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THE REVIEW OF INTERNATIONAL AFFAIRS

BELGRADE, VOL. LXVII, No. 1162-1163, APRIL–SEPTEMBER 2016

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DOCUMENTS: EU – INDIA RELATIONS



The Review of International Affairs

ISSN 0486-6096

VOL. LXVII, No. 1162-1163, APRIL–SEPTEMBER 2016

UDK 327

Publisher

Institute of International Politics and Economics,
Belgrade, Makedonska 25

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BiFS doo, Books and Periodicals, Supilova 10

11000 Belgrade, Serbia,

Tel/fax: +381 11 20 84 229

E-mail: bfsbooks@sezampro.rs

Printed by

Mala knjiga+, Novi Sad

Distribution 300 copies

The Review of International Affairs

Vol. LXVII, No. 1162-1163, April–September 2016

UDK 327 ISSN 0486-6096

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INTERNATIONAL ECONOMICS

UDC 341.43:338.1(497.11)
Bibliid 0543-3657, 67 (2016)
Vol. LXVII, No. 1162-1163, pp. 5–18
Original Scientific Paper

EXTENDING THE CURRENT REFUGEE CRISIS: ADDITIONAL SOCIO-ECONOMIC BURDEN FOR SERBIA

Vladimir GREČIĆ¹

Abstract: The European Union was facing the biggest wave of disorderly migration since World War II. The European Commission has very seriously started to seek the response to the migrant crisis, which has, by character, become a humanitarian in the first half of 2015. The influx of migrants in the EU went over many migrant routes. One was the Balkan route that went through Serbia. The European Commission adopted two key documents: the European Agenda on Security and the European Agenda for Migration. The implementation of these documents has not proceeded as was expected, and the crisis has been continued. The author of this article explores migrants' assessments of the benefits and consequences of arriving, staying, and leaving the country and indicates the push and pull factors that generate legal and asylum migration through the European Union. For a majority of migrants crossing through the Balkan route in 2015, Serbia has not been preferred as a destination country by asylum-seekers, but as a transit only. However, the number of asylum seekers in Serbia was significantly higher in 2015 compared to the previous year.

Key words: forced migration, asylum-seekers, European migration policies, Serbia, transit migrations.

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INTRODUCTION

Forced migration is neither new nor an unknown phenomenon. Human history has been shaped by forced migration - Europe was facing a refugee crisis during the nineties, but this phenomenon has recently gained unprecedented relevance, for its size, extension to the entire world, and the intense interdependence between migrants and receiving countries. It has had a major impact on multiple sectors of security. It is logic to ask a question: is this humanitarian migration crisis different? In fact, Europe recorded in 2015 an unprecedented number of asylum seekers and refugees with up to one million asylum applications; more than in any previous European refugee crisis since World War II. In recent months the Eastern Mediterranean and Western Balkan routes have gained importance with relatively large numbers of people starting to leave or transit via Turkey. The Central Mediterranean route, which leads to Italy, also continued to be heavily used.²

As during previous refugee crises in the 1990s, the impact is concentrated in a few countries. In the OECD, Turkey is the most affected, currently hosting as many as 2 million Syrians as well as a large number of people from Iraq. Within the EU, Italy and Greece are on the front line, but the main destination countries are Germany, in absolute terms, and Sweden and Austria, relative to their population. More than in previous crises, asylum seekers are very diverse in terms of country of origin, profile and motivation. This increases the pressure on asylum systems in destination countries. Recent refugees from Syria are more skilled than other groups and those who came, for example, during the Yugoslav wars in the 1990s. There are more unaccompanied minors (children without a responsible adult to care for them) arriving now than previously. Refugee flows tend to concentrate on countries with the most favourable economic conditions. Europe has better legal and institutional systems in place for asylum-seekers and migrants than it did in the 1990s (Cervone, 2015). However, these have not ensured a fair burden-sharing between countries and have not prevented people from choosing smuggling routes.

More than a million migrants and refugees crossed into Europe in 2015, sparking a crisis as countries struggle to cope with the influx, and creating division in the EU over how best to deal with resettling people (BBC, 2016). The EU's external border force, Frontex, monitors the different routes migrants use and numbers arriving at Europe's borders and put the figure crossing into Europe this year at more than 1,500,000 (BBC, 2016). As a matter of fact, the unprecedented flows of refugees and migrants starting late summer 2015 and escalating in the

² The flow of migrants and refugees crossing the Mediterranean has increased dramatically in 2015. They arrived via three primary routes, the relative significance of which has shifted throughout 2015: (a) Central Mediterranean Route (Italy and Malta); (b) Eastern Mediterranean Route (Greece/Aegean Sea); (c) Western Balkans (Hungary). The largest numbers come from Syria.

autumn put the Western Balkans route at the center of the challenge faced by Europe, nearly 880,000 people crossed from Turkey to Greece in 2015, with most of them subsequently travelling through the Western Balkans to Central and Northern Europe (European Commission, 2016).

Syrians fleeing their country's almost five-year-old civil war made up the largest group (39 percent). Afghans looking to escape the ongoing war with Taliban rebels (11 percent), and Eritreans fleeing forced labor (7 percent) made up the second and third largest groups of migrants, respectively. Deteriorating security and grinding poverty in Iraq, Nigeria, Pakistan, Somalia, and Sudan have also contributed to the migrant influx.

Serbia is a country with a long history of emigration and immigration. Due to a turbulent history filled with wars and ethnic conflicts in the Balkan area, migration has been predominantly forced and 'irregular'.

The Republic of Serbia in the past two decades also faced stormy and turbulent migration flows. First of all, the arrival of refugees from the Republics of the former Yugoslavia and internally displaced persons (IDPs) from Kosovo and Metohija, as well as the departure of a large number of citizens who emigrated to the countries of Western Europe and North America are the trends of the nineties. Besides, Serbia has also faced asylum seekers from countries in Asia and Africa, illegal migrants and returnees under the Readmission Agreement.

SERBIA HAS BEEN EXPERIENCING A LARGE INFLUX OF REFUGEES AND IDPS OVER THE PAST

Since 1991, Serbia has received the largest number of refugees and IDPs within Europe. As a matter of fact, the Republic of Serbia has been faced with all kinds of migrations: external (mostly emigration) and internal (from villages to towns); forced (refugees and internally displaced persons) and voluntary; legal and illegal, and labour migrations (IOM, 2011: 4).

Throughout the years, the Commissariat for Refugees and Migration of the Republic of Serbia is implementing programmes for sustainable solutions and has been investing great efforts to provide durable solutions and local integration of refugees and internally displaced persons.

Table 1: The Number of Refugee and Internally Displaced Persons in the Republic of Serbia, 1996-2015

Date	Number of Refugees	Date	Number of Internally Displaced Persons
Census 1996	537,937		
2001	378,589		
2004	104,682		
22.08.2008	97,762	2000	187,129
21.12.2009	86,515	25.08.2008	209,724
01.08.2011	74,487	2010	210,284
01.07.2012	66,408	31.12.2011	209,833
19.06.2013	57,247	01.09.2012	209,112
19.06.2014	43,763	19.06.2014	204,049
19.06.2015	35,295	19.06.2015	203,140

Source: Commissariat for Refugees and Migration.

The Commissariat implements programmes for the establishment of durable solutions in cooperation with numerous EU and international agencies and organizations, governments of individual states and local self-governments.

With the implementation of the planned closure of collective centres, their number is rapidly decreasing. In 1996 there were approximately 700 collective centres. In January 2002, in the territory of the Republic of Serbia, there were 388 collective centres that accommodated 26,863 persons. As of December 1, 2015, in the territory of the Republic of Serbia there were 17 collective centres accommodating 995 persons. Of these 17 collective centres, 9 are in the Republic of Serbia excluding Kosovo and Metohija and accommodate 642 persons. The remaining 8 collective centres are in the territory of Kosovo and Metohija and accommodate 353 persons (Table 2).

According to the UNHCR, there are around 35,295 people who became refugees and 203,140 internally displaced persons (IDPs) in Serbia as a result of the armed conflict in ex-Yugoslavia during the 1990s, of whom approximately 90,000 with displacement related needs and without a durable solution (Table 1).

The closure of the 10 remaining 'collective centres' hosting 227 refugees and 495 IDPs is a priority. The housing situation of displaced persons has improved

slightly. Many refugees and IDPs still suffer from difficult living conditions, unemployment and poverty (European Commission, 2015).

Table 2: Number of collective centers and accommodated persons, 2002-2016

Date	Number of Collective Centers	Refugees	Internally Displaced Persons	Total
01.01.2002	388	17,415	9,448	26,863
01.01.2003	323	13,569	9,274	22,843
01.01.2004	194	8,107	7,933	16,040
01.01.2005	143	5,091	7,408	12,499
01.01.2006	112	3,418	6,128	9,546
01.01.2007	92	2,515	5,760	8,275
01.01.2008	80	1,702	5,046	6,748
01.01.2009	75	1,299	4,580	5,879
01.01.2010	62	1,165	3,926	5,091
01.01.2011	54	898	3,358	4,256
01.01.2012	41	607	2,869	3,476
01.01.2013	33	507	2,190	2,697
01.01.2014	23	340	1,310	1,650
01.01.2015	20	312	940	1,252
01.01.2016	17	231	682	913

Source: Commissariat for Refugees and Migration of the Republic of Serbia. Available online.

In September 2015, the Serbian government adopted a “Response plan in the case of mass influx of migrants”, which aims at managing flows of third country nationals who intend to seek asylum in the EU or in Serbia. Serbia’s current accommodation capacity stands at 810 beds and through the implementation of the plan could be extended substantially. In January, the Asylum Office was set up as a separate civilian unit within the border police directorate. It will be responsible for determining refugee status in the first instance. Up to 29 staff are planned with 19 positions occupied.

In 2014, Serbia faced some 16,500 intentions to apply (compared with 5,065 in 2013), but only some 1,400 people were effectively registered for asylum and 400 submitted an application. Only 18 interviews were conducted and 14 decisions taken, resulting in 8 rejections, 1 person granted recognition of refugee status and 5 people granted other forms of protection. From January 2015 to September 2015, 169,156 migrants were registered when transiting through the territory of the Republic of Serbia. Only 546 applied for asylum.

In the same period, 16 persons got asylum and 14 subsidiary protection. 28 received a negative decision (European Commission, 2015).

The Republic of Serbia has been experiencing a significant influx of refugees over the past months. These refugees, mainly from Syria and Afghanistan, are transiting Serbia directed to Hungary and Croatia following the migrant routes towards the north and Western Europe. According to the Commissariat for Refugees and Migration of the Republic of Serbia, almost 600,000 refugees have passed through Serbia on their way to Western Europe during the 2015 (Commissariat for Refugees, 2016).

Over 600,000 refugees and migrants travelled through Serbia, the majority of whom aimed to seek asylum in the EU. Despite some improvements in implementing the Asylum Law, the authorities failed to provide effective access to international protection in Serbia. Of the 485,169 registrations, only 656 applications for asylum were submitted, and mostly discontinued; of 81 refugees interviewed by the end of November, 16 were granted refugee status and 14 subsidiary protection (Amnesty International 2016: 316).

Reception conditions were inadequate for the numbers arriving, and insufficient care was provided to vulnerable individuals in Serbia (Amnesty International 2016: 316).

The migration crisis has shown that, for all intents and purposes, the Western Balkans is a *de facto* member of the EU. The migrants enter an EU member state - Greece, then pass mostly through Macedonia and Serbia to enter another EU member state, Croatia. No concrete solution is possible without the full involvement of these countries (Amnesty International 2016: 318).

ECONOMIC PROBLEMS THAT SERBIA FACES

The challenges in the region are undoubtedly grave: very low economic growth, high unemployment rates and the stagnation or decline of living standards coupled with a continuing brain-drain and several unresolved regional issues.

The European Commission published Winter 2016 European Economic Forecast, on 4 February 2016. In addition to the assessment of individual EU member states, the forecast also contains outlooks for Western Balkans candidate countries. As stated in the latest European economic forecast, Serbia's economic growth will be at 1.6 percent this year, and accelerate to 2.5 percent next year

(Vejvoda, 2016). GDP growth is foreseen to gradually accelerate on the back of stronger domestic demand. Investment growth, in particular, is expected to stay robust, boosted by confidence effects, rising foreign direct investments, and higher public capital expenditure (European Commission, 2016a).

Table 3: GDP Growth Rate in Selected Balkan Countries, 2011-2015

	Bulgaria	Croatia	FYR Macedonia	Serbia	Romania
2011	1.6	- 0.3	2.3	1.4	1.4
2012	0.2	- 2.2	- 0.5	- 1.0	0.6
2013	1.3	- 1.1	2.7	2.6	3.4
2014	1.5	- 0.4	3.5	- 1.8	2.8
2015 (proj.)	1.8	0.9	3.5	0.5	3.5

Source: Transition Report 2015-16.

The highest growth rates projected for 2015 are 3.4 percent for Montenegro and 3.2 percent for FYR Macedonia; the lowest is Serbia’s 0.5 percent (World Bank, 2015).

Serbia has passed through a period of dramatic change, managing a rapidly evolving political and economic environment. Today, Serbia is a candidate country for EU membership, reflecting the significant progress made so far in structural and institutional reforms.

Growth in Serbia for 2015 is projected at 0.5%, a small but important recovery of the economy after a severe impact of floods in 2014, which led to a decline in the economy of 1.8% in 2014. More robust growth rates of around 2-3% are forecasted over the medium term.

Going forward, Serbia’s main challenge is to improve living standards in the country and transform economic recovery into jobs in a tight fiscal environment. Increasing exports, productivity, and competitiveness are recommended actions that can help propel the country’s economic growth.

Unemployment in the region of Balkans remains very high despite signs of improving labour market conditions (European Commission, 2015). The unemployment rate fell below 20% and both employment and activity rates have increased.

It is, obviously, the picture of the challenges that young labour market entrants face in many parts of the transition in the Balkan region. More than half of the young labour force (age 15-24) is unemployed in Bosnia and Herzegovina, FYR Macedonia and Greece, with youth unemployment rates also exceeding 40 percent in Montenegro and Serbia (EBRD, 2015: 94).

According to the Survey of Income and Living Conditions (SILC) to measure poverty in Serbia, carried out in 2014 by the Statistical Office (which is used in EU member states), the official at-risk-of-poverty rate — defined as the fraction of the population living below 60 percent of the median income — is estimated at 25.6 percent (World Bank, 2015a).

Table 4. Population and Gross Domestic Product in Serbia. 2002=2014

	Note	2002	2010	2011	2012	2013	2014
Population (thousand)	1)	7,502	7,307	7,254 ^b e	7,219 ^e	7,184 ^e	7,149 ^e
Gross Domestic Product (euro per capita)	2)	2,280	4,082	4,619	4,400	4,781	4,635 ^e
GDP in PPS per capita	2) 3)		9,000	9,500	9,700	9,800	9,500
GDP (PPS) per capita relative in the EU average (EU – 28 = 100)	2) 3)		35	36	37	37	35
Real GDP growth rate change on previous year of the GDP volume (%)	2)	7.1	0.6	1.4	- 1.0	2.6	- 1.8 ^e

b = break in series

e = estimated value

1) Break in 2011 due to the introduction of a new estimation method.

2) Based on ESA 2010.

3) Source: Eurostat

Source: European Commission, Serbia 2015 Report, Brussels, 10.11.2015 SWD (2015) 211 final

The economic situation in the region is having an impact on the capacity and readiness of many countries to strengthen their protection systems. Austerity measures have also hit civil-society organizations that provide services to asylum-seekers and refugees.

Regarding immigration, the Republic of Serbia is still not a destination country, not even among the countries of the region, especially for migrants seeking employment. The Republic of Serbia has in recent years gained in importance as a frequent transit country for numerous migrants from Asia and Africa wishing to reach the EU countries, so the number of expressed intentions to seek asylum is on the rise, the trend that is expected to continue in the future.

THE MIGRATION MANAGEMENT IN SERBIA

The area of migration management in the Republic of Serbia is multi-sectorial by its nature and, consequently, the competences in this area are divided among

several state authorities. The institutional framework in the area of migration monitoring in Serbia consists of all the relevant institutions involved in the migration system on the basis of the laws and normative acts and strategies, and these are primary: the Ministry of Interior, the Commissariat for Refugees and Migration, the Ministry of Foreign Affairs, the Ministry of Justice, and the Ministry of Labour, Employment, Veteran and Social Policy of the Republic of Serbia (Ministry of Interior, 2015).

Humanitarian Response of the Republic of Serbia began scaling up in mid-2015 and has focused on supporting the Government response to the emergency needs of populations on the move, including through establishing reception and transit facilities, strengthening registration systems, and providing key services including temporary shelter, emergency health care, essential food and non-food items, water, sanitation and hygiene (UN Women, 2016).

Commissariat for Refugees and Migration, in cooperation with other institutions of the Republic of Serbia, has managed to provide sufficient capacity to accommodate migrants passing through the Republic of Serbia.

Serbia has accepted the 17-point plan agreed at the meeting on the Western Balkans migration route held among the leaders of the EU Member States and non-EU Member States concerned by the influx of refugees and migrants on 25 October 2015 (European Parliament, 2015).

SERBIA'S READINESS TO IMPLEMENT THE EU POLICY ON MIGRATION

Serbia is ready to take part in a European solution to the migrant crisis (Vučić, 2016). This means it is ready "to shoulder a part of the obligations of EU member states and take a quota of refugees although it is not in the EU" (Vučić, 2016).

Countries like Serbia must not become a "parking lot" for tens of thousands of refugees if they are not allowed to move on (Der Spiegel weekly, 22.01.2016). According to the UNHCR Representative in Serbia, Hans Friedrich Schodder, Serbia will not be a buffer zone for refugees.

According to the Interior Minister, Nebojša Stefanović, Serbia "will be acting like Austria and Germany." (Stefanović, 2016). Serbia will not take in migrants for whom there are signals indicating that they will not be received by Austria and Germany. "It is absurd that one should expect Serbia to receive migrants for whom there are clear signals from Austria, Slovenia and Croatia indicating that they will not receive them," he said in response to criticism from Greece over Serbia's and Macedonia's treatment of refugees (Stefanović, 2016). However, Bavarian premier Horst Seehofer was recently telling German magazine Der Spiegel that the government must take national measures, such as imposing a limit on the number

of migrants allowed in, if a European solution is out of reach (Heller Gernot–O'Donnell, 2016).

On February 18, 2016, the Heads of Police Services of Austria, Slovenia, Croatia, Serbia and the Former Yugoslav Republic of Macedonia issued a statement announcing their agreement to jointly profile and register refugees and asylum-seekers at the border between the Former Yugoslav Republic of Macedonia and Greece, as well as take a number of additional actions to manage the situation.

The five countries agreed on Thursday to jointly organize the transport of refugees to Austria, allowing passage along the “Balkan route” only to refugees from war-torn countries.

While the coordinated action can help the management of the mixed migration movement, the statement has been interpreted differently by countries, resulting in increased protection risks for refugees and asylum seekers, particularly those with specific needs, such as unaccompanied and separated children.

Refugee crisis experience shows, so far, that a comprehensive, coordinated strategy built on shared responsibility, solidarity and trust among all European States, including the candidate countries for EU membership from the refugee Balkan route, working together, is the only way to approach the current emergency.

According to the statement of the Serbian Prime Minister, Aleksandar Vučić (8 March 2016), Serbia will treat “the minimum number of refugees” who remained in Serbia following the closure of the Balkan route “humanely and in accordance with the international public law, but showing our human side...”

In fact, Serbia was behaving in line with what was being done on the ground by Germany, Austria, Slovenia and Croatia and would continue doing so in the future. The Prime Minister also said “that Serbia would continue acting responsibly, protecting the human rights of refugees, but it would not be a “parking lot or a collection center for refugees.”

Obviously, after the closure of the Balkan route, more and more refugees will seek other, irregular routes and assistance from smugglers and other criminals.

CONCLUDING REMARKS

In view of the unfolding emergency in the countries along the Western Balkans migratory route, there is a need for much greater cooperation, more extensive consultation and immediate operational action (European Commission, 2015a).

If migration is seen as a continuum beginning in the country of origin, then the starting point for the Comprehensive European Migration Policy (CEMP) must be a deepened and broadened dialogue and cooperation with third countries. A continuous development and efficient implementation of the Global Approach to

Migration remains a priority and should be fully integrated into all relevant aspects of the EU's external policies. The Global Approach should be based on genuine partnership and joint ownership with third countries and it should be carried out in a spirit of solidarity among the EU Member States (Åkerman Börje, 2015).

In a longer-term perspective, promoting dialogue and cooperation on migration management and facilitated mobility should continue to be at the core of the external agenda. The EU needs to establish strategic long-term partnerships with all relevant third countries according to priorities. The European Council should decide on a priority list of such countries and should devise a comprehensive strategy on how to work with them individually, taking account of all relevant aspects such as development and poverty reduction, financial issues and foreign policy goals. The Global Approach to Migration, and the various cooperation mechanisms developed for its implementation, should be the basis for broadened, deepened and refined cooperation. Such partnerships should encompass the wider migration agenda and be closely linked to the Millennium Development Goals as well as to national development and poverty reduction strategies.

The main goal of integration policy: equal rights, opportunities and obligations for all, should be at the core of European cooperation on integration. The future wealth and cohesion of Europe depend on its capacity to reach that goal.

Member States should swiftly implement the EU action plan on a return (European Commission, 2015b) proposed by the Commission and endorsed by the Member States at the October 2015 the Justice and Home Affairs Council (European Commission, 2016b).

The full and speedy implementation of the EU-Turkey Action Plan remains a priority, in order to stem migration flows and to tackle traffickers and smugglers networks (European Council, 2016). Steps have been taken by Turkey to implement the Action Plan, notably regarding access to Syrian refugees to Turkey's labour market and data sharing with the EU. However, the flows of migrants arriving in Greece from Turkey remain much too high (European Council, 2016). It is necessary to reach a substantial and sustainable reduction of the number of illegal entries from Turkey into the EU. This calls for further, decisive efforts also on the Turkish side to ensure effective implementation of the Action Plan.

Therefore, the key player in the Middle East is Turkey. Besides, the peace in Syria is the most important.

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Vladimir GREČIĆ

PRODUŽAVANJE TEKUĆE MIGRANTSKE KRIZE: DODATNI SOCIO-EKONOMSKI TERET ZA SRBIJU

Apstrakt: Evropska unija bila je u 2015. suočena sa najvećim talasom migracija nakon Drugog svetskog rata. Priliv migranata u EU išao je tokom više migrantskih ruta. Jedna je Balkanska ruta koja je išla preko Srbije. Evropska komisija je u prvoj polovini 2015 počela vrlo ozbiljno da traži odgovor na migrantsku krizu koja je poprimila humanitarni karakter. Evropska komisija je usvojila dva ključna dokumenta: Evropsku agendu o bezbednosti i Evropsku agendu za migracije. Implementacija ovih planskih dokumenata nije se odvijala na očekivani način, zbog čega je kriza nastavljena. Autor istražuje i iznosi procene koristi i nepovoljnih posledica noje migranti nose sobom, ukazujući i na dejstvo push i pull faktora koji generišu dobrovoljnu ili iznuđenu migraciju, konkretno u države članice EU. Za većinu migranata koji su prošli Balkanskom rutom, Srbija nije bila poželjna destinacija da traže azil, već samo kao jedna tranzitna zemlja. Ipak, broj tražicala azila u Srbiji je u 2015. bio znatno veći u poređenju sa prethodnom godinom.

Ključne reči: prisilne migracije, tražioci azila, evropska migraciona politika, Srbija, tranzitne migracije.

Received: 25.5.2016

Revised: 13.6.2016

Accepted: 23.6.2016

UDC 331.2(4-672EU:497)
331.2(489)
Biblid 0543-3657, 67 (2016)
Vol. LXVII, No. 1162-1163, pp. 19–39
Original Scientific Paper

COMPARATIVE ANALYSIS OF MINIMUM WAGES IN WESTERN BALKANS AND IN THE EUROPEAN UNION – CASE STUDY OF MINIMUM WAGES IN DENMARK –

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Abstract: The study is dealing with the issue of a wage optimization in SMEs as an instrument for optimal economic policy and for good corporate governance. The main idea of wage optimization in different economic conditions is, inter alia, the introducing of a law- based minimum wage in order to have the optimal economic policy, social justice and good corporate governance. The minimum-wage legislation now exists in more than ninety (90%) percent of all countries, although the laws vary greatly. In the European Union (EU), most Member States have national minimum wages. The social importance of minimum-wage derives from the need to ensure social safety for employed people and their dependents. Many companies have recently shifted to a fluctuating wage rate based upon productivity, but in no event shall the amount paid be lesser than minimum wage. The impacts of a minimum wage are the following: Employment impact, Economic impact and Productivity impact. Concluding remarks accentuate that it is necessary to set the minimum wage so as to provide a minimum acceptable standard of living for low-paid workers. It is recommendable not to extend sector collective agreements regarding minimum wages to non-participating employers, and to provide an “opt out” option for employers – especially small ones,

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i.e. small and medium enterprises, for whom it is too costly to comply with sector agreements. Such employers from small and medium enterprises should be bound only by the national minimum wage.

Key terms: minimum wage, EU, Western Balkans, small and medium enterprises, economic impact, employment impact, productivity impact.

INTRODUCTORY NOTES

Wage policy and within it, the minimum wage policy has been always considered as being one of a powerful tool for good corporate governance and also for optimal economic policy, if seen from a macro perspective. These standpoints, namely a micro perspective in the form of good corporate governance and a macro angle, in the form of optimal economic policy, are inevitably intertwined in practice. Therefore, this paper is focused on the analysis of both issues, starting primarily from the macro perspective with the insight into micro perspective in small and medium enterprises (SMEs).

The SMEs sector is vital *spiritus movens* for job creation activities at national level, especially in transition economies, but also in developed ones, which brings additional economic value to this sector. Furthermore, the SMEs sector shares its part in the technology development of the economy.

However, the SMEs sector remains vulnerable to wage policy and especially to the minimum wage policy, since it is very often costly to follow sector collective agreements related to a minimum wage. The reason is that the SMEs sector has limited access to bank loans for raising the productivity level and for relieving the production costs. The consequence of this fact is small maneuvering space for collective bargaining with relevant trade unions, due to an average scarcity of available financial resources in SMEs.

NOTION OF WAGE AND OF MINIMUM WAGE

A wage is a monetary compensation or remuneration paid by an employer to an employee in exchange for work done. Payment may be calculated as a fixed amount for each task completed (a task wage or piece rate), or on an hourly or daily rate, or based on an easily measured quantity of work done. For employers, wages are an example of expenses that are involved in running a business.

The wage rate is usually adequate compensation given the difficulty and skill level required for performing a concrete job. The traditional theory of wage determination states that wages for workers will be based on supply and demand. The supply and demand would be relative to each profession, which means that

the more a profession was needed, and the fewer workers of that profession there are, the higher the wages will be in those positions.

A minimum wage is a wage sufficient to provide the necessities and comforts essential to an acceptable – decent standard of living, which is the definition by the International Labour Organization (ILO). However, it is the minimum amount of compensation an employee must receive for performing labor. Minimum wages are typically established by contract through collective bargaining or by the legislation of the government. As such, it is illegal to pay an employee less than the minimum wage.

The precursor to the minimum wage was passed by King James I of England in 1604. The Act Fixing a Minimum Wage established a minimum wage for textile workers. Prior to passage of the Act, there was an established maximum wage but no formal minimum.

The minimum wage, wage rate established by collective bargaining or by government regulation is the wage that specifies the lowest rate at which labour may be employed. The rate may be defined in terms of the amount, period (i.e., hourly, weekly, monthly, etc.), and scope of coverage. For example, employers may be allowed to count tips received by employees as credits toward the mandated minimum-wage level.

The modern minimum wage, combined with compulsory arbitration of labour disputes, first appeared in Australia and New Zealand in the 1890s. In 1909, Great Britain established trade boards to set minimum-wage rates in certain trades and industries. In the USA the first minimum – wage law, enacted by the state of Massachusetts in 1912, covered only women and children and the first statutory laws were introduced nationally in 1938. The intent of these laws was to shorten hours and raise pay in the covered industries.

The minimum-wage legislation now exists in more than ninety (90%) percent of all countries, although the laws vary greatly. For example, in the USA the vast majority of individual states have minimum – wage legislation in addition to a set federal minimum wage. In the European Union (EU), most Member States have national minimum wages.

Minumum-wage and SMEs

Trade unions' ability to secure higher wages for workers in SMEs depends not upon workplace organisation, but upon well-functioning industrial relations institutions. That is, if workers in SMEs earn less than employees in larger companies, this is due not to the size of the company, but to the absence of a comprehensive collective bargaining system that encompasses SMEs (Andersson, Thornqvist, 2007).

A small firm in a low-wage region might, for example, respond to an increase in the minimum wage by having the owner pick up more hours himself/herself and cut back on an employee's overtime hours. A large firm might likewise try to squeeze more work out of its salaried managers and hire more part-time workers, to avoid benefits obligations.

The social importance of minimum wage derives from the need to ensure social safety for employed people and their dependents. Many companies have recently shifted to a fluctuating wage rate based upon productivity, but in no event shall the amount paid be lesser than minimum wage.

In free market economies, wage rates are determined through supply and demand forces. However, political and social factors often influence their direction.

