinerová (2012) presents a thorough analysis of trends and the geographic and sectoral structure of Czech OFDI in the period from 1993 to 2010. She also describes three cases of OFDI made by major Czech companies.

Wilinski (2013) provides a comprehensive literature review on internationalisation of CEE companies. The study covers 42 articles published in the period 1989-2010. The studies confirm similarities in OFDI pattern (excluding Russia). Unlike MNE from other emerging markets, investments of CEE firms are carried out rather within the region and acquisitions of firms from developed countries are relatively rare.

Primarily, OFDI are used as a necessary strategy to maintain competitiveness, to overcome the limited size of domestic market, to be closer to foreign customers. Efficiency-seeking, knowledge-seeking and resource-seeking motives also play a significant role. Unlike for example Russian investors, the CEE investors seem not to be motivated to OFDI by diversification of assets as a protection against domestic instability.
Other characteristics of Czech OFDI

As for the sector composition, Zemplinerová (2012) comments on the shift from production and sales activities to foreign activity management, provision of financial and credit services and tax optimization, as well as the rise in investment in energy sector since 2004. At the end of 2012, the service sector accounted for 80% of Czech OFDI stock (CNB). The service industries dominate also in Poland and Estonia, which is apparently different from the development of OFDI from developed countries where manufacturing firms were the first outward investors (UNCTAD, 2004:38).

The size of MNE can be measured by the Transnationality Index (TNI) calculated as the average of three ratios: foreign assets to total assets, foreign sales to total sales and foreign employment to total employment. The other indicator is Network Spread Index (NSI) calculated as a ratio of number of foreign countries in which a MNE locates its activities and the number of foreign countries in which it could potentially have located (UNCTAD, 2001:103-104). The NSI of the 25 largest MNE of CEE is significantly lower than that of the world’s largest MNE (Kalotay, 2004). In summary, MNE from CEE are less transnationalized and have narrower geographical reach compared to western MNE.

Analysis of Czech MNE

The second part of the paper is dedicated to the presentation of the results of my research concerning the Czech MNE. I focus on foreign investment patterns of the Czech top companies and for comparison also of the Czech small companies.

The list of companies was gathered from Amadeus, a database of comparable financial information for public and private companies across Europe (bvdinfo.com). The search criteria included (i) the Czech companies (ii) owning at least one foreign subsidiary (iii) listed based on turnover into four groups – very large, large, medium and small. Only very large companies (defined as companies with operating revenue >= 100 million EUR or total assets >= 200 million EUR or more than 1,000 employees or listed) and small companies (companies with operating revenue < 1 million EUR and total assets < 2 million EUR and less than 15 employees) were subject to my research. The independence status was checked in publicly available sources: primarily in the Czech Public Register, the official company information sources (websites, annual reports) and as a last instance, in the press articles. In some cases, the ultimate owners cannot be identified with certainty. As mentioned above, only companies with Czech individuals or Czech public authorities as ultimate owners were selected. The list of foreign subsidiaries, the country and main activity from Amadeus database were used and due to time constraints not double checked in public information sources. Especially the information on the subsidiaries’ scope of activity was sometimes unavailable and should be viewed as rather approximate.
The first data set consisted of 54 Czech very large companies with 597 subsidiaries (387 Czech and 210 foreign subsidiaries). The geographical distribution shown in the chart below is in line with trends discussed above with high share of CEE countries (Slovakia with 19% and Poland with 14% on the top of the list) and SPE-favourable countries (the Netherlands, Cyprus, Ireland). The unusually high representation in some countries is caused by single cases, for example investments of ČEZ in Albania, Turkey, Serbia and Bosnia and Herzegovina or subsidiaries of Agrofert in Germany.

![Chart 3: Geographical distribution of subsidiaries of major Czech MNE](image)

Source: Prepared by the author based on Amadeus database.

The industry distribution of the MNE is summarized in the table below. Most of the MNE under review engage in manufacturing and trading, followed by financial activities.

<table>
<thead>
<tr>
<th>Industry</th>
<th>Number of MNE</th>
<th>of</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Agriculture, forestry and fishing</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>C. Manufacturing</td>
<td>16</td>
<td></td>
</tr>
<tr>
<td>D. Electricity, gas, steam and air conditioning supply</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>F. Construction</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>G. Wholesale and retail trade; repair of motor vehicles and motorcycles</td>
<td>13</td>
<td></td>
</tr>
<tr>
<td>H. Transportation and storage</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>J. Information and communication</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>K. Financial and insurance activities</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>M. Professional, scientific and technical activities</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>N. Administrative and support service activities</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>R. Arts, entertainment and recreation</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Table 4: Industry distribution of major Czech MNE

Source: Prepared by the author based on Amadeus database.
Considering the average number of subsidiaries as stated in the table below, the majority of MNE is in the initial state of internationalisation. There is a high concentration in the foreign investment. The biggest Czech MNE is ČEZ with 75 subsidiaries in 17 countries but almost 90% of MNE under review have up to three foreign subsidiaries only.

<table>
<thead>
<tr>
<th>Number of foreign subsidiaries</th>
<th>Number of foreign countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,89</td>
<td>2,26</td>
</tr>
<tr>
<td>Average</td>
<td>Average</td>
</tr>
<tr>
<td>2,55</td>
<td>1,98</td>
</tr>
<tr>
<td>Average excluding ČEZ</td>
<td>Average excluding ČEZ</td>
</tr>
<tr>
<td>2,00</td>
<td>1</td>
</tr>
<tr>
<td>Median</td>
<td>Median</td>
</tr>
</tbody>
</table>

Table 5: Number of foreign subsidiaries and number of foreign countries of major Czech MNE
Source: Prepared by the author based on Amadeus database.

Based on the subsidiary type and description in Amadeus database, it may be estimated that about 25% of subsidiaries engage in trading, 10% in support services within the group, 7% act as holding or financial companies and the remaining part carry out other business activities such as manufacturing, construction and various services. The investments have rather horizontal (i.e. target company within the same industry) than vertical character.

Data implies that the major motive for international expansion was increasing or maintaining the market share. On the other hand, the data do not confirm efficiency-seeking motive for example by establishment of an export oriented green-field investment in countries with lower personal costs. Efficiency seeking motive may be sought by using SPE. However, data on actual group structures as well as intra-group transactions are considered as confidential and mostly unavailable and, therefore, it is difficult to assess the role of individual subsidiaries. Neither resource-seeking nor knowledge-seeking motives are apparent from the data set.

In the group of 216 small MNE, each is holding only one foreign subsidiary. Geographical distribution is less varied than in case of very large MNE with 80% of subsidiaries located in Slovakia, 15% in the rest of CEE including Russia and remaining 5% in the Western Europe. About a half of subsidiaries are trading companies which shows that market-seeking motive prevails in case of small MNE too. The data set does not include any significant micro-multinational company (there may be some in the group of middle companies which has not been analysed yet).

Svetličič, Jaklič & Burger (2007) examine differences in OFDI activity between small and medium enterprises (SME) and large companies in CEE. By surveying 180 firms, they found out more similarities than differences in internationalisation patterns. Main motive of both groups is market-seeking.

**Conclusion**

The Czech-based MNE have developed within the global context on the global markets and, therefore, their corporate governance and management strategies generally follow
global trends in MNE development. While market-seeking and efficiency-seeking motives of foreign investment still prevail, multinationals with more complex structures also develop. In line with global trends, more small and especially medium enterprises invest abroad.

Also, similarly to foreign MNE, it is also hardly possible to evaluate the significance and the impact of the Czech-based (and other CEE countries as well) MNE due to often complicated (and often non-transparent) ownership structure and complex business transactions. The statistical analysis is especially complicated in case of firms owned by various types of investment funds and in transactions involving intangible goods and financial services.

The specifics of the Czech-based MNE come mostly from the transition process, during which the Czech Republic carried out necessary reforms and went through liberalization, deregulation and integration into the world economy. As a former transition country, the later start and other specifics are reflected in the lower level of internationalisation compared to the other developed countries.

Although the flows of outward FDI are still rather low, the FDI stock became substantial. The OFDI pattern is similar across the CEE region (excluding Russia). As for future prospects, the following trends may be expected:

- As transaction costs get relatively lower, even small and medium enterprises can internationalise.
- Increasing wages may motivate firms in labour intensive industries to invest more in the countries with significantly lower wages as it already happens in case of Romania and Bulgaria – so called ‘flying geese phenomenon’ (UNCTAD, 2004).
- It will be interesting to follow the future development in the area of international tax planning and use of SPE and off-shore financing centers taking into consideration the current upheaval of fight against tax avoidance.

Considering the currently low level of internationalisation of the Czech companies and the limitations of small market, there is a big potential for the expansion through OFDI from CEE (and the Czech Republic). However, by excluding the group of foreign controlled companies, relatively small group of Czech-owned companies remain and their significant international expansion cannot be expected in the future.

Given the scarcity of data on Czech multinationals, there is a plenty of opportunities for further research. Besides company survey on the motives of OFDI and internationalisation strategy, it would be worthwhile comparing the investment patterns of the Czech top MNE with large, medium and small companies in more detail.
References


The Right to Education of Roma Children in the Czech Republic: What Should Be the Role of the International Community?

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Abstract
The marginalization of the Roma population in the Czech Republic has been a palpable issue concerning many aspects of the social life for decades. The issue of Roma children attending disproportionally more often practical primary schools (in the past called primary schools for children with special needs) than Czech children has already resulted in several reprehensions by the Committee on the Rights of the Child. Furthermore, in 2006 the European Court for Human Rights pronounced a judgment against the country declaring that Czech Republic violates the prohibition of discrimination and does not ensure the equal right to education for Roma children.
The aim of this paper is to identify both external and internal factors shaping the Czech Republic’s approach towards the Right to Education for the Roma children. The paper proceeds from the spiral model of the socialization of states in international relations developed by Risse, Sikkink and Ropp (1999). The paper sets a goal to identify the main constraints and the necessary steps to be taken in order for the Czech Republic to comply with the international standards. On the top of that, the paper makes its goal to evaluate the role of the international community and its tools in addressing the issue of discrimination against Roma children in the educational system in the Czech Republic.

Introduction
The Czech Republic often identifies itself as a country supporting and promoting human rights worldwide (Ministry of Foreign Affairs 2011). However, while the first generation of human rights (especially the civil and political rights) are widely accepted and praised, the second and third generations are much less discussed and enjoyed, albeit the new concepts of human development incorporate all three generations of rights and focus greatly on education as a basic tool of human development.

The situation of the Roma population throughout the Central Europe is similar and vastly unsatisfying. Poverty, social exclusion, lack of opportunity on the labour market, illiteracy and low level of education directly linked to higher levels of criminality, alcoholism, domestic violence and other pathological behaviour attributed to the Roma have not been tackled by the governments for many years and have developed into popular support of the far right extremist parties (Jobik in Hungary, DSSS in the Czech Republic, etc.). The Czech
Republic is often criticised by international organizations and NGOs for the widespread discrimination against the Roma minority. This paper, however, focuses only on the educational sector and especially the primary education of the Roma children.

The paper focuses on identification of the key obstacles to the successful implementation of the Right to Education for the Roma children in the Czech Republic and on the role of the international community in the later phases of the socialization process. The structure of the paper is based on the spiral model of the socialization of states in international relations developed by Risse, Sikkink and Ropp (1999), nevertheless, it operates with the critical revisions of the model as formulated by Jetchske and Liese (in Risse, Ropp and Sikkink 2013). I demonstrate that while the first generation of rights tends to follow the spiral model till the last phase and the international community might sideline during the process, the second and third generations of rights faces different obstacles and thus requires much greater involvement and cooperation between the international and domestic levels.

This paper aims to answer following questions: What are the obstacles that the original spiral model does not take into account which explain the unsatisfactory implementation of the Right to Education for the Roma population? What should be the role of the international community (mainly at the European level) in the context of current situation of the Roma population in the Czech Republic? Unsurprisingly, one of the main factors blocking the implementation is the widespread anti-Roma sentiments and failure of the Czech government to systematically solve the situation which has been deteriorating for decades and has become a hot political issue. Besides that, the situation of the Czech primary education, which has escalated into discussions about quality gap between primary schools and unclear procedures of accepting pupils, does not allow withdrawal of the international community as an important actor of the socialization process. On the top of that, the implementation of this particularly human right is related to more complex problematic of the social exclusion of the Roma population across the Europe, and especially in post-communist countries and thus cannot be omitted from the international agenda.

The spiral model of socialization of human rights in 21\textsuperscript{st} century

The original model was introduced by Kathrin Sikkink, Thomas Risse and Stephen C. Ropp in 1998 supported by various case studies from Czechoslovakia, Poland, Kenya, and Uganda, Chile, etc. linking international norms, transnational activism and domestic opposition together as the main driving forces of the domestic social change. Each of the phases describes a specific attitude of the national government to the particular violation of the human rights: repression, denial, tactical concessions, prescriptive status and rule-consistent behaviour. The five-stage model builds on four levels of interactions between different actors: international level, domestic civil society, national government and cooperation between national and international level. The spiral model is grounded on three types of socialization
processes involving rights-violating governments and their interactions with the international community (pressure from above) and the domestic civil society and/or opposition (pressure from below). The three types of socializations consist of a) adaption and strategic bargaining and moral consciousness rising, argumentation and persuasion, b) institutionalization and habitualization, c) internalization of norms in identities, behaviour and interests (Risse, Sikkink 1998, pp. 1-38).

Each of the five levels is characteristic by a specific status of the domestic civil society and/or opposition varying from non-existence or repression to direct and active cooperation with the national government. In the original model, the role of the international community is strongly represented in the first three phases (repression, denial, tactical concessions) when it supports and/or builds a strong civil society and opposition while at the same time pressures the norm-violating government from above. In the later phases (prescriptive statues and rule-consistent behaviour), the role of the international community is substituted by a strong domestic civil society dealing with an open and change-favourable government. However, as Jetchske and Liese (2013) have outlined that the withdrawal of the international community on the fourth level might lead into blockage of the socialization process or even a regression to the previous stage. They identify various blocking factors which prevent the country from reaching the final stage of socialization such as sovereignty and national security, delegitimization of the civil society, public supportive of government’s oppressive practice, counter-arguments of the norms violating government etc. Albeit they state that democracies are usually more sensitive towards the pressure from above (such as international shaming), they also underline the role of public opinion and relative dependence of the executive and legislative power on the people.

My hypothesis refers to Jetchske and Liese’s idea of a blocking factor, yet modifies the idea of support to an oppressive practice into indifference of the general public and rooted negative perception of the discriminated group who does not deserve any additional attention. Moreover, I build on Harris-Short’s (2003) thoughts of oppressors other than the government itself. In her studies Harris-Short underlines the issue of sub-state actors violating human rights. A government who is formally responsible for such actions is not able to regulate them and thus even though the government accepts and empowers human rights protection, it is way beyond its power to ensure it. In the next part of this paper I uncover that the transition of the Czech Republic from the prescriptive status to the rule-consistent behaviour is blocked mainly by the general racial animosity against the Roma population which influences decisions of the key individuals (teachers, directors, parents of other children, social workers and pedagogical-psychological counsellors) resulting in violations of the Right to Education.
The Right to Education and the Roma population in the Czech Republic

The Right to Education has been incorporated in the most important human rights documents of the 20th century. The Article 26 of the Universal Declaration of Human Rights constitutes the right to free and compulsory primary education and highlights the right of parents to decide about their children’s education. The Articles 13 and 14 of the International Covenant on Economic, Social and Cultural Rights broaden the Right to Education to secondary and informal education. And finally, the Convention on the Rights of the Child in its Article 28 highlights availability and accessibility and the obligation of the international cooperation in terms of education. Moreover, the Convention on the Rights of the Child asserts that child is the centre not just a mere object of education (Verheyde 2005). However, none of the instruments mentioned above (nor any other concerning education) come with a specific definition of education, which can both ensure learning new skills and support mental development of children (Verheyde 2005). The Right to Education is regarded as a part of the best interest principle which itself has been a subject of academic discussions. While the CRC suggests direct participation of children when it concerns their education and the UDHR highlights the parent’s direct involvement, it is usually the state that has a monopoly on the primary and secondary education (at least in terms of content and quality of the education). In the Czech Republic, the Ministry of Education provides guidelines and obligation on both content and quality of the primary education, however, the actual decision-making regarding children lays on the municipalities (establishers of the primary schools) and psychosocial workers who counsel parents and children with behavioural issues or special needs.