Many governments have enacted minimum wage laws to create a wage rate floor. Furthermore, policies towards minimum wages have implications at different levels, such as economic level, but especially at the social level.

The minimum wage attempts to protect employees from exploitation, allowing them to afford the basic necessities of life. Social safety includes clothes, food and accommodation, which are basic needs of every person. In addition, social safety depends on the average level of economic development in various countries. Therefore, the minimum wage rate fluctuates between different countries.

It is understandable why big companies pay better – as a rule (<http://www.mywage.org/ireland/home/salary/gender-pay-gap-in-ireland/gender-pay-gap-faqs>, February 2016). That certainly applies to multinationals. But this rule does not automatically apply to big organizations such as government agencies, schools, retailers, or hospitals. Big they may be, but their pay levels are not up to a par with the commercial sectors. On the other hand, they usually offer more flexible regulations for combining working and family life. This fact accounts for the fact that relatively more women are employed in the latter sectors (for example retailers, schools and hospitals) than men are.

In smaller companies, usually average wages are lower. This lower level, however, is to a certain extent compensated for by the relative proximity of the workplace, thus avoiding long commuting hours, which is convenient for family life. These aspects combined may contribute to the statistical fact that on average women work for less pay than men. Making a career for oneself is easier in big companies, and is paid better, but comes with a price in terms of family life.

The open question is how will the Government's implementation of a minimum wage act augur for the businesses of SMEs? SMEs may initially face an overall increase in the cost of doing business due to higher wage costs and competition for manpower from the larger firms. The increase in pay could be mitigated when it is accompanied by higher labour productivity, multi – tasking and multi – skilling as well as greater stability in the workforce. The

transformation, however, could take time. The impact on SMEs could also be mitigated by ensuring that geographical, rural – urban and sector differences are considered in implementing the minimum wage.

Pro et Contra a minimum-wage

The arguments *pro* strongly support the minimum wage explaining that it is important because it raises wages and reduces poverty. Proponents assert that it is needed to protect workers from exploitative employment practices.

Supporters of minimum-wage laws (Aline, 2015, Thorsten, 2012) maintain that they enhance the work ethic and reduce the gender gap in earnings. In the European Union (EU), in average terms, around 16% less salaries for the work of the same value is attributed to women in the EU countries, despite the Council Directive 75/117/EEC of 10 February 1975 on the approximation of the laws of the Member States relating to the application of the principle of equal pay for men and women, which supplements Article 141 of the Rome Treaty by requiring equal pay for “work to which equal value is attributed”.

Minimum wages increase the standard of living of workers and they decrease the cost of social welfare programs and protect workers against exploitation at the hands of their employers.

Contra arguments are spoken by opponents of the minimum wage, who claim that it is an unnecessary government intrusion into the relationship between employer and employee.

Opponents argue that minimum – wage laws hurt small businesses that are unable to absorb the costs of higher payrolls, increase unemployment by forcing employers to cut back on hiring, decrease education by encouraging citizens to enter the workforce, and result in outsourcing and inflation as businesses are forced to compensate for rising operation costs.

What are the negative impacts of having a minimum wage act on SMEs? The main negative impact on SMEs and also for the larger firms would be the wage increase, which would also lead to a wage spiral when employers would also have to push up wages at the higher levels. Any sudden and steep increase in wage costs would adversely affect the overall costs and competitiveness of the businesses. However, some findings in the USA (FMM’s Salary and Benefits survey, Marx, Marchal and Nolan, 2012) have shown that small companies had paid a higher increment to non-executive staff in 2010 and 2011 compared to medium and large companies, indicating that these companies are raising wages on their own initiative.

Nevertheless, small companies would require time to adjust to the minimum wage level, especially for firms which have a wide gap to cover from their current

level of wages. Therefore, it is recommended to the government that SMEs employers should be given a two-year grace period to adjust and reach the initial minimum wage level.

Are there any positive effects from having a minimum wage act for SMEs? Some argue that a minimum wage policy would actually compel SMEs to move up the value chain and become less labour-intensive.

The Minimum Wage Act in the USA and the corresponding higher wages could lead to a reduction in labour turnover rate among local workers and a reduction in the dependency on foreign labour. Higher labour costs would also drive industries to embark on greater automation and mechanisation to be less labour intensive. The greater use of technology could also lead to SMEs moving up the value chain.

SMEs could also counter the adverse cost effects of the sudden and steep increase in wage costs by increasing training to further improve skills and labour productivity, increase efficiency, reduce wastage and by adopting product market strategies to increase their competitiveness and revenue.

Trade unions role – Collective bargaining

The ongoing process of negotiation between representatives of workers and employers to establish the conditions of employment (Andersson, Thornqvist, 2007) – the collectively determined agreement may cover not only wages, but hiring practices, layoffs, promotions, job functions, working conditions and hours, worker discipline and termination, and benefit programs.

Collective bargaining existed before the end of the 18th century in Britain; its development occurred later on the European continent and in the USA, where Samuel Gompers developed its common use during his leadership of the American Federation of Labour. Collective agreements are probably less significant in developing countries that have large labour populations from which to draw.

The degree of centralization in the bargaining process and the functions performed by collective agreements vary. Contract negotiation (Torsten and Thorsten, 2015) may occur at the national, regional, or local level, depending on the structure of the industry within a country. National agreements, which are more common in smaller countries, usually settle general matters, leaving more detailed issues for local consideration. An agreement may, for example, set actual wage rates, or it might simply establish minimum wage rates.

Statutory minimum wages are not a substitute for wage bargaining. The main purpose of minimum wages is to set a floor for wages in the whole economy.

Unions can and whenever possible should increase the wages of the lowest paid above the minimum wage.

The fixing of minimum wages by a public authority, government or otherwise, after consultation with the social partners, is by far the method most frequently chosen. This means that in countries where there is a significant coverage of workers by collective agreements and there exists a strong union movement, statutory minimum wages are of secondary importance. But even in these countries, statutory minimum wages can give an orientation of how the low-wage sector should develop. They can add to the coherence of the wage bargaining process.

The luxurious situation as in some Scandinavian countries (Thornqvist, Woolfson, Fudge, 2014), where strong unions in all parts of the economy make a statutory minimum wage dispensable is unfortunately not the standard case. In many countries trade union movements are generally weak and/or do not cover all industries sufficiently. In all of these cases, statutory minimum wages are highly desirable and urgently needed to control wage dispersion.

Minimum-wage in Balkan countries – Fiction of social justice

Compared to the EU Member States, national minimum wages are much lower in average terms in the Balkan region. *Exempli causa*, Serbia has one of the lowest minimum wage in the region – around 1 Eur per working hour for the period of the first half of 2016, i.e. 175 Eur on a monthly basis. The consequence is real poverty and social exclusion of population – 9,2% – plus grave economic problems of internally displaced people and Roma population.

Behind Serbia are FYR of Macedonia – 131 Eur monthly minimum wage and Albania – 150 Eur. In Bosnia & Herzegovina, it is 191 Eur, in Montenegro 193 Eur, while in Croatia – 396 Eur and in Slovenia – 791 Eur. This comparison is made taking into account that it is the space of ex-Yugoslavia (SFRY), except Albania. On the contrary, in Bulgaria, EU Member State, the monthly minimum wage is only 184 Eur. In Germany, it is 1,473 Eur, Netherlands – 1,502 Eur, Luxembourg – 1,923 Eur.

Minimum wages are regulated by the Labour law regulations in all Balkan countries, which represent a general legal framework. However, socio – economic councils are authorized to conduct negotiations with the government on the minimum – wage concrete rates usually twice a year. The tripartite structure of socio-economic councils (representatives of employers, the government representatives and of the trade unions) is to ensure equal representation of different economic interests.

In a case of failure of negotiations (collective bargaining lasts usually 10 – 15 days), the government adopts the decision on the minimum wage rate for the period of six months of a current year. Government Decision is to be published in the Official Journal of the country. The case of Serbia – Labour Law of 2014 year regulates minimum wages in its Art. 111 – 113. Bad news, according to those regulations is: the employer is authorized by the Law to establish the minimum wage, but limited to six months maximum. After the expiration of 6 months, the employer has to inform concrete trade union about the reasons for the continuation of the minimum wage regime. Good news: in line with the Law (Art. 112), minimum wage rate cannot be lower than the rate of the previous year.

Minimum wage is submitted to taxes, which induces many critics to this practice.

Exempli causa, the minimum price of working hour is 8,5 Eur in Germany, while it is around 1 Eur in Serbia and other countries in the Balkan region. Furthermore, bad practice occurs – in many sectors not even the statutory minimum wage rate is implemented in Balkan countries. Trade unions perform continuing pressure for an increase of minimum wage rates, but without results, in the whole region.

Usual parameters of minimum wage set by the law (statutory minimum wage):

- social needs of employee and dependents calculated through the value of minimum consumer/food basket,
- employment rate on the market,
- GDP rate increase/decrease,
- consumer price rate,
- productivity level and
- average wage rate.

In Serbia, only 30 – 40% of employees earn above 350 – 400 Eur that is considered to be an average wage, which is alarming data for the standard of living. Labour expenses in overall business costs are around 33% in Serbia, which is significantly less than in developed countries such as Netherlands – 64%.

Therefore – syndrome of cheap and highly qualified labour force in the region also induces the fact that the majority of employees are living on the edge of real poverty. There are some proposals to raise the minimum wage rate up to 50% of average in order to reduce the phenomenon of poverty and social exclusion in the region. However, in Montenegro for example, the Labour law and collective agreements have established the minimum wage rate of 30% of the average wage at the national level. In Croatia, it is 38,1% of the average wage rate, but with the

proclaimed target of 60% in 2017, according to the new EU efforts to set up a coordinated minimum wage policy (without real outcome for now).

The problem in collective bargaining within tripartite socio-economic councils is that very often provisions of labour laws on establishing parameters of a minimum wage rate are not respected and properly implemented. Trade unions' requests for raising the minimum wage rate in line with achieved productivity and the level of GDP are usually rejected by the government and by employers' organizations in practice. Especially, the key parameter for a statutory minimum wage rate that is set by relevant laws, is not implemented in reality – social needs of employees and dependents calculated through the value of minimum consumer/food basket.

The minimum wage is often wrongly considered to be equal to the price for the most simple work (the lowest wage) and it is the excuse for employers not to implement the minimum wage rate. Evident problem is the lack of automatic establishment, by legislation, of a minimum wage rate in an adequate percentage in line with the average wage rate or according to the consumer / food basket prices. The current practice is to define the minimum wage rate twice a year through the mechanism of negotiations within tripartite socio-economic councils. This mechanism of decision making is not fruitful, due to the weakness of trade unions, so the government usually adopts the decision on the minimum wage rate without taking into account stands of trade unions.

EU approach to minimum wage – hidden optimal economic policy

Wages (and their distribution) are a key aspect of the Europe 2020 employment and social cohesion targets. The Europe 2020 Strategy did not contain explicit references to wage policies. The Treaty on the Functioning of the European Union (EU), the Lisbon Treaty of 2009, explicitly excludes wages from the set of fields in which the EU has the competences to intervene and explicitly recognizes the autonomy of the social partners in pay bargaining.

Therefore, the EU has no formal power of initiative in this area. Does the EU have a socially friendly face? It is still an open question without an answer (Gasmi, Zoric, 2015).

In the EU context of the trend towards reduced trade union membership and collective bargaining coverage in the majority of EU countries, trade unions have pushed for the introduction of statutory minimum wages as a way of influencing wage developments. The existence of statutory or national inter-sector minimum wages does not rule out the possibility of higher national minimum wages additionally being negotiated at branch/sector and enterprise

levels through collective agreement. Such sector minimum wages are sometimes significantly higher than the national minimum wages.

In this context, it is important to stress the alarming fact that women account for the majority of low-wage workers!

In terms of the amount of the minimum wage, EU Member countries can be classified into three groups:

- The first group consists of 11 states with a minimum salary in the range of 100 to 400 Eur (in this group of countries the lowest minimum wage is in Bulgaria – 184 Eur).
- In the second group, with minimum wages of between 400 and 1,000 Eur are Portugal, Malta, Slovenia, Spain and Greece. Portugal with 566 Eur is the end of the line, while Slovenia and Spain have the amount of the minimum wage of 750 – up to 790 Eur.
- In the third group, with earnings higher than 1,000 Eur there are 6 countries – Britain, France, Belgium, the Netherlands, Ireland and Luxembourg, where the minimum wage is not lower than 1,100 Eur, like Britain, where workers are guaranteed 1,139 Eur. In this group of countries, the highest minimum wage is in Luxembourg – 1,758 – 1,923 Eur. All figures relate to gross amounts before taxes and contributions for health and pension insurance.

For the sake of comparison, in the USA the minimum wage was 1,035 Eur in January 2015.

Large differences in the minimum wages between the European East, South and West are somewhat less if the amount of the minimum wage is to be expressed in purchasing power parity.

The EU Commission's recommendations resulting from the new European Semester of economic policy coordination (introduced in 2011) stress the need for:

- corrections to ensure that wages support competitiveness and develop in line with productivity growth;
- review of wage setting systems in consultation with social partners; and
- reform the wage-indexation system.

The EU new system of economic governance leads towards enhanced economic policy co-ordination, but have been paralleled by a change in attitude towards collective bargaining. Namely, autonomous collective bargaining has, in a number of EU countries, *de facto* been undermined by direct intervention at a political level by the EU into national bargaining arrangements. Trade unions in the EU Member States, therefore, call for the continued respect of free autonomous collective bargaining including on wages.

The differences in the nominal level of agreed nominal minimum wage rates are large, reflecting national prices differences and associates variations in living

standards, as are the differences between the Member States in the effective value of minimum wages measured in relation to the average national wage. The number of people covered by the minimum wage is relatively high.

The most important difference in the coverage of minimum wages is associated with the differences between statutory and collectively agreed models: in the latter the minimum applies only to workers covered by collective agreements (unless such agreements are made universally applicable). At the same time, in most cases, this coverage may be very high, or even universal as in Austria, where it is obligatory to be a member of an employer organisation. In other cases, the government has intervened to increase the level of protection by different means, including extending the collective agreement in situations where at least half of an industry is covered (Finland). However, in Belgium, the national minimum wage does not apply to workers who are normally engaged for periods of less than one month.

The majority of EU Member States (21 of 28) has national statutory minimum wages (especially more recently following the inclusion of the new Member States after EU enlargement which brought in countries of Central and Eastern Europe which had implemented statutory minimum wages since the 1990s).

In countries without a statutory national minimum wage, such as Cyprus, Germany (till 2015), Denmark, Finland, Sweden, Austria and Italy, different minimum wage levels apply in different sectors and/or occupations that do not necessarily cover the whole working population – calculation is based on the number of working hours. In Cyprus, for example, the statutory minimum wage only applies to specific sectors.

Consequence – young employees, employees with only short work experience and, to a lesser extent, low qualified workers, are less likely to be covered by minimum wage protection in countries without statutory minimum wages.

Wage floor	<u>7-8 euros per hour</u>	<u>2-7 euros per hour</u>	<u>Under 2 euros</u>
Member States	Luxembourg (11.10)	Slovenia (4.53)	Hungary (1.97)
	France (9.43)	Malta (4.06)	Slovakia (1.94)
	Belgium (9.10)	Spain (3.91)	Estonia (1.90)
	Netherlands (9.07)	Greece (3.25)	Latvia (1.71)
	Ireland (8.5)	Portugal (2.92)	Lithuania (1.76)
	UK (7.78)	Croatia (2.29)	Romania (1.06)
		Czech R. (2.01)	

Source: Thematic Paper: "Maximising the minimum: a review of minimum wage approaches and trends in European Member States", European Commission, 2014.

Eurostat data for countries with a statutory minimum wage has been combined with estimates for minimum wages in other countries (European Commission, 2014, Thematic Paper: „Maximising the minimum: a review of minimum wage approaches and trends in European Member States”, www.europa.eu.int). Overall, the trend has been for an increase in the relative value of minimum wages since 2000.

Future Research Directions – Relevant Recommendations

The increase of minimum wages brings bigger business costs. At the same time, high business costs are one of the most important causes of high unemployment. Therefore, it is important to research how the prudent wage policy will make balance in this context.

From a macroeconomic perspective, minimum wages should at least increase in line with the wage norm – that means according to the medium-term productivity development and the target inflation rate of the central bank. The rationale for this thesis is that the minimum wage becomes an important anchor against deflationary developments. This is a very important task that minimum wages should be assigned, especially in periods of economic crisis and weak union power. If minimum wages are substantially below the lowest wages actually paid to a relevant group of workers they are meaningless. It is difficult to designate a certain percentage of workers who should be directly affected by minimum wages. But an approximation of five to ten percent may serve as an orientation.

The stronger trade unions are in negotiating sufficiently high wages for the lowest paid, the lower the need for a large share of workers to be affected by statutory minimum wages.

The International Labour Organization has not defined a specific rate (either in absolute terms or in relation to the average or median wage) that countries should follow.

However, what is being recommended is that the minimum wage is set at a “decent” level.

In Convention 131 from 1970 the ILO (1970) writes: “The elements to be taken into consideration in determining the level of minimum wages shall, so far as possible and appropriate in relation to national practice and conditions, include:

- (a) the needs of workers and their families, taking into account the general level of wages in the country, the cost of living, social security benefits, and the relative living standards of other social groups;
- (b) economic factors, including the requirements of economic development, levels of productivity and the desirability of attaining and maintaining a high level of employment.”

This term is very vague. In many countries, the amount of the minimum wage to average wage is set in practice at around 40 %. But in the end, the relation of minimum wages to the general wage level involves value judgments which must be politically decided upon in each country.

In most cases, employers' associations build a coalition with the government and decide about the minimum wages against the demands of unions. The relevant example as a solution: the UK fits in the category of countries with tripartite institutions. A recommendation is made to the Low Pay Commission consisting of members coming from the unions, employers' associations and academics. Politically, it is difficult, but possible, to reject the proposal by the Low Pay Commission. A tripartite body which includes independent members of academia instead of the government is more recommendable than having the government as the third party. The Low Wage Commission writes an annual wage report. In this way, a lot of important information and research about wage dispersion and minimum wages is delivered to the public.

Minimum wages also always reflect the power of unions in any country, given so all countries in the world should use statutory minimum wages as an instrument to prevent wages falling to very low levels in some companies and industries in comparison to average or median wages. It is still a function of trade unions to negotiate higher wages in collective bargaining.

Impacts of minimum wage

Employment impact – From the perspective of neoclassical market-driven models, minimum wages are assumed to have a negative effect on employment for those with a productivity level below the minimum wage.

From a wage-efficiency model perspective, the productivity of workers will be positively affected by an increase in minimum wages, which could also lead to more employment.

Economic impact – Wages and economic competitiveness have received particularly close attention since the global economic crisis, and it is clear that there is a general concern in the EU emerging from the Country Specific Recommendations in the European Semester that if wages increase without any rise in productivity, companies based in the EU will be put at a disadvantage compared to the EU's global competitors, especially those in labour-intensive industries.

Productivity impact – minimum wages can foster productivity and efficiency. As well as increasing the incentive to work and the motivation of employees, they can reduce staff turnover.

II – CASE STUDY OF MINIMUM WAGES IN DENMARK

It is more and more difficult to talk about single individual countries in Europe. The challenges are far more complicated and demand cooperation and unity.

The European Welfare is under pressure. Trade union rights are weakened, new jobs occur which requires new answers from unions. Pension and salaries get lower.

Europe competes with the rest of the world. Growth and employment growth are faster elsewhere in the world.

Besides, there are the demographic challenges in Europe, with the recent dramatic migrant crisis. On 3rd December 2015, the Danes voted on whether to have closer ties with the European Union to continue a decade-old opt-out from home and justice affairs. The Danes rejected adopting EU rules on cross-border policing.

Now, at the beginning of 2016, Denmark risks losing access to Europol, Europe's crime and intelligence-sharing agency, a service frequently used by Denmark. And a service which is very important these days with the increasing terrorist threat. Despite all this, Denmark is deeply dependent on the European Union. Seventy (70) percent of the Danish export goes to the EU countries and 500,000 Danish jobs are directly dependent on the EU's internal market. Those facts are an important framework of functioning of the Danish labour market model and the Danish economic policy.

In Denmark, pay and working conditions are typically laid down by collective agreements concluded between trade unions and employers' organisations. This system of labour market regulation is referred to as the Danish Model. The Danish Model is characterised by the fact that the social partners determine the rules of the game on the labour market. The philosophy is that the social partners are in the best position to know the problems in the labour market. This means that they will also be the best at finding quick solutions and adapting to the current challenges of the labour market.

Strong labour market organisations with a high membership rate are a precondition for a system based on the social partners' self-regulation and this is also the case in Denmark. But they are only the best in an ideal world where some important assumptions are present. In addition, many of these assumptions are not present in Denmark.

- a) Strong labour market organisations with a high membership rate is a precondition for a system based on the social partners' self-regulation – If the social partners are going to make their own laws, they must represent most of the employees in the labour market. And like other European countries, it goes the opposite direction in Denmark. (2000 year – 95%, 2016 year – 65%)

- b) Democratic deficit – In a democratic country, all social partners should be a part of this system of labour market regulation. But in Denmark, it is only the old – mostly socialist unions, which can be a part of the system. Other unions, e.g. Krifa have 15-20% of the members in Unions and have no formal influence as a social partner.
- c) The Security part of flexicurity is more and more eroded. The period with unemployment funds has been shortened and it is more difficult now to qualify for unemployment funds.

Briefly to mention what *flexicurity* is (it is a Dutch invention).

By European standards, the agreements on the Danish labour market are highly flexible, for instance with regard to working hours, overtime, and hiring and firing of personnel. This also means that mobility is high within the Danish labour market. In return for their high level of flexibility, Danish employees are guaranteed a relatively comprehensive social security in times of unemployment, illness or occupational injury. Social security is guaranteed by law to all employees. The combination of high flexibility and comprehensive social security is why the Danish labour market is sometimes referred to as based on a “flexicurity model”.

- d) The Globalization challenges the Danish model – eg. the waves of immigrants and refugees, when new workers are willing to work on other pay and working conditions; when our budgets are tied to the demands of the EU, etc.

How can a Danish Model be able to compete in a globalized world?

- e) Press from the EU system – When EU makes a labour market directive: It is often implemented through collective agreements. The traditional social partners claim that this is enough to implement the directive at the Danish Labour market through collective agreements. However, 25% of the Danish employees are not covered by a collective agreement. During the recent years, it seems that the EU Commission has more focus on that problem.
- f) The biggest challenges for the Danish model are that the collective agreements do not cover everybody.

The main reason why there is no minimum wage in Denmark is this strong Danish Model tradition, which assumes that the social partners themselves determine the rules of the game on the labour market. The argument is that if you allow the politicians to determine in one area, e.g. to determine a minimum wage, then it will quickly be spread to other areas and then the Danish Model will be destroyed. The social partners are in the best position to define problems in the labour market and it will weaken the employees if the politicians take over the issue.

The problem is that the collective agreements do not cover the whole labour market in Denmark, so 25% of the employees on the private labour market are not covered by a collective agreement. It means that they, in reality, have no rights when it comes to salary, notice of termination, child's first sick day and pension. What the social partners agree about – only is an agreement for a part of the employees and the 25% of employees are not a part of these agreements.

When there are no law based minimum wages there is a risk for social dumping – where foreign workers are exploited as cheap labour. Today there are have 80,000 East European workers in Denmark and 22% of the employees in the agricultural sector (with very few collective agreements) are from East Europe. There are no rules for an acceptable salary in this sector, eg. it is very popular in Denmark to hire East Europeans as strawberry pickers. The concrete salary for strawberry pickers can be as low as €4 per hour. Since there is no law based minimum wage in Denmark, this salary is considered as being regular. A survey in Denmark shows that 51% of the Danes are of the opinion that the Parliament should decide minimum wages which cover the entire labour market in Denmark. Krifa's voice in this debate is that it recommends that the politicians, together with the social partners, introduce a minimum wage in Denmark. It could be a law based minimum wage. But it is also possible to transform a collective agreement into a part of Danish legislation, e.g. one can take the wage in a collective agreement and raise it to legislation. In Norway, they have done that in the constructing sector.

The next question is how high shall this minimum wage be? There are different answers in different countries. Is it possible that it can be too high? A case which can illustrate that is Ryan Air and their activities in Denmark.

Ryanair announced in March 2015 that they establish a base in Copenhagen. The airline industry's Staff Union in Denmark has an agreement with other airlines based in Denmark. The union asked for an agreement with Ryan Air. An agreement intended to ensure decent conditions for pilots and flight attendants on Ryanair bases in Denmark – including the minimum wages.

The arguments from the union were that Ryan Air's pilots and flight attendants are working under conditions that are unacceptable, so the Staff Union expects to come into conflict with the company if Ryan Air will not sign a collective agreement.

“We work directly with employees. We do not cooperate with trade unions,” David O'Brien said when he announced the Ryan Air Airline's Copenhagen plans in October 2015. Some unions put a case in the Danish Labour Court (Arbejdsretten) to determine whether Ryanair should operate under Irish or Danish rules when it begins flying out of its new Copenhagen base. The decision was that Ryan Air should follow Danish rules and this decision cleared the way

for a blockade. A blockade would mean that members of a lot of trade unions would be barred from doing work for Ryan Air, which would make it nearly impossible for the airline to handle baggage or receive fuel deliveries.

Before the blockade was a reality, Ryan Air had decided not to use Copenhagen or Billund as a base for their staff and flights. This was followed by a loss of Danish workplaces.

The discussions in Denmark have been if the claims from unions can be too high – especially if it brings the loss of work places?

The same discussion appears when it comes to the integration of all the refugees one can see in Europe these days. Having a job will make it easier their integration into new societies. Employed refugees will contribute to the social security system and their increased spending on consumer goods will be beneficial to the economy as a whole. Over time, this can help European countries to address demographic decline, ageing populations and so on.

The fact is that many employers will not pay the collective agreement salary for these people. And if they have to do so, they will not hire them.

To solve this problem, the government in Denmark proposed to introduce a scheme of ‘phased-in wages’ (*indslusningsløn*) for refugees, designed to facilitate their entry into the Danish labour market. According to the government, a wage below the sector minimum wages would make it more attractive for employers to hire refugees.

The traditional trade unions in Denmark immediately rejected this idea and argued that it would spoil the Danish Labour Market Model. A phased-in wage will displace others on the labour market and contribute to economic inequality, they argue from trade unions.

It is difficult to find the right answers to these challenges. However, trade unions should have the courage to discuss an alternative way to solve the problems and also to discuss if the salaries can be too high.

Perspective – Issues which are getting bigger and bigger importance, namely new ways of working, so discussion over those issues will overtake the discussion about the minimum wage. In Denmark, we see it with „Uber“. This American transportation network company operates through the Uber mobile app, which allows consumers with smartphones to submit a trip request, which is then routed to Uber drivers who use their own cars or taxis.

There is also an “Air-bub”, which is a marketplace for people to discover, and book accommodations around the world — online or from a mobile phone or tablet.

The challenge is that it creates the new ways of working, with less security and safety for the employees and raise the question of status – you are an employee

or you are self – employed. It challenges the discussion about the minimum wage. In this new way of working, one cannot talk about a minimum wage. The wage is what the customer will pay. If the price is too high, there will be no customers.

Relevant Assessment

It is important that the trade unions work positive and constructively to solve the problems we deal with. Traditionally, trade unions have been known as being the opposition to everything and every development. The discussion about “Uber” indicates this notion. Danish Trade unions try to do whatever they can to get them out of the country. However, one cannot stop this development. It is the inevitable future. It is recommendable to establish a kind of collective agreements for this sector or to develop products which can make working conditions better for the people who work in that sector.

When it comes to the question about the minimum wage in Denmark and the position of the unions and the question about the advantage/disadvantage of a minimum-wage by law, the conclusion is quite evident. A labour market without a law- based minimum wages can be good, but it requires one very important condition, namely that everybody on the labour market is covered by a collective agreement. If that is not the case, it is necessary to have a law-based minimum wage, if the desired target is to establish functioning decent working conditions for everyone. Therefore, the Danish Labour Market model has to modernize itself and consider what is best for the employees, instead of what is best for this model to survive.

CONCLUDING REMARKS

It is necessary to set the minimum wage to provide a minimum acceptable standard of living for low-paid workers, but simultaneously ensure that its “bite” is limited, that it does not cut too deeply into the wage distribution.

It is needed to allow for labor market conditions, i.e. do not increase the minimum wage when unemployment is high or rising and is concentrated among low-skilled workers.

It is important to implement a youth sub-minimum wage, especially if youth unemployment is high. Roughly, the youth sub-minimum should account for about 75 percent of the adult minimum wage. Further differentiation may be considered, e.g. a lower minimum wage for teenagers and higher for young adults.

Besides, it is significant to consider regional differentiation in the minimum wage if labor market conditions and productivity vary substantially across regions.

In economically depressed regions with high unemployment, the regional minimum wage should be lower than in regions with more prosperous labor markets.

It is recommendable not to extend sector collective agreements regarding minimum wages to non-participating employers, and to provide an “opt out” option for employers –especially small ones, i.e. small and medium enterprises, for whom it is too costly to comply with sector agreements. Such employers from small and medium enterprises should be bound only by the national minimum wage.

Conclusion stems that performing periodical minimum wage adjustments to allow for the price or wage growth is necessary. At the same time, it should be taken into account changes in labor market conditions. To balance these two considerations, it is important not to get locked into a rigid formula for regular adjustments of the minimum wage. For example, the balance can be struck by linking minimum wages to the average wage increase, but subject to the inactivity rate remaining below a specified level (as it is the case in the Netherlands).

Therefore, either it is useful to collect data on the wage distribution or by means of an employer or by means of the household-based survey and to analyze the wage distribution before increasing the minimum wage, focusing on factors that will determine the impact. The two most important are:

- a. The ratio of the new minimum wage to the average (preferably median) wage for vulnerable worker groups (e.g. youth, low-skilled workers) and across regions.
- b. The proportion of workers to be affected by the increase, i.e. the proportion of workers whose wages are between the current and the new level of the minimum wage (by worker group and region).

Political and trade union claims for more extensive rights to worker involvement have traditionally been supported by the democratic argument that the principles of civil democracy should be transposed within firms in order for workers to become citizens in the workplace by participating in decisions that will affect them. The legitimacy and importance of such claims are in fact also supported by economic arguments, as a growing body of evidence demonstrates that advanced schemes of worker information, consultation and representation in corporate governance bodies contribute positively to economic and social performance. The ‘European Participation Index’ developed by Vitols demonstrates that European countries with high standards of worker involvement (i.e. widespread rights and practices of board representation, workplace representation and collective bargaining) perform significantly better than countries with comparatively low standards on seven major indicators of the EU ‘smart, sustainable and inclusive growth’ strategy, including their employment rate (broken down by age and gender), expenditure on R&D, and the risk among the population of poverty or exclusion. In the current turbulent

times, the fostering of greater information, consultation and representation of workers in corporate governance could, therefore, be an important means to enable companies to survive and thrive (Conchon, 2015).

It is important to set the minimum wage at a lower level and to enforce it effectively. This is a more efficient and equitable approach than setting the minimum wage at a higher level but with weak or selective enforcement.

Seen from a standpoint of an optimal economic policy, there appear to be limits to what minimum wage policies alone can achieve in the fight against in-work poverty. The route of raising minimum wages to eliminate poverty among workers solely reliant on it seems to be inherently constrained, especially in countries where the distance between minimum and average wage levels is already comparatively small and where relative poverty thresholds are mostly a function of the dual-earner living standards. In order to fight in-work poverty new policy routes need to be explored (Marx, Marchal and Nolan, 2012).

Ultimately, setting the minimum wage is a balancing act, when benefits accruing to those who enjoy a wage hike need to be weighed against potential losses suffered by those who lost their job or cannot find one.

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**UPOREDNA ANALIZA MINIMALNE ZARADE
U ZEMLJAMA ZAPADNOG BALKANA I U EVROPSKOJ UNIJI
– STUDIJA SLUČAJA MINIMALNE ZARADE U DANSKOJ –**

Apstrakt: Studija se bavi pitanjem optimizacije plata u malim i srednjim preduzećima kao instrumentom za optimalnu ekonomsku politiku i za dobro korporativno upravljanje. Osnovna ideja optimizacije plata u različitim ekonomskim uslovima je, između ostalog, uvođenje zakonom garantovane minimalne zarade, kako bi se obezbedila optimalna ekonomska politika, socijalna pravda i dobro korporativno upravljanje. Zakonom ustanovljene minimalne plate sada postoje u više od devedeset (90%) posto svih zemalja, iako se zakoni razlikuju u velikoj meri. U Evropskoj uniji (EU) većina država članica ima definisane minimalne plate na nacionalnom nivou. Društveni značaj minimumalne plate proističe iz potrebe da se osigura socijalna sigurnost za zaposlene i njihove porodice. Mnoge kompanije su se nedavno orijentisale na utvrđivanje plata u skladu sa stopom fluktuacije bazirane na produktivnosti, ali ni u kom slučaju uplaćeni iznos neće biti manji od minimalne zarade. Efekti minimalne zarade su sledeći: uticaj na zapošljavanje, ekonomski uticaj i uticaj na produktivnost. Završne napomene naglašavaju da je neophodno uspostaviti minimalnu zaradu tako da se obezbedi minimalno prihvatljiv životni standard za slabo plaćene radnike. Preporučljivo je da se ne šire granski kolektivni ugovori u vezi sa minimalnim platama na poslodavce koji u njima ne učestvuju, kao i da se pruži mogućnost “isključivanja” za poslodavce – naročito u malim i srednjim preduzećima, za koje je preskupo da se usklađuju sa sektorskim sporazumima. Takvi poslodavci iz malih i srednjih preduzeća treba da budu obavezani samo minimalnim zaradama, koje su utvrđene na nacionalnom nivou.

Ključne reči: minimalna plata, EU, Zapadni Balkan, mala i srednja preduzeća, ekonomski uticaj, uticaj na zapošljavanje, uticaj na produktivnost.

Received: 4.7.2016

Revised: 21.7.2016

Accepted: 8.8.2016

INTERNATIONAL RELATIONS

UDC 341.232(84)(893)

339.924(8)

Biblid 0543-3657, 67 (2016)

Vol. LXVII, No. 1162-1163, pp. 40–56

Original Scientific Paper

BOLIVIA AND PARAGUAY: THE INTEGRATION OF SOUTH AMERICAN COUNTRIES AS AN OBSTACLE TO CONFLICT

Ivan DUJIĆ¹

Abstract: What can be said about Bolivia and Paraguay, the countries that are characterised by fragile democracy, high poverty rate, socio-economic and gender inequality, and the lack of the appropriate way to settle the inter-state disputes? Drawing on these characteristics, this paper aims to indicate that Bolivia and Paraguay, as the only two land-locked countries of South America, are able to find a way to cope with fragile democracy, poverty, socio-economic and gender inequality, and build a long-term peace based on mutual co-operation. Thanks to this ability, Bolivia and Paraguay are involved in the intricate process of regional integration. In this regard, they are responsible for preserving peace in South America through the resolution of internal issues. Instead of being prone to inter-state conflicts, both countries are determined to resist the geopolitical transition of the global power that ranges from co-operation to conflict, working on the decision-making process in regional international organisations of South America.

Keywords: Bolivia, Paraguay, South America, internal issues, co-operation, peace, regional integration process.

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This paper was created within the project “Serbia in contemporary international relations: Strategic directions of development and firming the position of Serbia in international integrative processes – foreign affairs, international economic, legal and security aspects”, Ministry of Education and Science of the Republic of Serbia, number 179029, for the period 2011-2016.

INTRODUCTION

Since the emergence of civilisations and states, the question has been raised as to whether a state can avoid potential or actual conflict with other states. By analysing a long period of time – as from the 16th century, when globalisation has started as a controversial and intricate process, to the present day, when intricate integration within and between states is underway – one may notice that the Latin American countries, within the Western Hemisphere, tend to avoid potential or actual inter-state conflicts. A gradual and vigorous process of achieving independence of most of the Latin American countries during the first quarter of the 19th century represented at the same time their involvement in globalisation.

An active role of Latin American countries in globalisation means that the issues of conflicts and co-operation will define not only the status of coastal countries, but also of land-locked countries. Assuming that conflict provides a basis for future co-operation between the states, the question is raised as to what to do when such co-operation is likely to weaken. This issue is topical due to the fact that, in spite of its disadvantages, integration among states can prevent the eruption of new conflicts.

Bearing in mind that Latin American countries are interconnected in the implementation of the intricate process of sub-regional integration, the selected literature indicates that the only two land-locked countries in Latin America successfully cope with a lack of access to the high seas. These are Bolivia and Paraguay, which belong to the South American countries.² From the historical point of view, Bolivia lost access to the high seas following its defeat in the War of the Pacific (1879-1883), (East, 1960, p. 15).

Unlike Bolivia, ever since its inception, Paraguay has faced the fact that it will be left without an access to the sea. Positioned as a buffer state between neighbouring Argentina and Brazil, Paraguay shows the symptoms of overall backwardness. Many scholars, including Hausmann (2001, p. 46), point up the fact that land-locked countries are characterised by a lower economic growth rate, and that their population is poorer.

² The states of South America comprise the states of the Andean Region, including Bolivia, and the states of the Southern Cone, including Paraguay. Whereas the states of the Andean Region are integrated into the Andean Community of Nations (Comunidad Andina de Naciones – CAN), most of the states of the Southern Cone comprise member states of the Common Market of the South (Mercado Común del Sur – MERCOSUR). These actors of international relations are operating both as trading blocs and international organisations. In addition to the fact that they are land-locked states, the common feature of Bolivia and Paraguay is that they are the member states of the Union of South American Nations (Unión de Naciones Suramericanas – UNASUR), which also operates as an international organisation.

When it comes to Bolivia, poverty in this state, in terms of a modest gross national income per capita, stems from its isolation related to international maritime trade. The question as to how Bolivia still survives in globalisation and the processes of regional integration of South American countries is, at the same time, the question as to how a land-locked state can preserve its territorial integrity, in particular if categorised as a weak state. The literature regarding this question proceeds from the assumption that weak states, whether coastal or land-locked, can be a subject of territorial division or annexation by a strong state, as indicated by Spykman (1938, p. 215).

How do Bolivia and Paraguay contribute to the maintenance of a potential conflict situation among the states of South America? The answer to this question is based on the general hypothesis that regional integration processes of South American countries constitute a significant obstacle to the resolution of the violent inter-state conflicts. Efforts made by South American states, in particular Bolivia and Paraguay, to constantly deal with the resolution of internal issues allows this part of Latin America to refrain from the settlement of disputes by force.

The theoretical framework for the general hypothesis is produced by Grabendorff (1982, p. 279) who claims that '[...] a significant result of the integration movement [...] was a greater intraregional interaction that to a large extent went hand-in-hand with the physical integration of the continent'. Despite a possible tendency of South American states to create a conflict-prone region, Bolivia and Paraguay are a blatant example of state efforts to gradually turn inter-state conflicts into co-operation. This means that both states endeavour to deepen and foster their co-operation.

The general hypothesis of this paper relies on two specific hypotheses. The first one emanates from the fact that the regional integration processes result from the tendency of the South American countries to avoid mutual conflicts and encourage a long-term co-operation. The literature suggests that the processes of the regional integration of South American countries are reflecting constant efforts to give priority to the co-operation between the states. The theoretical framework for the first specific hypothesis gets a foothold in the rationale that trade ties, being the cornerstone of inter-state co-operation, imply net positive benefits for the states as actors of international relations (Barbieri, 1996, p. 31).

The first specific hypothesis that countries avoid mutual conflicts in favour of the regional integration process is founded on the fact that these actors of international relations can implement joint decisions thanks to their participation in international organisations that act as complex institutions. As Grieco (1988, p. 486) notes, '[...] states nevertheless can work together and can do so especially with the assistance of international institutions'. States' endeavour to co-operate mutually forms the core of the liberal theory of international relations.

The result of states' participation in international organisations can be seen in their endeavours to co-operate with the aim of avoiding '[...] an internal military conflict, which threaten(s) to escalate into an inter-state military dispute [...]' (Bearce, 2003, p. 365). Co-operation between South American states over a longer period of time made it impossible for the internal military conflict to develop into an inter-state military dispute; as opposed to this, it allowed for the regional integration process and '[...] the (successful) development of a permanent diplomatic solution to their border dispute' (Pion-Berlin and Trinkunas, 2007, p. 84). Bolivia and Paraguay are thus involved in the intricate regional integration processes due to their long-term co-operation.

The other specific hypothesis is based on the growing interdependence of the South American countries. The theoretical framework for this hypothesis is also based on the liberal theory of international relations, which puts the emphasis on the states' international commitment that '[...] in turn, facilitate(s) international cooperation' (Höpner and Schäfer, 2012, p. 434). One can notice that the interdependence of the actors of international relations is a result of international co-operation, which is evidenced by the fact that '[...] the political discourse (that) emphasized the interdependencies of security, environmental, and economic issues' has been created after the Cold War (Smith, 2004, p. 265).

The interdependence between states, in particular South American states, implies that lots of issues, including security, environmental, and economic ones, are being addressed at a regional level thanks to the multilevel co-operation. The extent of interplay between the states of this part of Latin America is illustrated by their multilevel co-operation, which, among other things, includes the activities in favour of optimal utilisation of human and natural resources. The co-operation between South American countries with respect to the utilisation of resources contributes to Bolivia's and Paraguay's, especially the former's focus on the resolution of internal issues for the sake of stability in the region.

Many studies indicate that South America, as a separate region, is a stable area, characterised by the absence of inter-state conflicts. Miller (2009, p. 111) notes that the region of South America during the 19th century evolved towards normal peace. This means that most of the inter-state conflicts within South America took place in the 19th century, partly as a result of unsettled territorial disputes.

Owing to the ability to avoid inter-state conflicts, South American countries have committed themselves to the consolidation of their internal orders – through efforts to strengthen and give new meaning to democracy, establish pragmatic populism and improve social mobility. The example of Bolivia shows how this South American state at the start of the 21st century has harmonised democracy, social mobility and pragmatic populism for the benefit of '[...] the twenty-first-century socialism (which) has a strong moral and ethical component that promotes social well-being, fraternity, and social solidarity' (Ellner, 2012, p. 106).

Efforts made by South American countries to remain dedicated to the resolution of internal issues, is part of the process of regional integration. This paper analyses the importance of Bolivia and Paraguay in the context of strengthening co-operation between South American countries. The ability and readiness of these states to settle their disputes peacefully lessen the possibility of the eruption of new conflicts.

THE INTEGRATION OF SOUTH AMERICAN COUNTRIES: BOLIVIA'S AND PARAGUAY'S CASE AS AN EXAMPLE OF STRENGTHENING CO-OPERATION

Viewed as a whole, Bolivia and Paraguay 'stretch through a length of 1250 miles and a breadth of 1100 miles' (East, 1960, p. 14). By the middle of the 20th century, Bolivia and Paraguay, within their common space, did not have a developed transport infrastructure. From today's standpoint, the survival of a land-locked state, *inter alia*, depends on the developed transport infrastructure, which provides a fast movement of people and goods with the aim of mitigating the overall backwardness.

Essentially, the state's survival depends on the relations between central and local authorities, whereby a well-developed transport infrastructure plays an important role. This provides an opportunity for land-locked states to connect to the coastal states. In order to connect to a coastal state, so as to gain access to international maritime trade, a land-locked state will either enter into a bilateral agreement with a coastal state, or take part in establishing a regional international organisation, as a form of a long-lasting co-operation. Bolivia and Paraguay are referred to as UNASUR founding states – the regional international organisation integrating the states of South America.

In order to avoid or minimise the eruption of mutual conflicts, South American countries have interconnected not only by adopting and implementing joint decisions, but also by building the transport infrastructure. Instead of previous wars leading to conquest or cession of a part of the territory, South American countries nowadays tend to overcome their spatial limitations. The participation of these states in the Initiative for the Integration of the Regional Infrastructure of South America (Iniciativa para la Integración de la Infraestructura Regional Suramericana – IIRSA) is a valid proof that they are working on overcoming the spatial limitations.

However, as for the density of the road network of the South American countries, it is weak (Scholvin and Malamud, 2014, p. 17). The road network density, as well as more frequent circulation in the railway network inside and outside the state, allow the overcoming of the limited space and ensure the survival of states. In addition to these advantages, a regular operation of the transport infrastructure can facilitate the free movement of goods and people, which allows the central

authorities of a state to work with the central authorities of other states on avoiding conflict resolution through violence.

Owing to the ability to settle inter-state disputes by peaceful means, South American countries during the Cold War tried to expand the maritime boundary beyond 200 nautical miles (Hardy, 1975, p. 337). Taking into account the fact that most South American countries are the coastal ones, it is supposed that the regional integration process may contribute to the expansion of maritime boundaries of the UNASUR member states. This process makes the negotiating position easier, which is important for resolving any disputable issue, including the issue of maritime boundary expansion.

Whilst the coastal South American countries endeavour to make the most of the maritime boundary expansion for mutual co-operation, Bolivia and Paraguay see the regional integration process as a chance to deal with internal issues. The Bolivia's case shows that the resolution of internal issues, including the social ones. This has happened after Morales came to power, when historically marginalised social groups have been integrated into society. They are given the right to vote, which in particular refers to descendants of the Aymara tribe (Ellner, 2012, p. 107).

Instead of dealing with the resolution of territorial issues due to loss of the access to the sea and to international maritime trade, Bolivia is orientated towards social issues, which makes a contribution to directing its economic and politic power towards resolution of frequent internal issues being an obstacle to its development. Historical facts indicate that Bolivia, following the final defeat in the war against Paraguay, has not been dealing only with the resolution of internal issues, but also tends to use the regional integration process of the South American countries to combine Argentine's and Brazil's economic and political impact. The same applies to Paraguay as well, which, in addition to its participation in the regional integration process, has also worked on hydropower development and improvement.

Land-locked states can make part of the economic and political impact of a stronger state and can use this position in efforts to provide themselves with an access to international trade. Immediately before the war against Paraguay, Bolivia attempted '[...] to gain direct access to navigable water on the Paraguay river, and so to secure a less trammelled access to (the) River Plate and the Atlantic' (Schurz, 1929, p. 653). Irrespective of how much this attempt may be justified by the Bolivian efforts to compensate for the lost access to the sea, the experience of the state, which suffered severe defeats in several wars, shows that redirection of its economic and political power towards resolving of internal issues will take place.

Bolivia has attempted not only to compensate its lost access to the sea via the Paraguay river, but also to maintain for a long time the discourse on regaining its sovereignty over the parts of the territory which were annexed by Chile and Peru after the War of the Pacific. Such a discourse resulted from Bolivia's hope that it

would ensure again the access to the Pacific. The fact that Bolivia failed to re-define its foreign policy or to form a military alliance with Chile in order to win the war against Paraguay and avoid a possible new military defeat (Hughes, 2005, p. 434) illustrates the extent to which Bolivia was eager to return the parts of its territory with the access to the sea.

Since Bolivia did not win the war against Paraguay, its power is proportionally equal to the power of Paraguay. Considering a possible scenario of Paraguay going to war with any of the neighbouring states for committing lethal violence against it, Garnham (1976, p. 380) suggests that the only probable war is that of Paraguay against Bolivia. Any state can go to war against a neighbouring state provided that they have proportionally equal power, whereas, according to an ancient proverb, the weaker state cannot 'kick against the prick'.

The experience of the South American states which are orientated towards the peaceful settlement of disputes and committed to the regional integration process, favours a viewpoint according to which a war is regarded as an option for the settlement of disputes by force. This only works when relations between states become chillier. Although there are certain inter-state frictions, the need of the South American states for multilevel co-operation for the sake of further peaceful settlement of disputes, increases the chance for this part of Latin America to become a peace zone. On the other hand, an inter-state conflict, perceived by Garnham as lethal violence, cannot erupt without the state's decision to fully redefine its policy towards the disruption of co-operation with other states.

Presuming that the multilevel co-operation between South American states reduces the possibility of the outbreak of a mutual war, the question is raised as to whether the conflict between the states is a repetition of the past or it represents the need of a state to occasionally gain necessary human and natural resources by force. The results of a number of studies confirm that the states of Latin, and in particular of South America, avoid resolving the issue of further utilisation of human and natural resources by force. This is supported by the last year's meeting between the presidents of Bolivia and Paraguay, when a series of bilateral agreements on the utilisation of natural resources have been concluded, for the purpose of a long-term integration of human resources among South American countries.

To what extent decrease of the possibility for the eruption of new conflicts between South American countries is important for the intricate regional integration process, illustrates the fact that Bolivia and Paraguay signed a bilateral agreement on delivery of Bolivian liquefied natural gas, as one of the natural resources, to Paraguay. In addition to the conclusion of this important agreement, the above-mentioned meeting also included consideration of the issue of the feasibility of implementing the water way project ('la Hidrovía') on the Paraguay and the Paraná rivers, which means that water, as one of the natural resources, is becoming part of the vision of

long-term integration of human resources. Both presidents pointed up the importance of the integration process to both land-locked states, in particular due to motorway through the area of the Gran Chaco (Transchaco) connecting Asunción (the capital of Paraguay) to the town of Villa Montes in Bolivia (*El País*, 2015).

That co-operation, rather than conflict between Bolivia and Paraguay, is a key factor in the process of regional integration of South America countries, is shown by the fact that the space of this part of Latin America '[...]' requires the implementation of a system of intermodal transport [...].³ For South American countries, intermodal transport presumes co-operation of the states, leading not only to the regional integration process, but also to a merger of road and rail transport with river, maritime and air transport. In case of a land-locked country, the merger of road and railway transport with the river transport of international character increases the probability that this country will not be lagging behind the coastal countries on its participation in international trade.

Taking into account that the war between Bolivia and Paraguay was the last one for both land-locked states, Bolivia is using the regional integration processes to be an active actor in international trade. According to the data of the World Trade Organisation, Bolivia and Paraguay are ranked as developing countries, with real GDP per capita of 4,167 and 4,351 US dollars respectively (WTO, 2014, pp. 75-76). Both states are regarded as the states with a smaller share in international trade and a higher poverty rate in comparison with other UNASUR member states, which is not in line with the main objectives of this international organisation.

Moreover, due to the higher rate of poverty in Bolivia and Paraguay, and also to the impossibility to make human and natural resources available to the central and local governments of the UNASUR member states, South American countries are faced with the socioeconomic inequalities. As of signing the UNASUR Constitutive Treaty in 2008, one of the prerequisites for the operation of this international organisation is '[...]' eliminating socioeconomic inequality, in order to achieve social inclusion and participation of civil society [...]' (The Constitutive Treaty of the Union of South American Nations, Article 2).⁴ The intention of the South American countries to raise the resolution of socioeconomic inequality issue on a regional level indicates the fact that this is a priority issue in resolving internal issues of each UNASUR member state.

³ Naciones Unidas, Comisión Económica para América Latina y el Caribe (CEPAL) & Unión de Naciones Suramericanas (UNASUR), '[...]' requiere de la implementación de un sistema de transporte intermodal [...]. 'Diagnóstico de la infraestructura', p. 44 en *Infraestructura para la integración regional*.

⁴ Comunidad Andina de Naciones, '[...]' eliminar la desigualdad socioeconómica, lograr la inclusión social y la participación ciudadana [...]' en *Tratado Constitutivo de la Unión de Naciones Suramericanas*, Artículo 2.

Drawing on the fact that, besides socioeconomic inequalities, there is also gender inequality, South American states are showing various levels of tolerance towards gender relations. The example of women's economic, social and cultural rights regarding the prohibition of forced and compulsory labour, subject to the provisions of plurilateral and multilateral international agreements, may illustrate the point. Of all multilateral agreements regulating women's economic rights the International Covenant on Economic, Social and Cultural Rights holds the first position. In the context of provisions that ban discrimination against women, the agreement calls for,

'fair wages and equal remuneration for work of equal value without distinction of any kind, in particular women being guaranteed conditions of work not inferior to those enjoyed by men, with equal pay for equal work' (The International Covenant on Economic, Social and Cultural Rights, Article 7, par. a (i)).

In addition to the International Covenant on Economic, Social and Cultural Rights, for considering the socioeconomic status of women, it is necessary to take the International Covenant on Civil and Political Rights into account. A provision of this Agreement stipulating that, '[...]' no one shall be required to perform forced or compulsory labour [...]' has everything going for women (The International Covenant on Civil and Political Rights, Article 8, par. 3 (a)). This means that women's civil and political, as well as economic, social and cultural rights become the subject of internal issues of states, which is applicable to South American states in particular.

Immediately after the Cold War, the UNASUR member states, as independent states of South America, have worked together with other states of the Western Hemisphere on the improvement of women's overall status. This resulted in the Inter-American Convention on the Prevention, Punishment and Eradication of Violence against Women (The Convention Belém do Pará). The importance of gender equality, for the purpose of achieving socioeconomic equality in a state, is pointed up in Article 6, par. b of the Convention, according to which woman has the right '[...]' to be valued and educated free of stereotyped patterns of behaviour and social and cultural practices based on concepts of inferiority or subordination' (Inter-American Convention on the Prevention, Punishment, and Eradication of Violence against Women, Article 6, par. b).

A positive discourse on women's right to principally free choice of education means gender affirmation, the growth of labour and the higher probability of state's survival. Unlike richer states, Latin American states have shown that before the Cold War and after it the full affirmation of woman and gender equality was not possible, because no vigorous women's liberation movement existed. Besides, additional obstacles to the recognition and implementation of the right to education were '[...]' poverty, illiteracy, unemployment, extreme concentration of wealth, lack of civil liberties, and exploitation [...]' (Navarro, 1979, p. 114), including military

dictatorships. The full affirmation of woman and the gender equality are simply the result of following the example of the United States and the western part of Europe.

Although the period of military dictatorships meant the abrogation of civil liberties, Bolivia and Paraguay made great progress in women's education during the Cold War. Both states faced the problem of lowering the level of illiteracy and sex gap. In this regard, they have done a lot regarding primary and secondary female education, so as to provide women with an opportunity to get, as female labour, more profitable jobs (Sautu, 1980, pp. 155-156).

Free choice of education, as well as the free female education, can become a perennial problem for a state, unless women are included in a recruitment program for the overall labour. On the general assumption that women are part of skilled and/or unskilled labour, many states, which are classed as developing countries, are facing a delicate and growing problem of the lack of skilled labour. According to the traditional Heckscher-Ohlin-type trade theory, trade liberalisation will increase the employment of women in developing countries, irrespective of the fact that in most cases they are not skilled labour (Neumayer and De Soysa, 2007, p. 1513).

Education, as a basis for creating skilled labour is a challenge to the government of a developing country to act towards the improvement of its quality. With a view to retaining most of the students as a future labour force, home-country governments of developing countries will increase expenditure on education through quality assurance programmes. In their efforts to decrease the level of uncertainty with respect to the education quality, Latin American states, which are mostly classed as developing countries, have improved the quality of education (Docquier and Rapoport, 2012, p. 721).

As opposed to the assertions of Docquier and Rapoport that Latin American states have worked on the improvement of the quality of education, the case of Bolivia shows that education is not the only factor in creating skilled labour: one-fifth of its population works in neighbouring countries (Hausmann, 2001, p. 52). The lack of access to the sea is a serious problem for Bolivia, but also for Paraguay because of the denied direct access to international maritime trade and the loss of skilled labour. This, actually acute and perennial problem of Bolivia and Paraguay, can entail the issue of further survival of the states due to the weakening of their security and potential danger from conflicts with other states.

Many scholars point up the lack of strong democracy in Bolivia and Paraguay. The lack of strong democracy in literature is, certainly, viewed as a serious problem resulting in political instability, typical for the states of the Andean Region. Since Morales has come to power in 2006, the issue of survival of democracy in Bolivia depends also on the direct participation of citizens in the decision-making process, and not exclusively on freely-elected state representatives (Ellner, 2012, p. 101).

When considering the importance of the direct participation of citizens in the decision-making process, one must introduce a broader concept of democracy, which refers not only to the election of representatives of the state. Actually, it is assumed that the direct citizens' participation is the democracy, in the truest sense of the word. The Bolivia's case has shown that before Morales's coming to power no direct participation of citizens was possible. Establishing of democracy in Bolivia and other South American countries in the 1980s and 1990s meant the entrenchment of political interests in the constitutional reform process (Barczak, 2001, p. 41).

Are the constitutional reforms in line with democracy and economic reform plan in Bolivia? As one of the UNASUR member states, Bolivia does not act in the sphere of economic reforms, '[...] towards socialism but rather a pragmatic way for a centre-left government to better capture the capitalist surplus necessary for state spending' (Kennemore and Weeks, 2011, p. 271). Morales's efforts, as Prime Minister, to establish and make use of the full co-operation with foreign oil and gas companies, influence the yield of capitalist surplus, that can be controlled by Bolivia not only in support of democracy and implementation of economic reforms in the form of nationalisation of the economy, but also in support of efforts to increase public spending.

One can rightly assume that Bolivia, together with Argentina, Brazil, Ecuador, Paraguay and Venezuela, is using democracy and capitalist surplus to strengthen its role among South American countries. As further stated by Kennemore and Weeks (2011, pp. 271-272), the effect of strengthening Bolivia's role among the UNASUR member states is its co-operation at a regional level. This is evidenced by the establishment of the Bank of the South. The importance of individual and collective co-operation between the South American countries is apparent from decreasing the possibility of conflict eruption between the UNASUR member states.

Many scholars note that co-operation between South American countries after the Cold War is dependent not only on the level of development of democracy, but also on the vision that individual spaces encompassed by the UNASUR member states should be integrated. Nevertheless, the level of development of democracy cannot be neglected due to the fact that it has a positive influence on decreasing the possibility of conflict eruption between the UNASUR member states, on the one hand, and Latin American states, on the other hand. Studying and monitoring the development of democracy in Latin American countries inevitably leads to realising that the concept of democracy includes economic or social dimension (Fitzgibbon, 1956, p. 608).

Understanding of democracy as an economic or social phenomenon implies that owing to democracy, economic or social disputes within a state are settled in a peaceful manner. In this way, the state directs narrow political interests of the central

and local authorities towards co-operation with other states for the sake of the process of sub-regional integration. In case of Latin American states, the process of sub-regional integration is possible thanks to the ability of these states not to allow completely undermining of democracy.