The Czech Republic is legally bound by both ICESCR and CRC, the Right to Education is also formulated in the Charter of Fundamental Rights and Basic Freedoms enacted in 1991, precisely in the Article 33 which introduces free primary and secondary education. Articles 24 and 25 relate to minorities and even mention a possibility of education in the maternal language. Discrimination in education is also prohibited under the Article 2 of the Educational law from 2008. It is important to say that in the Educational law enacted in 1984 the Roma population was not considered a minority who had the possibility of education in their maternal language (unlike Germans, Poles, Hungarians and Ukrainians). This law was official retracted in 2005 (Federal Assembly of the Czechoslovakian Socialist Republic 1984) to be replaced by the Educational law from 2004 and latest amendment was enacted in 2011 (Ministry of Education 2012). Besides that, the Czech government regularly issues strategic papers on the inclusion of the Roma population that tackles certain educational issues as well.

According to the Report on the Situation of the Roma Minority in the Czech Republic for 2012 published by the Government of the Czech Republic (2013), 54% of Roma population between 25 and 64 years has finished just primary education, and about one in four Roma
enters the labour market with any qualification at all. This report also includes pre-school education which is considered to be a first step towards enjoyment of the Rights to Education.

**From Repression to Tactical Concession: The Czech Republic as a country violating the Right to Education of the Roma Children**

The discrimination against Roma population in various aspects of social life in the Czech Republic (or its predecessors) is deeply rooted. Roma population is heterogeneous and particular groups do not share common values in terms of education or family life (Hajska 2006). On the top of that, since 1990 the Roma ethnicity is not based on external perception of the authorities but the Roma have a possibility to describe themselves as Roma during official census. Since 1990s the number of people defining themselves as Roma has been constantly diminishing (to 13,109 in 2011 (Hlavacek 2014, p. 2)). Given that the ethnicity of children is not registered, all statistical data are based on a mix of internal and external labelling of children. In 2013, the European Roma Rights Centre (ERRC) estimated that about 150 – 300 thousand Roma live in the Czech Republic (1.4-2.8% of the total population), thus approximately 35 – 70 thousand children who are or should be attending primary or secondary schools.

There is not much evidence about education of the Roma children before 1989, especially due to the lack of civil society actions or interest from the international community. However, during the 1990s the situation had changed. In 1997, respectively 1998, the Committee on the Rights of the Child (CRC) and the Committee for Elimination of Racial Discrimination (CERD) coincidently rebuked the Czech Republic for discrimination against the Roma children in the educational system. The main reason was a high percentage of children of the Roma origin placed in so called special schools which offer lower standards of education for children with light mental disability. There is no reliable data accessible from the 1990s, but according to several studies conducted between 2009 and 2013 the overall percentage of Roma children educated in such institutions oscillated between 30-50 %.¹² The repression phase in the Czech Republic had been present for decades and according to Great Senate of the European Court for Human Rights the majority of the Roma children had been educated in special schools before 1989 (ECRH 2007). Yet in the 1990s the situation in the Czech Republic quickly transited to the denial phase. Between 1996 and 1999, 12 children from Ostrava were placed to special schools. In 1999, in cooperation with ERRC they filled a complaint to the Constitutional Court of the Czech Republic referring to violation of Articles 3 and 14 of the European Convention on

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¹² This data were collected after the Czech Republic has already passed the first two stages of the spiral model – repression and denial. It is highly probable that during 1990s the situation of Roma children was even worse.
Human Rights and of the Article 2 of the 1st Protocol. At that time, the Ministry of Education denied any form of discrimination and pointed to the negative attitude of the Roma parents towards education. The government’s denial of the responsibility for the discrimination was based mainly on the actual consent of the parents to place children to the special schools instead of the ordinary primary schools and their general negative attitude towards education (Government of the Czech Republic 2005). Typically, for the denial stage as described by Sikkink and Risse, the government did not react on the initial complaints of the affected group and the civil society. However, while Sikkink and Risse operate mainly with the term of opposition in case of the Czech Republic the denial of the existing problem was common through the political spectrum (at that time the Czech Republic was governed by the Socialist Party). As Setinova (2012) states, unlike the negative sentiments towards the foreigners, the negative sentiments towards the Roma population is not strongly affected by the socio-economic status of the majoritarian population in the Czech Republic.

The denial phase was literally broken in 2006 by a verdict of the Great Senate of the European Court for Human Rights (ECHR) in case known as D.H. and others versus Czech Republic. After the unsuccessful complaint to the Czech Constitutional Court, the case was brought to the European level. The Great Senate concluded that the Czech Republic did violate the provisions of Article 14 of the Convention and the Article 2 of the 1st Protocol. In the meantime, the Czech Republic was several times criticized for discrimination against the Roma children from other international organizations or institutions (e.g. European Commission against Racism and Intolerance in 2000 and 2004). As a reaction, in line with spiral model’s proposed phase of tactical concessions, the Czech government issued The Conception of the National Policy towards Roma community supporting their inclusion into the society (Hajska 2006). Furthermore, it followed up with the previous largely unsuccessful attempts to increase access of the Roma children to assistance, etc. In 2004, the new Educational law also dissolved the special schools and replaced them with practical primary schools which basically took over the previous curricula (RVP-LMP Frame educational program for children with light mental disability), and a majority of the students. The situation has neither been solved, nor ameliorated; nevertheless, the verdict has helped to increase the general awareness about the unsatisfying situation. The international pressure has not ceased and both international non-profit organizations such as Amnesty International (2010), ERRC (2011) have continuously criticized the lack of progress.

Prescriptive status: Czech Republic and the failure of the spiral model

Gradually, the tactical concessions shaded into a transition to the next phase of the prescriptive status. The verdict of ECHR instigated independent studies by the Ministry of Education and of the Ombudsman (2010) which concluded that the share of the Roma students of practical primary schools exceeds heavily the possible number of children actually in need.
of special education. In 2009, the Ministry of Human Rights issued a new conception of the integration of the Roma minority where education was mentioned among the priorities of the Ministry. The Minister Kocab himself actively participated in round-table discussions and cooperated with the civil society. In 2013, the Government openly acknowledged the unsatisfactory situation of the Roma pupils (gap between the level of education between the majority population and the Roma students) and identified main weaknesses of the educational system, mainly pre-primary school education and preparatory classes usually leading to enrolment into practical primary schools. The Government further accepted the final decision of the ECHR and highlighted the overrepresentation of the Roma students among children with lower quality education. The report stated that the lack of appropriate and clearly defined methodology to diagnose children with special educational needs contributes to system’s injustice.

Currently, the Czech Republic is found in between the two last phases of the spiral model. While there are many action plans and programs supported and financed by the Ministry of Education such as regular inspections in the practical primary schools, introduction of the National Action Plan on Inclusive Education (2010), development of the Strategy for the Fight against Social Exclusion (2011), the Czech Republic is still heavily criticized for the lack of implementation. In 2014, the ERRC concluded that introduction of practical primary schools “has failed to eradicate the system of inferior education which thousands of Romani pupils face on a daily basis. A great number of Romani pupils in both practical schools and segregated elementary schools continue to follow the curriculum for children with mild mental disabilities” (ERRC 2014, p.7). Moreover, the CRC in its Concluding Observations to the Combined 3rd and 4th periodical report from 2011 requires an adequate methodology to identify the Roma children and to monitor their school attendance and other issues. It also asks for criteria of placement of children in schools for children with light mental disabilities, development of an action plan on the prevention of racism, xenophobia and intolerance and detailed measures undertaken to apply decision of ECHR. The Czech Republic continuously fails both demands.

In 2014, the European Commission reacted to the failure of the procedures leading to eradication of the discrimination by an infringement proceedings letter. The European Commission stated that the Czech Republic has not been able to fulfil its obligations and that the situation of the discrimination of the Roma children remains the worst in Europe (European Commission 2014). Furthermore, the letter underlined that the European Commission does not agree with the Czech interpretation of the EU legislation. In 2013, the Czech Republic questioned the competence of the European Commission to render measures against a member state concerning educational systems. Although the Czech Republic did not deny the existence of the problem as such, an official denial of the competence to act to an international institution shifts the socialization process more to the previous phases (mainly the denial phase) than further (ne raději before?). The disruption of the official Czech rhetoric has been squared by the official declaration by the
Ministry of Education which pointed out new integration strategies and the contradictory declaration of the Educational Ombudsman who dismissed the whole problematic as groundless. The situation has been further aggravated by continuous segmentation of primary schools and new elitism. Albeit the primary schools are obliged to guarantee access based on the geographical and administrative division, the elite primary schools accept children based on entrance tests or interviews. The omission of the problem on the official level, notwithstanding the low support of the equal access of the Roma children to education by the general public, does not allow the Czech Republic to move to the fifth phase of the socialization – the rule consistent behaviour.

Generally, durable and long-term oriented solutions concerning the issues faced by the Roma population have been suppressed or excluded from the Czech political discourse. The loudest voices belongs to populist or racist parties (extreme right Delnicka strana socialni spravedlnosti, populist Usvit prime demokracie or populist regional politicians), while inclusion-based solutions are regarded as positive discrimination and widely attacked mainly in online discussions (Romea). Since 2013 the Czech Republic has experienced several anti-Roma demonstrations and an increase of assaults mainly on the internet. While the negative perception of the Roma population gains points to the anti-system or populist parties, the attempts to change the situation are potential threats to well-established parties (see negative perception of the actual Strategy of the integration of the Roma population which among other introduced measures generally perceived as positive discrimination). The Czech Republic therefore remains stuck at the phase of prescriptive status block by the public opinion and the widespread antipathy towards the discriminated population. A moment that Risse and Sikkink did not anticipated in their studies due to a different nature of the political and civil rights but the moment which is in line with Jetchske and Liese's conception of blocking factors independent yet related to the actions of the government.

Education as a human right but not for everybody

The Czech Republic has already ratified all relevant international conventions, it is under the judiciary of the European Court for Human Rights and regularly reports on its progress to the particular authorities with a certain level of self-reflection which indicates efforts for change. In 2012, the topic of the Roma segregation and discrimination was highlighted during UPR (Amnesty International 2012). On the other hand, the behaviour of key actors is inconsistent with the discourse on the higher level. On the level of civil society, the Czech Republic can take pride in quite established non-governmental organizations working with the Roma population and other social excluded groups (e.g. People in Need, New School Foundation, Open Society Fund, Romodrom, Hestia etc.). The Ministry of Education has introduced a program to support pre-school education based on studies proving that

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13 According to CVVM 2014 study on public opinion only 59% of Czechs thinks that Roma children should attend primary schools.
children attending kindergartens tend to be more successful later in their lives (Minister for Human Rights 2009). In 2012, the Ministry of Education established a working group entitled to research on other possibilities of children skills testing which would be more suitable to Roma children (ERRC 2014).

In order to achieve all goals and intended change, the Czech Republic, however, needs to undergo an overall social change. In 2013, the Czech Helsinki Committee reaffirmed the long term feelings of the Czech majoritarian population towards the Roma population (Czech Television 2013), similarly to STEM findings from 2007 which revealed that 2 in 3 Czechs have negative feeling about the Roma and in 2015 82% of CVVM research respondents declared that the Roma are either very unsympathetic or rather unsympathetic. Albeit the Czech Republic has made several important steps in terms of education, the violation of the right to education is interrelated with other second generation rights. According to Sikkink and Risse, in this phase of the spiral model the international community should render its role to the dialogue between the civil society and the government. However, in this case it is possible to conclude that the government is more or less able to identify common goals with the civil society but lacks resources (both financial and human) to apply and monitor the change. The international community (INGOs, UN and EU) should not withdraw from the process but, on the other hand, it should create a space for countries in the similar situation, such as Poland, Slovakia and Hungary, to share the best practices. In contrary to first generation of rights where the government is merely the sole possible violator (excluding other actors hypothetically controlling a part of state's territory), the second and third generation depends much more on the living standard and atmosphere in the general society. In the Czech Republic, the anti-Roma atmosphere definitely serves as a blocking factor for transition to upper levels of the spiral model.

Conclusion

The main goal of this paper was to a) identify the obstacles to successful implementation of the Right to Education for the Roma children in the Czech Republic which has not been taken into account in the original spiral model from 1998; and b) to redefine the role of the international community in the later phases of the socialization process.

As I have analysed above, the Czech Republic suffers from the heritage of the previous regimes, mainly the socialist era. At the beginning of the 1990s, the biggest obstacle was the lack of legislation and institutionalization of various forms of social and educational inclusion (assistants, pre-schools, automatic identification of the Roma children as in need of special education). However, even though the Czech Republic accepted the decision of the European Court for Human Rights and incorporated recommendations and comments from CRC and other national and international NGOs, the situation has not improved accordingly. The implementation of various action plans and programs met with opposition of directors, teachers and parents who are heavily indoctrinated by an overall negative
attitude towards the Roma minority. Perception of the Roma people as poor, violent, uneducated and *sponging on* the welfare system serves as a prerequisite to ignorance and indifference of people or even delegitimizing a government that acts against this situation. The original spiral model did not take into consideration resistance of the public to suggested changes, Jetchske and Liese pointed out this option, but mainly in the context of threat to national security, territorial integrity or cultural homogeneity.

Based on my research, the international community should not withdraw from the situation, but should bring attention to the other issues interrelated with the right to education such as poverty, social exclusion, hate crimes, etc. The role shifts from a mere guardian of the human dignity who brings states into line to an active supporter of their subsequent actions and a platform for sharing, as well as into a source of material and moral support for an active change.
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China in Post-Cold War Politics: A Partial Power?

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Abstract

In my paper, I would like to explore the nature of power exerted over developing countries by the People's Republic of China in the post-Cold War era. David Shambaugh famously introduced the concept of “Partial Power” as a sui generis sort of actor in international relations. I will shed light on the concept using several defining events of the Chinese foreign policy.

Key words: USA, China, partial power, great powers, developing countries

Introduction

Scholars as well as media have been paying increasing attention to the People's Republic of China (hereafter “China”) in the post-Cold War era worldwide. The least common denominator of most media stories and scholarly work on of China has been that China is “on the rise”, is a “rising power”, and is soon to become a superpower. A prominent China scholar Martin Jacques’ (2009) book When China Rules the World is perhaps the best-known example. Indeed, attention to China’s rise is needed, not just due to its unprecedented historical GDP growth accompanied by its recent expansion in consumption, overseas investment, increasing security demands, involvement in international organizations, as well as global cultural presence.

It is important to evaluate the scope of such a rise in terms of international relations (IR) theory as the thesis of Chinese near-future dominance is too easily accepted by the IR scholars without dissecting it and evaluating critically. In my paper, I would like to correct this notion and prove that the topic of Chinese power in IR is much more complex and cannot be summarised simply into an upward-sloped curve. I will apply the concept of “partial power” U.S. scholar David Shambaugh (2013) had introduced in an attempt to capture the sui generis nature of China as a power in international relations. I will shed light on the concept using several defining events of Chinese foreign policy, in which I believe the key aspects of the concept can be best tested.

I will focus on China’s exertion of power over the developing countries as I believe the interaction between China and the developing countries serves as a litmus paper for the Chinese power status. The hypothesis I would like to evaluate is whether based on the practice of Chinese power politics vis-à-vis the developing countries in the years 2009-2013, China may be accurately labelled as a partial power. The period of previous semi-decade
was chosen on purpose, as it has seen most of the “China on the rise” works being published.

In the first part, I would like to define the key concepts I will be working with, especially the traditional categories of “heavyweight” powers in international relations as opposed to the newly introduced concept of partial power, which will be outlined consequently. In the second and third parts, I will examine the application of the “partial power” concept on China by formulating partial hypotheses stating what the outcomes for China would be, should China be in the traditional power category, and partial null hypotheses stating what the outcomes would be, should China be a partial power. In the final part of this paper, the findings will be summarised and the implications for the future development of China will be drawn.

**Traditional concepts of power and the partial power**

According to the general IR theory, main categories of “heavyweights”, in particular on a country-level are:

- **Great Power** – a country recognised as having the ability to exert its influence on a global scale
- **Regional Power** – other countries recognise its status as a great power but its interests and influence are great in only in a single scene of conflict or a single region due to the „loss of strength gradient“, which balances the states with great power status (Boulding 1963, p. 232)
- **Superpower** – has the same characteristics as a great powers plus it enjoys great mobility of power, which translates to a great power status in remote regions (Fox 1944), often in more than one region at a time; among the related concepts are hegemony, bipolarism and unipolarism.
- **Hyperpower** – is a state that dominates all other states in every sphere of activity, such as Ancient Rome or USA in the early 1990s, exerting global hegemony, acting on the basis of unipolarism (Worsthorne 1991)

China is often described as a rising power, which is a more complicated term to be defined. The blunt way of seeing China this way is through its economic parameters; its three-decade long growth record is unprecedented and extrapolating this trend further, with the perspective of becoming world’s largest economy in the 2020s, makes China clearly a rising power economically. Another interpretation of this term is that China is on a way from one heavyweight category to another:
• First, it filled the power vacuum in East Asia after the fall of the Soviet Union and nowadays dominates the mainland whereas the U.S. dominates the maritime (Brown 2000, p. 169), thus having risen to be the regional power in Asia.
• Next, thanks to its economic and military fundamentals, China is in the motion towards the great power category. Some scholars point out Chinese position of becoming world’s largest creditor, which signifies a future dominant position in global politics.