From a historical perspective, democracy is part of the long-term process of integration within a state. Economic or social disputes prevent the tendency towards undermining democracy, which results in declined or stalled social mobility. All this have a negative impact on the process of sub-regional integration of Latin American countries. In addition to the tendency to undermine democracy, the additional negative factors in the process are military dictatorships and inter-state wars, as an outcome of narrow political interests of the central and local state authorities.

If a war between the South American countries, including the war between Bolivia and Paraguay, is regarded as a war which was fought for the reason of state (*raison d'État*), narrow political interests can undermine the regional integration process. Experience has shown that, from the achievement of independence until the end of the Cold War and South American military dictatorships, the processes of regional integration must have been imposed as a serious obstacle to the narrow political interests of individual states. Bolivia is an example as to how narrow political interests must not prevail, which otherwise lead to the stagnation and, eventually, decline of the regional integration process.

An argument that the reason of state disappears in the process of regional integration cannot be accepted, because the state still keeps up efforts to define and preserve it in this process. The example of Paraguay, which, as one of the MERCOSUR member states, had to protect its national interests during devaluation of the Brazilian currency in the 1990s, is taken as a proof that the reason of state also exists in the process of regional integration (Carranza, 2003, p. 75). The protection of national interests of a state in the regional integration process allows for the achievement and maintenance of balance with the national interests of other states in the same region.

An important prerequisite for the founding of not only MERCOSUR, but also the CAN and UNASUR, is the achievement of stability in sub-regional states and the wider region (Manzetti, 1993, p. 110). From the viewpoint of the reason of state, the achievement of stability gives a broader sense to the process of sub-regional integration – urging that narrow political interests of the central and local authorities of the state should not be only limited to its national interests, but also harmonised with the interests of other states. This means that the reason of state becomes the subject matter of harmonisation of common interests of two or more states, which participate in the common decision-making process.

The question as to whether the national interest of states, in particular of those which are land-locked, can contribute to the maintenance and development of

international trade can be considered in the context of their geographical features. The answer to this question is based on the presumption that the states, on the basis of their geographical features, take part in international trade. This implies the size of a state, distance between states, border division, and whether the countries have access to the sea or not (Frankel and Romer, 1999, p. 380).

Geographical features determine the place and role of a state in international trade, and participation of the state in globalisation is dependent thereon. By studying whether and to which extent a state takes part in globalisation through international trade, especially if it is land-locked and classified as a low-income country (Morrissey and Filatotchev, 2000, p. 7) point up the inefficiency in transport infrastructure. In their efforts to become a part of globalisation, land-locked states should rehabilitate and adjust their transport infrastructure so as to facilitate their participation in international trade.

Since they are involved in international trade and the process of sub-regional integration of Latin American countries, Bolivia and Paraguay have more reasons to co-operate, rather than enter the conflicts again. Relations between Latin American states after the Cold War are characterised by a high level of interdependency, on the one hand, and a tendency to resolve their internal issues by themselves, on the other hand. The endeavour to enrich the process of sub-regional integration by interconnecting into 'Global Information Infrastructure' carries additional weight in the relations between Latin American states (Main, 2001, pp. 85-86).

How much the involvement in the global information infrastructure is important to the land-locked states is apparent from their tendency to overcome their backwardness and decrease the poverty rate. Moreover, for these countries, it is also important to develop and maintain intermodal traffic, cultivate good relations with coastal states and take part in the decision-making process in international organisations. All these aspects of the involvement of land-locked states in international relations are important in the context of the tendency to avoid the settlement of inter-state disputes by force. This particularly refers to Bolivia and Paraguay.

CONCLUSION

When discussing the real participation of land-locked states in international relations, one can notice that the status of Bolivia and Paraguay depends on their ability to resolve the internal issues and actively take part in the process of sub-regional integration. Although these states would be expected to be prone to conflicts – due to their endeavours to gain or re-gain access to the sea – they make every effort to interconnect, so as to become part of the intricate process of regional integration of South American countries. Peaceful resolution of the internal issues

and international disputes decreases the possibility of conflict eruption, thus positively influencing the relations between South American countries.

Since they belong to both Latin American states and the states of the Western Hemisphere, Bolivia and Paraguay are orientated towards realising a joint vision of the integrated space, encompassing the UNASUR member states. In order to integrate the individual spaces of South American countries, both states are acting towards fostering and development of democracy, the achievement of socioeconomic and gender equality, optimal utilisation of human and natural resources and the enhancement of mutual co-operation. In this regard, Bolivia is an example as to how a state, which used to be the coastal state, endeavours to remain part of the process of regional integration.

The ability to co-exist together with other South American countries – through the creation of international organisations and trading blocs and taking part in their activities – is an additional trump card to Bolivia and Paraguay to refrain from the settlement of disputes by force. Their readiness to take part in making and implementing joint decisions within CAN, MERCOSUR, and UNASUR make them successful in efforts to resist to the transition of geopolitical power, ranging from co-operation to conflict. The reality of contemporary international relations shows that the process of regional integration of South American countries is based on co-operation, rather than conflict, wherein Bolivia and Paraguay are playing crucial roles.

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Ivan DUJIĆ

**BOLIVIJA I PARAGVAJ:
INTEGRACIJA DRŽAVA JUŽNE AMERIKE
KAO PREPREKA SUKOBU**

Apstrakt: Boliviju i Paragvaj karakteriše slabo razvijena demokratija, visok stepen siromaštva, socijalnoekonomska i polna nejednakost, i nedostatak pravog načina za rešavanje međudržavnih sporova! Polazeći od ovih karakteristika, rad ima za cilj da pokaže da su Bolivija i Paragvaj, jedine dve države Južne Amerike bez izlaza na more, sposobne da pronađu način da se izbore sa slabom demokratijom, siromaštvom, socijalnoekonomskim i polnim nejednakostima, i da na bazi međusobne saradnje izgrade dugotrajan mir. Zahvaljujući upravo ovome Bolivija i Paragvaj uključene su u složen proces regionalnih integracija, i u tom smislu odgovorne su za održavanje mira u Južnoj Americi rešavanjem unutrašnjih pitanja. Umesto da se očekuje da su sklone međudržavnim sukobima, obe države odlučne su da se odupru geopolitičkoj tranziciji globalne moći, koja se kreće od saradnje ka sukobu, radeći na procesu odlučivanja unutar regionalnih međunarodnih organizacija Južne Amerike.

Ključne reči: Bolivija, Paragvaj, Južna Amerika, unutrašnja pitanja, saradnja, mir, proces regionalnih integracija.

Received: 16.5.2016.

Revised: 7.6.2016

Accepted: 21.6.2016

UDC 327(510:4-672EU)
Bibliid 0543-3657, 67 (2016)
Vol. LXVII, No. 1162-1163, pp. 57–69
Original Scientific Paper

BENEFITS AND LIMITATIONS OF “ONE BELT ONE ROAD STRATEGY” IN RELATIONS BETWEEN CHINA AND THE EUROPEAN UNION – SERBIAN PERSPECTIVE –

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Abstract: Based on the fact that none the economic nor the political strength of China can be ignored by any of the international relations actors, in the last decade, numerous agreements were signed between China and worldwide countries. The European Union, without any doubt, is among those who are not neglecting the strength of China and its influence. Although it is not fond of possible interfering of China within the European relations or even with the possibility that China will succeed in building better relations with (particularly) Western Balkans country, the European Union has limited ground for action. Due to a fact that the EU officials expressed their will to cooperate with China on the basis of the strategic partnership it is evident that the EU has to design such mechanism that will lead to efficient policy coordination of “One Road One Belt Strategy” since this strategy represents a solid base for better cooperation and further development of all partners. This article will examine the current situation and give foresight of possible policy coordination between China and the EU as viewed from Serbian perspective.

Key words: China, “One Belt One Road Strategy”, strategic partnership, policy coordination, institutional mechanisms, Serbia.

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This paper was created within the project “Serbia in contemporary international relations: Strategic directions of development and firming the position of Serbia in international integrative processes – foreign affairs, international economic, legal and security aspects”, Ministry of Education and Science of the Republic of Serbia, number 179029, for the period 2011-2015.

CHINA-EU RELATIONS – ORIGINS AND DEVELOPMENT: FROM DIPLOMATIC RELATIONS TO STRATEGIC PARTNERSHIP

Immediately after its proclamation, People's Republic of China has started to build its image of a friendly nation by setting up diplomatic relations with worldwide countries. Among those countries were also the member states of the then European Economic Community (Great Britain 1950, France 1964, the remaining four in 1975). With EEC, relations were established in 1975. In that year, the first Chinese ambassador was accredited to the EEC (EC, 2015). Very soon, in 1983 mission of Chinese ambassador was extended to European Steel and Coal Community (ECSC) and EURATOM.

That moment stands for cornerstone for developing relations and cooperation between China and then European Community. In the same year, the Commission and the Chinese authorities agreed to hold regular ministerial-level meetings to discuss all aspects of EEC-China relations (Babić, 2010). Moreover, ministerial-level consultations between the Chinese authorities and the Community in the context of political cooperation started in 1984. Contractual links in the shape of a trade agreement were established in April 1978 and then strengthened in 1985 with the signing of a Trade and Economic Cooperation Agreement (EEC, 1985). The agreement was initially concluded for five years and with the possibility to be automatically renewed on an annual basis.

This agreement, by its type, can be considered for “an open agreement which does not exclude any form of economic cooperation falling within the Communities sphere of competence. Sectors covered in the initial stage include industry, mining, agriculture, science and technology, energy, transport and communications, environmental protection and cooperation in other countries. Proposed cooperation activities include joint ventures, the exchange of economic information, contacts between business people, seminars, technical assistance and investment promotion” (EEC, 1985).

Along with Trade and Economic Cooperation Agreement, in order to make such agreement operative a specific body was founded- the Joint Committee. This Committee was entitled to meet once a year with a task to overview development of all aspects of economic relations and other relations that are envisaged in the framework of cooperation programme.

Finally, on October 5th, 1988, the Commission formally opened its office in Beijing. This act can be seen not solely as the readiness of the European Community to foster further economic development in China under its development programme or confirmation of its willingness to look at the possibility of increasing and diversifying such operations, but even more, as the intention to make the Joint Committee functional.

Ministerial-level consultations in the context of political cooperation in 1994 have been transformed into a political dialogue. In that course, since 1997 annual summits has been organized alternately in Brussels and Beijing.

In the forthcoming period of 1995 until nowadays, the EU has adopted acts on a phased strategy towards China. Among those acts, it is not easy to decide which was the most significant. With first one, 1995, “long term relationship” was introduced, in 1998 “a comprehensive partnership” was presented, then the time has come for “a maturing partnership” in 2003, to be followed by “a strategic and enduring relationship” in 2005 (Xiudian, 2006). At that point, a relation that had begun as purely diplomatic grew to the highest point, into a strategic partnership.

Considering decades of mutually satisfying cooperation, this outcome of a maturing partnership that incorporates “shared interests and challenges” could hardly surprise anyone. Each partner recognized long-term interests and decided to nourish them (Carter, Kontinakis and Guri, 2015).

At the same time, both partners are aware of their significant differences. In spite of globalization and its driven forces, China is persistent in maintaining the international system of the United Nations based on respect for territorial integrity and sovereignty while the EU does not hesitate to neglect those principles in favor of, often very controversial, protection of human rights. So far, EU politicians acted with wisdom in relations with China and put aside certain human rights issues.

Of course, within the EU borders, there are also those who strongly oppose the partnership with China. Their main argument is that China is not a strategic partner but a “strategic competitor”, which is the syntax of George W. Bush, for whom EU ties with China seems to be “naive and non-realistic” (Xiudian, 2006). It is very likely that George W. Bush did not get a completely wrong impression marking China as a competitor, but referring to China – EU relations as naive and non-realistic is problematic (Erixon, 2012). Position and importance that China has in contemporary international relations is such that bilateral agreements with this country ought to be considered only as an advantage (Godement Stanzel, 2015).

Nevertheless, China is important for the EU and its tendency is to develop cooperation both in the fields of economy, trade and politics. One of the signals of such tendency is the *EU-China 2020 Strategic Agenda for Cooperation* (EEAS EU, 2015).

That importance is based on several facts.

First, China approved to be the second largest economy and now also the world’s biggest trading nation. China’s growth in 2013 was 7.7 %, and that data gave an impetus to predictions that China may become the world’s biggest economy within the next 10 years, with an internal market of 1.39 billion potential consumers by the end of 2015 (EC, 2009).

Second, two decades ago, trade between China and the EU worth almost null, but today they are trading more than €1 billion every day and thus form the second-largest economic cooperation in the world (EC, 2009).

Third, “China has become one of the fastest growing markets for European exports. In 2013 EU exports to China increased by 2.9% to reach a record € 148.1 billion. EU exports have nearly doubled in the past five years, contributing to rebalancing the relationship” (EC, 2009). From the other hand, China is the EU’s biggest supplier, with € 279.9 billion worth of imported goods in 2013 (down by 4% or 11.7 billion compared to 2012). The result of this is a trade deficit of €131.8 billion with China in the same year, down by 10.7% compared to 2012, and down by 22.5% compared to the 2010 record of €170.1 billion (EC, 2009).

In the long term, China’s importance as a strategic market for the EU can only increase and therefore deepening of their cooperation is inevitable.

ONE BELT, ONE ROAD STRATEGY AND ITS IMPACT ON EU – CHINA RELATIONS

Whenever partnership involves strong, highly competitive partners, the dynamic evolution of their relations is inevitable. In the case of the partnership between China and the EU, each partner was aware of its advantages and disadvantages. That awareness has been materialized by introducing new policies and new documents aiming to improve not only the quality of their mutual relations but even internal trade, commerce and overall economic structure of each of them.

Since the relations between the EU, then EEC and China have been established, both entities have experienced big changes and transformations. All these changes affected the relations as well.

During the entire period of building and performing the cooperation, both China and the EU were highly interested in the developing of their mutual relations (Babić, 2010). In spite of globalized world and its, frequently not so favorable, driven forces, two of them succeed “to replace methods of geopolitics with methods of geoeconomics” (Babić, 2010). Each of them considers the other as one of the main economic partners. As we have seen before, for China, the EU stands for the biggest economic partner. For China, the EU market is the biggest export market and one of the biggest sources of foreign investments. Parallel with that, China is the fastest growing market for the EU.

As anticipated, at the same time their relations were marked with certain frictions. Main of them were in relation to high surplus in mutual trade, high competitiveness of Chinese products in the EU market as well to the Chinese quest for energy sources in those parts of the world that “Old Europe countries” traditionally considers as its own (for example, Middle East and Africa).

Nevertheless, both sides have created numerous mechanisms for solving issues that occurred.

The most of the issues have been overcome through dialogue that has never had effects on economic relations. It is interesting that the EU and China manage to avoid negative measures and methods such as sanctions, limitations, etc.

The “Silk Road Economic Belt” concept was initiated by Chinese President Xi Jinping during his visit to Kazakhstan. In a speech delivered at Nazarbayev University, President Xi suggested that China and Central Asia join hands to build a Silk Road Economic Belt to boost cooperation (Xinhuanet, 2015). That announcement of the One Belt, One Road Strategy was met with skepticism.

The One Belt, One Road Strategy represents the plan that consists of land and maritime routes that start in Central and Eastern China and end in Venice, passing through Asia, Africa and Europe and all the seas and an ocean along the way: outside of China the whole Silk Road spans three continents, Asia, Europe and Africa. Namely, the Economic Belt contains Central Asia, Southeast Asia, Russia, Europe (including the Baltic Sea), the Persian Gulf and the Mediterranean Sea, while the 21st century Maritime Silk Road embraces harbors along China’s coasts, the South China Sea, the Pacific Ocean, the Indian Ocean and Europe.

As financiers of this project, the new institutions were forth seen – the Asian Infrastructure Investment Bank and the Silk Road Fund, as well certain new mechanism that is still to be established. These mechanisms will be supervised by the Shanghai Cooperation Organization.

At the beginning, China will allocate for this purpose the initial capitalization of 50 billion dollars through the Asian Infrastructure Investment Bank with, as well as the Silk Road Fund – the new infrastructure and trade finance mechanism – with a capitalization of 40 billion dollars. For the Asian Infrastructure Investment Bank is expected to attract additional 50 billion dollars from private lenders. State Council will provide about 65 percent for the Silk Road Fund, while the rest of that i.e. 15 percent will come from the National Development Fund and two state banks – 15 percent from the Exim Bank, and 5 percent from the China Development Bank, with the possibility of its extension if necessary (Szcudlik-Tatar, 2015).

It is important to bear in mind that, when announcing the construction of the Silk Road, the Chinese president Xi Jinping pointed out five elements as goals or milestones that should be achieved in order to reach full co-operation between the countries participating in the project (Westad, 2012). The first element is the improvement of political communication that would harmonize development strategies in the common interest of all countries. The second represents the need to improve transport infrastructure that would help to facilitate the possibility of further economic development. The third element is the principles of free trade, which would lead to the elimination of trade barriers, reducing investment costs,

improving quality and accelerating economic trends on the potential market of nearly three billion people. The fourth is the introduction of local currencies as a convertible for the completion of transactions between members, while fifth represents an increase of people-to-people cultural integration through better integration of all involved in the process.

After this short but substantial overview of the Silk Road Strategy, it is time to refer to the EU's view towards this strategy.

As mentioned before, the EU has issued the strategic document on cooperation with China until 2020. In spite of that, from the standing point of a viewer, which in this particular case is Serbia, it seems that the implementation of the Silk Road or One Belt, One Road Strategy could affect relations between Europe and China.

First, it is important to underline that of vital importance for the successful implementation of the Silk Strategy in the area of the Central and Eastern European Countries is the fact that the Strategy has been launched during a period when Europe was coping (and still is) with a deep economic crisis. This is the only reason why loud voices against the Strategy failed. The fear of low life standard was bigger than the fear of the growing Chinese presence into its own courtyard. It seems that opposing opinions and SWAP analysis were crucial reasons for ceasing the hostile environment towards the cooperation of CEE countries with China.

However, this does not prevent officials from Brussels to look with skepticism and concern the Mechanism for cooperation between China and the CEE countries (China + 16), perceiving it as one more in a series of Chinese attempts to enter into the European Union through the back door and divide it to the East and West. Obviously, such standpoint justifies double standards inherent to the EU, bearing in mind that the most of the old member states have developed political and economic cooperation with Beijing for decades. Therefore, it is necessary to inject new life into the Asia-Europe Meeting (ASEM) platform, which has been operative since 1996 and can be used as an important platform for the new Silk Road, which will serve as a communication channel between China and the EU, and between China and CEE countries. For those who are not familiar with ASEM - "it is an informal process of dialogue and cooperation bringing together the 28 European Union member states, 2 other European countries, and the European Union with 21 Asian countries and the ASEAN Secretariat. The ASEM dialogue addresses political, economic and cultural issues, with the objective of strengthening the relationship between our two regions, in a spirit of mutual respect and equal partnership. The initial ASEM partnership in 1996 consisted of 15 EU member states and 7 ASEAN member states plus China, Japan, Korea and the European Commission" (ASEM Info Board, 2015).

This way will be a good choice to push forward the creation of the Silk Road because its implementation or realization represents a diverse and flexible platform

for communication. If one takes into account that the negotiations on the signing of a single bilateral agreement on investment have begun at the end of March 2014 instead of the previous 25 agreements between individual Member States and China (Croatia and Ireland do not have a bilateral agreement on investment with China, while Belgium and Luxembourg have single one), a more synergetic approach between the policies of the European Union and the Chinese initiative on building “Silk Road Economic Belt” could be achieved (EC, 2014).

At the same time, while promoting the Piraeus port as the main hub that connects the Chinese factories with consumers across Europe, the Middle East and North Africa, China directly threatens several ports: Rotterdam, Istanbul, Naples, Trieste, Rijeka and Koper, which have since recorded a reduced turnover. Former Greek Premier Antonis Samaras was abundantly clear that Greece would give a “support and actively participate in building a ‘21 century maritime silk road’, which was submitted by China” (Liu, 2014). However, with the new government led by the Syriza, new party supported by the EU, the European Central Bank and the International Monetary Fund, at the beginning slowed down the further privatization of the Piraeus port. This new government, with Alexis Tsipras as a Prime Minister, pulled the offer to sell the remaining 67 percent of the port, worth 908 million dollars. Among interested companies were: China’s COSCO Holding Co., Danish APM Terminals, American Ports America Inc., Philippine International Container Terminal Services Inc., as well as the Cartesian Capital Group and Utilico Emerging Markets Ltd. It was assumed that the Chinese company, which already owns 33 percent of the port, would become the owner of the remaining 67% (Van der Putten and Meijnders 2014). In addition to the rumors that further privatization of the Piraeus Port will not continue, the new government added that there will be no privatization of the port of Thessaloniki either, for which the Chinese have also been interested. At first sight, in such climate, one could think that One Belt, One Road strategy is jeopardized.

However, during the negotiations with the Troika, Greek government increasingly started to make concessions in contrast to its hard-line position and especially giving the advantage to economic stakes and eventually decided to continue with privatization. Related to the One Belt, the entire Greek government fully supports the “One belt, one road” initiative and its passage through not only Greece, but also through other parts of Europe (Reuters, 2015). According to the latest news, there will be no a delay of Silk Road construction: COSCO Group has submitted the improved offer of 368.5 million Euros, (€22/per share) for obtaining 67% of the Piraeus Port (Sputnik, 2016).

The time will tell whether China will still consider having an alternative plan in reserve for purchasing another port, such as Koper or Rijeka or will concentrate its efforts to connect South of Europe with its northern parts via channel Morava – Vardar or by concentrating to the Danube and its maximum utilization.

SERBIAN VIEW ON PERSPECTIVES FOR COOPERATION

Although in geographical terms, Serbia has a status of a small country, due its geostrategic position, since the very beginning of its statehood, being at crossroads of the East and West, Serbia always had been of crucial importance for all then major international actors. Very often, Serbia was even requested to choose the side, but no matter to cost, Serbia always remained faithful to the principles of the respect of sovereignty, territorial integrity and dignity in the international relations. In such manner, Serbia always nourishes bilateral relations with traditionally friendly countries such as China. Two countries are sharing the same values and are interested in further development of bilateral relations based on mutual interests.

For given reasons, it is not difficult to understand why Serbia immediately after the launching the One Belt, One Road Strategy warmly welcomed it: the chance for changing a position from subordinate to partner has emerged.

As not often in modern history, Serbia got an opportunity to discuss unconditionally about development projects and investments. China's generous offer for countries interested in joining the Silk Road consisted of more attractive cooperation proposals than those offered by the U.S or the EU. Unlikely of the last two, in the case of China, there was no story behind it.

From the other hand, what was an opportunity for Serbia, the EU considered as a possible threat to its position. Namely, Serbia is a candidate country for membership in the EU, but also a member of CEFTA and a country that has trade preferences with Russia. *Ergo*, with its presence in Serbia, China will gain better position towards even three markets. As can be assumed, Serbia experienced (occasionally it still does) different types of pressure aiming to lose its ties with China. The rhetoric following was, as usual, mentioning "the European way" and "the European values".

Fortunately, partially due to a fact that all Central and Eastern European countries are interested in cooperation with China, partially due to awareness of the lack of fresh money and capital, Brussels gradually changes its position from criticism to cooperation. Finally, it is better to participate in the coordination of 16+ processes than simply to observe it. The most prominent mode of Cooperation between China and Central and Eastern European Countries or 16+1 is the summit of Heads of States or Prime Ministers. So far, four Summits were held: Warsaw 2012, Bucharest 2013, Belgrade 2014 and Suzhou 2015.

By now, this process achieved certain significant results. For instance, results of Bucharest summit were Bucharest Guiding Lines that determined annually summits and developing of the mid-term agenda of cooperation. At the same time was foreseen increasing of trade and investments without any form of protectionism. The most important result of Belgrade Summit was signing of Belgrade-Budapest railroad construction. This railroad construction fits into a plan to connect Budapest

with Athens via Belgrade and Skopje, which would utilize the Piraeus Port to the maximal extent.

From the perspective of the CEE countries, the announced fund of 10 billion dollars is a significant amount of money that will bring even bigger amounts through transportation and flow of people, goods and capital, after the completion of all planned infrastructure investments. Each of these countries, Serbia among them, is dedicated to using this opportunity and make the implementation of this strategy as fast as it can. Each country prepared projects and engaged experts in order to facilitate its implementation. In that sense, of the biggest importance are the infrastructure projects that will be multiple beneficial for all partners involved. Building the bridges, modernization of railways, construction of new roads, investment in ports – those are just a few of many other significant and valuable projects.

Still, each of these countries has similar concerns: challenges imposed by the globalized world, the unsafety caused by possible conflicts and different types of crisis. From that aspect, CEE countries seek support from the European Union that, in past decades, evolved from “economic giant but political dwarf” into a significant actor of overall international relations. Security aspect should be seriously treated because of the emerging security threats of different nature. This is also one of the areas in which cooperation between China and the EU MUST be developed.

Sine qua non for successful implementation of One Belt, One Road Strategy is parallel existence and implementation of operational institutional mechanisms that will contribute the creation of an environment suitable for further development of relations but will also help in case that a certain dispute appears.

Only a proactive approach will have the power to ensure and to extending economic benefits to all partners involved. That means not only that their national interests will be fulfilled but also the interests of all countries in general (European Union National Institutes for Culture, 2009). This will be ensured through making connections between each individual national development project through the wider regional vision. Again, *sine qua non* is coordination of their policies, national goals and interests.

CONCLUSION

This year 40th anniversary of establishing relations between China and the European Union has been celebrated. For four decades, the two of them have passed a long journey, on which they succeed to overcome different obstacles and to become biggest trading partners. With announcing the “One Belt, One Road” or new Silk Road Strategy their mutual relations were faced with the new challenge which, if successfully deal with, could bring them to a new phase. Recently presented Strategic agenda for EU-China cooperation 2020, which specified targets of

increased mutual trade of up to 1,000 billion dollars before the end of the decade, is just one more reason why it is necessary to accelerate the construction of the land and maritime routes. During 2015 BOAO forum, the China's National Development and Reform Commission published an action plan for 'One Belt, One Road' project (National Development and Reform Commission, 2014), in coordination with the Ministries of Foreign Affairs and Commerce, and has stated that the project "is expected to change the world political and economic landscape through development of countries along the routes, most of which are eager for fresh growth".

When it comes to the project realization itself, it will be implemented in stages and most likely with a combination of many models and with a focus on different strategic priorities of the various parties. The reason for this is the large differences that exist between the countries through which it should pass, so China as the initiator of the project is under an obligation to ensure close cooperation and coordination of all participants. Even though it is understood as a primarily infrastructure project, since the underdeveloped road, rails and ports represent a bottleneck that inhibits further economic cooperation, 'One Belt, One Road' represents the Chinese vision of 'infrastructure network (transport, energy and communication) that should connect all Asian sub-regions and also the three continents - Asia, Europe and Africa' (Reuters, 2015). For the project to be completed in an optimal period, Beijing is encouraging Chinese banks to lend to the countries that are on the way of 'Silk Road Economic Belt', and along the '21 Century Maritime Silk Road'. It has already promised 1.4 billion dollars or infrastructure in Sri Lanka, over 50 billion dollars for infrastructure and energy in Central Asia (30 billion dollars for Kazakhstan, 15 billion dollars for Uzbekistan, 8 billion dollars for Turkmenistan and 1 billion dollars for Tajikistan), 327 million dollars for general assistance to Afghanistan, over 10 billion dollars for Central and Eastern Europe, etc. This money will be used for the construction of railway lines, highways, conservation of water reservoirs, power facilities. With the establishment of the Asian Infrastructure Investment Banks, more money will be directed into infrastructure projects. Chinese Times estimates that astronomical 21.1 trillion dollars could be spent on the new Silk Road.

As one can guess, this project can be successful only if all partners involved are dedicated to its fulfillment. Complete fulfillment depends on policy coordination based on mutual trust and unconditional devotion.

One could summarize that joint coordination is inevitable and that it will be directed towards the mutual expansion of the market in order not only to introduce new products but also to create an environment for new investments. Both new products and fresh investments eventually will introduce higher standards in the technology of production and improve the quality of goods. The EU will have a chance to give an impetus to its economy, weakened by the crisis, to attract capital,

to access to more affordable labor market and to new sources for innovations (EU Commission and China Academy of Telecommunications Research –CATR, 2015). It will get the opportunity to open new positions, to cut down the unemployment rate and to ensure the expansion of export. From the other hand, China has the opportunity to access to potentially “lucrative market”, well-educated workers and “scope for development on the EU’s fringes”. Even more, China strives for a much ambitious goal. It includes the creation of the free trade areas (bilateral and regional) and a wider financial integration underpinned by the bilateral currency swap agreements. The basic goal, as stated at 2015 BOAO forum is “promoting orderly and free flow of economic factors, highly efficient allocation of resources and deep integration of markets; encouraging the countries along the Belt and Road to achieve economic policy coordination and carry out broader and more in-depth regional cooperation of higher standards; and jointly creating an open, inclusive and balanced regional economic cooperation architecture that benefits all” (Tiezzi, 2015).

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**KORISTI I OGRANIČENJA STRATEGIJE
„JEDAN POJAS, JEDAN PUT”
U ODNOSIMA KINE I EVROPSKE UNIJE**

Apstrakt: Polazeći od činjenice da nijedan akter međunarodnih odnosa ne može ignorisati ekonomsku i političku snagu Kine, u poslednjoj deceniji je velik broj zemalja sa njom potpisao brojne sporazume. Bez ikakve sumnje, među onima koji ne zanemaruju snagu i uticaj Kine je i Evropska unija. Premda nema blagonaklon stav u vezi sa mogućim mešanjem Kine u evropske odnose, pa čak ni u odnosu na mogućnost da Kina poboljša svoje odnose sa (naročito) zemljama Zapadnog Balkana, Evropska unija je ograničila svoje polje akcije. Zbog činjenice da su zvaničnici EU izrazili volju da sarađuju sa Kinom na osnovama strateškog partnerstva, jasno je da je EU morala da izgradi mehanizam koji bi doprineo boljoj političkoj koordinaciji strategije „Jedan pojas, jedan put”, budući da ova strategija predstavlja čvrstu osnovu za bolju saradnju i dalji razvoj svih partnera.

Ovaj članak, iz perspektive Srbije, razmatra postojeće stanje i mogućnosti dalje koordinacije između Kine i EU.

Ključne reči: Kina, strategija “Jedan pojas, jedan put”, strateško partnerstvo, politička koordinacija, institucionalni mehanizmi, Srbija.

Received: 25.1.2016

Revised: 9.2.2016

Accepted: 14.8.2016

EUROPEAN INTEGRATION

UDC 339.92(4-672EU:497.11)
Bibliid 0543-3657, 67 (2016)
Vol. LXVII, No. 1162-1163, pp. 70–82
Original Scientific Paper

EVER CHANGING EU ACCESSION NEGOTIATION PROCESS – THE CASE OF SERBIA –

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Abstract: Two parallel, but intrinsically intermingled processes today mark the process of the European integration of Serbia: the implementation of the obligations assumed under the Stabilisation and Association Agreement and the membership negotiations that should enable the adoption of all political, economic and legal obligations arising from European Union (EU) membership. But many other issues are of a grave importance in this process, many challenges which equally Serbia, as well as the EU, has to face. We argue that success of Serbia to meet all conditions for the EU membership is much more shaped by those challenges than by fulfillment of technical criteria.

Key words: European Union, accession negotiations, Member States, Rule of Law, conditionality, EU Enlargement Strategy.

INTRODUCTION

Serbia is one of the Western Balkan countries covered under the Stabilisation and Association Process (SAP), created back in 1999. (More on SAP see, for example, in Mišćević, 2009). When entered the SAP, on November 2000, Serbia accepted the principle that its path towards the EU will depend on its own progress in meeting each of the Copenhagen criteria, as well as implementation of the Stabilisation and Association Agreement (SAA), with a particular emphasis

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on the importance of regional cooperation and good neighbourly relations between the countries of the Western Balkans.²

That gave the SAA primary importance in the process. The SAA and the Interim Agreement on trade and trade-related matters were signed on 29 April 2008 and since 1 January 2014, trade between the EU and the Republic of Serbia is fully exempt from customs duties, with the exception of certain agricultural products that are particularly sensitive to the two sides. Since signing the SAA Serbia's trade with the EU has doubled, and the deficit in trade has been cut half (so now export is covered with the import of goods from the EU up to 83%).

By signing the SAA Serbia is committed to the gradual harmonisation of its legislation with the EU *acquis*, as well as its consistent implementation, this process actually began back in 2004. In order to fulfil these obligations, it adopted the National Programme for Integration of Serbia into the European Union (NPI) in October 2008, which mapped out the legislative activities until the end of 2012. In February 2013, Serbia adopted the first National Programme for the Adoption of the *Acquis* (NPAA) for 2013-2016. Work is ongoing on drafting a revised NPAA, which will extend the plan up to the end of 2018 and foresees full compliance with the laws and practices of the EU, in addition to legislative measures; this Program defines the institutional and financial conditions necessary for their implementation.³

The implementation of the SAA is about much more than lowering tariffs on goods coming from the EU - it is a test of credibility that Serbia is serious in actually implementing the contractual obligations taken from the agreement with the EU. This makes implementation of the SAA the first test of Serbia's seriousness for the membership negotiations, its implementation will be monitored during the entire negotiation process.

The decision to start Membership Negotiations, taken by the European Council on June 28, 2013, the first Intergovernmental Conference held on January

² Those principles have been confirmed at the Thessaloniki Summit, Jun 2003, and it has been clearly stated that future of the Western Balkans is in the EU; European perspective of the Western Balkan's states has been additionally confirmed in the conclusions of the European Council, December 2005, December 2006 and June 2008. This constitutes the basics of the continuous political and economic stability of the region.

³ It shouldn't be neglected the importance that freedom of movement for the Serbian citizens has on the process of European Integration. This positive development has started with the conclusion of the Readmission Agreement Serbia-EU, than visa facilitation in 2007, and continued with visa liberalization, achieved in November 2009. Also, Serbia has very positive experience in Instrument for Pre-Accession (IPA) absorption, and the percentage of using IPA in not less than 95 percent. The elements of the Sectorial Approach have been established and during 2014 transfer of jurisdiction to the Serbian institutions has been achieved for the full application of the Decentralized Implementation System (DIS).

21, 2014, a year and half of the Screening process of legislation covered in the 35 Negotiating chapters (September 2013 - March 2015), as well as the opening of the first chapters are the basic elements that mark beginning of the second process.

The basic logic of the negotiation process is that EU membership is Serbia's strategic goal, but also a means through which Serbia needs to modernise its legal, economic and institutional system. As pointed out in Opening Statement for the first Intergovernmental Conference "... the Republic of Serbia sees EU accession as a mechanism for change and adaptation to the conditions that are required of all EU member states and a way to improve the overall efficiency and competitiveness of the EU, but also as a way of raising its reputation in Europe and the world and the accession process gives strong encouragement to political and economic reforms in Serbia" (European Integration Office, 2014).

EU accession negotiations are different from what is usually assumed as international negotiations. In order to become an EU member, a state must accept the *acquis communautaire*,⁴ communitarian legacy / heritage, i.e. the primary and secondary EU law. The central part of the negotiations is about the terms and conditions, under which a candidate country will accept, implement and enforce the *acquis*. (Puscas, 2013, p. 23) This is included as the approval of eventual transition periods that must be limited in scope and duration. Therefore, during negotiations for EU membership, a candidate country cannot reject any of the essential standards of EU legislation, but it can, using good argumentation, postpone the start of its implementation.

The goal is for Serbia to be fully prepared to assume the obligations that arise from the membership in the EU by the end of 2018, so that it can join the EU at the beginning of the next EU budgetary period. Areas underlined as particularly important in terms of harmonization with the EU *acquis*, international standards and the implementation of agreements in Serbia's case are agriculture and rural development, environmental protection and climate change, energy, cohesion policy, industry and transport (European Integration Office, 2014, p. 11-14).

The question of accession negotiations and the progress of the Republic of Serbia in the process are subject to regular monitoring by the National Assembly of the Republic of Serbia, as defined by the Resolution of the National Assembly on the role of the National Assembly and principles in the negotiations on the accession of Serbia to the European Union from 2013. (National Assembly of the Republic of Serbia, 2013).

⁴ A point of clarification – term *acquis cummunautaire* has been replaced with term *acquis* since entering into force of the Lisbon Treaty, 2009. Namely, since with that newest revision of the Primary Law EU became legal person, with its law, it is much more correct to speak about legal heritage or *aquis* without further denomination.

The Committee for European Integrations, in cooperation with the President of the Parliament, coordinates the oversight of Serbia's accession negotiations. The role of the Parliament also entails cooperation with civil society, the expert public and other interested actors, so as to attain their inclusion in all phases of the negotiation process. Through the National Convention on the European Union, a civic society platform, the Committee reviews the suggestions, contributions and recommendations of the civil society.

Civil society organisations (CSO) play a special role in the accession negotiations. Gathered in the National Convention on the EU they monitor the negotiations. The Government of the Republic of Serbia adopted "Guidelines for inclusion of civil society in the process of regulation preparation" in August 2015 to enable and foreseen active participation of civil society in the adoption of regulations. That encompasses timely availability of information, consultations, involvement and partnership based on the principles of mutual trust, openness and responsibility, efficiency and two-way communication. These organisations are not formally part of the Negotiation Team since independence is an essence of their existence, but they are included and consulted from the early beginning of the screening process in September 2013. Developed by civil society, according to the Slovak model, it represents a permanent body for negotiation process monitoring and debate between representatives of the governmental bodies and CSOs, syndicates, the private sector and representatives of professional organisations. Representatives of the Government and ministries actively participate in the work of the Convent by contributing to the meetings, consultations and considering recommendations and opinions. We should stress that the National Convention on the EU has been established in close cooperation with the Serbian National Assembly, and it is an important part in adopting all negotiation documents for each and every Negotiation Chapter.

The involvement of Parliament and civil society are an important element of the negotiations, as it makes the process, not just a project of the Government but of society as a whole, thus strengthening its legitimacy.

These are more or less a common part of the negotiations of a candidate country for EU Membership; in fact, all the countries that negotiated membership encountered these elements of the process. Of course, they were not exactly the same and did not have the same extent, which is especially visible in the role civil society holds today in the negotiation process, as well as understanding the ultimate goal of negotiations. However, Serbian negotiations are marked by many novelties, mostly encountered solely by Serbia, at the very beginning of the process no less. We will try to structure them in terms of the obligations that these novelties bring.

THE NEW APPROACH TO THE NEGOTIATIONS

What is now called the “New Approach to EU Negotiations” actually started to take shape during Croatia’s EU accession negotiations with the introduction of benchmarks that are required to be met in order to open and close negotiations in certain chapters. However, the new approach really materialised during the opening of negotiations with Montenegro in 2011. Benchmarks became a part of every chapter and the approach to negotiations became more structured. When we talk about this, we mean the introduction of the prime importance of the rule of law in the negotiation process, Chapter 23 (judicial reform, the fight against corruption and human and minority rights) and Chapter 24 (Justice, Freedom and Security), which are now first to be opened and last to be closed during the negotiations. They are also given the role of the “controller” of the negotiations because the new approach introduces an imbalance clause, which stipulates that any delay in implementing the obligations under these Chapters leads to the activation of a mechanism that holt overall membership negotiations. In these two Chapters, apart from opening and closing benchmarks, interim benchmarks are also defined that evaluate the consistency with which alignment within the area of the rule of law is achieved. Negotiations are much more open to EU member states because they just decide on whether the benchmarks have been met. Finally, the benchmarks are becoming more numerous - as an example, one can note that Croatia had half as many benchmarks in the entirety of their negotiation process as Montenegro had interim benchmarks in only Chapters 23 and 24. In fact, it can be concluded that each step taken in the negotiating process is far more difficult than ever before.

In the case of Serbia, the Action Plan (AP) for Chapter 23 covered three areas: judiciary, fight against corruption and fundamental rights. The criteria for opening of Chapter 24 were defined in ten areas: migration, asylum, visa policy, external borders and Schengen, judicial cooperation in civil and criminal matters, police cooperation and the fight against organised crime, the fight against terrorism, cooperation in the fight against drugs, cooperation in the field of customs and the fight against counterfeiting of the Euro. The Plans presented a concrete list of actions in all these fields, sources of financial means, a time frame as well as indicators of success for each and every accomplishment.

Transparency and inclusiveness were imperative through the whole drafting process. The draft Plans were publicly available and discussed with the National Convention on the EU and just as an indication more than a 100 of their recommendations were included in the AP for Chapter 23. For the rest of the recommendations that were partly accepted or have not been accepted, the civil society organisations were provided with a clear explanation and argumentation.

In addition, a number of peer review missions on the prosecution of war crimes, minority rights and media regulation visited Serbia during 2015. Their recommendations also became part of the Action Plans. But these two complex Action Plans were not the only responsibility deriving from the recommendations. Following the interest and the request of certain Member States, Serbia was obliged to develop a dedicated Action plan for national minorities.

Although adoption of the Action Plan for the Exercise of the Rights of National Minorities does not represent an opening benchmark for Chapter 23 Judiciary and Fundamental Rights, Serbia took seriously its great importance. The inclusion of all interested parties and striving for a consensus were the leading values in the process of drafting and preparation of the document. The key concept was the active participation of representatives of national minorities in the identification of their needs, development of measures and monitoring of implementation. However, it was also important to include the broader civil society. The Framework Convention of the Council of Europe for the protection of National Minorities, Third Opinion on Serbia, the European Charter on Regional and Minority Languages, Peer review 2015, the Action plan for Chapter 23, and Expert Opinion were the documents that formed the base for the work of the multi-sectoral working group that drafted the Action Plan. The participation of the state institutions, the institutions of the Autonomous Province, the National Councils of National Minorities, Civil Society, and the Council of Europe expert all ensured full inclusiveness of all interested parties and set the standard – there were no questions that should be avoided or for which consensus would not be possible to reach.

The Action Plan consists of eleven key pillars. The first pillar, Personal status and position, envisage a policy of non-interference with regard to ethnic affiliation of persons belonging to national minorities, improvement of mechanisms to enumerate them as well as measures for improving the legal status of Roma, Egyptian and Ashkali communities.

Apart from linking this pillar to the Action plan for Anti-discrimination, Prohibition of discrimination foresees raising awareness when it comes to continued training of the judiciary and police, campaigns aimed at the general public and a policy of zero tolerance towards hate speech and hate crime combined with the swift implementation of the recommendations of the Commissioner for the Protection of Equality and the Ombudsman.

The third pillar, Culture and the media, consist of measures aimed at improving the situation in the media by providing information in minority languages. But also an open competition for financing, raising public awareness and strengthening multiculturalism.

Freedom of religion envisages the identification of best practices of EU Member States in the region and facilitation of an inter-confessional dialogue on the use of minority languages in religious services while maintaining state neutrality in the area of religious issues. The use of language and script means that measures will be taken to improve the entry of names, a flexible approach to the introduction of minority languages, and access to E-government services.

When it comes to education, development and application of new models of minority language education, monitoring of quality and bilateral co-operation with kin states are planned.

The Identification of the best practices of democratic participation and a subsequent change of the normative framework and enabling the representation of national minorities in the public sector and public enterprises through the introduction of affirmative action represent two more pillars of the Plan. A new Law on National Councils of National Minorities, operationalisation of the budgetary fund for national minorities that is already in progress, and promotion of the establishment of fully operational inter-ethnic councils are part of the ninth pillar - Councils of National Minorities.

The Economic position of national minorities was also taken into account, as well as International Cooperation. It includes measures such as enabling efficient work of bilateral commissions, signing of new agreements on the improvement of the position of national minorities, and the exchange of best practices.

Then, after all, the current European Refugee Crisis pointed out one more requirement to be accomplished in parallel with working on Chapter 24 – An Operational Plan to cope with the increased influx of Migrants, as a supporting document to the Action Plan.

The new approach is a natural result of the experience gained from previous enlargements of the Union, but also from the understanding that the EU is above all a community of values, not just a common market. The rule of law, particularly the protection of fundamental rights is a prerequisite for the legitimacy of the EU, which goes far beyond economic and political integration. Within these issues that are now of such importance to the negotiations, it is considered that there are nine norms of that are significant to European values - five basic norms (peace, the idea of freedom, democracy, rule of law and respect for human rights and fundamental freedoms) and four “lesser” norms (social solidarity, anti-discrimination, sustainable development and good governance). (Manners, p. 242)

“FUNDAMENTALS FIRST”

In addition to the basic focus on the rule of law, the European Commission’s documents and Enlargement Strategies have further reinforced focus on specific

issues.⁵ As a result, a priority has been given to economic governance and the need to work on public administration reform in the early stages of the negotiations. Needless to say, the reason for this is, yet again, the experience that the EU gained in its previous enlargements when countries, not entirely prepared, became Members of the Union, after which the degree of influence of institutions on the further course of reforms decreased or completely disappeared.

Economic governance, thereby, acquired its own monitoring mechanism in the form of the Economic Reform Programme (ERP), which each state has to prepare annually as a financial element together with the budget programming and strategic development plans. In fact, this is reminiscent of the obligations assumed by the Member States in the Economic and Monetary Union (EMU) and it is therefore frequently referred to as the *European Semester Light*, because we submit our programme proposal and the EU judges the quality of the proposed activities. The logic behind the document is that the state must be economically prepared for membership and not only able to harmonise laws.

On the other hand, it is obliged to reform public administration in order to create an administrative apparatus that will have the capacity to not only negotiate, but also the ability to implement everything that has been agreed on. Such an administrative apparatus, not only on a national level, but also local or regional, must be ready to meet all requirements that come from EU membership once the country becomes a member, when all EU policies become a part of its national public policies.

One should not forget the importance of local self-governance. Their relevance for European integration was clearly recognised in the late 1980s with the Single European Act and the completion of the common market, with lots of legislation having to be implemented at the local level. The Maastricht treaty later formally introduced the principle of subsidiarity and the role of local governments rose over the course of the next two decades. Local governments had increasing influence and responsibilities when it came to EU issues.

The Lisbon Treaty acknowledged the rights of local governments and extended the subsidiarity to local authorities, thereby confirming the important role of the local level within the contemporary European Union. In order to draw more attention to their requests, but also to gain access to more sources of funding, European cities and municipalities began to connect with each other

⁵ For more details Enlargement Strategies adopted since 2006 should be very illustrative. They paid attention to the Enlargement Policy as well as on widening of the Membership, but particularly with whit negotiation procedure and European Integration of the potential candidate countries. (http://ec.europa.eu/enlargement/countries/package/index_en.htm. Accessed 20 June 2016).

and establish trans-European networks, such as EUROCITIES and the Council of European municipalities and regions.

We often hear that more than three-quarters of EU legislation is implemented at the local or regional level, and this very fact demonstrates the importance of local level awareness of all the obligations and opportunities provided by EU membership. The thematic approach to the inclusion of the local level in the process of EU accession negotiations is very important because the local authorities have key responsibilities and obligations in some negotiating chapters. For example, in Chapter 10 - Information Society and Media, local authorities are obliged to provide funds from their budgets for the implementation of calls to support public interest in the field of public information in a transparent manner. The practices in Chapter 19 - Social Policy and Employment, also introduce a significant role of the local level, requiring the local authorities to be active participants in social dialogue through the establishment of local socio-economic councils. It is of utmost importance that local governments, as the final beneficiaries, have sufficient capacity to carry out the implementation and overall project management for the use of EU funds related to Chapter 22 - Regional policy and Coordination of Structural Instruments. Finally, Chapter 27 - Environment and Climate Change, one of the most challenging Chapters, also depends greatly on the capacities of local administrations to implement environmental policy measures.

A NEW INNOVATIVE APPROACH FOR SERBIA

For Serbia, there is another unique feature in its membership negotiations, namely Chapter 35. This chapter usually covers issues such as the new *acquis* that appears in various chapters after negotiations are temporarily closed within them, access to various special bodies of the EU, as well as special arrangements for specific countries (e.g. trade regime in the Neum corridor for Croatia).

But, in the case of Serbia, it is a mechanism to monitor all agreements (both present and future ones) achieved as a result of the dialogue on the normalisation of relations between Belgrade and Priština. This chapter has the same status in the negotiating process as the ones concerning the rule of law, it has transitional criteria and it can activate the imbalance clause - if it is assessed that there is no progress in the implementation of the agreements a mechanism which freezes negotiations on other chapters can be enabled. An additional problem is that there are no legal rules within this chapter, and it is not clear what criteria will be used to assess whether sufficient headway has been made in meeting the obligations arising from the chapter. The chapter is completely new for the EU institutions (the European External Action Service and the European Commission) as well, the Member States and Serbia, and this makes it certainly

one of the most challenging for the negotiation process. What is clear are the basic principles of Chapter 35 - it cannot be a substitute for the dialogue, it is only a mechanism for monitoring the implementation of what has been agreed in the dialogue; The framework of the Chapter must not exceed the framework of dialogue, and cannot go outside the framework of the agreements that have already been reached and the point of Chapter 35 is not to spread topics related to normalisation to new areas, it can only be a dialogue.

CHANGED EU ENLARGEMENT ENVIRONMENT

An additional problem for the Serbia's EU Membership negotiations is the change of attitude on the further enlargement of the European Union. The term "enlargement fatigue" has existed in the EU for some time, especially within the public opinion of the Member States and, naturally, this has transferred to the political elite as well. On the other hand, it must be stressed that the messages coming from the EU itself, but also its Member States are very clear: offering support for Serbia's membership, assistance in meeting the requirements and monitoring the results of the reforms. At the same time, however, domestic public opinion interprets such messages as a warning sign that the time is not right for further expansion. A fortunate circumstance is the fact that Serbia's citizens support reforms in large percentages, which constitute the essence of integration and preparation for membership, much more so than actual membership - it shows an understanding of the fact that the process of changing our environment is what is important and not the goal of membership in the Union itself. This is a situation that did not exist in any of the other countries that have negotiated membership so far and it lends significant support to the negotiations.

The old question, thus, remained - why did the EU decide to enlarge, to do something so costly and cumbersome? Some authors' explanation is found in, and "...from *speech act theory*, which is currently emerging within International Relations as a middle ground between constructivism and post-structuralism (Wiener, Dietz, 2009, p. 177). They show how speech acts (or 'rhetorical action') explains this never more obvious paradox of an enlargement process that does not seem to be in the interest of member states. In other words, promise given during the Thessaloniki Summit (2003), and repeated so many times after forth must be respected, because of the mere credibility of the European Union and its own protection of the core European values.

In this respect, we have to point out some initiatives that bring change, in order to somewhat support this argument, such as the Berlin process. This initiative became operational in August 2014 as a proposal by German Chancellor Merkel, based on the observation that one of the biggest problems faced by the countries of the Western Balkans is infrastructure, which is a significant obstacle

to the interconnection of Western Balkan countries and the regions' connection with the rest of Europe. It went beyond this, and at the second conference of the Berlin process, which took place in Vienna, the focus expanded to connecting young people and their mobility. This is an attempt to make the region more accessible in general, as well as, for those who want to invest in the countries of the region - this is a very important effect that the process of European integration has a sense of partnership and belonging and inclusion in business flows. It is interesting seeing that "... members of the EU need to be more proactive, if they want the process of enlargement of the Union to continue to be the main driving force for the Balkans. Accordingly, they must be ready to encourage those who are willing to invest in the region without any restrictions (that is, without conditionality)". (Stratulat, 2013, p. 4)

THE CHALLENGES FACING THE EU AND SERBIA

The economic crisis, the fiscal deficit, problems with energy policy, the Greek crisis, the referendum in the United Kingdom, the Common Foreign and Security Policy (CFSP) and its deficiencies, the migrant crisis and the threat (and regrettably the fact) that Europe is facing terrorism on its territory are but a few of the issues draining a lot of political attention and energy of the European elites.

These questions fully reflect on Serbia as well. And just as the migrant crisis has shown, when the EU and Serbia are confronted with the same challenges at the same time, our response to these challenges must be a part of the common European solution. There has never before been so much talk about Serbia demonstrating European values in dealing with huge numbers of people trying to find safety in the EU via its territory, as it does in this case. Serbia also demonstrated that it respects the rules defined by the EU Member States in this particular case and showed that, undoubtedly, there can be no effective response without its engagement in the resolution of the problem. No matter how you observe things or how big this problem is, it has provided a major opportunity to discuss the negotiations in much broader terms than just the technical aspects, indicating that a true EU Member state is one that is only capable of drafting laws in keeping with European law and practice, but more importantly a state that shares its values of solidarity, tolerance and cooperation.

Even in the shape of a mere list of all challenges facing Serbia in its negotiation process, it proves the changing nature of the accession process. It is not possible to explain any of them in too much detail. Namely, it might be too soon to provide any explanations, because of the early stages of the negotiation process.

One thing is more certain than ever – what still keeps Europe together is "... the political glue that has solidified through several decades of close cooperation

and, even more important, the fear of the alternative (Tsoukalis, 2014, p. 14). There are so many unsolved issues that deserve and demand answers (should add, very quick ones), so much unhappiness with the state of the Union today. Nevertheless, it can be observed that many Member States remained convinced that the costs of disintegration would be even higher.

But how those issues will be sorted out, explanations for the future of the EU, at this stage, could possibly present a problem. On the other hand, it is important to follow how those answers will be reached – important for the process which is indeed Serbia's strategic course: not only as an end but primarily as an instrument of change.

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Tanja MIŠČEVIĆ

STALNE IZMENE PROCESA PRISTUPANJA EVROPSKOJ UNIJI – SLUČAJ SRBIJE –

Rezime: Proces evropskih integracija Srbije je obeležen sa dva paralelna, ali suštinski povezana procesa: implementacija obaveza preuzetih iz Sporazuma o stabilizaciji i pridruživanju i pregovora o članstvu, koji treba da omogućuje usvajanje svih političkih, ekonomskih i pravnih obaveza koje proizilaze iz članstva u Evropskoj uniji. Međutim, veliki broj drugih pitanja su od velike važnosti u ovom procesu, mnogi izazovi sa kojima se Srbija, ali i Evropska unija, mora suočiti. Smatramo da uspeh Srbije da ispuni sve uslove za članstvo u Evropskoj uniji mnogo više zavisi od tih izazova nego od ispunjenosti tehničkih kriterijuma.

Ključne reči: Evropska unija, pregovori o pristupanju, države članice, vladavina prava, uslovljavanje, Strategija proširenja EU

Received: 08.07.2016.

Revised: 13.08.2016.

Accepted: 16.08.2016.

UDC 327(510:4-672EU)
Biblid 0543-3657, 67 (2016)
Vol. LXVII, No. 1162-1163, pp. 83–102
Original Scientific Paper

INTERNATIONAL LEGAL PROTECTION OF BIODIVERSITY IN THE LIGHT OF THE EUROPEAN INTEGRATION AND SOUTHEAST EUROPE

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Abstract: The introductory part of the paper focuses on the importance of biodiversity. This is followed by referencing the most important international agreements in the field of biodiversity protection. The paper gives an overview of the membership status of the Southeast European (SEE) countries in the international agreements in the field of biodiversity: both EU Member States (Greece, Romania, Bulgaria, Croatia), and those in the process of joining the EU (Serbia, Montenegro, Bosnia and Herzegovina, Macedonia, Albania and Turkey). It also provides a basic overview of the Birds Directive and the Habitats Directive. The author points to the issue of the relevance of transitional measures (deadlines) for the implementation of regulations in the field of nature protection (agreed by the countries that have become EU members in the last three rounds of the enlargement). The importance and types of protected areas in the EU and non-EU countries are emphasised. The final part of the paper discusses the issue of the similarities and differences between the countries from the region of SEE in the process of joining the EU, in terms of assessment of the achieved level of harmonization of national legislation with the EU legislation. The paper considers the thesis that in terms of membership in international agreements there are no significant differences between SEE countries that are in the process of joining the EU and EU Member States. However, in regards to the protected areas, there are differences. The relevance and the nature of the differences between the countries which are not members of

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The work was carried out within the research project “Serbia in Contemporary International Relations: Strategic directions for the development and consolidation of the position of Serbia in international integration processes - foreign policy, international economic, legal and security aspects”, the Ministry of Education and Science of the Republic of Serbia (No. 179029) for the period 2011-2016.

the EU in terms of the dynamics and level of harmonization of national regulations with the EU should be researched.

Key words: biodiversity, nature protection, environment, habitats, international treaties, the European Union, Southeast Europe, European integration.

1. INTRODUCTION

The literature dealing with the protection of nature and biodiversity is abundant in elaborating the reasons to justify the measures taken in this field (UNEP, 2012, p. 136-166; Gillespie, 2007, p. 47-96; Laurila-Pant, 2015; Sandifer, Sutton-Grier, Ward, 2015; Swanson, 1997; Mackenize, R, *et al*, 2001). These mainly relate to the question of the significance of biodiversity for human life (Rannow, Neubert, 2014, p. 4; EC, 2011, p. 2; Kate, 1999). If we are to try to group the reasons why biodiversity is considered important, we could talk about few of them: global, scientific, economic, ethical, aesthetic, etc. Stevanović, Vasić cited as one of the special biodiversity values the fact that biodiversity represents a national cultural heritage (Stevanović, Vasić, 1995, p. 8). Apart from nature's inherent usefulness to humankind, many would argue that every life form has an intrinsic right to exist, and deserves protection (SCBD, 2006, p. 2). The growing importance of the biodiversity is associated with a change in the attitudes towards the environment in general. Based on the limited evidence available, public awareness of biodiversity and its importance appears to be increasing in both the developed and developing world, although it remains at a low level in some countries (SCBD, 2014, p. 12). However, while there is wide support for the objective to conserve biodiversity operationalisation into implementing measures is complicated (Englund, Berndes, 2015, p. 27). The current assessment of the state of the biodiversity provides little evidence for improvements (UNEP, 2012, p. 135). It is estimated that the trends regarding the current state of biodiversity on the Earth are worrisome. "The state of global biodiversity is continuing to decline, with substantial and ongoing losses of populations, species and habitats. For instance, vertebrate populations have declined on average by 30 per cent since 1970, and up to two-thirds of species in some taxa are now threatened with extinction. Declines are most rapid in the tropics, in freshwater habitats for marine species and utilized by humans." (UNEP, 2012, p. 134; Radeloff, *et.al*, 2013). Regional differences in terms of biodiversity and the specifics of the policies in this area can be perceived in different ways. If we take for the basis the assessment in achieving Aichi targets defined in the Strategic Plan for Biodiversity 2011-2020, the regional differences are observed in the relation between several objectives, namely: objectives 1, 2, 5, 6, 8, and 12 (SCBD, 2014, p. 18-22).