Among others, Henry Kissinger (2012) pointed out the term returning power, signifying that historically, China has been a great power and has seen itself as one. The “century of national humiliation” has been a painful but unique interruption to China’s superior status, therefore China’s today’s aspirations are not “an unnatural challenge to world order but rather a return to normality” (Kissinger 2012). China’s official description of its current evolvement changed from a “peaceful rise” (Zheng Bijian 2006) to “peaceful development” (White Paper on Peaceful Development 2011) in order to decrease the tensions abroad possibly evoked by the negative connotations of the word “rise”. In some circles, the term “rise” evoked the need to “mature and learn how to exercise responsibility on the world stage (Kissinger 2012), in others it suggested aggressiveness.

David Shambaugh (2013) famously labelled China as a partial power with reference to the less-known weaknesses of the Chinese foreign policy and the necessity to dissect the term rising power into more particular aspects of the Chinese rise. In other words, Shambaugh postulates that China “punches below its weight” and that there are factors currently preventing China from acting as a fully-fledged great power. China does not lack the resources but the mechanism of converting resources into influence, its ability of to exercise power is limited. The Chinese development ought to be better described as a horizontal spread, rather than vertical rise, as China maintains global presence, rather than influence. Based on Shambaugh’s work, I suggest ten main restrictions that could put China in the box labelled partial power:

1. Contradictions - China is a country with inherent extreme contradictions, which translates into foreign policy as well. Two recent examples reflect China’s conflicted and insecure condition: the epic of peaceful development has been supported by displays such as the 2008 Beijing Olympics ceremony but contradicted by enormous military parades like the one celebrating the anniversary of Mao’s victory in 2009. During these huge events, pride and patriotism contrasts government’s obsession with control (Shambaugh 2013, 3). To what extent can China credibly promote its peaceful development while opulently showing its soaring military strength? To what extent can the Chinese government maintain the image of proud and patriotic citizenry while the fear from any anti-regime incident is overwhelming? The difficulty to reconcile these
extreme contradictions makes ambitious and coherent foreign policy much more
difficult to attain.

2. Hysterical fear of chaos – the chaotic fall of the imperial China, especially the
warlord era of 1916-28 left notable scars in the Chinese collective memory. This
leads to hysterical fear of any signs of instability or unorganized change, which
could transform into omni-destructible chaos. For the Chinese foreign policy,
this means supporting stability as not merely means, but ends *per se*, reluctance
towards major changes in international order and refusal of any actions that could
trigger chaos in China itself.

3. The imperative of territorial integrity – stemming from the same historical
precedence as the previous point, the ultimate axiom of the Chinese regime is
that “divided China equals strong China, united China equals strong China”. The
historical experience with colonisation by alien powers and later the pressure for
a regime change, improved human rights record, Tibet and Taiwan independence
and many other external pressures are perceived as extremely dangerous attempts
to subvert the Chinese prosperous and stable development. Territorial integrity
and non-interference in internal affairs are China’s ultimate values providing the
basic framework for foreign policy.

4. Negative agenda – in international diplomacy, China is better known for what it
is against, rather than what it is for. It remains passive in addressing global
governance and international security issues, which it most commonly influences
by non-action. As mentioned above, China refuses to intervene into sovereign’s
affairs for whatever reason, it stands against any signs of chaos or hasty change.
On the other hand, China maintains a very narrow list of non-negotiable *core
national interests*, Taiwan, Tibet, Xinjiang, human rights, and maritime claims.
China will go as far as to veto any deal that would compromise these interests,
while there is not much more China puts on international agenda.

5. Focus on the form rather than substance – mostly due to the restricted
sovereignty of the late Chinese emperors and the isolation China suffered after
the establishment of the Communist government, the legitimacy of the Chinese
leaders remains a delicate matter at the international negotiations. Since the
legitimacy of China in the international order has been put into question,
maintaining China’s international status has been its goal. In addition, diplomacy
is supposed to enhance the domestic legitimacy of the party-state. In the eyes of
Chinese citizens, leaders’ legitimacy goes hand in hand with saving face and with
the form of negotiations. For any major international negotiations, not only the
key pillars of the Chinese foreign policy must not be symbolically compromised,
but a strong sense of dignity must be felt. In practice, this translates to zero
tolerance to protests, any display of Tibet symbols, casual display of respect by
leaders of great powers and occasional display of supremacy to “Western and
Japanese imperialists”.

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6. Economic development as the “paramount national goal” - Especially since Mao’s death, economic development gained primacy over security and normative interests. Its only prerequisites are the core national interests. The social contract states that the economic growth comes in exchange for the non-intervention in public affairs. China’s ruling party has retained its claim to power through a period of unprecedented transformation and the successful continuation of this process is of highest priority to Chinese political elites; it may be called an overarching objective of its policy.

7. Sense of entitlement, compensation of past injustices – There is a strong sense in China that it has been unjustly divided and humiliated in the 19th and 20th centuries and is therefore entitled to compensations. For instance, the Chinese economic development therefore can be in no way restricted by the foreign powers, as the West has developed at the expense of China. Even more so knowing that the economic well-being is the main base for the regime’s legitimacy.

8. Refusal of responsibility – Part of the Chinese need to label itself "the largest developing country", ridding itself of the responsibility to take action that may be required of other great powers, stems from economic realities, part stems from the aforementioned sense of entitlement. Deng Xiaoping coined the strategy of “maintaining a low profile”, or “no strings attached approach” as a resentment of “Cold-war mentality” and “Power politics”. This principle remained codified in the Chinese foreign policy long after the Cold War’s end and emerges mostly on the multilateral stage, especially when dealing with issues of global importance. China, therefore, maintains mere presence in International organizations, which helps underpin the Chinese legitimacy, rather than tangible influence, unavoidably bearing “unjust” responsibilities. Chinese delegations are most often reactive and passive in most international fora; they do not lead or aspire to lead on any global policy issue and leave the solutions to other nations, often those with less resources but more will and coalition potential. China does not shape global policy outcomes with an effect beyond a narrow list of philosophical presumptions and core national interests. Perhaps the only exception are the UN naval peacekeeping antipiracy operations in the Gulf of Aden or North-Korean nuclear program.

9. Lack of “soft power” – The Chinese lack of soft power is a very complex issue, which, compared to the previous ones, is perhaps the easiest point to change over time, and it is changing indeed. At the moment however, both major sources quantifying China’s global image (BBC survey, Pew Global Attitudes Poll) show relatively low values, especially compared to the ones of the U.S. (Pew Research Center, 2013).

10. Schizophrenia in international identities - Quite paradoxically, there is virtually no concern about the freedom of academic debate on the Chinese foreign policy,
which is however far from its conclusion and it evolves rather unpredictably. China is missing the consistency and complementarity of particular instruments of foreign policy leading to multiplication effects, as is the case of smaller but “mature” countries such as Switzerland or Denmark. Due to several competing schools of thought, China is less predictable for foreign policy partners, which can be seen as a liability:

a) Nativists – Shambaugh describes this school as “a collection of populists, nationalists and Marxists”, while they enjoy a notable support by the public. They maintain that sovereignty is the core value of Chinese foreign policy and should be pursued to the extent that China becomes self-sufficient.

b) Realist School – is perhaps the dominant school at the moment, having the support of People’s Liberation Army, partly the public, and enjoys the heritage of Deng Xiaoping’s thoughts. They have a similar view of sovereignty as the Nativists but practice a more pragmatic approach.

c) Major Powers School – maintain that China should focus on dealing with the U.S., the EU and Russia. Among its current proponents are Foreign Ministry and Central Committee Foreign Affairs Office, but Shambaugh sees their influence on the wane since the end of Jiang Zemin’s term (2003).

d) Asia First – is a school of thought that would like to see China as a regional power, and would like to maintain the strongest ties with its neighbours. This school became influential in the decade after the 1997 Asian Financial Crisis, but the 2010 “Chinese year of assertiveness”, during which China escalated conflicts vis-à-vis many other regional entities (Australia, ASEAN, India, Japan, the Philippines, South Korea, Vietnam) and all of them turned to the U.S. for help in some way, practically ended this line of thought in the Chinese foreign policy for near future.

e) Global South – maintain that China should identify with developing countries, support the Millennium Development Goals strongly as well as pursue a no-strings attached approach to foreign aid and debt relief.

f) Selective Multilateralists – advocate gradual expansion of the China’s global involvement and realize that this would come at the expense of economic development. Therefore, a sensitive approach is required but the Chinese responsibility for the “global agenda” should be negotiable.

g) Globalists - want to get China actively involved in international organizations, especially the UN, and take on significant burden of responsibility for global affairs; they care very much for the enhancement of Chinese soft power.

The listed restrictions could limit the conversion of the Chinese capabilities into certain policy positions and favourable outcomes, which would translate to China being a partial power. In the following chapter, I will use two case studies of China’s interaction with developing countries to test the viability of the concept. I will present the possible policy
outcome that could emerge if China were a great power as opposed to a partial power. Knowing that all great powers do not follow the same patterns in foreign policy, I will be looking into self-restriction of China’s own range of foreign policy choices as well as estimate the rigidity of the deeply entrenched rules.

**Case of the Copenhagen Summit**

The December 2009 United Nations Climate Change Conference, commonly known as the Copenhagen Summit, was highly expected by the eco-activists, journalists, world leaders, especially those from the most affected countries, as well as by the general public (Becker 2009). For instance, the British Prime Minister Gordon Brown labelled it as “the most important conference since the World War II” (Rapp et al. 2010). No matter the enormous gap between the expectations and the outcomes, its significance for the evaluation of the China’s role in contemporary international relations is clear, as it showed interaction of global powers concerning a truly global issue. Moreover, this conference exposed the China’s position towards the developing world since it was expected to produce the climate change framework for future decades, amending the Kyoto protocol, which was based on a recognised dichotomy between the developed and the developing countries that can be bluntly summarised as the “you caused it, you fix it” principle.

The significance of the conference could be also proved by the fact that for the first time in history, China revealed its position on an open press conference in the lead-up to the summit (Conrad 2012). With a focus on form, saving its face and international reputation, China announced an unconditional intent to reduce carbon emissions intensity by 40-45%. It had launched a program to reduce carbon emissions under the auspices of National Development and Reform Commission (NDRC) and it was seeking international assistance for reaching its targets (ibid.), especially in the form of technology transfer, while avoiding starker binding commitments than ‘automatic’ carbon dioxide reductions that stem from restructuring of the Chinese economy (Chatham House 2010). From a great power, I would expect reaching significant amount of its targets, working progressively towards a consensus encompassing them, and being flexible as well as responsible. That means, should the stubborn defending of its positions lead to an impasse, a great power should take on responsibility and flexibly work with scope or timing of the matter. China as a great power would leave the conference either as a leader of the developing world and with an agreement that would secure its long-term economic development.

Observers described China’s role at Copenhagen as “passive, (…), resistant to throwing in its lot with an international system and reluctant to use its growing power to influence the talks in a positive way” (Walsh 2009), “mere participation while holding the ‘no

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14 Carbon intensity is a measure of how much carbon is required to produce a given amount of economic output. Even if China improves carbon intensity, Chinese greenhouse gas emissions will grow as the Chinese economy will be growing.
obligations’ line and otherwise keeping a low profile” (Conrad 2012), which also corresponds with the leaked records from the final meetings of the conference (Rapp et al. 2010). Among the causes of the Chinese underperformance was the “(5) Focus on the form rather than substance”. The Chinese prime minister Wen Jiabao withdrew from the negotiations to his hotel room during the conference after he reportedly heard the US government had scheduled an important round of negotiations without inviting him personally (Rapp et al. 2010). The deputy foreign minister He Yafei leading the negotiations face-to-face Barack Obama, Angela Merkel or Nicolas Sarkozy became one of the curious highlights of the conference, obviously hindering effective bargaining. It is possible that it had been Wen Jiabao’s intent to stall the negotiations by making use of this minor faux-pas. It is also possible that PM’s absence came as a result of fractioning within the Chinese delegation (see Conrad 2012). Nevertheless, the Chinese ability and willingness to bear the responsibility of a global power has been at best questioned as a result of this incident.

Perhaps the most prominent cause, albeit not exclusive only to China, has been the “(7) Sense of entitlement, compensation of past injustices”. China claims, together with many other large developing countries, that it is justifiable that their path towards development produces as much greenhouse gas as the development of today’s developed countries had produced in the past, no matter the circumstances. Combined with China’s premise that the legitimacy of the Chinese regime is based mainly on economic progress (6) it translates to China being entitled to growth with no restrictions attached, even if it should impose unbearable burden on the international community as a whole. Developed countries, voiced by Angela Merkel, noted that even if their carbon emissions are cut to zero by 2020, the generally accepted target of not increasing the global temperature by more than 2°C from the pre-industrial era, set at the 2009 L’Aquila Major Economies Forum, cannot be reached thus demanding a commitment by developing countries as well (Rapp et al. 2010). This requirement had been accepted by many developing countries, as reflected for example in the so-called ‘Tuvalu Protocol’, but refused by the larger ones including China.

The extent of growth, which China claims it is entitled to, is unclear: Does it equal catching up the most advanced countries in the world? Reaching a post-industrial status of the economy? Balancing out the average growth rates vis-à-vis the U.S. and Great Britain in the last two centuries? These questions remain unanswered in the debate and will have to be resolved before a binding agreement on combating climate change be reached, should China be a party to it. These arguments can be best supported by He Yafei, referring to 80% emissions being produced by the developed countries over last two centuries, refusing that China “checks its economic development” at all during the very final stage of Copenhagen negotiations (Rapp et al. 2010). In a reaction on this statement, the US president Barack Obama in fact ended any hopes for any across-the-board binding agreement to be reached in Copenhagen, recognizing the need to resolve the conflicting issues “outside of this multilateral setting” (Rapp et al. 2010).
Conrad (2012) maintains that Copenhagen proved Deng Xiaoping’s external policy dictum of “maintaining a low profile and never claiming leadership” has ceased to be an option. China was unable to recognise that its desired position as a leader of the developing world conflicts with this strategy and with the refusal of responsibility (9). Noting the “(10) Schizophreny regarding Chinese role in international relations”, it is possible that it is only the matter of time until the discourse about the Chinese foreign policy resolves this dichotomy and China will take on more responsibility for global issues. On the contrary, it is possible that “maintaining a low profile” becomes the China’s curse and will prove to be a burden preventing China from reaching the global power status.

The Chinese inherent restrictions showed mostly in justifying the Chinese reluctance for any binding reduction targets towards the end of the conference. Originally, the Chinese argued by historic and per capita emission levels but due to China’s current emission levels and their most probable future trajectory, this line of argument lost relevance. The Chinese reasoning shifted more towards China’s traditional role as advocate for the interest of developing countries as a whole (Bo 2009), but as it has been recognised that developing countries as a whole are “expected to suffer disproportionately from the effects of greenhouse gas emissions” (Conrad 2012), the Chinese position as a leader of the developing world was undermined. When it became clear that the technology transfer issue would not be discussed due to the Chinese Intellectual Property Rights policies, the Chinese position suffered a second blow. China was suddenly the main culprit for an entire package of advantageous outcomes for developing countries was ruled out of scope.

Moreover, the third blow came as the financial transfers got on the agenda. The US Secretary of State Hillary Clinton pledged the US contribution to a $100 billion annual climate fund by 2020, and developing countries found this to be a very desirable part of the final bargain. China had to stand up to its role as a long-term advocate for financial redistribution from developed to developing countries but the Chinese position was rather reluctant as the actual benefits for China were virtually none: Either China would be disqualified as a recipient completely as an emerging economy, or the proportion of the financial inflow would be negligible for an economy of the Chinese size (Conrad 2012). Eventually the imperative of territorial integrity (3) and the related principle of non-intervention denied the option of independent measuring, reporting and verification, which the US presented as a prerequisite for financial transfers. “With its refusal to subject its climate-protection measures to international controls, China might have played a decisive role in causing the summit to fail” (Becker 2009).

The inherent restrictions “(4) Negative agenda” and “(10) Schizophreny in international identities” are prominent in the way China conducts multilateral negotiations. Conrad (op. cit.) maintains that the Chinese side is “neither used to nor well-prepared for a negotiating dynamic featuring a circle of heads of states rolling up their sleeves and trying to hammer out a deal on the spot. The approach of finding ad hoc compromises that work
internationally and then selling the agreement at home goes against every rule of the Chinese policy making (…), the corset for China’s negotiating teams is particularly tight.

What China has achieved in Copenhagen, was a “shift to decision making by smaller groups of powerful nations working in more manageable numbers”, where China is a relevant party to resolving global issues. This came at a price of alienating many developed countries, showing the inability to lead them, and not reaching Chinese targets vis-à-vis the other great powers, especially not committing them to greater extent of emissions reduction nor establishing the technology transfer mechanism. Moreover, China received a large portion of blame for the conference’s failure since it became the major greenhouse gas emitter, it thwarted the deal on technology transfer as well as on financial transfers for other developing countries. Even the Chinese themselves recognized that Copenhagen damaged their international reputation (Conrad 2012).

Case of the Arab Spring

China has been traditionally perceived as an outlander to the region of Middle East & North Africa (MENA) (Kemp 2010, p. 64), lacking for instance India’s ancient commercial connections or France’s colonial ties. In a search for optimal foreign policies, the countries with (re)gained independence such as Syria, Egypt or Yemen established diplomatic ties with the People’s Republic of China in the 1950s and 1960s and their mutual relations enjoyed a short “honeymoon” episode ?? underlid ?? by China’s role in the Bandung movement of the non-aligned. However, by the end of the 1960s the relations have been inevitably tainted by fundamental aspects of the Chinese political regime such as its strictly anti-religious substance, the Great Leap policies, and most prominently Mao’s open support and arousing of communist insurrections globally, which came off as unacceptable with China’s MENA potential partners. Mao’s death and the takeover by Deng Xiaopeng has brought changes among many other dimensions of Chinese foreign policy to the Chinese approach to the MENA region as well.

For understanding the Chinese approach, it is important to acknowledge the special role Iran had played both pre- and post-Khomeini coup, as well as during the Iran-Iraq war. Iran has been anti-Soviet under Shah as well as under Khomeini, had been perceived in China as a regional power and there has been a ‘deep respect for one another’s historical civilizations and efforts to build a world free from Western dominance (Garver 2007). Balancing the policy towards Iran so as not to alienate the U.S., i.e. not to violate UN-imposed sanctions, but to keep the U.S. ‘busy’ dealing with Tehran has been one of the key challenges China has taken on. The most notable Chinese political footprints in the region have been participating on the anti-piracy patrols, appointing a special envoy for Middle East issues and cooperating within the China-Arab Cooperation Forum on the ministerial level.
The so-called Arab Spring, which started in January 2011 with the self-immolation of a Tunisian street vendor, quickly spread throughout the region bringing about unforeseen social changes and also ending the reign of three dictators while undermining the legitimacy of others. The political success of the Tunisian revolution set a precedent for authoritarian regimes in MENA countries thus altering the entire political landscape of the region; Countries directly affected by the Arab Spring in one form or another were Tunisia, Egypt, Algeria, Bahrain, Iran, Jordan, Libya, Syria, and Yemen; It may be stated that other MENA countries were affected at least indirectly, such as Saudi Arabia, which introduced changes to its welfare system in an attempt to pre-empt such a turmoil.

China has applied a low key “no strings attached” policy maintaining relations with all countries of the region, including Iran and Israel, with main focus on keeping stability in order ensuring uninterrupted access to natural resources. A secondary goal has been to increase its overseas markets and investment opportunities, mostly supporting or complementing the primary target. China imports about 2,9 million barrels of oil a day from the region, which is 35 % of its total daily consumption, and has no clear alternatives that could substitute this inflow in case of an outage in the near future (Critchlow, 2011). According to a recent HSBC report, the Mena region delivered about half of China’s overall oil imports last year, up by 10 percentage points from 2006. Saudi Arabia alone supplies almost 20 per cent of the Asian powerhouse’s imported crude, the bank estimated. But the rise in the proportion of China’s energy imports from the Middle East may slow as the country looks to providers elsewhere (Arnold, 2014). The Chinese investment projects in the region have been also put into jeopardy, especially in construction and infrastructure, Chinese workers had to be evacuated and the payback of the uninterrupted yet prolonged projects has declined. The bilateral trade reaching hundred billion annually, majority of what energy-related, has been put into risk as well. Knowing that for Chinese political elites, trade is not mere luxury, even when comprising luxury goods, but more of a necessity in order to maintain the regime’s legitimacy, and bearing in mind the growth potential of the MENA region, much has been at stake for China in the Arab Spring.

As a traditional great power, I assume China would protect the aforementioned economic interests in the region that have been challenged by the Arab Spring. As a global power, a member of the UN Security Council, China should act as an active and responsible stakeholder and propose or back solutions leading to regional stability. As a rising power, China should flexibly adapt its policies and seek for new opportunities in the region.

However, China has remained relatively quiet throughout the most turbulent phase of the Arab Spring and has not been making active effort in the supposed direction (Chaziza, 2013). It has observed the crises very carefully and closely but the primary and immediate implications China drew from the Arab Spring were inward oriented, rather than otherwise. The Chinese authorities concentrated on containing the information about the protests and preventing its spread, in any form, into China: they detained activists, increased the number
of police on the streets, disconnected text messaging services, and censored internet postings calling to stage protests in major cities” (Ramzy, 2011).

I maintain that there were five main reasons precluding a more efficient approach to the problem and preventing China from acting up to its capabilities, as a global rising power, all of which are inherent to China’s foreign policy and thus proving that China is a partial power.

Chinese “hysterical fear of chaos (2)” and instability has had two profound effects:

1. led to China being very reluctant to deal with regimes that emerged from an armed conflict between the incumbent formal government and armed opposition, which raised obstacles between the opposition and China during the more lengthy power transitions (such as the case of Syria or Libya) in the power-transition phase, as well as inhibited the creation of political ties between China and the new regimes.

2. led to very critical assessment of the outcomes of the Arab Spring in Chinese academic circles, even the relatively free to express their opinions. The results have been described as having thrown their countries into chaos and disorder labelled as ‘revolution’ and the achievements have been played down as ‘freedom of mutual fighting among Egyptians’ or ‘chaos in Libya’, mostly ignoring any positive outcomes whatsoever (Choucair 2013). The intensity of political bonds has been much diminished thereby as an atmosphere of distrust has been created between the officials on both sides and the large part of the Arab public supportive of the Arab Spring has been discomforited by these conclusions as well.

The notorious “(3) Imperative of territorial integrity with the refusal of intervening into sovereign’s affairs restricted China’s policy during the Arab Spring to no more than a support for “peaceful transition of power” in Syria, while showcasing Egypt and Yemen as examples. The reluctance to using economic sanctions as a tool of foreign policy can be seen as a long-term ‘policy gap’ stemming from the (6) economic prism of the Chinese foreign policy, the (8) ‘no strings attached’ principle as well as from the (3) non-intervention principle. It rules out economic sanctions almost entirely from the policy options China has available. Even when the consensus on using sanctions is relatively wide, China will not back such an approach thus compromising its effects, if not preventing the sanctions from coming into force at all. Nevertheless, China has backed UN Sanctions against Iran, although the trade between the two nations is intensive besides the prohibited items.

15 SC Resolution No. 1696 threatening to impose sanctions on Iran (July 2006), SC Resolution No. 1737 imposing sanctions on nuclear exports and imports to Iran (December 2006) and SC Resolution No. 1747 expanding the scope of sanctions to include a ban on Iranian arms exports (March 2007).
The “(2) Hysterical fear of chaos” paralleled the Chinese leaders’ view of the Arab spring to domestic social aspects. As political rights and minorities’ right were becoming the focal points of the storms in various countries, the Chinese officials were more and more disturbed as these are among the most sensitive issues of the Chinese policy. These turned the Chinese to approach the Arab Spring from a domestic perspective. Such an ‘internalization’ is highly disruptive for foreign policy since it shifts the policy lenses to focus on different policy priorities than a country without ‘internalized’ position would normally have et ceteris paribus. Together with (1) Inherent contradictions in China, it led to information taboos restricting the language the Chinese were using when addressing the Arab Spring. Chinese officials are anxious about linking the Chinese discourse to any political or human rights issue abroad. Such a tabooing of certain topics rules out many policy options since issuing any official stance must not mention the substance of the protests, if it is one of the blacklisted topics. The Chinese officials have sturdily described the Arab Spring as ‘disorders’ and argued that the real causes are not political but internal, social and economic, naming mainly slow economic development, rapid population growth, high unemployment rates, corruption and the slow process of transformation (Choucair 2013).

United Nations Security Council veto against resolutions that were supported by the Arab League and proposed sanctions on the Syrian regime led the Arabs to believe that China supports the rule of Bashar al-Assad. It was followed by a series of high level delegations exchanges in an attempt to mitigate the malign effects the vetoes have had on the Chinese relations with MENA (Choucair 2013). Even though China reassured that the vetoes must not be put in the same line with Russian “pro-Assad” vetoes as China is simply following its policy principles, the move has been made in a certain context and it clearly encouraged President al-Assad to move forward with the use of violence against the opposition. Also, it had been obvious that Russia would veto the sanctions anyway, thus the Chinese step may be interpreted as empowering the Russian veto and an attempt to cover Iranian intervention in Syrian affairs (Choucair 2013) or as sending a clear message to domestic audience (MacFarquhar 2011).

As a result of the Arab Spring, China had to focus not only on repairing the previously created ties, which, having been single-facetedly carved only on the economic basis, have not been too deep, but also on fixing the damaged Chinese image and reputation. As Chaziza (op.cit.) puts it, “the time for China’s policy quietly to reap economic benefits with limited risk exposure to the Middle East markets and policies is past; Beijing can no longer steer clear of geopolitical risk.” In a geopolitical turmoil with a scope of the Arab Spring, China as a rising power would be expected to gain ground, seek influence, secure its markets and supplies, and contribute to regional stability by active approach, none of which was the case.
Conclusion

As demonstrated by the analyses of Chinese role in the Copenhagen summit and the Arab Spring, China can be rightly called a partial power at the moment. At the Copenhagen summit, the reluctance to take on the responsibility for global issues compromised the Chinese leading role among the developing countries. It was mainly the imperative on territorial integrity, the sense of entitlement as well as the focus on form rather than substance that contributed to China not fulfilling the role a global power or a rising power ought to play. Stark internal contradictions, hysterical fear of chaos and the imperative of territorial integrity played prominent role in China punching below its weight during the Arab Spring. To sum up, in significant global policy shifts, China is able to protect its interests but does not actively bring others to a desirable common conclusion, which would be expected from a global power. The inherent restrictions for its own foreign policy are relatively strong and do not allow China to convert the capabilities of a global power into a corresponding status.

What is yet to be discussed, is the nature of the restrictions. Some of them are mutually intertwined and not all of them are therefore the root causes. The fact that they are mostly self-imposed may signify that they are not an end in itself but may be beneficial for China in some way; they simply prevent China from becoming a superpower. It remains unclear to what extent they are specific for China. The Monroe Doctrine, the “city upon the hill” principle as well as isolationism were the analogical restrictions for the U.S. foreign policy. It took the U.S. two world wars to at least partly abandon these internal restrictions and play the global power role, which will perhaps not be way for China. A rising power obviously must have its foreign policy options restricted in some way but unlike in China, the restrictions would be most likely caused by its capabilities.

The hypothesis that China is in a way qualitatively different and the sui generis concepts suits it can be supported by the way China is treated in the media in certain developing and emerging countries. For example, before the 2014 G77 summit, the Buenos Aires Herald (2014) referred to “cooperation among the world's developing and emerging countries and China”.

China may act as a partial power currently, but for how long yet? Most of the inherent restrictions for the Chinese foreign policy are determined by the Chinese history, and deeply entrenched, which suggests that they will remain in place for at least another generation. As the core values of the Chinese policy is the stability of international order in order to allow for a stable and prosperous development domestically, which mostly translates to securing economic growth, as well the avoidance of chaos, the changes will not come to place any earlier. It is plausible that for the Chinese regime, it is more convenient to keep the inherent restrictions in place than to reach the “classic” global power status. In that case, China will likely emerge to be an unprecedented kind of actor in international relations, possibly called a partial superpower.
References


Russian economy after Crimea: China’s energy appendage?

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Abstract

Ever since the fall of the Berlin Wall, Russia has sought alliance with European and American countries in order to kick-start, modernise and rejuvenate its economy and overcome its traditional backwardness, a task repeatedly stated as a foreign policy priority number one. The Western vector remained the bedrock of Russia’s external relations even throughout the presidency of Dmitri Medvedev who professed a need to rebalance Russian orientation in favour of Asia in order to develop far-flung and sparsely populated parts of the country in the East Siberia and Far East. This has continued under Vladimir Putin’s third term in office. After Russia’s annexation of Crimea, many preconditions of the modernisation driven by Western markets, their standards, capital, know-how and technologies were put in doubt – and the Asian vector of development comes to the fore once again. Can Russia wean itself off Europe and fully reorient it’s economy towards Asia? And what are the consequences for Russian foreign policy?

Keywords: Russia, China, Far East, Asia, economic development, foreign policy

Introduction

Russia’s annexation of Crimea can be without any doubt considered a pivotal moment in Europe’s post-cold war history, with a far-reaching impact on international relations and global order. While assessments of the crisis vary widely, the most seasoned and respected Russian scholars agree on one thing: this is not a transient moment, ‘the Crimea crisis will not pass soon’ (Trenin: 2014).

The most visible immediate fallout can be observed in the security realm. The cooperation between Russia and NATO has practically ceased. Yet the area that is at the highest risk of being hit and, consequently, of influencing people’s day-to-day lives in the long-term is economic. As prominent academic Fyodor Lukyanov observed, ‘because of the rapidity of events, we haven’t adapted to the changes, as many of the practicalities haven’t had time to manifest themselves. We haven’t yet realized that relations between Russia and the West, primarily the United States, have entered a new phase’ (2014).

The most visible immediate fallout can be observed in the security realm. The cooperation between Russia and NATO has practically ceased. Yet the area that is at the highest risk of being hit and, consequently, of influencing people’s day-to-day lives in the long-term is economic. As prominent academic Fyodor Lukyanov observed, ‘because of the rapidity of events, we haven’t adapted to the changes, as many of the practicalities haven’t had time to manifest themselves. We haven’t yet realized that relations between Russia and the West, primarily the United States, have entered a new phase’ (2014).

The outlines of this new phase are only just taking shape. Its general trend, however, is not so hard to predict: an abrupt end to a two-decade dalliance with the West. With the threat of wide-ranging EU and US sanctions aimed at hurting important Russian industries hanging over Russia, its leadership tries to strengthen economic ties with Asian countries,
especially China. But can Asia replace Europe as Russia’s main trade, investment and technological partner?

The purpose of this paper is to examine the potential impact of the sanctions on the Russian economy and, by extension, on its foreign policy vis-à-vis major powers. Of special interest will be relations with China. The paper will explore to what extent Russia can counterbalance its economic links with the West by forging closer ties with its huge eastern neighbour.

In the first section, the extent, importance and durability of Russia’s economic ties with the West will be assessed. This will help demonstrate the Russian vulnerability to the sanctions. The second section will examine recent Russian efforts to build stronger economic links with Asia in order to show that the counterbalancing begun well before Crimea’s annexation. The third section will deal with the obstacles Russia faces in its counterbalancing strategy. This will determine its foreign policy choices for the future.

Standard methodology of international political economy will be used. The paper will examine international trade, investment and financial flows in and out of Russia and investment decisions and plans of major corporate players and state agencies in Russia. Special attention will be devoted to key sectors of the Russian economy, their links with Western and Asian partners and Russian presence in these markets.

**Russia’s Economic Links with the West**

Ever since the fall of the Berlin Wall, Russia has sought alliance with European and American countries in order to modernize and rejuvenate its economy and overcome its traditional backwardness, a task repeatedly stated as a foreign policy priority number one (Foreign Policy Concept: 2013).

The basic parameters of the offered grand bargain were clear: Russia possesses huge reserves of natural resources, the Europeans and Americans, in turn, have the means to process them into useful goods. To a great extent the deal has worked so far. For many companies, Russia has become the new last frontier: a huge market with significant growth potential, relatively stable politics and educated workforce. Over the last 20 years, Russia’s integration with Western economies and financial institutions grew rapidly and developed into a tight interdependence.

Russia has become critically dependent on Western funds, products, markets and technology. In 2013, Europe accounted for 51% of Russian foreign trade in goods and services. EU’s share has been decreasing, but is still more significant than the rest of the great powers combined (see Appendix). The trade turnover with the continent reached more than $300bn in the last year, which is the approximate worth of the recently announced Russian gas deal with China spanning 30 years (Gabuyev: 2014). In some
industries, dependency on imports leaves Russia very vulnerable. The country is importing more than 40% of its food and over half of all medicines (Hille: 2014).