South East Europe is characterized by, among the other things, the wealth of biodiversity. At the same time, all the countries of the region, which are not already members of the EU, are at different stages of the process of the European integration

(UNDP, 2007, pp. 11-56; 119-126). All have the similar problems in this area (EEA, 2007; Appleton, 2015). This implies stronger implementation of measures to protect biodiversity and strengthen international cooperation. "The transboundary biodiversity conservation literature highlights the benefits and challenges of transboundary collaboration" (Lim, 2014, p. 97; See also Turnock, 2001). This paper analyzes the preconditions for the implementation of measures to protect biodiversity in the countries of South East Europe on the basis of the following criteria: 1) the memberships in international treaties, 2) the establishment and types of the protected areas, and 3) the harmonization of national legislation with EU legislation.

2. INTERNATIONAL LEGAL PROTECTION OF BIODIVERSITY

To define the basic framework of the thesis it seems that three terms from the Convention on Biological Diversity (1992) (CBD) are of immediate significance. The width of the possible discussions on the policy and environmental law, i.e. international legal aspects of environmental protection and biodiversity, are defined, among other things, by the meaning of the key terms. Among them, the special importance have the concepts such as "biodiversity", "biological resources", "biotechnology", and so on². Due to the extent of what they cover, it seems extremely difficult to determine the precise boundaries of the subject of regulation of certain international treaties, as well as the character of the connection between them and the international treaties that regulate other issues in the environmental law. However, at the present level of the development of the international law, it can be talked about several key international treaties with a global character that regulate certain aspects of the use and the protection of the biodiversity. (Todić, 2005). Although it is possible to apply a different methodology for the classification, the widest significance has the CBD with the Protocol on Biosafety (2000), and Nagoya Protocol (2010). The Convention establishes three main goals (conservation of biodiversity, sustainable use of the components of biodiversity and the distribution of the benefits arising from the commercial and other utilization of the genetic resources in a fair and equal manner) as well as the appropriate instrument for the achievement of the defined objectives.

² The term "biological diversity" means "the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems". "Biological resources" include genetic resources, organisms or parts thereof, populations or any other biotic components of ecosystems with actual or potential, purpose or best benefit for mankind. "Biotechnology" means any technological application that uses biological systems, living organisms, or its derivatives thereof in order to create or modify products or processes for specific purposes. Regarding this, there should be borne in mind that the Cartagena Protocol defines, among other things, the terms "modern biotechnology", "living organisms" and "living modified organisms" (Article 3).

At the same time, there should be taken into account that the objectives of the international community on the global level are defined by the provisions of several strategic documents. There have been identified eighteen targets relating to biodiversity, both within the framework of the Millennium Development Goals (7), within the five strategic goals and 20 Aichi Biodiversity Targets of the Strategic Plan for Biodiversity 2011-2020. They are grouped in themes and priorities, taking into account the links between them and the key issues in the field of biodiversity (UNEP, 2012, pp. 136-138).

Among the other global international treaties that for the main object of regulation have conservation of species and ecosystems, there should be mentioned several of them. These are: the Convention on Wetlands of International Importance, especially as Waterfowl Habitat (1971), the Convention Concerning the Protection of the World Cultural and Natural Heritage (1972), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (1973), the Convention on the Conservation of Migratory Species of Wild Animals (1979), the International Tropical Timber Agreement (1983, 1994), legally non-binding authoritative statement of principles for a global consensus on the management, conservation and sustainable development of all the types of the forests (1992), the World Soil Charter (1981), The United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa (1994).³

2.1. Membership in the international treaties

Membership of the SEE countries⁴ in international treaties in the field of biodiversity is considered in the context of EU membership in these international treaties, as well as regarding the fact that all the countries in the region are in some stage of the accession process to the EU. It is taken into account the condition of the membership in the key international treaties and for two different categories of countries (countries that are in the process of the European integration on the road to membership in this organization, states that are already members of the organization).

Shown below tables indicate that there is a high level of congruence in membership in certain international treaties of the universal character (Table 1). In the case of regional and sub-regional international treaties, membership status (Table 2, and 3) is adjusted to the specific regional characteristics, where the share of the EU as an organization is to a certain extent reduced.

³ More broadly speaking, for the area of biodiversity and genetic resources, of some importance have or may have some international agreements whose main subject of regulation are other issues related to the environment, such as the sea, waste, various pollutants, etc. It should also be borne in mind that in the field of biodiversity the relevant international regional law is developed as well - European, American, Asian, and Africa.

⁴ The term Southeast Europe can have different meanings. However, this issue is not discussed here.

Table 1: Status of SEE countries and the EU in the most important universal international treaties in the field of biodiversity

GLOBAL MEAS	Non EU Member State						EU and EU Member States				
	RS	Al	Ba	Me	Mk	Tr	Hr	Ro	Bu	Gr	EU
CBD	+	+	+	+	+	+	+	+	+	+	+
- Cartagena Protocol	+	+	+	+	+	+	+	+	+	+	+
- Nagoya Protocol	-	+	-	-	-	-	+	-	-	-	+
Convention on the Conservation of Migratory Species of Wild Animals	+	+	-	+	+	-	+	+	+	+	+
CITES	+	+	+	+	+	+	+	+	+	+	-
RAMSAR	+	+	+	+	+	+	+	+	+	+	-
World Cultural and Natural Heritage	+	+	+	+	+	+	+	+	+	+	-

Source: Websites of the relevant international treaties.

Legend: RS - Serbia; Al - Albania; Ba - Bosnia and Herzegovina; Me - Montenegro; Mk - Macedonia; Tr - Turkey; Hr - Croatia; Ro - Romania; Bu - Bulgaria; Gr - Greece; EU - European Union. CBD – Convention on Biological Diversity; CITES – Convention on International Trade in Endangered Species of Wild Fauna and Flora; RAMSAR – Convention on Wetlands of International Importance, especially as Waterfowl Habitat.

Table 2: Status of SEE countries and the EU in the most important universal MEAs relevant for biodiversity

GLOBAL MEAS	Non EU Member State						EU and EU Member States				
	RS	Al	Ba	Me	Mk	Tr	Hr	Ro	Bu	Gr	EU
UNCCD	+	+	+	+	+	+	+	+	+	+	+
UNFCCC	+	+	+	+	+	+	+	+	+	+	+
KP	+	+	+	+	+	+	+	+	+	+	+
Rotterdam Convention	+	-	+	+		-	+	+	+	+	+
POPs	+	+	+	+	+	+	+	+	+	+	+
Minamata Convention	-	-	-	-	-	-	-	-	-	-	-

Source: https://treaties.un.org/pages/Treaties.aspx?id=27&subid=A&clang=_en (16.7.2016)

Legend: MEAS – Multilateral Environmental Agreements; UNCCD – United Nations Convention to Combat Desertification in Those Countries Experiencing Serious Drought and/or Desertification, Particularly in Africa; UNFCCC – United Nations Convention on Climate Change; KP - Kyoto Protocol to the United Nations Framework Convention on Climate Change; POPs - Stockholm Convention on Persistent Organic Pollutants; Rotterdam Convention - Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade; Minamata Convention - Minamata Convention on Mercury

Table3: Status of SEE countries and the EU in MEAs concluded
in the framework of Council of Europe

REGIONAL – COUNCIL OF EUROPE	Non EU Members						EU and EU Member States				
	RS	Al	Ba	Me	Mk	Tu	Hr	Ro	Bu	Gr	EU
Convention on the protection of the wild flora and fauna	+	+	+	+	+	+	+	+	+	+	+
Landscape Convention	+	-	+	+	+	+	+	+	+	+	-
Convention on human rights and biomedicine	+	+	+	+	+	+	+	+	+	+	-
Convention on the protection of the pet animals	+	-	-	-	-	+	-	+	+	+	-
Convention on the protection of vertebrates intended for experimental and other scientific purposes	+	-	-	-	+	+	-	+	+	+	+
Convention on the protection of the archaeological heritage	+	+	+	-	+	+	+	+	+	+	-
Convention on the protection of animals during international transport	-	-	-	-	-	+	-	+	+	+	-
Convention for the protection of animals for slaughter	+	-	+	+	+	-	+	-	+	+	-
Convention on the protection of animals bred on farms	+	-	+	+	+	-	+	-	+	+	+

The source: <http://www.conventions.coe.int/Treaty/Commun/ListeTraites.asp?CM=8&CL=ENG> (10.6.2014).

Table 4. Status of countries in SEE and the EU in UNECE and other MEAs

	Non EU Members						EU and EU Member States				
	RS	Al	Ba	Me	Mk	Tu	Hr	Ro	Bu	Gr	EU
UNECE Conventions											
UNECE Water Convention	+	+	+	+	+	-	+	+	+	+	+
Protocol on Water and Health	+	+	+	-	-	-	+	+	-	-	-
Industrial Accident Convention	+	+	+	+	+	-	+	+	+	+	+
Air pollution Convention	+	+	+	+	+	+	+	+	+	+	+
Public Participation Convention	+	+	+	+	+	-	+	+	+	+	+
Environmental Impact Assessment Convention	+	+	+	+	+	-	+	+	+	+	+
Danube River Protection Convention	+	-	+	+	-	-	+	+	+	-	+

The source: <http://www.unece.org/env/treaties/welcome.html> (10.6.2014).

3. SECONDARY EU LEGISLATION IN THE FIELD OF THE BIODIVERSITY

The elaboration of the EU policies objectives and instruments relevant to the protection of the biodiversity has been done through the adoption of several secondary legislations, although in this regard, there should also be taken into account the broader list of regulations in other areas of significance for the protection of the biodiversity. The Birds and the Habitats Directives are the main legislative instruments for ensuring conservation and the sustainable use of nature in the EU, particularly through the Natura 2000 network of areas of high biodiversity value (Evans, Demeter, Gajdos, Lubos, 2013).⁵ The directives are key elements of the EU Biodiversity Strategy. These are also central to delivering EU global commitments under the Convention on Biological Diversity, concluded in Nagoya in October 2010. (EC, 2015a, p. 2)

a) Council Directive 92/43/EEC of 21 May 1992 on the conservation of natural habitats and wild fauna and flora aims to maintain biodiversity through the conservation of natural habitats and wild fauna and flora in the territory of the

⁵ Besides the Council Directive 1999/22/EC relating to the keeping of wild animals in zoos, Council Regulation (EC) on the protection of species of wild fauna and flora by regulating their trade, ie Commission Regulation (EC) No 865/2006 laying down detailed rules for the implementation of Council Regulation (EC) No 338/97.

Member States of the EU, improving the maintenance of the biodiversity in the Member States through defining common framework for the conservation of wild fauna and flora as well as habitats of interest to the EU. This is the reason for establishing European ecological network known as “Natura 2000”, which includes “special areas of conservation” designated by the Member States in accordance with the provisions of this Directive, i.e. in accordance with the provisions of the Directive 79/409/CE concerning the conservation of the wild birds.⁶

b) Council Directive 2009/149/EC on the conservation of wild birds seeks to ensure the protection of all species of birds living in the wild within the European territory of the Member States, including also the eggs of these birds, their nests and habitats as well as their exploitation. The Member States are required to take the necessary measures to maintain the population of the species at a level which corresponds to ecological, scientific and cultural requirements, while taking into account economic and recreational purposes, or in order to adapt the population of these species to that level. This means that Member States have an obligation to take measures in order to preserve, maintain and restore biodiversity and habitat for all species of birds referred to in Article 1, including the establishment of protected areas, management in accordance with the ecological needs of habitats inside and outside the protected zone, recovery of the destroyed biotopes and creation of the biotopes. Special measures for the protection of the certain bird species are defined in Annex 1 to this Directive, including migratory species. Special attention is paid to the protection of wetlands and protected areas, which together with special areas for conservation in accordance with the “Habitat” Directive 92/43/EEC make the “Natura 2000” - a European ecological network of protected areas.⁷

⁶ The directive defines the term ‘conservation status’ according to several parameters: range, population, habitat area, suitable habitat for species, structure and functions of habitats, and future prospects. Together with five associated annexes, this directive specifies certain issues relevant to clearly fulfilling the basic obligations. That is how Annex 1. determines the types of natural habitats of the Community interest whose conservation requires the designation of special areas of conservation; Annex 2 determines the animal and plant species of the Community interest whose conservation requires the designation of special areas of conservation; Annex 3 defines the criteria for selecting sites eligible for identification as sites of importance for the Community and the determination of special areas of conservation; Annex 4 contains a list of animal and plant species of the Community interest, which require particularly strict protection; Annex 5. determines the animal and plant species of Community interest whose taking in the wild and exploitation may be subject to management measures; Annex 6 lists the prohibited methods and means of capturing or killing certain animal and plant species and modes of transport.

⁷ The Directive establishes a general scheme for the protection of all the species of birds which includes the prohibition of intentional killing or capture by any method of all species of birds covered by the Directive; then, the prohibition of destruction, damage, collection or movement of their nests or eggs; intentional harassment; retention, and so on. It also prohibits the sale, transport for sale, keeping for sale, offering for sale of live or dead birds or any part of a bird or

3.1. Transitional measures (periods) in accession treaties and biodiversity

The analysis of the accession treaties concluded by the States which have become EU Member States (<http://eur-lex.europa.eu/collection/eu-law/treaties-accession.html>, 16.7.2016) in the last three rounds of the enlargement cycles shows, among other things, that all these countries agreed on transitional periods in the environmental field (Todić, D., Grbić, V., Antevski M., 2014, pp. 179-195). As it can be seen from the Table 5, there are significant differences in the number of EU regulations on which some Member States have agreed transitional periods. Only Directive 91/271/EEC relating to the treatment of urban waste water was unanimously agreed on transitional periods among all the 13 countries. The second regulation per number of the Member States that have recognized the transitional deadline is Directive 2001/80/EC on the limitation of emissions of certain pollutants into the air from large combustion plants. Third place goes to Regulation 94/62/EC on packaging and packaging waste. On the other hand, when it comes to the individual Member States, it is clearly visible that Romania and Bulgaria have the highest number of individual regulations to which they have agreed transitional periods (both of them with 11 regulations).

The transitional periods for legislation on nature protection were not contracted, except in the case of Malta Directive 79/409, predecessor of Directive 2009/147/EC. For Directive 79/409/EEC, Malta has agreed a transitional period of four years and eight months. This is, under defined conditions, relating to the application of Article 5 (a), 5 (e), 8 (1) and Annex IV (a). However, it should be borne in mind that, in the broader sense, for the field of biodiversity there could be relevant transitional periods agreed upon in some other areas (water, waste, air pollution, industry, etc.).

Table 5. The regulations in the field of environment
for which there have been contracted transitional periods

	Cy	Si	Mt	Cz	Sk	Hu	Ee	Pl	Ln	Lt	Ro	Bu	Hr	To
I Nature														
Dir. 79/409			+											1
II Air pollution														
Dir. 94/63			+		+		+	+	+	+	+	+		8
Dir. 1999/32	+							+				+		3

any bird's product, etc. Member States have an obligation to promote research in order to improve the management, conservation and wise exploitation of certain species of wild birds in accordance with the provisions of Article 10 and Annex V.

	Cy	Si	Mt	Cz	Sk	Hu	Ee	Pl	Ln	Lt	Ro	Bu	Hr	To
III Waste														
Dir. 94/62	+	+	+	+	+	+		+	+	+		+		10
Dir. 1999/31							+	+		+	+	+	+	6
Reg. 259/93			+		+	+						+		4
Dir. 75/442							+					+		2
Dir. 2002/96											+	+		2
Dir. 91/689							+							1
IV Water														
Dir. 91/271	+	+	+	+	+	+	+	+	+	+	+	+	+	13
Dir. 98/83/EC						+	+			+	+		+	5
Dir. 86/280			+		+						+			3
Dir. 83/513			+								+			2
Dir. 84/491											+			1
Dir. 82/176								+						1
Dir. 84/156					+									1
V Industry														
Dir. 2001/80	+		+	+	+	+	+	+	+		+	+	+	11
Dir. 96/61		+								+	+	+		4
Dir. 94/67					+	+								2
Dir. 2000/76											+			1
Dir. 87/217										+				1
Dir. 1999/13													+	1
Dir. 2008/1													+	1
VI Chemicals														
Reg. 907/2006													+	1
VII Nuclear energy														
Dir. 97/43/Eur								+						1
VIII Horizontal legislation														
Dir. 2003/87													+	1
Reg. 920/2010													+	1
To	4	3	8	3	8	6	7	8	4	7	11	11	9	

Abbreviations: Cy-Cyprus; Si-Slovenia; Hr-Croatia; Mt-Malta; Cz-Czech; Sk-Slovakia; Hu-Hungary; Ee-Estonia; Ro-Romania, Po-Poland; Ln-Lithuania; Lt-Latvia; Bu-Bulgaria; To-Total.

3.2. Protected areas

Protected areas are seen by many as the core means of preventing ongoing losses of species and habitats (UNEP, 2012, 152; Borgström, 2015, 72-75). They are essential for the conservation of species and ecosystems, but also are crucial in

providing benefits for the people. The importance of protected areas was recognized by national governments in Article 8 of the CBD and through the Programme of Work on Protected Areas (adopted 2004). Protected areas also make important contributions to many of the other Aichi Biodiversity Targets adopted in 2010 in Nagoya (Japan) at the 10th Conference of the Parties to the CBD. (UNEP – WCMC, 2014, p. 2).

Many international treaties concerning the conservation of biodiversity call for the establishment and effective management of protected areas (Gillespie, 2007, pp. 9-25). The Strategic Plan for Biodiversity 2011-2020 adopted at the 10th meeting of the Conference of the Parties to the CBD established the Aichi Biodiversity Targets. “By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well-connected systems of protected areas and other effective area based conservation measures, and integrated into the wider landscapes and seascapes.” (Target 11) (<https://www.cbd.int/sp/targets/205.2016>).

About 1 121 500 km² or 25, 6 % of the EU 28 terrestrial land are protected under Natura 2000 or national designations or some combination of the two. Protected areas more generally (including nationally and locally designated sites) now cover 21, 8 % [1] of the land territory of the European Environment Agency’s member countries and collaborating countries, in total 39 countries (<http://www.eea.europa.eu/themes/biodiversity/protected-areas/facts-and-figures/number-and-size-of-protected-areas-1>, 20.5.2016). As of December 2013, ten Member States had designated more than 20% of their territory as Natura 2000 sites: Slovenia (37.9%); Croatia (36.5%); Bulgaria (34.3%); Slovakia (29.6%); Cyprus (28.4%); Spain (27.2%); Greece (27.1%); Romania (22.6%); Hungary (21.4%); and Portugal (20.6%) (EC, 2014). The Member States are requested to undertake surveillance of the 233 habitats and more than 1 250 species and subspecies considered to be of Community interest, and listed in Annexes I, II, IV and V. Moreover, Article 17 of the Habitats Directive and Article 12 of the Birds Directive call for the Member States to regularly prepare and submit national reports on progress made in implementing the directives, and for the European Commission to produce composite reports based on these national reports (EEA, 2015b, p. 10).

Tables 6 and 7 show several things: there are certain differences in the methodology of the categorization of protected areas; protected areas in the framework of international agreements are clearly separated into separate categories; there is significant difference in the number and total area of protected areas, as well as the percentage of protected territory in relation to the total area of the individual countries among the countries which are not EU members and those that are members, etc.

Table 6: Protected areas in non EU Members

	RS	Al	Ba	Me	Mk	Tu
Protected Areas Value (Km ²)	5,980	765	656	573	2469	2067
Land Area Protected (%)	7%	2%	1%	4%	10%	1%
Marine Area Protected (%)	0%	2%	7%	0	0	
Protected Areas	176	59	35	8	78	349
IUCN Category	50	46	7	4	18	14
World Heritage Site				1	1	2
RAMSAR Site	10	4	3	1	2	135
Wildlife Conservation Areas						80
National Parks	4		2	3	2	40
UNESCO-MAB Biosphere Reserve	1			1		2
Natural Monuments	80	8	5		9	112
Horticultural Monuments						
Nature Reserve	47	20				
Managed Nature Reserve			4			
Strict Nature Reserve		2	2		1	
Special Reserve			1			
Special Nature Reserve			2			
Resource Reserve		4				
Nature Parks	12	16			1	192
Nature Conservation Areas						31
Landscape of Outstanding Qualities	14	3				
Reserve of Natural Landscape						
(former R BiH Law)			1			
Area of Cultural and Historical Importance	7					
Protected Habitat	1					
Specially Protected Areas (Barcelona Convention)		1				
Protected Area for sustainable use of natural resources			1			
Others				1		
Designated area not yet reviewed					62	

The source: <http://www.protectedplanet.net/country/> (10.6.2014). For Turkey: MFWA, 2014, p. 46.

Table 7: Protected areas in the EU Member States (Hr, Ro, Bu, Gr)

	Hr	Ro	Bu	Gr
Protected Areas Value (Km ²)	26562	59,005	45,929	52574
Land Area Protected (%)	38%	24%	41%	35%
Marine Area Protected (%)	9%	43%	3%	1%
Protected Areas	1202	1334	1397	1256
(BIRDS DIRECTIVE) Special Protection Area	38	148	119	202
(HABITATS DIRECTIVE) Site of Community Importance	742	383	234	241
IUCN Category	183	607	666	733
World Heritage Site	1	1	2	2
RAMSAR Site	5	19	11	10
National Parks	8	13	3	15
Core zone in National (Woodland) Park				10
UNESCO-MAB Biosphere Reserve	1	3	16	2
Forest Parks	28			3
Biosphere Reserve		1		
Scientific reserve		36		
Natural Monuments	83	173	348	
Horticultural Monuments	121			
Nature Reserve		542		
Managed Nature Reserve			35	
Strict Nature Reserve	2		19	
Special Reserve	77			
Nature Parks	11		11	
Regional Park	1			
Landscape of Outstanding Qualities	85			
Others				40
Protected site			563	

The source: <http://www.protectedplanet.net/country/> (10.6.2016).

Data for EU: <http://www.eea.europa.eu/themes/biodiversity/protected-areas/facts-and-figures/number-and-size-of-protected-areas-1> (10.6.2016).

4. BIODIVERSITY AND SOUTHEAST EUROPE

The state of the biodiversity in the SEE region should be viewed in the context of the environmental situation in the European region with the specifics of the situation in certain narrow regions and individual countries. The richness of biodiversity of the SEE stems from the fact that countries in the region belong to different narrower bio geographical groupings such as Pannonian, Mediterranean, Black Sea, continental and steppe, partially covering also some more regions (EEA, 2002). In this context, some of the specificities of the situation in the Danube region could be considered in a special way (Todić, Grbić, 2015). Although the estimates of the environmental conditions in the various documents identified the challenges faced by individual countries in SEE (EEA, 2015a; UNDP, 2007; EEA, 2010; EEA, 2007), the national reports on the realization of the Millennium Development Goals in the countries of SEE particularly emphasized issues related to air and water pollution, and the state of protected areas. The most significant risks in the area of the environment that are associated with the impact on the health of people in the region are marked by the pollution of air and water, inadequate waste management, chemicals and waste water management and inadequate occupational safety and safety of transport. The region is exposed to pollution due to the operation of heavy industry, the functioning of the mining sector, intensive agriculture without a realistic assessment of the impact on human health due to the lack of infrastructure in the water area, etc. Also, the region is exposed to a significant impact of natural disasters such as floods, earthquakes, fires, droughts, landslides, etc. In some analyses, there has particularly been emphasized the importance of the impact of climate change on the state of biodiversity (Rannow, Neubert, 2014).

4.1. Harmonisation of national legislation with EU legislation

The question of membership in international treaties is closely associated with the state of national legislation and institutional capacities of individual countries in the region. Common characteristics are determined by the dynamics and quality of the process of EU integration, and harmonization of national legislation with the EU legislation. For the countries that are at different stages of accession to this organization, the requirements in the field of the biodiversity protection are defined in a separate chapter devoted to the environment (Chapter 27). It can be said that all the countries in the region have achieved a certain level of harmonization of national legislation with EU legislation, or are in various stages of the process. European Commission 2015 estimates show a different level of activity of individual states.

In Serbia, a number of strategic documents adopted in the past few years include standards on the objectives and dynamics of harmonization of national legislation with the EU (MAEP, 2014; Vukasović, Todić, 2012, p. 40). The Habitat Directive (92/43/EEC) has been almost completely transposed (98%). Full transposition (segment related to NATURA European Network) should be achieved with accession to the EU. Directive on Birds (2009/147/EC) was completely transposed in 2010. To overcome the current standstill in Natura 2000, the institutional framework for designating and managing future Natura 2000 sites needs to be streamlined and adequately resourced. The legal base and administrative capacity for enforcement of the CITES needs to be improved (EC, 2015b, p. 66; See also MEAP, 2014). In Montenegro, the Wild Birds Directive 2009/147/EC, and Habitats Directive 92/43/EEC are “largely transposed by the Law on Nature Protection and implementing legislation.” (EC, 2013, p. 11, 12; See also, MSDT, 2014, See also EC, 2015c, p. 69; Todić, 2013). In Bosnia and Herzegovina, “initial steps have been taken to develop the Natura 2000 network. A list of potential Natura 2000 sites has yet to be adopted, as has legislation to align with the *acquis* on protection of wild birds and habitats” (EC, 2015d, 51; See also, FMET, 2014; For more information on BiH environmental legislation see: Todić, Ignjatić, Vukasović, 2014).

The initiated process of the Republic of Macedonia accession to the European Union has played great role in the law creation, in which transposition of the EU legislation was the first step, including the two most important directives on nature protection – Bird Directive (2009/147/EC ex. 79/409/EEC) and Habitat Directive (92/43/EEC) (MEPP, 2014, p. 51). However, according to the EC, the transposition of the *acquis* on natural habitats and wild fauna and flora is delayed (EC, 2015e, 68). In Albania, effective protection for designated protected areas still needs to be guaranteed. The investments in hydropower need to comply with nature protection obligations, especially for protected areas and areas of high natural value and to be carried out in conformity with the *acquis* in particular with the environmental impact assessment, Water Framework Directive and Birds and Habitats Directives (EC, 2015f, p. 68; See also MEM, 2014). In Turkey framework legislation on nature protection, the national biodiversity strategy and action plan have not yet been adopted. The regulations allowing development in wetlands, forests and natural site areas are still not in line with the *acquis* (EC, 2015g, p. 77). The Fifth Report on the implementation of the Convention on biodiversity does not mention EU integration (MFWA, 2014).

CONCLUSION

The process of European integration is in many ways connected with the question of the international legal regulation of the biodiversity protection. That connection is most evident throughout the membership of the certain states in

international treaties in the field of the biodiversity and environment. At the same time, there should be borne in mind that the EU has developed its own special regulations in this area. Some of these precisely regulate the implementation of certain international treaties, while the others establish standards of protection specific to the EU as an organization. The analysis shows that the membership of the countries of the SEE in the most important MEAs largely coincides with EU membership, and/or the EU member states. This is most obvious with international treaties of the universal character. In the Accession Treaties, there is no practice of contracting transitional measures (periods) for legislation in the field of biodiversity protection (unlike some other areas). In the part relating to protected areas, there are significant differences between the countries that are in the process of joining the EU and countries in SEE that are members of the EU. Significant differences can be identified also in the level of harmonisation of national legislation between the SEE countries. This is, generally, a result of the differences in the status of the EU accession process. However, the specifics of each individual state should be analysed in more detail.

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Dragoljub TODIĆ

**MEĐUNARODNO-PРАВNA ZAŠTITA BIODIVERZITETA
U SVETLU EVROPSKIH INTEGRACIJA
I REGION JUGOISTOČNE EVROPE**

Apstrakt: U uvodnom delu teksta se ukazuje na značaj biodiverziteta. Potom se govori o najznačajnijim međunarodnim ugovorima u oblasti zaštite biodiverziteta. Daje se pregled statusa članstva država jugoistočne Evrope u međunarodnim ugovorima u oblasti zaštite biodiverziteta i to kako članica EU (Grčka, Rumunija, Bugarska, Hrvatska), tako i onih koje se nalaze u procesu pridruživanja sa EU (Srbija, Crna Gora, Bosna i Hercegovina, Makedonija, Albanija i Turska). Osim toga, daje se prikaz osnovnih odredbi Direktive o pticama i Direktive o staništima. Autor ukazuje na pitanje relevantnosti prelaznih mera (rokova) za primenu propisa u oblasti zaštite prirode (koje su ugovorile države koje su postale članice EU u poslednja tri ciklusa proširenja). Naglašava se značaj i vrste zaštićenih područja. U poslednjem delu se ukazuje i na procene dostignutog nivoa usaglašavanja nacionalnih propisa sa propisima EU za države koje se nalaze u procesu pridruživanja sa EU. U radu se razmatra teza da između država jugoistočne Evrope koje se nalaze u procesu pridruživanja sa EU i članica EU ne postoje bitnije razlike u pogledu članstva u osnovnim međunarodnim ugovorima. Međutim, u pogledu odnosa prema zaštićenim područjima postoje razlike. Relevantnost i prirodu razlika između država koje nisu članice EU, u delu koji se odnosi na dinamiku i nivo usklađenosti nacionalnih propisa sa EU propisima, trebalo bi detaljnije istražiti.