The interdependence works the other way as well. Russia supplies around 30% of European natural gas consumption and 27% of oil consumption. Several new EU member states are 100% dependent on Gazprom’s deliveries and the same applies to the oil sector. Gazprom and Russian oil majors, including Rosneft and Lukoil, have significant investments in European energy distribution networks and refining capacities, especially in Germany, Italy and the Netherlands. Russian presence is also heavily felt in small and medium-sized business. For instance, Russian residents own 18.9% of companies in the Czech Republic controlled by foreign entities (Bisnode: 2013).

European investments in Russia amount to $288bn (Gabuyev: 2014a). Although a significant part of this sum consists of the investments of Russian companies’ subsidiaries registered in the Netherlands, Cyprus or Luxembourg, the role of Western investors in the Russian economy is hard to overestimate.

Europe’s two largest oil companies, BP and Royal Dutch Shell, have significant assets in Russia. BP acquired about 20% of state-owned oil giant Rosneft. The stake accounted for more than 30% of BP’s oil and natural-gas production in the fourth quarter of 2013. American oil major ExxonMobil is one of the biggest foreign investors in Russia and has raised its presence in the country in recent years. For nearly a decade, Exxon has pumped significant amounts of oil and gas from Sakhalin Island. In 2013, Exxon broadened a strategic alliance with Rosneft to explore the Russia’s oil deposits in the Arctic and prospects in Western Siberia. The search for oil alone is expected to cost more than $3.2bn, with Exxon paying for most of the works and providing the necessary technology (WSJ: 2014b). As a result of sanctions, all exploration activity in the Arctic has seized. This will significantly undermine Russia’s oil production potential in the future.

French car maker Renault and other global players have invested huge sums in Russia, which has performed better than crisis-stricken markets in Europe. Renault and its alliance partner Nissan increased their stake in Russia’s biggest car-maker AvtoVAZ to 74.5% in 2014. Russia represents about 8% of Renault’s total sales, or about 210,000 cars a year. American car maker General Motors in 2012 pledged $1bn in investments to bring its Russian production capacity to 350,000 cars a year by 2018. These plans have been shattered by falling rouble and decreasing living standards.

Europe’s corporate presence Russia spans other important sectors. Germany’s energy champion E.ON owns several gas and coal-fired power plants across key industrial regions of Russia, and is one of Gazprom’s biggest customers. Italy’s utility Enel controls Russian power company OVK5. At French dairy group Danone Russia accounted for 11% of sales in 2013. Danone owns more than 20 plants in Russia and is the leading producer of milk and dairy products. French bank Société Générale has made Russia the main outpost of its international expansion. Since 2006 it spent around $5.5bn to acquire 92.4% of Rosbank,
one of Russia’s largest private banks. For PepsiCo Russia is the second-largest market by revenue after the U.S. The company has around $7.89bn worth of investments in property, plants and equipment in Russia, 15% of its assets worldwide (WSJ: 2014a).

Even more important for the Russian economy is access to Western financial markets. Because of notoriously corrupt business environment, many investors have chosen to bankroll Russian companies and banks rather than invest in the country on their own. In January 2014, Russia had $624bn in foreign debt, of which $550bn was owned by companies and banks. This was a fifth more than two years ago (Hille: 2014). The maturity structure of this debt is highly unfavourable in terms of domestic refinancing possibilities. In the next two years, Russian banks’ foreign liabilities payable amount to $88bn, companies will have to pay back more than $182bn (Gabuyev: 2014a). The financial sanctions, however, have practically cut off their access to foreign banks and capital markets and reduced possibilities for refinancing. This has put pressure on the rouble, since the only source of foreign currency are oil and gas companies.

The ability of the Russian government and corporate sector to issue new debt in foreign currency and repay outstanding liabilities is also heavily influenced by the trio of Western rating agencies. Regular assessments of creditworthiness published by Moody’s, S&P or Fitch play a key role in forming portfolio structure of all large institutional investors. In April 2014, Russia’s sovereign debt rating was cut to the lowest investment grade by S&P. The grade is on par with Brazil and Azerbaijan and has a negative outlook (Bloomberg: 2014).

Dependency on important Western financial services companies became painfully obvious in the aftermath of Crimea’s annexation when MasterCard and Visa stopped processing payments for customers of a sanctioned bank and briefly suspended them for two others. Another point of financial vulnerability is Western stock exchanges. London is by far the most favourite destination for Russian IPOs and listings. More than 50 Russian companies with the total market capitalization of $500bn are traded on the London Stock Exchange. Along with shares and bonds come investments in property and children’s education. In 2013, Russian clients were the most important buyers of upmarket London real estate (Gabuyev: 2014b).

Russia’s unexpectedly harsh reaction to the revolution in Kiev, which lead to the fall of the Ukrainian cabinet and eventually the ouster of President Janukovych, initially stunned Europe and its allies overseas. However, Washington soon started coordinating a response in the form of gradually imposed and widened sanctions and persuading as many countries as possible to join. The punitive measures have targeted certain individuals in the highest echelons of the Russian government and businessmen with close ties to the Kremlin, and, in the next step, focused on certain sectors of the Russian economy, with finance and energy being prime targets.
The underlying idea behind Washington’s tactic draws some lessons from George Kennan’s containment strategy. The primary aim is to find ways that over a period of several years would weaken current regime in Russia economically and politically and reduce its ability to influence its neighbourhood. The logic is obvious. Since Russia is so dependent on the U.S. and EU in certain sensitive areas, targeted sanctions will have a disproportionate effect (Dyer: 2014).

Although Washington has had hard time holding together an anti-Russian alliance and staging a coordinated response, the impact has exceeded expectations. Russian stock market has plummeted, the rouble deeply weakened, driving up inflation. Concerns about further escalation of sanctions have increased the perceived risk of doing business in Russia, which is having a chilling effect on investment. After stagnating in 2013, fixed-asset investment fell 4 % in the first quarter of 2014. Capital flight in the 2014 amounted to stunning $151bn and is poised to reach a similar amount in 2015. Growth, already slowing due to severe structural problems, is expected to weaken to 0.6 % in 2014 with significant downside risks (IMF: 2014). The seriousness of the situation was expressed in a Russian finance ministry report which proposes considerable cuts in budgetary spending. Pressure on more prudent fiscal policy arouse not only from the prospect of sanctions, but also because of falling oil and gas export prices and feeble consumer demand. In the harshest sanctions scenario the economy could contract ‘severely’ (WSJ: 2014c). Foreign investors in Moscow have started thinking about quietly selling their assets and quitting the market (Gabuyev: 2014b).

Russia’s response to sanctions has included a call for the economy to become more self-sufficient and to strengthen within. A move towards economic autarky has been accompanied by increased efforts to build alternative institutional and financial infrastructure with Russia’s allies in the CIS and developing world in general. The Russian central bank is working with its counterparts in Belarus and Kazakhstan on creating a regional payment system within their customs union, with a planned launch in the second half of 2015 (WSJ: 2014c). Moscow and Beijing also announced an intention to establish a joint rating agency (RT: 2014). The BRICS group, containing Brazil, Russia, China, India and South Africa, has already agreed on creating their own development bank with $50bn starting capital, which will rival the World Bank in Washington (Leahy, Harding: 2014).

Moscow is acutely aware of the fact that these measures come at a ‘crucial moment when its old growth model based on energy and use of spare capacity has been exhausted and moving to a new growth model based on diversification requires new investment, including foreign technology’ (IMF: 2014). The Kremlin, therefore, seeks to rapidly strengthen ties with Asia as the main insurance policy against the paralyzing effect of the sanctions imposed by Washington and Brussels (Gabuyev: 2014).
Russia’s Asia Pivot

Russia’s turn towards Asia is not a completely new phenomenon. Negotiations about the much-hyped 30-year contract for gas deliveries to China, which started 10 years ago, offer a valuable lesson in Russian attitudes towards developing the so-called eastern vector of foreign economic policy.

In the period between 2004 and 2007 several long-term gas contracts with Gazprom’s important European customers were up for prolongation and renegotiation. The rise in gas consumption on the continent seemed unstoppable and big European utilities were desperate to diversify their delivery base from African or Middle Eastern suppliers prone to bouts of internal instability. A threat of diverting large portion of Russian gas to Asian markets and China in particular served Gazprom as a useful bargaining counter. When the new long-term deals, highly favourable for the Russians, were closed, Gazprom lost all interest in further negotiations with the Chinese who refused to pay European export prices.

The Asian vector was heavily promoted during the presidency of Dmitry Medvedev, but it took more than speeches to start a trend. The global financial crisis in 2008-2009 acted as a powerful catalyst of Russia’s reorientation. It was during the second crisis year that China overtook Germany as Russia’s largest trading partner, a position which it retains to this day. Also in 2009, Russian exports of liquefied natural gas (LNG) from high-tech facility on the Sakhalin Island started making their way to Japan and South Korea.

The real breakthrough came in the oil sector. State-owned Rosneft was heavily indebted in foreign currency and the price of a barrel of its product was falling through the floor. In order to stabilize its balance sheet, Rosneft entered into a $25bn loan-for-supply deal with Chinese company CNPC. Rosneft, and Russian pipeline monopoly Transneft, CNPC and China Development Bank signed an agreement under which the Russian companies were to build a dedicated oil pipeline to China. In return for oil deliveries, China’s Development Bank offered Rosneft and Transneft 20-year loans of $25 billion which helped them weather the crisis.

The pipeline was finished in 2011 as a spur of a much larger pipeline called ESPO, going from East Siberia to the Pacific coast, which was build from 2006 to 2011. In 2013 Transneft opened an additional line to the coast, doubling ESPO’s capacity to 30 million tonnes a year (RT: 2013).

While Europe is looking for diversification from Russian energy supplies, after a number of energy disputes which cut gas and oil supplies, Russia is increasing crude exports to Asia and this is likely to be made at the expense of deliveries to Europe. In 2013, around 15% of Russian oil exports went through pipelines to China and the Pacific coast. In the same year Rosneft announced doubling of its exports to China under a deal worth more than $250bn. Rosneft has to allocate dozens of billions of dollars to explore and develop huge
new fields in Russia’s Arctic and East Siberia and finance a $25bn refinery modernization programme. Funds, and increasingly also expertise, from Asia represent a vital help.

Japanese, Indian and Chinese oil and gas companies have already been granted exploration licences in the Arctic and Eastern Siberia. Asian banks are taking part in these projects as well, sometimes replacing Russian or Western banks. A case in point is the $27bn Yamal LNG project owned by a consortium of Russian and French companies. After one of the Russian owners had been added to the sanctions list, U.S. Export-Import bank pulled out of financing for it. Yamal’s management highlighted that Russian and Chinese banks will readily provide necessary funds, but concede that if sanctions were to escalate, it would be very difficult to replace U.S. technology for cooling systems (Farchy: 2014). The Arctic exploration is also endangered by low oil prices. If they persist for several years, as many analysts predict, the risks will not be worth the effort as Arctic oil would be too expensive.

Russian presence in Asia has been felt in other sectors as well. In the first IPO of its kind, Russian metals giant RusAl offered its shares worth $2.2bn to investors in Hong Kong. Although the transaction had to overcome serious stumbling blocks, including the company’s high indebtedness and a Kremlin-sponsored bail-out, proper political backing at the highest level ensured its success (Mitchell: 2010).

Russia scored some points with its Superjet 100 regional jetliner in East Asia. Russia has set a goal to restore its neglected civil aviation industry and capture 10% of the world’s regional passenger jet market by 2025. Launched in 2011, Superjet is a first step in that direction. Development of the aircraft cost about $1.4bn, with 25% of this amount funded from the federal budget (MT: 2010). It has secured orders from airlines in Laos, Indonesia, India and Thailand. Superjet, which is produced by French-Russian consortium, marketed with Italian help and contains parts from French, American, German and Italian manufacturers, is another example of an important industrial project built on close cooperation with the West and in danger of sanctions escalation.

The Russian authorities concede that many parts of the plane would be hard to replace in the short term, especially those made of composite materials. Also in this case, however, the Chinese have quickly stepped in. In March 2014, Chinese airline O’Bay ordered 100 Superjets for $3.5bn and, as part of the deal, announced a plan for a joint assembly venture in China. The Russian manufacturer of the plane needs to move carefully. A new assembly line would greatly increase its production capacity (currently 30 planes a year), which is desirable because at least 300 planes need to make in order to redeem the development costs. On the other hand, if Superjet is built in China, it would lose the prestigious “made in Russia” label, the localization level could sink to 20-25%, which would mean that the aircraft would definitely cease to be Russian. There is also a risk that the Chinese would use the venture as a learning experience, copy Superjet technology and turf Russians out (Gorst: 2014; Kuznetsova: 2014). But if the sanctions really do escalate, the Russian side may have no choice.
Russia has been a successful arms exporter to Asia. Experts agree that India, Pakistan, Thailand, Malaysia, Taiwan and Japan will remain big spenders on military hardware and defence technologies in coming years, and Russia is ready to cash in on this prospect. About half of all Russia’s arms exports are already sent to Asian and Pacific region countries. In 2012, Russia sold about $15.7bn of military equipment. India is one of the top buyers, with Vietnam and Myanmar also leading customers (RIA: 2013).

Asian countries looking into cleaner energy and decreased dependency on fossil fuel imports have also been increasingly purchasing Russian nuclear reactors. State corporation Rosatom, in charge of developing nuclear technology and selling it abroad, managed to build a wide portfolio of approved projects in China, India, Vietnam, Bangladesh or Iran.

**Barriers to Reorientation**

Even though the list of achievements and co-ventures with trade partners looks impressive, overall progress in Russia’s advance towards Asia has been painfully slow. It is true that China is Russia’s biggest partner in terms of trade, but its volume decreased by 1.1% in 2013 and it is unlikely to reach the target of $100bn by 2015 set by President Vladimir Putin. In addition, China is one of the few countries with which Russia has passive trade balance. Overall, the importance of Russian trade with China, Japan and South Korea has been stagnating between 2011 and 2013 (see Appendix).

Although several major Russian companies announced their intention to list shares in Shanghai or Hong Kong after RusAl’s IPO, no other listing took place. With the exception of yuan-denominated corporate bonds issued by some Russian companies, the purported corporate migration to the East didn’t materialize. Analysts indentified two major reasons why. First, for Russian investors London is still the destination of choice: it is culturally closer and also a much shorter flight from Moscow. Second, Asian investors harbour legitimate concerns about business environment in Russia. Political and other risks run high and other markets also offer interesting opportunities (Gabuyev: 2014b).

Another important factor slowing the reorientation is the overall weakness of the Russian economy: heavy reliance on stagnating oil and gas prices, low level of capital investment, rampant corruption and sprawling bureaucracy stifling small business. But above all, Russia can never really achieve the desired shift without addressing the problem of the underdeveloped Far East.

The strategically important region facing East Asia is a storehouse of natural resources, including oil, gas, coal, gold and timber. This would seem a perfect match for Asia’s commodity-hungry economies. However, the federal government in Moscow, seven time-zones away, seems unable to come up with a strategy for the region’s long-term development. The Far East faces accounts for 36% of Russian territory but has only 6 million inhabitants. It faces severe manpower deficit and needs massive investment to
develop its resources and transport them to foreign markets. In contrast, the three Chinese provinces adjoining the Russian border have over 100 million residents.

Not even sustained economic recovery has failed to stem population shrinkage. Total population has fallen by 6.0% since 2002, against a 1.6% drop for Russia as a whole. Instead of being a net contributor to the budget, the federal government subsidises the region to the tune of $5bn per year. The high cost of living is the main deterrent for small and medium-sized business development in the region, since managers and professionals do not want to live there on a permanent basis. Of particular concern are 26 ‘monotowns’ in which well-being of the entire population essentially depends on one job provider, typically a mining complex or arms factory (Oxford Analytica: 2011).

The progress is only possible with state help. Since 2009, the federal government has subsidised plane tickets to the region at the total expenditure is about $80m per year. Electricity generation also remains heavily subsidised (Oxford Analytica: 2012).

The cornerstone of Moscow’s Far East strategy is investment in large infrastructure projects. It plans to spend $5.5bn on renovating the Trans-Siberian railway and $21.6bn on building a second track for the Baikal-Amur railway. The government is also spending roughly $600m on roads, including links from Yakutsk to Magadan and Chita to Khabarovsk; however, these projects are bedevilled by massive corruption and waste (Oxford Analytica: 2012).

China and other countries are more than willing to provide funds, but Moscow is wary of the proposed terms. Beijing lent billions of dollars for the ESPO pipeline; and in September 2010, made a $6bn dollar loan in return for coal deliveries of 15 million tonnes per year. However, these investments come with strings attached, including long-term delivery contracts and arduous bargaining over prices. Several projects in electricity production have been discussed, but Russian companies worry that building a power plant in Russia with the grid connection only to China would make them too vulnerable and exposed to Chinese pressure (Oxford Analytica: 2013).