Cljučne reči: biodiverzitet, zaštita prirode, životna sredina, staništa, međunarodni ugovori, Evropska unija, jugoistočna Evropa, evropske integracije.

Received: 4.7.2016

Revised: 28.7.2016

Accepted: 9.8.2016

IIFE'S AMBASSADORS FORUM

INDIA – EU RELATIONS

By H.E. Mrs. Narinder CHAUHAN,
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India-EU relations date to the early 1960s, with India being amongst the first countries to establish diplomatic relations with the European Economic Community. A cooperation agreement signed in 1994 took the bilateral relationship beyond trade and economic cooperation. At the 5th India-EU Summit held at The Hague in 2004, the relationship was upgraded to a 'Strategic Partnership'. The two sides adopted a Joint Action Plan in 2005 (which was reviewed in 2008) that provided for strengthening dialogue and consultation mechanisms in the political and economic spheres, enhancing trade and investment, and bringing peoples and cultures together.

POLITICAL DIALOGUE

The first India-EU Summit took place in Lisbon on 28 June 2000 and marked a watershed in the evolution of the relationship. Since then, thirteen annual Summits have been held, the last 13th Summit was held in Brussels on 30 March 2016. Mr. Narendra Modi, the Prime Minister of India, Mr. Jean-Claude Juncker, the President of the European Commission and Mr. Donald Tusk, the President of the European Council participated in the Summit, which was also attended by EU High Representative of the Union for Foreign Affairs and Security Policy/Vice-President of the Commission, Ms. Federica Mogherini, and the Minister of Commerce and Industry of India, Ms. Nirmala Sitharaman, also attended.

The leaders reconfirmed their commitment to give new momentum to the bilateral relationship endorsing the *EU-India Agenda for Action 2020* as a common roadmap to jointly guide and strengthen the India-EU Strategic Partnership in the next five years. The EU and India confirmed their commitment to remain united and firm in the fight against hatred, violent extremism and terrorism by adopting a *joint declaration on Counter Terrorism*. Both sides decided to further strengthen the EU-India economic partnership. The EU's Agenda for Jobs, Growth, Fairness and Democratic Change and India's "Sabka Saath, Sabka Vikas" ("Collective Efforts, Inclusive Growth") initiatives create new opportunities for mutually beneficial cooperation between people and businesses on both sides. The leaders welcomed

that both sides have re-engaged in discussions on how to further the EU-India Broad-based Trade and Investment Agreement (BTIA) negotiations. The EU is India's largest trading partner, accounting for 13% of India's overall trade (in 2015 the total value of EU-India trade in goods reached €77.6 billion) and also the first foreign investor.

The leaders welcomed the European Investment Bank's (EIB) commitment to support long-term investment in infrastructure crucial for environmentally sustainable, social and economic development in India, and in particular the EIB's loan of €450 million in the construction of the first metro line in the city of Lucknow. The EIB and the Government of India signed the first tranche of €200 million. The leaders also welcomed the announcement by the EIB of the upcoming establishment in New Delhi of the Bank's regional representation for South Asia.

The EU and India decided to step up their cooperation to fight climate change and adopted the *Joint Declaration between the EU and India on a Clean Energy and Climate Partnership*. It is key to the implementation of the Paris Agreement and will trigger a renewed climate dialogue with India. It intends to reinforce energy cooperation, mainly on renewable energy sources, promote clean energy generation and increased energy efficiency.

The EU and India agreed to address environmental challenges and work together towards sustainable development enhancing cooperation on environment issues. The *Joint Declaration by the European Union and the Republic of India on Indo-European Water Partnership* adopted at the Summit foresees strengthening technological, scientific and management capabilities in the field of water management and supports the Indian 'Clean Ganga' and 'Clean India' flagship projects.

The leaders also endorsed the establishment of the *Common Agenda on Migration and Mobility* (CAMM) between the EU and India, reflecting the importance of India as a strategic partner for the EU in the field of migration and mobility. The CAMM, as a framework for cooperation, is the start of a longer-term process, which will lead to deeper cooperation and solid mutual engagement on migration, a key global policy area.

Both sides expressed their commitment to *step up foreign policy and security cooperation*. They discussed the latest developments in the EU's and India's respective neighbourhoods. In particular, the EU and India support the on-going efforts towards an Afghan-led and Afghan-owned process of peace and reconciliation, leading to an environment free of violence and terror. In this context, they looked forward to the Brussels Ministerial Conference on Afghanistan on 5 October 2016 with a view to renewing a framework for international partnership and cooperation until 2020. They expressed their support to enhanced and broad-based regional cooperation in South Asia.

The leaders also agreed to start a dialogue on swift implementation of the *2030 agenda for Sustainable Development and of the Addis Ababa Action Agenda*.

The Prime Minister Shri Narendra Modi met the President of the European Council Mr. Donald Tusk and the President of the European Commission Mr. Jean-Claude Juncker on the sidelines of the G-20 Summit in Antalya on 15 November 2015. They discussed India-EU relation and global issues of mutual interest.

India and the EU also interact regularly at the Foreign Minister level. The Minister of State for External Affairs, Gen (Dr.) V.K. Singh (Retd.), led the Indian delegation at the 12th Asia-Europe Meeting (ASEM) Foreign Ministers' Meeting in Luxembourg from 4-7 November 2015. Besides steering the Indian position on the Chair Statement at the ASEM Foreign Ministers' Meeting, Hon'ble Minister of State for External Affairs also met his counterparts from Luxembourg, Latvia, Sweden, Hungary, UK, Vietnam, Bulgaria, Portugal and Ireland on the sidelines.

Both sides have instituted Foreign Policy Consultations and Security Dialogue including counter-terrorism, cyber security and counter-piracy. The last meeting of the JWG on Counter Terrorism and Cyber-Security dialogue were held in Brussels on May 20 and 21, 2015 respectively. In 2013, both sides also agreed to the institution of a dialogue on non-proliferation and disarmament under the umbrella of the Security Dialogue, and the first meeting of this dialogue took place in New Delhi in May 2014.

PARLIAMENTARY INTERACTION

The Speaker of the Lok Sabha, Smt. Sumitra Mahajan led a 13-member Indian Parliamentary Delegation to Brussels from 22-26 June 2015 at the invitation of the President of the European Parliament, Mr. Martin Schulz. She was welcomed officially in the Plenary of the European Parliament in Brussels. The delegation had close and extensive discussions on a wide gamut of issues of bilateral interest, including those directed towards addressing India's developmental priorities, with Members of the European Parliament. During the visit, the Speaker also met European Parliament's Delegation for Relations with India (D-IN). Earlier, some Members of the European Parliament of the Delegation for Relations with India visited India in March 2015 to meet India's political leadership.

ECONOMIC & COMMERCIAL RELATIONS

The EU as a bloc of 28 countries is India's largest regional trading partner while India was the EU's 9th largest trading partner in 2015. India's overall bilateral trade (in both goods and services) with the EU during 2015 was € 105.30 billion, with bilateral trade in goods being € 77.60 billion and bilateral trade in services being

€27.70 billion. India's export of goods to the EU in 2015 stood at € 39.4 billion, while India's imports from the EU were valued at € 38.1 billion. The EU continued to be one of the largest sources of Foreign Direct Investment (FDI) for India with FDI inflows from the EU to India valued at €5.2 billion in 2014. Indian investments in the EU were €1.1 billion in 2014.

The India-EU Joint Commission dealing with economic and commercial issues meets annually, as do its three Sub-Commissions on Trade, Economic Cooperation and Development Cooperation.

In addition, the Joint Working Groups on Textiles and Clothing, Agriculture and Marine Products, Technical Barriers to Trade and Sanitary and Phyto-sanitary Issues, Pharmaceuticals and Biotechnology (SPS/TBT) as well as Food Processing Industries, also meet regularly to enhance sector-specific cooperation.

A Macroeconomic Dialogue at Secretary Level along with a Dialogue on Financial Services Regulations has also been instituted and takes place annually.

The India-EU Science and Technology Steering Committee meets annually to discuss cooperation in this field.

India and the EU set up an Energy Panel in 2005 to enhance cooperation in the critical sector of energy and energy security. Sub-groups have been constituted under the panel dealing with coal and clean coal conversion technologies, energy efficiency and renewable energy, etc.

As envisaged in the Joint Action Plan, a Joint Working Group on Environment dealing with prevention of pollution, waste minimization, protection of biological diversity, sustainable forest management, environmental education, etc. has been created. An Environmental Forum which brings together academia, business and civil society of both sides to exchange views on specific environmental issues also meets annually. The Environmental Forum last met in New Delhi on 25 February 2015.

Four meetings were held in New Delhi- the India-EU Joint Working Group on Sanitary and Phytosanitary (SPS)/ Technical Barriers to Trade (TBT) (11 June 2015); the India-EU Joint Working Group on Agriculture and Marine Products (7 October 2015); the India-EU Sub- Commission on Trade (15 October 2015); and the India-EU Sub- Commission on Economic Cooperation (16 October 2015).

CIVIL SOCIETY, CULTURAL & EDUCATIONAL CONTACTS

The India- EU Forum has emerged as an important Track II forum for discussion between policy analysts on both sides. It is led by the Paris-based European Union Institute for Security Studies and the Indian Council of World Affairs and includes participation from academics, think-tanks, and on the EU side, even policy makers. The sixth India-EU Forum was jointly organised by ICWA and EUISS in Brussels on May 11-12, 2015.

The framework of India-EU cooperation in the fields of education and culture is provided by three Joint Declarations signed in recent years covering cooperation in the fields of Education and Training, Multilingualism and Culture. The first Senior Officials Meetings on Education and Multilingualism were held at Secretary level in Brussels on 25 May 2011, followed by the second round in New Delhi on 17 April 2013. The Policy Dialogue on Culture was launched at Secretary level in New Delhi on 18 April 2013.

The EU leadership also participated actively in the Europalia-India festival inaugurated in Brussels on 4 October 2013 by the President Pranab Mukherjee and King Philippe of Belgium. The President of the European Council, Herman Van Rompuy attended the inaugural ceremony of the festival and addressed the gathering. Commission President Jose Manuel Barosso inaugurated the second major exhibition of the festival called 'Indomania' on 15 October 2013.

Enhancing educational, cultural and people-to-people contacts have been an important priority. To this end, Sri Sri Ravishankar, the renowned international Yoga exponent, led the curtain raiser of the celebrations on 21 April 2015 by speaking on Yoga and guiding a Meditation and Question and Answer session at the European Parliament in Brussels.

COMMENTS

INSIGHTS FROM THE MIRAGE: THE FUTURE OF POLITICAL RELIGIOUS GROUPS

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Throughout the years that have passed following the outbreak of the so-called “Arab Spring” in 2011, experiences have revealed how political religious groups endeavor to monopolize the discourse surrounding Islam, shaping it in a way that serves their own narrow goals and objectives. In a bid to harness the chaos that has since erupted, these groups attempt to gain access to power through false ideologically-based claims and slogans. Political religious groups are indeed the greatest hindrance to the progress and development of many Arab and Islamic societies, as they significantly threaten national security, stability and the peaceful coexistence of the nation’s people.

In my book, *The Mirage*, I have sought to shed light upon their illusory tactics and to refute the ideology of these groups with their deceitful assertions and axioms. Going further, I discuss how these groups relentlessly depend on such illusory tactics to enthrall the illiterate and ignorant by luring them through emotional and religiously-based terms that appeal to the inherent goodness of most Muslims. Indeed, these deviant groups disguise their intentions in religious discourse by invoking the name of God, the Holy Prophet, or even names of followers or companions of the Prophet (*Sahaabah*) that are prominent in Islamic history. Moreover, groups of the “religious mirage” have been trying to focus on formalist dimensions – such as clothing, appearance, virtual behavior and even language – in a direct reference to what they view as the flourishing ages of Islamic history; a time in which such dimensions served to save a nation from perdition and destruction, and whilst prominent figures of the same groups executed well-planned methods to psychologically exert their control over the masses—resorting to mafia-like organizational approaches to protect their slogans and their image.

Exposing just how far these political religious groups deviate from the moderate interpretation of Islam, *The Mirage* analyzes the discourse of these groups while uncovering their true aims and the corrupted realities in which they seek to conceal—such as their application, justification and encouragement of violence. A disturbing trend preys upon the lack of available research and observations

regarding the violence employed by these groups; which ultimately enables them to present themselves as the victims, the oppressed peoples who are targeted for their religion and their faith. In an attempt to appear similar to those that have come before them in sacred religious texts who went through trial and tribulation for their faith (such as Abraham, Noah, Moses, Jesus – peace be upon them – and the Prophet Muhammad – peace be upon him – as well as the first Muslims) they aim to ensure their success by mobilizing the public in the defense of religious rights and sanctities. At the same time, these groups, who treat their religion as if it were a business, also seek to diminish the enlightened efforts of those who have provided the world with the greatest inventions, scientific discoveries and insights that have changed the world's historic trajectory in social, political and economic aspects. Rejecting any idea or discovery that, in their opinion, was not based on religion, these political religious groups use *takfir* (accusing others of being an unbeliever) as a weapon against those who oppose. Therefore, such groups have started to oppose any notion that stems from progressive or universally-minded thought as abhorrent, as this prudent thought indeed harnesses the capability to undermine their fragile intellectual premises.

Moreover, in a bid to further outline the danger of these groups, I have included practical examples of these groups – the Muslim Brotherhood, Salafists, Surooris and jihadist organizations – as their capabilities are not merely limited to their mobility or ability to wreak havoc. The threats of such political religious groups continue to expand, and I discuss the tools used to recruit followers through the adoption of distorted interpretations of Islam—which most particularly targets the youth by exploiting their economic and social conditions and by fabricating religious interpretations to ultimately present themselves as their saviors. *The Mirage* serves to expose the illusive religious slogans that indeed carry nothing of the true essence of religion, which calls for tolerance, peace and co-existence at all times and with all peoples. To succeed, these groups cast divisions by excluding all those who differ from their religion, sect or perception. By claiming that they are the rightly guided, they believe they hold the right to guide others from being led astray, the right to monopolize who is redeemed both in life and in the hereafter, and the right to judge those who they deem as exiles from God's mercy and forgiveness. Consequently, these groups divide humankind based on dichotomous and incompatible terms by casting others as either infidel or Muslim, one who is led astray or one who is a believer, one who is lost or one who is guided.

These political religious groups represent a greater danger to Islam than all of its enemies or critics, as outlined and reiterated on many occasions within *The Mirage*. Their influence has not risen through opportunities created through a vacuum; rather, it has grown from a distorted image of Islam that they adamantly insist upon—despite the myriad of setbacks that these groups have suffered. The extremist ideologies of these groups support violence and oppose progress and

modernity, regardless of the fact that true Islam is a religion of science, thought, reasoning, dialogue and tolerance. Paradoxically, these groups often tout repetitive modernist slogans when it serves their interest as they attempt to ride the wave of democracy and gain access to power. Once they have garnered the power that they so desperately sought, their true intentions are indeed laid bare as they begin to demolish both the path and the outlets that had supported their rise. This scenario, which has transpired in some countries, is evidenced by the overnight transformation in which these groups shifted into the most notorious dictatorships immediately following their ascension to power. Based on a logic that they govern in the name of God, these groups refuse to listen to any voice that differs from theirs, with the belief that with such authority, they may not be opposed nor be held accountable.

A FAILED GOVERNANCE EXPERIENCE

Through the events that followed the attempts of the Muslim Brotherhood to hold power in some countries, it became evident that their hollow ideas consisted of nothing more than flashy catchphrases distant from the reality in which the people truly live. As such, and coupled with the lack of expertise and qualified cadres, they were unable to address the problems of the Arab peoples and the Muslim Brotherhood failed the tests of governance and state management. This is due to the fact that these groups prioritize loyalty over competence, and that never have they possessed a community project or a clear program to elevate and develop the society. Lest we forget that these groups also rely on religious clerics to address life, economic or social challenges, rather than granting the opportunity to those who are experts in said disciplines.

Targeting ordinary Muslims through their religious nature, the Brotherhood promoted appealing slogans such as “Islam is the solution” alongside dreams of establishing an “Islamic Caliphate” in a bid to achieve their narrow political ends. Upon gaining power, however, it appeared as though they suffered from a case of ‘political schizophrenia,’ in which their claims of democracy, *shura* and participatory governance to usher forth a state of political alignment and unification were soon exposed as lies. Turning against their partners and showing their true colors, the Brotherhood morphed into a tyrannical dictatorship upon seizing power. It was soon evident that they were a dictatorship that was only interested in monopolizing power and controlling every governmental mechanism, otherwise known as the process of *Ikhwanization* or Brotherhoodization. This group actively worked to marginalize its opponents and to exclude them from political life with complete disregard to the fundamental concepts of citizenship and to the notions of equality and participation in the management of its assumed responsibilities in state affairs. Hence, it was a natural realization for the Egyptian people – and indeed, for the

Arab peoples as a whole – to quickly unveil the façade and the deception behind the claims of the Muslim Brotherhood. Correspondingly, the Egyptians recognized that this organization was a threat to their country and to its national security through their alliance with *takfiri* constituents in Sinai amongst other threats, including: (1) their arbitrary treatment towards the dangers that confront the supreme national interests; (2) leading the country towards the brink of a real civil war; (3) the failure to manage national affairs and the marginalization of state institutions—particularly the judiciary institution; and (4) the harm inflicted upon the relationships between Egypt and its Arab brethren.

As such, these realities led to the revolt against the Muslim Brotherhood on June 30, 2013; when millions took to the streets in protest – with the Egyptian army by their side – and the rule of the “Brotherhood” was overthrown. The country, then entering into a challenging and tumultuous phase, continued to confront the Muslim Brotherhood and their allies in the midst of their violent attempts to destroy the state; which included directly targeting the military and calling for foreign interference in Egypt’s internal affairs. These actions, therefore, leave no room for doubt in the fact that the Muslim Brotherhood is merely an opportunist organization in that it seeks to achieve its narrow interests through any means, even if it means destroying the Egyptian state. This has consequently contributed to the declining popularity of political religious groups—even prompting simpletons, who had previously believed in the sincerity of those groups, to break away from them after realizing the falsehoods behind their ideas.

The experience of the Muslim Brotherhood in Egypt, alongside the Al-Nahda Movement in Tunisia, proved the significant fact that religious groups are incapable of assimilating the priorities of their communities; nor are they able to discern the significance of the inherent religiosity that characterizes these communities. Such blatant disregard and failure to attend to the basic needs that people require for a decent life, or to the requirements to establish development programs and plans away from the elaborate religious discourse, will no doubt fail to stay abreast of the developments or the modern transformations that are now integral in today’s day and age. As exemplified through these experiences, it is clear that these political religious groups represent a real danger to the unity, security and stability of the Arab societies through their distorted image of the true religion of Islam. Rather, these groups serve the enemies of Islam – those who attempt to link the religion with the spread of violence, extremism and terrorism – as Islam is certainly innocent of all these obscurantist practices.

POLITICAL RELIGIOUS GROUPS AND EXTREMIST THOUGHT

Paradoxically, political religious groups claim to be defending Islam, although the practices of some of their leaders and members have nothing whatsoever to

do with Islam. In fact, they are a crude application of militant ideas and views featured in the books of Abu Al-'Ala Al-Mawdoodi, and Sayyid Qutb, the theorist of the Muslim Brotherhood, where Qutb's book *Ma'alim fi Al-Tareeq* (Signposts on the Road) is considered one of the most important intellectual repositories of extremism and terrorism. It was, and still is, a source of inspiration for militant political religious groups, and was the cause of the growth and spread of a culture of violence and extremism in the Arab and Muslim worlds. On the other hand, Abu Al-'Ala Al-Mawdoodi was the reference upon which Sayyid Qutb drew in relation to the concept of *Hakimiyya*, which classifies Arab and Muslim societies as misguided and heretical, with no hope of rectifying and returning them to the correct path except through the application of this concept and the adoption of the Shariah interpretations made by the theorists of political religious groups—of whom are regarded as earthly agents of God (Allah) and display an inclination to designate societies as infidel and misguided.

Undoubtedly, this narrow religious vision is what has ultimately led to the spread of this astonishing level of violence and bloodshed at the hands of members of these groups in various regions of the Arab and Muslim worlds, where no respect exists for the sanctity of blood or for the human honor. It is inconceivable that the honorable Islamic Shariah, one of the main purposes of which is preserving the soul, would be a reference to justify killing, bloodshed and rape when it warns even against frightening a Muslim—albeit in jest. The most gracious Messenger, Muhammad, peace be upon him (pbuh), warned his armies and their leaders against committing such wrongs during a war. Despite this, we continually find that people slaughter, kill, loot and seek destruction in several countries in the name of Islam.

Thus, the responsibility of these political religious groups for the spread of radical and violent ideologies is a fact that can be neither overlooked nor denied; as the practices of these political religious groups have led to the emergence of more extreme and radical groups—such as Da'esh (ISIS) and *Jihadi Salafists*, who try to impose their religious views; killing those who disagree by fire, execution, or other evil means. These acts are a distortion of the pure image of Islam that honors and protects life; it calls for building and development—not murder, demolition or sabotage. As such deceitful groups adamantly endeavor to monopolize the discourse in the name of Islam, it is likely that the future will witness other more radical versions of political Islam, as their falsehoods are being disseminated amongst the youth of today.

There is no doubt that the impasse many Arab and Muslim societies are currently still facing is mainly due to the continued influence of the ideology of these political religious groups and to their impact on the societies in which they reside. These groups are constantly pushing such societies to become involved in two arguments that are intellectual and doctrinal in nature, which comes at a time in which these societies so desperately need to seek enlightenment and renewed

ideas and visions rather than wasting such valuable time discussing issues settled by Islam centuries ago. Defending a closed-minded religious discourse disrupts the energies of the youth, and shuts the windows of hope while throwing the fate of the Arab and Islamic nations into the face of a violent wind.

Drawing lessons from the past years of experience, *The Mirage*, as mentioned before, serves to reveal the truth of political religious groups and to confirm that these groups are behind the waves of extremism, violence and terrorism taking place in a number of countries in the region and the world at large. These groups have no future in the Arab and Muslim societies, and as such, I anticipate that they are on a continuous decline due to their refusal to engage with the human civilization and to their inability to adopt an open-minded religious discourse that does not support and promote violence. Indeed, they swim against the stream of history, as this has been proved by a number of opinion poll studies conducted in the countries in which they operate. A poll exemplifying the significant decline in popularity of these groups – particularly the Muslim Brotherhood – in most Arab countries is included within *The Mirage*.

THE FUTURE OF POLITICAL RELIGIOUS GROUPS

The declining influence of political religious groups does not, however, point to their total collapse or absence from the political scene, as they indeed keep watch over the developments. Hence, the future of these groups is largely based on the surrounding environments – particularly the Muslim Brotherhood – and on the ability of governments to provide better conditions for their people. Governments must also strive to block and prevent radical groups from sneaking in through the back door of crises or in the absence of social justice—as history has shown how such groups use chaos as their invitation to deceive the masses and rise to power through the temporary provision of particular needs for various societal segments.

Amidst the failures these groups witnessed as they attempted to exercise their power, many people anticipate that political religious groups will re-examine their circumstances, positions and objectives in light of realizing that their failure stems from mixing religion and politics. Despite the problematic relationship between religion and politics, however, most of these political religious groups continue to insist upon the ‘politicization’ of the religion and upon the ‘religionization’ of politics. This is certainly evident through the slogans and axioms seemingly adopted to defend “God’s law” while politics are indeed their ulterior motive in the pursuit of prestige, power and influence. They draw power from exclusive religious visions, taking advantage of the innate religious tendency of Arab nations, to achieve their objective through the revival of dreams to establish an Islamic caliphate—even if it is cartoon-like or truly absurd, such as the so-called caliphate announced by Da’esh in areas under its control in Iraq and Syria.

Since the fifteenth century, the West has successfully overcome the problematic issue of religion and politics. It realized that by separating these two forces, it would be able to surpass the Dark Ages and move forward and construct a true renaissance. Nevertheless, many Arab and Islamic communities have yet to resolve this problem and are currently living under the similar circumstances that once prevailed in Europe throughout the Middle Ages. Therefore, the separation of religion and politics is the true beginning of a journey that crosses the dark tunnel in which the Arab and Islamic communities are lodged. This is one of the fundamental requirements to achieve a true civilizational renaissance that would restore the image of the Arabs and Muslims to their position that exemplifies their ability to serve humanity.

The path towards scientific advancement and human progression was rendered through Europe's decision to separate religion from politics—as the question regarding the relationship between religion, politics and the position of the church in governance indeed propelled Europe through the Middle Ages to the Renaissance and age of progression. The reformist movements shouldered an important role in overcoming the problems presented in the religion–state relationship, not only because it provided a neutral vision to religion and its role in society, but also because it pushed the Catholic Church to reform itself autonomously in order to survive and to keep up with the vast changes that had started to sweep Europe. During this time, it was the religion that had to adapt to the modern perspective of the world, to become rational and focused on the redirection of moral values, and to draw a balance with the rise of communities.

This can also be achieved in the Arab and Islamic worlds—and it would lead to the same results. Despite the developmental and social problems in some Arab and Islamic countries, there are opportunities that modern Arab and Islamic countries have managed to secure; which can contribute towards serving a comprehensive and integrated rise project. While the Arab and Islamic worlds are currently witnessing a transformational movement, we must see the goal of achieving the separation of religion from state as merely a way to achieve a new rise—a renaissance of which that does not mean that God is removed from the lives of Muslims, nor does it cast the civil state as blasphemous or atheist. Indeed, the separation of religion and state is capable of solving a myriad of social and economic problems that many Arab and Islamic societies are experiencing.

This is perhaps what has recently prompted the Tunisian Al-Nahda Movement to move towards achieving such a goal following the call of Rashid Ghannoushi, the Movement's historic leader, for the separation of religious and political issues—a decision that exemplifies significant intellect. If such a notion is truly intended to be implemented, it will pave the way for the other religious groups towards abandoning their religious slogans that have been used as a tool for politics. Ghannoushi, explicitly calling for a complete disassociation of religion from political

debate, said that mosques should abandon any notion of politics or biases in their rhetoric. As I have noted in *The Mirage*, Rashid Ghannoushi may have reached such a point of intellectual maturity from the significant amount of time he had dedicated to theorizing the flashy religious slogans, and from observing the global arena in the course of political Islamic movements. I hope that the intelligent and ideological reviews by Ghannoushi prompt other religious groups to reach the same decision—rather than clinging to the ideas that no longer hold ground. This, of course, excludes the destruction of nations and conflicts fueled within the Arab–Islamic societies that have seemingly gone backward in history for several centuries, with progress measured at a pace of merely days or months.

HOW TO CONFRONT POLITICAL RELIGIOUS GROUPS

In a bid to confront the growing extremism and terrorism alongside the continuous attempts to drag religion into political conflicts, a comprehensive and joint strategy of action must be used to oppose these political religious groups. This strategy should fall in accordance with the following corresponding tracks: (1) The destructive ideas used by these groups in an attempt to target various segments of society by means of evidence or persuasion need to be refuted. This responsibility largely falls upon the shoulders of the widely popular moderate clerics and preachers in the Arab and Islamic worlds. One of the reasons behind the prevalence of this dark school of thought is that semi-scholars have been deemed as authority figures through their ability to appear and promote the ideologies of these groups. (2) Action is a necessity when it comes to raising the awareness of the community regarding the danger of political religious groups. These dangers pose risks to not only the security and stability of the Arab and Islamic nations, but they also undermine the true image of Islam that is indeed civilized and advocates moderation, restraint and cultural coexistence. (3) It is essential to work towards disseminating a culture of moderation and coexistence—especially at this stage of Arab and Islamic history, where religion has become a controversial tool used to foster the differences between societal groups. This is due only to the devious and destructive ideologies supported by these groups as they seek to promote exclusion and monopolize the dialogue in the name of religion.

Therefore, we are in dire need of regaining the important values that foster cultural coexistence. We must work towards establishing the cultural values of Islam that promote harmony amongst all community members. True Islam does not call for the conflicts that are cultural, religious or sectarian in nature, which many countries within the region are unfortunately experiencing today. As such, the only way our Arab and Islamic nation can rid itself of this difficult reality is to understand Islam properly. Since its dawn, Islam has been the guide for the societal principles that are of paramount importance. Unlike the distorted image portrayed by these

political religious groups, the true principles of Islam foster plurality, freedom of belief, coexistence and moderation.

While those that have advocated for religious and social reform throughout the era of Arab and Islamic renaissance in the 19th and 20th centuries failed in their bid to revive true nationalistic mobilization, due to the internal and external circumstances that have come as a result of the personal interests of those who advocate for political Islam—verily, today there is a sufficient amount and depth of intellectual capacity and human resources capable of striving for such reform again.