The Russian Direct Investment Fund, established by the government to pump funds in key sectors of the economy, launched a joint fund with China Investment Corporation in June 2012. One of the fund’s first projects was an investment in Russia Forest Products, the country’s second-largest timber industry group. A special economic zone is to be established in Primorsky Krai, a region bordering China with the largest economy in the Russian Far East, to encourage domestic and foreign investment in infrastructure, agriculture and manufacturing industries (Kutenkikh: 2014).

In order to diversify risks associated with relying solely on powerful China, Russia is trying to forge close economic and political ties with Japan, South Korea and Vietnam. Japan is Russia’s second-largest trading partner in Asia, with turnover reaching a record $33bn in 2012. Its cumulative direct investment in the Russian economy made it one of the top ten foreign investors in the country. Japanese firms own shares in energy projects in
the Russian Far East, from which Japan imports oil and gas. Russia hopes to capitalize on Japan’s shift from nuclear energy following the Fukushima incident. Leadership in both countries managed to digress from the unresolved territorial dispute over the Kuril Islands and held their first-ever 2+2 ministerial talks including defence ministers to boost military ties in 2013. Tokyo, however, was swayed by Washington and also imposed sanctions on Russia. This will hurt bilateral ties.

Vietnam is regarded as a Moscow’s strategic partner in East Asia. Russian oil and gas companies seek exploration licences off the coast of the country. Rosatom will build the first nuclear reactors in Vietnam. Hanoi is also one of the most active importers of Russian arms. Among other things, Russia and Vietnam have recently accelerated free trade agreement negotiations between Vietnam and the Customs Union of Russia, Belarus and Kazakhstan (Kutenkikh: 2014).

All in all, Russia’s active push in Asia is noticeable and will grow in strength as relations with the West deteriorate, but concrete results remain to be seen. Developing closer ties with Asia is obstructed by Russian state’s inability to overcome backwardness of the Far East and to attract critical amount of foreign capital for important projects. In addition, China, which has the greatest potential to benefit from the Siberian vast resource base, is not prepared, and not even able, to replace the West as Russia’s main creditor. Chinese businessmen are wary of notoriously corrupt and unstable Russian investment climate and will think twice before committing funds to projects which might provoke American response.

Meanwhile, as ruble plunges to new lows, price of oil sinks and companies run out of dollars, pressure on the Russian economy is growing. According to most forecasts, Moscow has two years maximum to weather the sanctions without financial collapse. As Russian foreign policy seems to be dictated more by domestic considerations, more steps towards autarky, isolationism and a limited partnership with non-Western powers seems the most probable scenario.

**Conclusion**

The sanctions have inflicted heavy losses on the Russian economy and population. However, they have failed to persuade the Kremlin to change its course in Ukraine. Yet, Washington’s strategy of long-term isolation could in case of further escalation of sanctions influence Kremlin’s external conduct, pushing it closer to China and other Asian partners. In the long-term horizon, however, efforts to build and maintain a ‘coalition of willing Russia-bashers’ will face serious hurdles. None of the major Asian powers joined the sanctions regime, except for Japan. And even Tokyo would be loath to harden its stance, as will be many European powers (Italy, France). In Europe, however, Germany, as the EU’s de facto leader, is leaning more and more towards a hard response to Russia. South Korea, apparently, still successfully resists (Gabuyev: 2014b).
Developing closer ties with Asia is obstructed by Russian state’s inability to overcome backwardness of the Far East and to attract critical amount of foreign capital for important projects. Moscow is trying to demonstrate that it has other doors open and that containment must ultimately fail. Overtures to emerging Asia offer a great opportunity to do just that. As one senior Russian official put it, ‘Russia fully drifting towards China is the only argument left which could convince America to start engaging Russia again, because Washington doesn’t want that’ (Mitchell, Hille: 2014). Russia, however, regards a full turn towards Beijing as a desperate step of last resort. Events of the past 5 years suggest that a shock could push through this shift whether Moscow wants it or not.

The much hyped Moscow-Beijing axis, however, has clear and insurmountable limits. Not only is trade and investment potential underused, China will also never recognize separatist entities in Georgia, Ukraine or Moldova. It is poised to become dominant creditor and investor in Central Asia, much to Russia’s chagrin. Slowly but surely, China will enhance its nuclear, space and naval capabilities, all of which will at a certain point antagonize Russia and aggravate its age-old feeling of insecurity. This suggests that a complete abandonment of Europe is impossible for Russia, both financially and politically.

Short-term, Russia will try to court other potential partners, namely Japan, South Korea and Vietnam, in order to diversify risks of its Asia pivot. The Kremlin is trying to build regional platforms of trade and finance free of American meddling. It should find eager allies in this.
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Appendices

Russian Merchandise Trade With EU

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<td>162.1</td>
<td>201.3</td>
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<td>59%</td>
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<td>imports from EU (billions of euros)</td>
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<td>86.3</td>
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<td>share in total Russian imports</td>
<td>57%</td>
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EU Foreign Direct Investment in Russia in billions of euros

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<td>16.2</td>
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<td>Balance</td>
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Russian Trade With Asian Powers

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The Politics of Religious Institutions in Tanzania in the Post-ujamaa period

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Abstract
Since Zanzibar and Tanganyika became the United Republic of Tanzania in 1964, African socialism named ujamaa has entirely dominated in the country. The adoption of an African Socialist approach in 1967 was accompanied by the nationalization of education and health facilities belonging to the religious organizations. However, since the collapse of ujamaa in the mid-1980s, Tanzania has experienced increased activity of different religious adherents and organizations that were connected to the economic and political liberalization. This paper analyses religious organizations activity in Tanzania after ujamaa period:

- How were the religious organizations defined during ujamaa period and how are they defined now?
- What is the scale and scope of development activities of religious organizations in Tanzania compared to the state?
- What is the impact of activities of religious organizations on the state and society and what can it bring in the nearest future?

In the first part of the article, Author explained the terms: religious organizations and development as well as outlined a historical overview. The Author explained the term ujamaa and studied how different religious organizations have been connected to the political power, ideology and national promotion during the ujamaa period. In the second part of the article, the Author showed the scale of religious institutions’ activity in Tanzania and all its basic components such as politics or social service and compared it to the state policy. The third part of the article was an attempt to show a role that religious organizations play in contemporary relations between religion and the state as well as inter-religious relationships.

Keywords: Religious Institutions, African Socialism, Development, Tanzania

Introduction
The purpose of this article is to examine the scale and the impact of development activities of religious organizations in Tanzania after ujamaa period. However, it focuses also on increased tensions along inter - religious and state - religious lines, especially along Muslim and Christian lines. The article concentrates on Christian and Muslim organizations, given the predominance of these religions in Tanzania. Methodology is based on a chronological description. In order to understand the scale and the scope of religious organizations’ activity, the author used two different definitions describing religious institutions. First definition bases on Julia Berger term of Religious Non-Governmental...
Organizations (RNGOs). Second definition defines what religious organizations mean using the term “Faith Based Organizations” (FBO) and based on Thomas Jeavons research, it describes seven key areas in which faith manifests itself within organizations. The author explained also the term “development”, which makes a framework for analyzing the links between religion and state. To understand the scale and the scope of development activities of religious organizations in Tanzania, the author used primary and secondary resources according to availability. Most of the data concerning njamaa period are available only thanks to secondary resources. This is caused by a lack of systematic and solid data collection by governmental as well as non-governmental organizations in the past. The data concerning contemporary information about scale and scope of development activities of religious organizations are taken from primary sources such as organizations’ websites and documents. The impact of activities of religious organizations on the state and society nowadays, some analysis and conclusions, the author based mainly on fieldwork, using methods such as: participant observation, interviews as well as analysis of newspaper and other current media sources.

The end of the Cold War in 1989 brought numerous challenges for international actors and regimes. This historical event coincided with the end of African socialism called njamaa in Tanzania, when the first president Julius Nyerere retired in 1985. In Tanzania, this event marked the beginning of an economic and political liberalization, giving birth to diverse forms of non-governmental organizations contesting the public space including different religious institutions and denominations. Since that time there has been an increased interest of the role of religious organizations (include intra- and inter-religious organizations) in the development. However, although the importance of such organizations in the social service provision has been noted by many authors, no systematic information is available for this country about the role of religious organizations. The aim of this article is to provide an overview of the nature, scale and development activities of religious institutions in Tanzania during post-njamaa period. The article will concentrate on Christian and Muslim organizations, given the predominance of these religions in Tanzania.

**Theoretical Approach**

In order to understand the role and significance of contemporary religious institutions’ relations within Tanzania’s civil society during post-njamaa period, it has to be studied first how different religious organizations have been connected to political power, ideology and national promotion during the njamaa period. However, the current question is what exactly the term “religious organizations” means. Firstly, there is not only one term describing religious institutions. Julia Berger, for example, uses the term “religious NGO” (RNGO) defining RNGO as “…formal organizations whose identity and mission are self-consciously derived from the teachings of one or more religious or spiritual traditions and which operate on a nonprofit, independent, voluntary basis to promote and realize collectively articulated ideas about the public good at the national or
international level” (Berger 2003:16). However, there has been a group of scholars from the USA that have aimed to define what religious organizations mean using the term “Faith Based Organizations” (FBO) and started to find out how faith is manifested in them. Thomas Jeavons quotes the description of seven key areas in which faith manifests itself within organizations: self-identity; religious convictions of participants; the extent to which religion helps or hinders the acquisition of resources; the extent to which religion shapes goals, products and services; the impact of religion on decision making; religious authority and power of leadership; and the extent to which religion determines inter-organizational relationships (Jeavons 1998). However, Jeavons argues that congregations should not be included within the definition of FBO because it can challenge the constitutive religion/state separation (Jeavons 2004: 140 – 145). Berger agrees with him distinguishing religious NGOs from congregations and arguing that the latter are focused mainly on their members whereas RNGOs have a public mission. However, she acknowledges that there is some relationship between the two, since “RNGOs represent congregations, denominations, spiritual or political orientations, even the entire membership of a particular religion” (Berger 2003: 19).

There is a need to examine requirements for legal registration of various types of non-governmental organizations in Tanzania to clarify the definition of religious organizations in the Tanzanian context. According to NGO Act from 2002, a non-governmental organization is defined as: “… a voluntary grouping of individuals or organizations which is autonomous, non partisan, nonprofit sharing organized at a local, national or international level, for purposes of enhancing or promoting economic, environmental, social or cultural development (…)) (NGO Act no. 24/2002).” The NGO Act includes also the religious or faith organization. Nevertheless, it highlights that these organizations: “do not include religious or faith propagating organization”. However, some Tanzanian and international organizations considered the new act merely as state’s attempt to control the NGOs (Haapanen 2007:6). It can explain why previous document, the Societes Ordinance 1954, is still in force. The registration of civil society organizations (CSOs) in mainland Tanzania was governed by this document which defines a society as: “any club, company, partnership or association of ten or more persons whatever its nature or object” (The Societies Act 1954). Following many different reports concerning CSOs in Tanzania, it is easy to notice that this sector includes various kinds of groups. A major part of Tanzanian civil society consists of informal groups and small community based organizations (CBO), professional associations and trade unions, as well as numerous faith - based organizations. Most of FBOs are Christian and Muslim organizations, since these are two main religions in the country. Although it is hard to estimate how many FBOs run in Tanzania at present, it is known that faith - based organizations in Tanzania are concerned in development, specifically education, health care and poverty.

Despite the fact that development is not the main object of the analysis in this article, it makes a framework for analysing the links between the religion and state. Some key development concepts need to be considered, especially the analysis of the scale and impact
of FBOs in the development in Tanzania. Carole Rakodi uses a very broad term of development as “a movement from a worse state to better” and it acknowledges the importance of an adequate income, a good quality of life, supportive social relations, and a sense of a dignified self, based on cultural and political relationships (Rakodi 2012: 637). When President Bush created the Office of Faith-based and Community Initiatives in 2001, the donors have realised that in Asia, Africa and Latin America, religious organizations have always been important in providing development services to the poor, particularly in health and education. Moreover, they recognise that many FBOs, even more than NGOs, highlight that they: provide efficient development services; reach the poorest; are valued by the poorest; provide an alternative to a secular theory of development; ignite civil society advocacy; motivate action (James 2009).

**Historical Overview**

Tanzanian nation is marked by its plural religious setting. There are more than 120 ethnic groups, religiously divided mainly between Islam, Christianity and African Traditional Religions (ATR). About 30 per cent of the population of Tanzania mainland adheres to Christianity, 35 per cent adheres to Islam (most of the population on Zanzibar are Muslims), while 35 per cent consists of followers of indigenous believes (Central Intelligence Agency n.d.). There are also active communities of other religious groups, primarily on the mainland, such as Buddhists, Hindus, and Bahais (United Republic of Tanzania, n.d.). During the colonisation, both German and British colonial rule facilitated the growth of religious activities. The German colonial administration favoured Muslims, nominating them as administrators. Under the British colonial rule, Christians were favoured by working in social services and gaining financial support from the British colonial administration. Christian mission schools provided activities compatible with the secular policy of the colonial bureaucracy. Following this, children attending Christian schools were trained in a more modern way than children attending Muslim madrasa schools. This reorientation from East and Islam toward West and Christianity caused increased tensions between Christians and Muslims who competed for socio-economic and socio-political influence (Olsson 2011: 26-27).

After independence in 1961, due to the vision of *uburu na umoja* (freedom and unity), Tanganyika African National Union (TANU) under the Roman Catholic leader named Julius Nyerere elaborated a political vision that later became known as *ujamaa*. This has been interpreted as an African state – centered political ideology emphasizing national unity, development through self – reliance, equality, socialism and secularization. The term *ujamaa* was interpreted as afro – socialist political idea, putting the country in the centre and focusing on unity, self-reliance and secularization. This idea was based on traditional African values that, according to Nyerere, were destroyed by colonialism, capitalism and

In 1967, with the Arusha Declaration, this model was adopted. At that time, the state moved to control the economic and political spheres to become the main provider of social services by expanding its own role in production and service delivery. This was a secular socialism, based on a secular discourse of “don’t mix religion with politics”, although allowing freedom of religious expression, as long as such expression was not held by the government to be incompatible with the national development (Leurs, Tumaini-Mungu & Pascale 2011: 15). Despite being outspokenly secular, however, according with the social principles of *ujamaa*, the TANU regime encouraged religious organizations to actively participate in the struggle for unity and development. In this way, religious institutions helped TANU to consolidate *ujamaa* and the national project within the society at large (Olsson 2011: 28-29).

During the post-independence period, between 1961 and early 1980, about 60 NGOs were formed. Among them there were Muslim organizations mainly concerned with Muslims’ backwardness in the development, especially education. The Dawat al Islamiyya, for instance, was formed in 1963. It concerned issues such as promoting Muslim unity and educational facilities through expanding the number of Muslim schools (Leurs, Tumaini-Mungu & Pascale 2011: 16). However, according to a secular discourse of “don’t mix religion with politics”, unwanted Islamic elements, often adhering to orthodox or conservative Islamic way of thinking, were silenced and replaced by the Muslim organizations that tended to be more pro-government. In 1968, the most prominent pre-independence Muslim organization, the East African Muslim Welfare Society (EAMWS), which included Muslims of all sects, was dissolved and replaced by the Supreme Islamic Council of Tanzania, Bakwata.

The main Christian churches, which had more developed organizational structures than Islam in Tanzania, were asked to play their part and contribute to the development of the country through their strong social resources in the sectors of education and health care. (Olsson 2011: 29). The importance of the churches consisted in playing an important role as conduit for foreign aid and channeling into programs that reinforced the state’s development paradigm (Jennings 2008: 65). Tanzania’s two major Christian umbrella organizations, the Catholic Tanzania Episcopal Conference (TEC), founded in 1956, and the Protestant Christian Council of Tanzania (CCT), founded in 1934, soon followed this request. According to Jennings (Jennings 2008: 94), the aim of that decision was moving away from colonial models of service provision towards a broader and deeper connection with the state’s national development objectives. Nevertheless, these close relationships did not protect the churches from the effects of government policy. The Nyerere’s government wanted to nationalize the provision and to establish a secular school system. Following this, all government-assisted secondary schools provided by voluntary agencies were nationalised through the Education Act of 1969. In addition, it took over many health
facilities. In some cases, the government took over a facility completely, for example the Bugando Catholic hospital and the Lutheran Kilimanjaro Christian Medical Centre, which became government referral hospitals (Leurs, Tumaini-Mungu & Pascale 2011: 18).

There were some critical voices among Tanzanians on both Muslim and Christian sides. Christian authorities feared an atheist Marxist state and Muslim dominated TANU. Some Muslims accused Bakwata of being a sectarian organization for mainland African Sunni Muslims (Olsson 2011: 30). However, many were prepared to support the new development objectives. Finally, during the *ujamaa* period large sections of the society (including the larger religious umbrella institutions – TEC, CCT and Bakwata) became the state’s partners in the promotion of government.

In 1985, Nyerere retired from the presidency and was replaced by Ali Hassan Mwinyi. This event marked the end of the *ujamaa* and the beginning of an economic and political liberalisation. New president called for decentralization, including the creation of more space for civil society organizations such as religious institutions. Following this, he signed an agreement with the International Monetary Fund (IMF) and the World Bank. This shift from state–centered socialism to market–oriented liberalism and guided Tanzania into political reform, therefore the existing NGOs were able to mobilise external funds to provide development projects. Finally, the number of registered NGOs in Tanzania witnessed a large increase. Kiondo and Mtatifikolo (1999) state that there were little over 200 in 1993 (Kiondo & Mtatifikolo 1999: 11). Only two years later, in 1995, a Directory of Tanzania NGOs had listed 64 international and 749 local NGOs (cited in Lange, Wallevik & Kiondo 2000: 6).

The scale and scope of religious organizations in the post – *ujamaa* period

In the post-*ujamaa* period there has been renewed growth in religious organizations activities, most of which, particularly in education and, a lesser extent, in health. For example, it was estimated that between 1992-1993, in the nine districts, 87 per cent of nursery schools were provided by a mixture of Christian religious organizations, private companies and individuals, while in 1994, Christian organizations were running 154 secondary schools (Kiondo 1995: 160). In the healthcare, the state remained the main provider of all services. However, NGOs led 43,5 per cent of hospitals that came mainly from religious organizations (Kiondo 1995: 161). While many of the facilities run by the churches were well established, an increase was noticed in the number of existing and new Muslim organizations becoming involved in service provision and other welfare activities, including new health facilities (Leurs, Tumaini-Mungu & Pascale 2011: 22). In 2009, the Foundation for Civil Society published a Directory of Civil Society Organizations, which listed and provided information about 3,000 non-government organizations in the mainland. However, it is not possible to tell from this database how many organizations
can be defined as religious. Over one hundred of the organizations listed have religious names. It was also possible to obtain an (undated) list of 61 registered Christian and 35 Muslim organizations from the Vice President’s Office, although no basis for definition used in the compilation of that list was provided (cited in Leurs, Tumaini-Mungu & Pascale 2011: 26-27). However, according to the World Council of Churches website, there are more than 800 Catholic parishes, 1,800 smaller Anglican parishes and over 1,000 Lutheran congregations in Tanzania (World Council of Churches, n.d.). It should be noted that most of the activities of religious organizations in Tanzania today are provided directly by churches and mosques, many of which are directly engaged in providing development services, most notably education, healthcare, water supply and taking care of orphans and people HIV positive. Leurs, Tumaini-Mungu and Pascale (2011) state that among all religious institutions, the Catholic Church is the biggest Christian provider of the healthcare and education services, followed by the Lutheran and Anglican churches. Pentecostal and Seventh Day Adventist churches focus more on evangelising and they are less involved in the development than the Catholic, Anglican and Lutheran churches. The Lutheran churches have actively engaged in generating income through business activities and using income from these sources they fund some of its development activities. The Secretary General of Bakwata estimates that there are more than 6,000 minor mosques (focused solely on religious activities) and almost 3,000 major mosques, which are also involved in some kind of development activity. The Christian Social Services Commission (CSSC) estimated that on the mainland various Christian churches/denominations (including Seventh Day Adventists and the Free Pentecostals) collectively run six universities, six secondary teacher training colleges, 240 secondary schools, 154 vocational training schools and 65 primary schools. They also provide 89 hospitals, 75 healthcare centres and 680 dispensaries (Leurs, Tumaini-Mungu & Pascale 2011: 27-28). Compared to the Ministry of Education and Vocational Training, in 2011, there were 684 non-government primary schools and about 4,000 private and non-government secondary schools. Of the latter, 45 per cent were run by Christian organizations and 12 per cent by Muslim organizations. Since 2007, the Ministry of Health has showed that the religious organizations ran two specialist hospitals (compared with four by government), 13 district hospitals (compared with 55 by government) 56 other hospitals, 48 healthcare centres (compared with 409 by government) and 612 dispensaries (compared to 2,450 by government). Based on these figures, the scale of recent and current religious organizations provision of healthcare and education services clearly remains considerable (cited in Leurs, Tumaini-Mungu & Pascale 2011: 29). However, it should be noticed that religious organizations receive financial support from other countries as well as from the government.

Among religious organizations there are a number of “apex bodies” that act as national umbrella bodies for Christian and Muslim religious communities and their institutions, but also directly engage in various forms of development work. The two most important Christian apex bodies are the Catholic Tanzania Episcopal Conference (TEC)
and the Protestant Christian Council of Tanzania (CCT). In 1992, the TEC and the CCT formed the Christian Social Services Commission (CSSC) as an ecumenical body to facilitate the provision of social services by the churches. They manage roughly 40 per cent of the healthcare and education services in the country (Leurs, Tumaini-Mungu & Pascale 2011: 31). The two most important Muslim apex bodies are the Bakwata and Baraza Kuu. As well as acting as an umbrella body for mosques throughout the country, Bakwata runs 20 secondary schools, two theological colleges and support numerous madrasa schools (National Muslim Council of Tanzania 2012). Moreover, it has 110 dispensaries and is active in educational and empowerment programmes, for example HIV/AIDS prevention. However, Bakwata is worse funded than the TEC or the CCT and, therefore, only able to work on a smaller scale and exercising less influence on policy. According to Leurs, Tumaini-Mungu and Pascale (2011) the reason is the fact that Bakwata has different organization structure (lack of leadership hierarchy) and is artificially imposed by government whereas the TEC and CCT are part of the churches themselves (Leurs, Tumaini-Mungu & Pascale 2011: 31).

**Inter – religious tensions**

The huge increase in the number of development NGOs since the mid-1980 can be seen as a response both to the increasing gaps in the services provision left by former *ujamaa* system and as a response to new opportunities to access international funding. However, these political changes had important consequences for religious institutions. Olsson suggests (2011) that for institutions like TEC, CCT and Bakwata, which had been closely affiliated to the *ujamaa* regime and its principles, liberalisation faced them with new challenges. This religious institutional pluralism within a reopened civil society increased tensions along inter- and intra – religious lines (Olsson 2011: 32). These tensions along religious lines are predominantly manifested within or between the Christian and Muslim communities. One example of how Christian-Muslim tensions are manifested in contemporary Tanzania is the aggressive and polemical public preaching, also known as *mihadhara*, “open-air” meetings where speakers from Muslim and Christian groups try to gain converts or strengthen their own faith at open debates. This *mihadhara* has been seen as a method used by some religious institutions to oppose political power and government legislation in Tanzania (Olsson 2011: 32). Some religious institutions complain about the structural marginalisation of their own religious groups in favour of another. Muslims in Tanzania see themselves as victims of historical marginalisation in terms of education, employment and socio-economic development. The availability of external funding has encouraged the formation of local organizations aimed at revitalisation of Islam. Organization such as the Jamaat Ansar as-Sunna called upon Muslims to live their lives according to the teachings of the Qur'an and the Sunna. According to this, some Muslims protested against the rearing of pigs and selling of pork in their neighbourhoods. Others
demanded that female’s students should be permitted to wear the hijab (Mbogoni 2004: 152).

Since the late 1990s, several interfaith initiatives have been initiated to address the increased religious tensions in Tanzania. Among them were many which failed, for instance Tume ya Waislamu na Wakristo ya Amani (TUWWAMUTA), The Muslim – Christian Commission for Peace, Development and Conflict Resolution and Tanzania Interfaith Forum (TIFF). Today there is an institution, the Inter-Religious Council for Peace, Tanzania (IRCPT) with roots in the UN-affiliated World Conference on Religions for Peace (WCRP) that appears to be one of the most active organizations and perhaps can be referred to as the major interfaith organization in the contemporary Tanzania. The primary aim of the IRCPT is to “help bring peace, unity and understanding among the people and religious communities in Tanzania” and “to play and advisory and advocacy role to the government on matters of societal interest.” (cited in Olsson 2011: 39).

Between 2000 and 2010, IRCPT worked on interfaith issues in relation to development and peace under the name of World Conference on Religion and Peace Tanzania (WCRPT/Tz). The organization was established in the mid-1990s. Together with the Norwegian Christian development agency Norwegian Church Aid (NCA), WCRPT/Tz attempted to restructure the organization and give it more local background by changing the name and transforming it into the Inter-Religious Council for Peace, Tanzania (IRCPT), a unifying organization owned and run by the local religious organizations of Tanzania. Besides directly supporting IRCPT, NCA also helps facilitate the existence of 25 interfaith councils at district level run by TEC, CCT or Bakwata (Olsson 2011: 38 - 40). TEC and CCT, which are members of IRCPT, formed a joint umbrella organization, the Christian Social Service Commission (CSSC) that works to deepen ecumenical relations in order to facilitate the provision of social services by the churches, mainly in terms of education and healthcare.

Among Muslim organizations, Bakwata is the official link between the state and the Muslims aims to promote unity among all Muslims. However, there is an alternative institution, established in 1992, Baraza Kuu la Jumuia na Taasisi za Kiislam (Baraza Kuu), The Supreme Council of Islamic Organizations that claims to be the legitimate and the most well-recognized Islamic council in Tanzania (Olsson 2011: 42).

Despite some political differences between various religious organizations, IRCPT intends to be a point of interaction between not only Muslims and Christians but also a vast number of different religious organizations among the Hindu, the Buddhist or the Sikhs. However, many of them, like the Baraza Kuu, the Jamaat Ansar as-Sunna, the Sikhs and the Hindu, seemed to have no interest in involving themselves in the council. However, the reasons for not getting involved in IRCPT differ significantly among them. According to Olsson (2011), the Muslim Jamaat Ansar as-Sunna feared did not want to IRCPT and compromise with liberal Muslim (and Christian) bodies. The authorities were afraid of
losing their uniqueness as an Islamic and social alternative to liberal and politically oriented Muslim institutions within Tanzania’s civil society. However, these religious institutions which actively engaged in the process of establishing IRCPT, i.e. TEC, Bakwata or CCT, in particular emphasise broad strands of arguments in favour of interfaith participation. The conclusion from the observation are that interfaith cooperation should enable religious institutions to influence socio-political developments in ways that ensure the maintenance of peace and peaceful relations as a precondition for enhancing socio-economic development (Olsson 2011: 46 - 54). As Bakari and Ndumbaro noticed, the deepening of religious tensions in Tanzania since the late 1980s can be explained by several factors: the major ones include the failure of "ujamaa" ideology and its welfare policies, what remain an "ideological vacuum that could be not adequately filled by the market ideology". Second factor, which contributed to the rise of religious tensions in Tanzania, was a resurgence of religious activism. Revivalism in Islam and Christianity in Tanzania became more pronounced as it provided alternative views or solutions to emerging socio–economic and political problems. Third factor, economic liberalisation created the necessity for redefining the nature of the state and its relations with society. Thus, new social forces emerged along diverse lines such as class, religion, ethnicity, and regionalism (A. Bakari,, L. J. Ndumbaro 2006: 342-343). What Bakari and Ndumbaro also argue is that state – religion relations in Tanzania cannot be adequately explained without reference to the role of external forces, the state itself, so that religious organizations significantly depend on. For instance, external donors such as Iran, Libya, Kuwait, Saudi Arabia and Sudan have been accused of financing radical brands of Islam. At the same time, some Muslims have accused the United States of sponsoring Christian revivalism, which is intolerant to other religions (A. Bakari,, L. J. Ndumbaro 2006: 346).

**Conclusion**

Tanzania is presented as a unique country within the African context and context of socialism in general. In order to understand contemporary civil society relations and the role of religious institutions, it is necessary to situate current situation in this country in the context of "ujamaa" which is still maintained and promoted by the present Chama Cha Mapinduzi (CCM), Party of the Revolution (1977). Looking for the answer on the question how religious organizations are defined in Tanzania, we can notice that despite the country’s constitution it indicates that Tanzania is a secular state, the religion and politics in general have a special partnership which began in the past. During the Tanzanian socialism, religious institutions were instrumental in the provision of public services mainly in education and healthcare, despite the relations between the state and the Muslims which has not always been consistent. The second phase began in the early 1990s and focused on shifting from service delivery to influencing policies and advocating for chance. During this phase religious organizations (as a part of NGOs and CSOs) criticise shortcomings in
government policies and their implementation as well as fight for bigger impact on the state’s policy and social management.

Nowadays, religion and governance are the topical issues in Tanzania. Even so, Tanzania is a secular state, according to some government critics, religious organizations are the one who mostly challenge with poverty, ignorance, diseases, social injustice and inequality that are simply related to state policy. Among religious organizations there are a number of “apex bodies” that act as national umbrella bodies for Christian and Muslim religious communities and their institutions, but they also directly engage in various forms of the development work.

In contemporary Tanzania, there is a visible problem concerning religious polarisation. State has to be careful not to do anything that might destabilize local communities or the nation as whole. It is easy to notice that on-going problem is that Tanzania still has to cope with two different religious conflicts. The first is between religion and state. The second concerns the conflict between and within religious organizations. The government has to cope with serious problems emerging between Muslim and Christian organizations. However, in Tanzania, Christian organizations seem to be autonomous and enjoy strong support from the believers, while the Muslim organizations have no strong organizational structure and no support from believers, like BAKWATA which was created by the government. Thus, Muslims still feel to be humiliated and oppressed while Christians feel threatened. This shows that as long as religion – state relations are not equal toward two major religions in Tanzania, there will be no platform of co – existence and toleration of different religious views. In the long – term perspective, it is important to embody these ideas in the perspective of on-going development.
References


Euromaidan and the Ukrainian Crisis in the IR Context: Structural Change of the Post-Cold War System?

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Abstract

The abandoning of association process just short before the forthcoming Eastern Partnership summit in Vilnius caused a deep internal political crisis in Ukraine and massive violent clashes broke out between the opposition and security forces. The Western public comprehended the riots as fight for democratic rights, pro-European policy as well as civil resistance against unpopular president Yanukovych. Whereas strong critical voices were heard in Russia about the shady side of Euromaidan, activities of the neo-fascist Right Sector and revival of controversial Bandera’s legacy. The crisis led to the adoption of the Declaration of Independence by the Autonomous Republic of Crimea and Sevastopol, escalated into an armed conflict between Ukrainian and Russian-speaking regions of Ukraine and finally brought about significant worsening of mutual relations between the West and Russia. The aim of this paper is to analyse these tumultuous events and put them into the context of current international relations.

Keywords: Ukraine, Euromaidan, Russia, the European Union, intrastate conflict, geopolitics, Eastern Europe.

Introduction

According to theory of international relations, the Ukrainian crisis can be defined as an intrastate conflict16, which has erupted between the government and one or more non-state armed forces. The intrastate conflict is currently the most frequent armed conflict with the potential to spread in the neighbouring regions. Therefore, the intensity of a conflict depending on the root causes, involvement of internal or external players, duration, final damages and number of casualties.

First of all, the Ukrainian crisis has become one of the most debated topic in contemporary international affairs. Perhaps since the end of the Cold War, the West’s relations with Russia have not undergone such a cardinal change. Whereas mutual animosity remained largely hidden from public before, after Euromaidan completely rose to the surface. At the present time, the ongoing crisis has not only potential to significantly

16 For instance, this type of conflict is further analysed by Ernie Regehr, In: Intrastate Conflict: Data, Trends and Drivers (2013), Swiss Federal Institute of Technology Zurich. Accessible on website: http://www.isn.ethz.ch/Digital-Library/Articles/Special-Feature/Detail/?id=158597&contextid774=158597&contextid775=158626
affect the geopolitical orientation of Ukraine, but potentially influences another key actors in the post-Soviet space. Furthermore, certainly the main change has been applied in the relations between the world’s leading powers. Does the West reach the maximum limit of its integration efforts in Eastern Europe? Do we face a revision of the post-Cold War system or a dramatic change of power status among the great powers?

The main objective of this paper is to find potential answers to these questions and analyse the Ukrainian crisis in the complexity of international relations. The first part of this paper investigates the domestic political scene before the Ukrainian crisis 2013/2014 as well as relations between the key actors. The second part is focused on the crisis in terms of international system and security policy issues. The final part examines foreign policy of the United States of America toward the post-Soviet space and Russia as major neighbouring external actor.

The intention of the author was to analyse crisis in Ukraine from three basic levels: 1. as an interstate crisis, 2. as a crisis of the international system, 3. as a crisis among the key global players - the United States and Russia. However, the author is aware of the limiting possibilities concerning own research in this paper. Therefore, any kind of detailed topics will be analysed in another related studies. In conclusion, the author summarised the key findings and outlined controversial points concerning the Ukrainian crisis.

Ukraine - the case of a weak state? Domestic causes and problematic features of the Ukrainian political system

It is widely argued that Russian sources often look upon Euromaidan through the optics of the previous Colour revolutions or even the Arab Spring. With regards to the latest events in Ukraine, we can talk about a whole combination of many reasons.

Due to the current global economic crisis, there is growing civil discontent with the economic situation, state cuts and corruption in many countries (Portugal, Spain, Italy, Romania, Bosnia and Herzegovina, Greece, Turkey, etc.). Furthermore, the relatively sudden fall of Yanukovych's political limelight and the victory of the opposition leaders indicate that the domestic political system has experienced a serious split in the pre-crisis period. Besides that, we can speak about Ukraine as a case of "weak state."17 This term is defined in political science as a crisis or lack of functionality three basic state and social pillars: 1) government or broadly ruling establishment, 2) public administration, 3) national identity or identification of society with own (national) state.

If we proceed to analyse the domestic political system and social factors from this perspective, so most likely three main problematic points will come up:

1) Above all, the Orange Revolution and the subsequent conflict between Yanukovych and Tymoshenko split the domestic elite. In Ukraine, there is a long-term hostility between the government, which is stepping down or beginning to function. Also various political groupings tend to replace the opposite politicians, civil officers, or regional leaders and appoint its own supporters to the key positions in the civil service or state-owned enterprises. Since the Orange Revolution, an acceptable consensus has not been found between the government and the different oppositional or regional fractions at all. This fact complicated and paralysed the Ukraine's political system in the previous years. After the disintegrated unity among supporters of the Orange Revolution, Yanukovych partly stabilised the situation through the Party of Regions (Партія регіонів) to some extent. This political party can be described as classic example of a party of power like United Russia (Единая Россия). As a result, the main issues dividing the government and opposition groupings have not been successfully resolved and the imprisonment of Tymoshenko definitely froze prospects of settlement negotiations.

This long-standing internal political struggle leads to a false interpretation of the Ukrainian political scene abroad. While the European Union and the USA clearly preferred tandem Yushchenko/Tymoshenko because of their pro-Western course, Yanukovych was widely interpreted as a pro-Russian politician. In fact, the Orange government lost general support of many voters due to corruption scandals, dissolutions of the Parliament and personal rivalry between Yushchenko and Tymoshenko. The final outcome was general disappointment with the domestic policy. On the other hand, Yanukovych led more or less traditional Ukrainian balancing interregional and foreign political line, but he was not too "pro-Western" for Brussels and Moscow considered him too little "pro-Russian". This fact can be illustrated with numerous objections of the high EU representatives, who criticised the low level of reform measures in Ukraine\(^\text{18}\) in 2010-2013, and on the other hand, when Russia imposed strict customs controls on Ukrainian goods in August 2013\(^\text{19}\).

2) The public sector has been struggling with political clientelism, corruption, inefficiency and a lack of social reforms for a long time. According to the study of the international non-governmental organization Transparency International, Ukraine ranks as the worst in the Corruption Perceptions Index 2013\(^\text{20}\) in comparison to other European post-Soviet countries. 175 countries have been evaluated in total and Ukraine reached 144th

\(^{18}\) The European Commission published a progress report SWD(2013) 84 and assessed the implementation of reforms in Ukraine for year 2012 as follows: "Overall Ukraine presented a mixed picture of developments on deep and sustainable democracy. There were some positive developments in the field of legal reform, (...). At the same time, these developments remained overshadowed by the matter of selective justice and the conduct of parliamentary elections which showed deterioration in several areas compared to standards previously achieved. The perception of corruption remained high, and Ukraine continued to occupy a lowly position in international rankings."


\(^{20}\) Accessible on website: https://www.transparency.org/cpi2013/results
place, thus draw near a group with some African countries (Nigeria, Guinea). Moldova, Belarus, Russia and also Kazakhstan had better results than Ukraine. Although previous governments repeatedly declared fight against corruption, this study indicates serious doubt about the effectiveness of such intention, but also the depth of the social "acceptability" of corruption in general.

In addition, the so-called industrial-business groups ("clans") are a crucial problem of the domestic political life. This kind of groupings obviously has no intention of doing business on the basis of free market competition, but use their connections to broaden their own specific interests (Piehl, 2005: 363-365). Their extraordinary connections with the top policy-makers or the entry of these persons onto the political scene, brings mixed results, suspicion of conflict of interests and corruption.

For instance, the leading oligarch Rinat Akhmetov has been considered as a "grey eminence" in the Party of Regions in the past years or Viktor Pinchuk, who got involved in the privatisation of lucrative metallurgical concerns (Krivorozhstal) because of his family ties with the president Kuchma. This impropriety of the Ukrainian political scene will not be probably on the wane even after Euromaidan, as the new Ukrainian president became oligarch Petro Poroshenko. There is also no secret that the post-Yanukovich political elite decided to make use of another important oligarchs (Ihor Kolomojskij, Vladimir Nemirovskij, Ihor Palycja, Serhij Taruta) in order to calm down tense situation in South-eastern Ukraine in late February/March 2014.

In addition, Ms. Y. Tymoshenko had several scandals related with the gas company called the United Energy Systems of Ukraine. Therefore, the essential question is whether Euromaidan really contributes to transparency and better democratic standards of the Ukrainian political system or produces less positive outcomes under these conditions.

3) As some experts suggested, the Ukrainian national identity can been still seen in the process of nation-building due to recently and unexpectedly gained state sovereignty. What is even more, there are serious problems concerning the heterogeneity of different regions. While the south of the country was the domain of Crimean Tatars in the Middle Ages, the entire South-east belonged to the so-called "wild field", where the Osman empire united with the Crimean Tatars carried out combat operations and raids against Cossacks. Finally, the West Ukraine was a part of the Polish–Lithuanian Commonwealth or the Habsburg Empire. Furthermore, the contemporary Western Ukraine (Galicia and Bukovina) was annexed by the Soviet Union in 1939 and the Crimea came under the administration of Kiev in 1954.

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22 The former Vice Prime Minister of Ukraine Pavlo Lazarenko had also connections with the UESU and after that he has been charged with corruption in the United States of America.
This basic review shows that Ukraine is a rich mosaic of different regions and territories in reality, which were united on a "moving" western border of the Russian empire during last centuries. Therefore, there is no surprise that from the ethno-geographical point of view Ukraine is

(...) a mixed nation with sizeable Russian minorities in Central, Eastern and Southern regions, an outright Russian majority and fast growing Tatar minority in Crimea, a small but significant Russian in Western regions. Linguistically it is also a nation of two parts — 43.4 per cent are Ukrainophones and 56.6 per cent Russophones. As a broad generalisation, Central, Eastern and Southern Ukrainians tend to be Russophones, while Western Ukrainians are predominantly Ukrainophones (Wolczuk 2000: 23).

In comparison with the Soviet era, the independent Ukraine faced numerous problems concerning its political, economic, social and interregional stability. Above all the most important issues were, how to move from the state command economy to market principles, maintain the independence from Moscow, preserve its own political system and solve national disputes. Given that Ukrainian, Tatar, Caucasian and Russian ethnic entities coexisted on the territory of the contemporary Ukraine for centuries, it brings internal cleavage of the nation-state (Buzan, 2005: 181). In response to the strengthening Ukrainian patriotism, the Russian-speaking population reacted with the separatist tendencies.

In terms of sustaining of stable internal political development, it is positively evaluated the situation when all nationalities and ethnic groups are involved in the political process and no one of them is preferred over others. From this perspective, the new government of Kiev erroneously adopted the vision of the Ukrainian national state and offered no adequate political vision for Russian-speaking regions. Although the former interim president Turchynov made the Kremlin responsible for events in Ukraine (due to inadequate interference into the domestic affairs), it is worth mentioning how strong resistance expressed Southern and Eastern Ukraine to the new government in Kiev. While the Crimea declared its own independence and joined Russia in March 2014, the South-east has come to the point of Anti-Maidan movement through displays of civil disobedience (such as blocking roads to military contingents), to the appeals for the federalisation of the country or completely to pro-Russian separatism.

To some extent, it was also regrettable that the new political leaders failed to establish a dialogue with the moderate leaders of the South-east regions and no nationwide pro-reform platform has been set up. Instead, the government relied on the Ukrainian nationalist movement, joined an alliance with some oligarchs and declared the so-called "anti-terrorist" operation. Not to mention that these steps outclassed the Russian-speaking activists to the enemies of the state - against them it is possible to deploy heavy military equipment. The radicalisation of the Russophone part of the country increased because of the violent incident in Odessa on 2 May 2014, and armed clashes in Lugansk and Donetsk region. After these events, Ukraine moved inexorably to the civil war.
From the perspective of national security, the crisis has become a major threat to the existing political establishment and its power position, which spilled over into a threat of the state as such. Despite the short declaration of a ceasefire by the president P. Poroshenko in June 2014, the risk of jugoslavisation of Ukraine continues as result of the ongoing combat operations and poor political settlement.

**The crisis in Ukraine in terms of international relations and security policy issues - European or Eurasian's path for Ukraine?**

The question whether Ukraine would be integrated into the transatlantic structures or had better develop any form of economic cooperation with the CIS countries, is put a little bit incorrectly. Both alternatives are related to the geographical location of Ukraine situated between the West and the East. The geographical location is advantageous for the development of multilateral ties. Not to mention that Kiev could easily benefit from cooperation and trade with both sides. In case of any New Silk Road linking the post-Soviet states with the EU and South-eastern Asia, Ukraine would play a significant role for sure.

In contrast, the effect of international orientation only on one power azimuth would mean a deterioration of relations with the opposite one.

Polish expert Roman Wolczuk defined three basic geopolitical azimuths of Ukraine (Wolczuk: 2002, 6):

- North-eastern azimuth (Russia and CIS countries)
- Western azimuth (Romania, Moldova, the Visegrad group, EU, NATO)
- Southern azimuth (Black Sea countries, CIS, NATO, GUUAM, BSEC)

This listing shows that the international orientation of Ukraine traditionally depends on many variables, degrees of international cooperation or vice versa conflicting agenda between the closest geopolitical players. After the weakening of the North-eastern azimuth as a result of the collapse of the USSR, the independent Ukraine focused on the Western integration project. When Russia strengthened its power status in 2000s, there were important revisions of the Ukrainian foreign policy (such as freezing of membership in the NATO or association process with the European Union). After all, the post-Yanukovych government opted again for the Western azimuth, but such a reversal exacerbated the relationship with Moscow. However, this also happened on the grounds of Russian military intervention in Crimea and a further engagement in favour of the Donetsk and Lugansk People's Republics. Bearing in mind such circumstances, the clash of the two geopolitical orientations of Ukraine occurred in the time of serious disagreements between the West and Russia.

When E. Snowden published information regarding the massive surveillance programmes of the U.S. security services (and after that obtained a temporary asylum in
Russia), and last but not least, Washington tried to enforce the military intervention in Syria despite the opposition from Russia and China. Thus, there were serious disputes in the international arena, which were not settled by J. Kerry and S. Lavrov at a conference in Geneva in autumn 2013.

Russia repeatedly refused any interference of the European Union or the United States in the post-Soviet space. The Kremlin's main goal is not to allow the West to reach the Russian border and include the former post-Soviet countries to the Western security community. When Central European states applied for their NATO membership in 1997, from that moment Moscow nervously monitored each new round of NATO's enlargement to the East (which was also followed by the association process with the EU). In addition, in 2008 the NATO membership was offered also to Ukraine and Georgia, which provoked strong negative reaction from the Russian elite (Nygren 2012: 183-184). Moreover, the ensuing military operations in Abkhazia and South Ossetia significantly disturbed the Russia's relations with the West.

On top of that, the European Union launched a multilateral project called the Eastern Partnership in 2009, which is targeted to six post-Soviet states of Eastern Europe and South Caucasus. In relation to this step, Moscow has intensified reintegration measures in the post-Soviet space through the Customs Union on its own. These facts mean that two competing integration projects focused on the post-Soviet countries. In practice, the post-communist states between the EU countries and Russia did not become a link between them at all, but an undeclared geopolitical competition prevailed. Due to the Ukrainian crisis is this point even more apparent.

If the West intended to deepen an international cooperation in the post-Soviet space without potential confrontation with the Kremlin, there would be presumably the best solution to develop the multilateral cooperation in the format of 2 + 6 (the EU, Russia + Armenia, Azerbaijan, Belarus, Georgia, Moldova, Ukraine) under favourable conditions. Nevertheless such a multilateral project would be very likely collide with agenda setting, funding and different geopolitical interests of both key actors etc.

What is worth mentioning, Ukraine might keep its position as non-aligned state, which would help to settle many security disagreements in the region. Russia and other CIS countries have often declared their support for the Ukraine's neutral status. On no account has been discussed the acceptance of Ukraine's accession to NATO with the possibility of placing the Western military infrastructure in the immediate vicinity of the Russian border. For instance Lugansk (Eastern Ukraine) is around 806 kilometres far from Moscow, which is a distance of short-range ballistic missiles. Thus, the international status of Ukraine is closely linked with the security issues of the Russian Federation and the neighbouring CIS countries.
The United States as an active external actor in the Ukrainian crisis

Since the end of the Cold War, the United States of America has become undoubtedly a dominant power. Washington's foreign policy toward the post-Soviet space has been officially declared as a support of democratic development, transformation process and geopolitical pluralism. Unofficially, the aim also was to prevent the strengthening of Moscow’s position or the restoration of the Soviet Union.

Moreover, Washington has to primarily preserve Ukraine as a sovereign state, because Russia united with Ukraine would create real conditions for the subsequent reintegration of the post-Soviet space and thus strengthens Moscow as a competitive great power with global impact. If the United States want to keep the present post-Cold War international system, Ukraine cannot succumb to Russia on no account. Therefore, the West supports any political forces in Ukraine that declare pro-Western course and, vice versa, the followers of pro-Russian orientation are frequently identified as "blind" Kremlin’s supporters. The fact that Washington is well aware of Ukrainian position between the CIS countries can be illustrated by the fact that Kiev became the third largest recipient of the U.S. foreign aid after Israel and Egypt in 1997 (Duleba 2000: 270).

Apart from that, the present situation is complicated because the European Union is not ready to accept Ukraine as a full member state. So purely pro-Western course of Yatsenyuk's government cannot score the decisive political points. Furthermore, another alternative would be the Ukraine's possible membership in the North Atlantic Alliance to ensure the pro-Western course, but this step has become even a more tense issue in Eastern Europe. Not to mention the depth of the Russia-NATO potential tensions.

From the perspective of Moscow, the current political crisis in Ukraine is a crucial event that may influence other CIS countries. The Kremlin has been trying to strengthen its own position in the near abroad and Ukraine plays a leading role in this respect. As H. Kissinger correctly noted in the Washington Post, Ukraine is not quite different sovereign state for Moscow, but historically, ethnically and culturally related entity (Kissinger 2014).

In conclusion, as Lebow defined, the efforts of the United States seem to be equal to the leading great power, which defends its favourable position and current post-Cold War order. On the other hand, Russia can be apparently considered as a rising power (Russia is a member of BRICS after all) that is not fully satisfied with international system and wants to gain a more consolidated position. This should have happened primarily in the post-Soviet space, but generally on the international scene as well.

Conclusion

To sum up, many politicians started talking about security threats from Russia and retaliatory actions of the West with the respect of the Ukrainian crisis. However, the roots
of the crisis lie mainly in the domestic issues. The clear animosity between the West and Russia has been deepened through this crisis that escalated into a regular civil war.

According to the author, three basic sources of tension have to be solved if we think about the successful de-escalation of the crisis:

1. political settlement of the conflict and reconciliation between the new government and South-east regions,
2. decrease in tensions between the West and Russia, termination of sanctions and military exercises,
3. redefining the international status of Ukraine, which would take into account domestic interests and the interests of the West and, if possible, even Russia.

While Ukraine is affected by the three geopolitical azimuths, the current one-sided focus of Kiev on the West can be seen slightly questionable in the long-term period. As explained above, there is no reason to choose between the West or Eurasia. Ukraine should aim for a new strategy in the IR and straighten its own position in the international arena. Ukrainian political elites have to probably adopt again a balancing tactics in international relations. Therefore, the best option for the future direction of Ukraine may not be a part of Europe or Eurasia, but become a mediator or a bridge between them.
References


**Official Documents**