UAE'S RICH EXPERIENCE

In this same vein, the United Arab Emirates has sought to combat terrorism through intellect—making it one of the first countries to do so. Through launching real initiatives that aim to counter extremism and terrorism, the UAE has endeavored to confront false ideologies through national and joint efforts. In 2012, the UAE established Hedayah, the International Center of Excellence for Countering Violent Extremism (CVE), an institution that aims to coordinate efforts with regional and international organizations to build capacity and to provide programs to combat violent extremism. In July 2014, the UAE formed the Muslim Council of Elders (MCE) in Abu Dhabi, which aims to enhance peace in Muslim communities and confront the extremist ideologies that shake the Muslim world. Most recently, and in cooperation with the United States, the UAE established SAWAB in 2015, a center that aims to support the efforts of the global coalition against Da'esh by harnessing the power of social media to confront extremist groups. Through these efforts and others, the UAE serves as an inspirational model of cultural excellence in the intellectual war against terrorism—a model of which that is based upon moderation, restraint, tolerance, openness and coexistence amongst the world's races, religions and civilizations. This comes as no surprise, however, as the wise leadership of the UAE has steadfastly based their decisions upon rational policies that meld modern day requirements within traditional and cultural contexts. Such decisions fall within the framework established in order to remain at the forefront of countries that represent impartiality, development and the protection of universal human values.

Moreover, the rulers of the United Arab Emirates realize, now more than ever, the importance of harnessing knowledge—as it is the true source of strength and creativity that paves the way towards a future that is both safe and secure.

BOOK REVIEWS

GLOBALIZED WORLD: ADVANTAGE OR DISADVANTAGE

Globalized World: Advantage or Disadvantage, Edited by Branislav Đorđević, Taro Tsukimura, and Ivona Lađevac, Belgrade: Institute of International Politics and Economics; Kyoto: Global Resource Management, Doshisha University, 2016. (ISBN: 978-86-7067-222-2 IPE), pp. 166.

The book “Globalized world: advantage or disadvantage”, represents a research study composed of academic articles which are dealing with the phenomena of globalization from different points of view. Concretely, this book represents a collection of the papers, which were presented by the scholars from Japan and Serbia at the round table conference, held at the Institute of International Politics and Economics in Belgrade, September 2015. It is composed of twelve scientific articles which are analyzing the process of globalization in the areas of policy, economy, law, security and society. It represents the product of cooperation between academic workers from Serbia and Japan, i.e. cooperation between Institute for International Politics and Economics from Serbia and Global Resource Management, Doshisha University from Japan. This collection of works has 161 pages and it was published in Belgrade in 2016. Authors who have contributed to this book through academic papers are Duško Dimitrijević and Mihajlo Vučić, Tazo Tsukimura, Aleksandra Babović, Mamoru Sadakata, Slobodan Janković, Takashi Kitamura, Dragan Đukanović and Marjan Gjurovski, Sanja Jelisavac Trošić, Miroslav Antevski, Utpal Vyas, Tomohiro Kumagai and Makiko Ono. Mentioned authors, from different regions of the world, allow the reader to adopt a wider understanding of the phenomena of globalization and the globalization as a contemporary and comprehensive process.

The main goal of this book is to show positive and negative sides of the process of pervading globalization through different scientific approaches. Authors and contributors of the book are presenting globalization as the long-term process, which readers could assume that originates from the period after World War I. Establishing international organizations with tasks that imply dealing with the questions and issues from all regions of our world, shows the first steps toward a new world order, which tries to interconnect all states as subjects of international law at all levels of possible cooperation. The intensive process of globalization, we can also find during World War II. Solidarity

between different nations and ethnic groups, sharing help on a daily basis and the common goal of achieving sustainable peace are examples of the process of latent globalization during wartime. Also, this book shows that mentioned process of globalization has some kind of continuity, with falls and ups, during the last hundred years.

Essentially, this book shows the role of the process of globalization in different public and state affairs. Reading analysis and research papers of this book, we can assume the importance of the role and influence of the globalization in the fields of economy, law, policy and culture. Also, we can see differences in opinions between authors to the question of globalization. For example, Slobodan Janković has a more negative opinion on the globalization process, saying that “political and economic globalization requires the surrender of or lessening of sovereignty, as a barrier for supranational authority and identity with potentially global political organization”. From the other side, Sanja Jelisavac Trosic, also one of the authors of this book, highlights that „globalization is a process with positive and negative sides, which generates spreading economic development and economic crisis all over the world, much easier and much quicker“.

According to Makiko Ono, who is writing about the impact of globalization on Japanese society and the problems on the labour market, we can notice the importance of mentioned process which leads, concretely in the case of Japan, to creating new immigration policy and openness to the new workforce. However, the same author also writes about the problems in the process of creation “mixed” Japanese society. For example, exclusivity within the society of ethnic Japanese focused toward foreigners creates the ground for parallel societies and exclusiveness from each other. The process of globalization, from the point of view of Tomohiro Kumagai, represents a unique opportunity for connection and intense economic cooperation. But, in this book, he has stressed out that states and societies should be prepared for process mentioned, respectively, people must face differences in values, beliefs, or standards. He adds that people should be pragmatic toward eventual inter-group conflicts and tensions and to adopt strategies which will propose mechanisms for common living beyond differences.

If we take into account post-war regions, we also have to mention the crucial role of the globalization in the processes of intergroup cooperation, cohesion and reconciliation. Today’s level of world development is an example which shows that the economic cooperation and political ties on the international level is a major engine of the process of globalization. An intensive economic relation between sovereign states contributes in aiming worldwide welfare and essential cooperation in establishing continuity in the processes of security and political

stabilization. Also, it triggers deepening of the process of globalization at all national, regional and global sectors.

According to the authors of the book, the role of globalization in the international law is of a crucial importance. Analyzing establishment of tribunals on the international level, which are dealing with humanitarian law and prosecution of wartime crimes, leads to a conclusion that the process of globalization overcomes national borders and does not protect national political elites for their eventual criminal activities and plans against humanity. Establishing ad-hoc tribunals in Germany and Japan after World War II, tribunals that are dealing with the war crimes committed on the African continent and during the civil war in former Yugoslavia, represent good examples of the positive sides of the globalization process. Although policy plays an important role in international law, we cannot underestimate the influence of the international law in the creation of justice on a world level.

Establishing multinational companies and corporations are a step further toward economic globalization, which does not mean cooperation only on the interstate level. Today's sovereign states are only regulators in the world's market economy. Contemporary economic conditions allow individuals to work for different companies which headquarter are located in one state, but affiliates are widespread all over the world. Usage of similar technology and equipment in different world regions and areas does not mean that the globalization process creates unification which erases different cultures, traditions and histories. On the contrary, readers can notify that it allows real economic competition between entrepreneurs on the international level.

By reading this book, we are able to eliminate the adopted prejudices, and through practical examples to show that cooperation between developed and underdeveloped countries are reached. In the process of globalization, mentioned states are able to create and share common interests and goals. International organizations, with membership based on equality between member-states, represent fertile ground which allows effective and efficient cooperation between states with different economic and developmental performances. Relocation of technology and equipment which do not satisfy latest standards for healthy environment, from developed to underdeveloped regions, does not mean exploiting of the process of globalization by developed countries, but an opportunity for poor societies to rapidly try to overcome troubles within national economies. It is impossible to reach high standards and conditions if you do not have a qualitative and stable mechanism and infrastructure.

At the end, we can observe the process of globalization as a kind of irreversible process, which leads to world unity, but not unification. Conclusion

maybe lies in acceptance of this process as a privilege for humankind that allows common and comprehensive action and strategies toward goals of sustainability. From today's point of view, the process of globalization records more positive outcomes in relation to deficiencies. This collection of scientific articles dedicated to the process of globalization leads us to the next conclusion: Humankind should use the process of globalization as an instrument for better interconnection and ties within international, regional, local and national relations at all levels.

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GLOBAL TRADE: THE DRIVING FORCE BEHIND KOREA'S ECONOMIC DEVELOPMENT

Global Trade: the Driving Force behind Korea's Economic Development, Korea International Trade Association and World Trade Association, Seoul, 2014. ISBN 978-89-8393-251-8, p. 315

South Korea's rise during the second half of the 20th century is one of the most studied cases in the fields of development economics and international economics. Once a poor and war-devastated country, it started from the 1960's a long process of overcoming difficulties such as the lack of natural resources and technological skills to become one of the world's most dynamic and developed economies. The book *Global Trade: the Driving Force behind Korea's Economic Development* (Korea International Trade Association and World Trade Association, 2014, p. 315) deals exactly with the policies behind this success story. In the same fashion as other works in the literature on the East Asian economic miracle, like the classic study of South Korea itself by Alice Amsden, it sees strong government intervention as the main driver of the country's economic progress. It extensively describes, then, the policies used by the South Korean government since the Park Jung Hee administration started in 1961, analyzing diverse aspects of the country's economic development first from a general, strategic point of view and then from a micro one.

The first two chapters deal with the broader aspects of South Korea's development path. The first one outlines the main features of South Korea's economic development in the period with a focus on the various crises the country has faced and how it confronted these difficult moments. The book cites the currency crisis in the early 1960's, the first oil shock in 1973, the second oil shock in 1978, the 1997 currency crisis and the 2008 global financial crisis as the main challenges South Korea had to overcome in order to keep its development path, citing the policies implemented as a response to the new difficulties. Interestingly, it points out that the state-led growth model had side effects such as, among others, bureaucratic inefficiencies and overinvestment which contributed to the 1997 financial crisis that seriously affected the country. Therefore, the first chapter concludes by affirming that government intervention was effective in the beginning of the development process, but as the economy moved on to a more complex and advanced level, market forces tended to play a greater role in the efficient allocation of resources. On the other hand, it is

also emphasized that an excessive reliance on the market can be harmful to the economy, as the volatile capital flows that ultimately caused the crises in 1997 and 2008 have proved.

The second chapter explains the role and importance of the 5-year economic plans in South Korea's economic development. Since the 1960's, the country has had 6 such plans for the years 1962-1966, 1967-1971, 1972-1976, 1977-1981, 1982-1986 and 1987-1991, and the book analyses all of them in detail. In the end, the authors evaluate each one of them following the methodology proposed by Kang Kwang-ha, which basically argues that the most important standards for evaluating policies should be the rationality and consistency of the proposed goals and the development of the environment necessary for them to be fulfilled. According to such criteria, the authors conclude that, in spite of frequent errors and contradictions as to the targets and instruments used to reach its goals, South Korea was able to achieve constant growth, successfully reaching, as a consequence, a high level of economic development.

The third chapter starts the analysis of individual components of South Korea's economic development, dealing with its trade-related aspects. The authors argue that South Korea has two different, but mutually dependent trade policies: one is outward-oriented, which means the developing of sectors that can meet the demands of the world markets, and the other is inward-oriented, that is, focused on import substitution as a way to stimulate the enhancement of domestic production as a first step to ensuring its own export competitiveness. Throughout the chapter, various specific policies, data, laws and institutions supporting such framework are described in detail, providing a valuable guide for analysts and policy-makers alike. A problem here and in the book as a whole, however, is the lack of references to data provided.

The fourth chapter discusses entrepreneurship in South Korea. The authors emphasize that the private sector has had a leading role in the development of South Korean economy since the 1980's. It has set itself high technological goals and focused on technology development, in a learning process that started by benchmarking Japanese and American companies and went on to become a highly autonomous actor in innovation. On the other hand, it is pointed out that various aspects hinder the activity of the private sector in the country. Among them, the book cites the regulatory framework, labor market inflexibility and cultural and societal views on entrepreneurship itself. The authors then analyze the strategies, processes and activities performed by South Korean companies when facing major policy shifts. The discussion is enriched by an extensive set of data throughout the text, such as the level of Research and Development (R&D) expenditures by South Korean companies, which provide a solid basis for the understanding of the arguments.

Next, the book discusses the trade human resources in South Korea, that is, the human resources broadly involved in the exporting value chain of the economy. The book identifies this as a difficult aspect for the country's development due to its lack and the relatively low level of training of South Korean professionals. It then provides a range of institutions and projects dealing with the improvement of the local workforce dealing with foreign trade, from governmental institutions to universities. The following chapter analyses the development of South Korea's chemical industry as an export-led industry. Here, the most valuable aspect of the analysis lies in a more complete view of this complex process. For example, the authors mention the influence of national security as a driving force of the state-led strategy of development of the heavy chemical industry in the context of the changes in the external environment, an aspect often neglected by more liberal views of South Korea's development. The strategy is then evaluated based on different sorts of data, once again showing the authors' zeal for solidly illustrating their arguments, but without citing the sources.

The seventh chapter explains the role of science and technology in South Korea's economic development. It is argued that they were the key factor in ensuring the continuation of the country's development during such a long period, spanning five decades. Notably, the authors emphasize that the support of technological progress was a systematic aspect of the 5-year plans, showing again the importance of strategic thinking in overcoming economic backwardness when it successfully links research with broader social and economic goals. In a world where the value chains are ever more complex and diversified, having domestic sources of technology is fundamental to guarantee a privileged position as a competitive player in international trade.

Somewhat distancing itself from the previous discussion, the eighth chapter deals with the role of South Korea's culture (*Hallyu*) and its products in the export performance. Although the explanations of South Korean pop culture amount to a good deal of the chapter, its importance to the country's exports is indeed explained. In this sense, South Korea profited not only from entertainment-related sources of revenue such as intellectual property rights, but also from the development of the value chain and the creation of new jobs. The increase in the number of foreign tourists due to the *Hallyu* is also mentioned, but here, unlike in the previous discussions, a concrete indicator pointing to the relation between both factors is not provided. The spread of South Korean culture abroad also provided the enhancement of intangible assets such as the country's reputation itself. The ninth chapter analyses the activities of the private sector and government projects in the semiconductor business. As usual, interesting stories, especially those at the firm level, are described with a lot of data, but the chapter is poorly articulated, beginning with its title itself

which does not seem to be related to the content. The chapter also lacks a clear structure that could better explain the goals and conclusions of the authors.

Finally, the tenth and final chapter discusses the growth of South Korea's trade in the framework of various Free Trade Agreements (FTA). First, a general overview of the FTA's around the world is provided, accompanied by tables, figures and graphs. Then, South Korea's participation in various FTA's is discussed, showing the benefit the East Asian country gains from participating in such agreements. However, repeating methodological and structural flaws, the last part, a theoretical discussion on FTA's is provided without a clear sense of purpose. The chapter also lacks a conclusion, turning a good understanding of the text more difficult than otherwise.

The overall impression on *Global Trade: The Driving Force Behind Korea's Economic Development*, therefore is mixed. It is certainly a valuable contribution to the voluminous literature on South Korea in the sense that it provides a detailed description of the institutions, instruments and policies the East Asian country used to impulse its economy, as well as stories of South Korean companies and governmental projects, which can be particularly useful for policy makers. The interpretation of the facts behind the South Korean development is balanced and coherent. It is also rich in the indicators and data, which provide a solid basis for the arguments exposed. On the other hand, the book has serious methodological, stylistic and structural flaws that sometimes turn its reading and comprehension more difficult than otherwise.

Gustavo OLIVEIRA

EVENTS

DANUBE RIVER AND THE NEW SILK ROAD

Institute of International Politics and Economics from Belgrade (IPE) organized an international scientific conference entitled „Danube River and the New Silk Road” on June 17th 2016. The Conference was organized in cooperation with the Institute of European Studies of the Chinese Academy of Social Sciences from Beijing, Foreign Studies University from Beijing and authorized Ministries of the Republic of Serbia.

Prof. Branislav Đorđević, Director of IPE, opened the conference. Welcome speeches were also given by Mr. Dejan Trifunović, Secretary of the Ministry of Construction, Transport and Infrastructure of Republic of Serbia; Mr. Nikola Tanić, Assistant Minister of the Education, Science and Technological Development of Republic of Serbia; Mr. Aleksandar Janković, Head of the Department for Asia, Australia and the Pacific of the Ministry of Foreign Affairs of Republic of Serbia and Mr. Huang Ping, Director General of the Institute of European Studies of the Chinese Academy of Social Sciences from Beijing. Prof. Huang Ping stressed the importance of the “New Silk Road” project for improving the future cooperation between Serbia and China and pointed out the most important areas of cooperation between two countries in the future.

The Conference “Danube River and the New Silk Road” presented 26 research papers related to the “New Silk Road” and it was divided into four thematic sessions.

The First Session “New Silk Road” – A Far-Reaching Development Strategy” was moderated by Dr. Duško Dimitrijević. Participants discussed the importance of the New Silk Road strategy; connection of the Danube and the New Silk Road as the regions with a polycentric answer to the globalization and the importance of the Baltic-Centered blocks for the Danube Region. They stated that One Belt, One Road Initiative of the President of China Xi Jinping about the revitalization of the old Silk Road, the important medieval trade route between China and Europe, represents a historical opportunity for China. New railway corridor provides China easier access to the European market, as well as strengthening its influence in Central Asia. Additional rail link with Europe will reduce China’s dependence on the marine routes. Also, this Chinese project can be seen as a parrying influence of Russia in Asia, and the Chinese response to the formation of the Eurasian Union.

“Danube in a function of the “New Silk Road” – from vision to action” was the name of the second working session, which was moderated by Dr. Liu Zuokui. This session discussed China-EU relations, cooperation within the Danube Strategy of the European Union and China’s initiative “One Belt, One Road”, Danube’s contribution to the New Silk Road, the geopolitical situation in the Balkans through the “Danube-Morava-Vardar-Thessaloniki” project and the energy strategy of Bulgaria within the context of the EU strategy for the Danube region. Beijing is interested in increasing the potential of Danube’s ports which could serve as duty-free zones and transit sites for Chinese goods arrived by river transportation to the European market. Also, the European Union is the biggest overseas market for China. The New Silk Road is not only an economic project. It is also an important strategic and geopolitical project, which is trying to transform China’s economic presence in diplomatic influence. The EU opposition is mostly afraid that China’s influence might create unfair competition, industrial overproduction and destruction of European companies.

The Third session, “Serbia – an important factor in the realization of the “New Silk Road” was moderated by Dr. Sanja Jelisavac Trošić. This thematic session paid attention to China economic relations with Serbia, Chinese investments in Serbia, the longevity of China-Serbia relations, the impact of economic development of China on the Danube Region, legal aspects of the investment cooperation between China and the countries of Central and Eastern Europe and Serbian river shipping revitalization as reindustrialization impulse and a chance for a dynamic integration with Chinese New Silk Road global strategy. The New Silk Road Initiative would include 60 countries in Asia, Europe and Africa. It represents a great opportunity for Serbia because of the Danube flows. The Danube is a natural connection from the Black Sea via the Rhine-Main canal to the North and Baltic Sea. Its confluence, with its tributaries, covers 19 countries. Preliminary estimates show that the total value of the economic belt of the “New Silk Road” is more than 21 billion dollars. Funds for the realization of these geopolitical and geo-economic initiatives could be also used for the realization of the objectives of regional cooperation in Europe. National Strategy of Serbia in the areas of Construction, Transport and Infrastructure adopted in 2012, stipulates that by 2017, transport on the Danube will be increased from five to eight and a half million tons. A New Strategy, which should be made, plans to dramatically increase passenger traffic on the Danube, from the current 74,000 to 174,000 people a year. A great chance for the Danube is grain transport from Central Europe to the Black Sea port of Constanta, and in return the transport of iron ore for the steel mill in Smederevo and Linz.

The Fourth session “Possible challenges in the implementation of the “New Silk Road” was dedicated to problems, challenges and possible solutions to the problems which might affect implementation of the New Silk Road project.

Participants discussed geopolitical (non)complementarity of the Danube Strategy and The New Silk Road, safety aspect of the New Silk Road, the impact of the Chinese presence to the regional security in South-East Europe and the Danube Region, security risks and challenges of the New Silk Road, as well as modern environmental challenges in the Danube region and the New Silk Road project. This session was moderated by Dr. Edita Stojić Karanović.

International scientific conference “Danube River and the New Silk Road” was organized within the official visit of the President of the People’s Republic of China Xi Jinping to Serbia. Having in mind fruitful scientific cooperation between IIPE and partners from China over the years, this conference aimed at scientific observing of the possible functional linking the Danube’s potential with the Chinese global strategy of development of the New Silk Road, through both its geopolitical and geo-economic vision: Silk Road Economic Belt and Maritime Silk Road, for the 21st century. Conference proceedings will be published by Institute of International Politics and Economics until the end of 2016. Good media coverage and great academic interest stressed the importance of the New Silk Road not only for Europe, but also for the whole world and opened some themes for possible conferences in the future.

Jelica GORDANIĆ

DOCUMENTS

EU-INDIA SUMMIT: A NEW MOMENTUM FOR THE EU-INDIA STRATEGIC PARTNERSHIP

(Brussels, 30 March 2016)

The 13th Summit between the European Union and India took place in Brussels on 30 March 2016. Mr Jean-Claude Juncker, President of the European Commission, Mr Donald Tusk, President of the European Council, and Mr Narendra Modi, Prime Minister of India, participated in the Summit.

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Mr Jean-Claude *Juncker*, President of the European Commission, Mr Donald Tusk, President of the European Council, and Mr Narendra Modi, Prime Minister of India, participated in the Summit.

The EU High Representative of the Union for Foreign Affairs and Security Policy / Vice-President of the Commission, Ms Federica *Mogherini*, and the Minister of Commerce and Industry of India, Ms Nirmala Sitharaman, also attended.

The leaders reconfirmed their commitment to give new momentum to the bilateral relationship endorsing the *EU-India Agenda for Action 2020* as a common roadmap to jointly guide and strengthen the India-EU Strategic Partnership in the next five years. The agenda further builds on the shared objectives and outcomes of the Joint Action Plans of 2005 and 2008. It encompasses a wide range of areas for cooperation such as foreign and security policy, trade and investment, economy, global issues as well as people to people contacts.

The leaders strongly condemned the terrorist attacks in Brussels on 22 March 2016 as an unacceptable affront to our open democratic societies and extended their deepest condolences to the families and friends of the victims. The EU and India confirmed their commitment to remain united and firm in the fight against hatred, violent extremism and terrorism by adopting a *joint declaration on Counter Terrorism*. It aims to step up the EU-India cooperation to counter extremism and radicalisation, stem the flow of foreign terrorist fighters and curb sources of terrorist financing and arms supply.

Both sides decided to further strengthen the EU-India economic partnership. The EU's Agenda for Jobs, Growth, Fairness and Democratic Change and India's "Sabka Saath, Sabka Vikas" – ("Collective Efforts, Inclusive Growth") initiatives create new opportunities for mutually beneficial cooperation between people and businesses on both sides. The leaders welcomed that both sides have re-engaged in discussions on

how to further the EU-India Broad-based Trade and Investment Agreement (BTIA) negotiations. The EU is India's largest trading partner, accounting for 13% of India's overall trade (in 2015 the total value of EU-India trade in goods reached €77.5 billion) and also first foreign investor. The EU welcomed India's readiness to establish a mechanism to facilitate investments of all EU Member States in India.

The leaders welcomed the European Investment Bank's (EIB) commitment to support long-term investment in infrastructure crucial for environmentally sustainable, social and economic development in India, and in particular the EIB's loan of €450 million in the construction of the first metro line in the city of Lucknow. The EIB and the Government of India signed a first tranche of €200 million. The leaders also welcomed the announcement by the EIB of the upcoming establishment in New Delhi of the Bank's regional representation for South Asia.

The EU and India decided to step up their cooperation to fight climate change and adopted the *Joint Declaration between the EU and India on a Clean Energy and Climate Partnership*.

It is key to the implementation of the Paris Agreement and will trigger a renewed climate dialogue with India. It intends to reinforce energy cooperation, mainly on renewable energy sources, promote clean energy generation and increased energy efficiency.

The EU and India agreed to address environmental challenges and work together towards sustainable development enhancing cooperation on environment issues. The *Joint Declaration by the European Union and the Republic of India on Indo-European Water Partnership* adopted at the Summit foresees strengthening technological, scientific and management capabilities in the field of water management and supports the Indian 'Clean Ganga' and 'Clean India' flagship projects.

Establishment of the Clean Energy and Climate Partnership as well as the Indo-European Water Partnership will bring together representatives of relevant stakeholders, including interested EU Member States and Indian States, European and Indian institutions, businesses and civil society creating business and technology opportunities between the EU and India.

The EU and India have also agreed to intensify their cooperation on research and innovation particularly addressing current global challenges including Health. The statement highlights the extension of the India-EU Science and Technology Cooperation Agreement until 2020 and setting up of mechanisms for jointly financing research and innovation projects. The leaders also encouraged increasing links between the 'Digital India' initiative and the EU's 'Digital Single Market' through enhanced cooperation in cyber security, ICT standardisation, Internet Governance, research and innovation.

The leaders also endorsed the establishment of the *Common Agenda on Migration and Mobility* (CAMM) between the EU and India, reflecting the importance of India as a strategic partner for the EU in the field of migration and mobility. The CAMM, as a framework for cooperation, is the start of a longer term process which will lead to deeper cooperation and solid mutual engagement on migration, a key global policy area.

The CAMM addresses four pillars in a balanced manner: better organised regular migration and the fostering of well-managed mobility; prevention of irregular migration and trafficking in human beings; maximising the development impact of migration and mobility; and the promotion of international protection.

Both sides expressed their commitment to step up foreign policy and security cooperation. They discussed the latest developments in the EU's and India's respective neighbourhoods.

In particular, the EU and India support the on-going efforts towards an Afghan-led and Afghan-owned process of peace and reconciliation, leading to an environment free of violence and terror. In this context they looked forward to the Brussels Ministerial Conference on Afghanistan on 5 October 2016 with a view to renew a framework for international partnership and cooperation until 2020. They expressed their support to enhanced and broad-based regional cooperation in South Asia.

The leaders expressed deep concern about the situation in the Middle East hoping that intra-Syrian talks, under the UN auspices, will ensure a Syrian-led and Syrian-owned political transition, bringing an end to the violence in Syria.

The leaders strongly supported a diplomatic solution to the conflict in eastern Ukraine through the full implementation of the Minsk Agreements by all parties in accordance with UN Security Council Resolution 2202 (2015).

The Summit was an opportunity for the leaders also to discuss human rights issues, the ongoing international arbitration under the UN Convention on the Law of the Sea (UNCLOS) in regard to the case of two Italian marines, as well as the case of fourteen Estonian and six UK Guards sentenced to prison by an Indian court.

The Leaders reaffirmed the G20's key role in achieving strong, sustainable and balanced growth to the benefit of citizens and recognised the importance of implementing the comprehensive agenda adopted at the G-20 Summit of November 2015.

The leaders also agreed to start a dialogue on swift implementation of the 2030 agenda for Sustainable Development and of the Addis Ababa Action Agenda.

EU-INDIA AGENDA FOR ACTION-2020

EU-India Summit, (Brussels, 30 March 2016)

Mr. Donald Tusk, President of the European Council, Mr. Jean-Claude Juncker, President of the European Commission, and Mr. Narendra Modi, Prime Minister of the Republic of India met in Brussels on 30th March, 2016 for the 13th European Union – India Summit.

They have endorsed this EU-India Agenda for Action-2020 as a common roadmap to jointly guide and strengthen the India-EU Strategic Partnership in the next five years. The agenda further builds upon the shared objectives and outcomes of the Joint Action Plans of 2005 and 2008.

Foreign Policy and Security Cooperation

Foreign policy

- Strengthen foreign policy cooperation, in areas of mutual interest such as Asia, Africa, the Middle East/West Asia, Europe, and other relevant areas including through regular dialogue at appropriate levels of the Ministry of External Affairs and the European External Action Service.
- Explore possibilities for development partnership and triangular cooperation.
- Identify opportunities for strengthened cooperation and coordination in international fora, including a possible dialogue on gender equality, global humanitarian issues and disaster risk reduction.

Security

- Strengthen cooperation and work towards tangible outcomes on shared objectives of non-proliferation & disarmament, counter-piracy, counter-terrorism (including counter-radicalisation) and cyber security.
- Explore possibilities for sharing information between EUROPOL and Indian agencies in the context of transnational threats including terrorism.
- Deepen existing cooperation and consider cooperation in other areas mentioned in the EU-India Joint Action Plan, including promoting maritime security, freedom of navigation in accordance with International law (UNCLOS), peace keeping, peace building, post-conflict assistance, and fight against trans-national organised crime.

Human Rights

- Reaffirm commitment to the EU-India Human Rights Dialogue as a key tool to promote shared human rights values and forge mutual understanding within the Strategic Partnership. Discuss Human Rights issues including cooperation in multilateral fora in the EU-India political dialogue.

Trade and Investment, Business & Economy

- Continue engagement at multilateral level, notably on global economic cooperation and governance in the G20 framework and in the ongoing WTO negotiations and future discussions, including re-invigorating and accelerating services negotiations.
- Both sides remain engaged to discuss how to deepen their bilateral trade and investment relations in order to fully reap the benefits, including through negotiations on the Broad-based Trade and Investment Agreement.
- Implement a mechanism to facilitate investments of EU businesses in India.
- Make full use of the existing institutional mechanisms to resolve trade irritants in particular concerning goods, services and investments, and strengthen trade and investment relations between India and the EU.
- Continue ongoing cooperation and exchange of best practices with regard to intellectual property rights.
- Continue interaction regarding facilitating the registration of Geographical Indications (GIs) in each other's territories.
- Strengthen exchange of experience and deepen cooperation on public procurement, customs and competition policy.
- Cooperate at international fora to reach agreement on an international legal instrument(s), without prejudging the nature of outcome(s), relating to intellectual property, which will ensure the balanced and effective protection of Genetic Resources (GR), Traditional Knowledge (TK) and Traditional Cultural Expressions (TCE).
- Strengthen cooperation in the area of pharmaceuticals, in particular in the context of regular meetings of the EU-India Joint Working Group on pharmaceuticals, biotechnology and medical devices.
- In the context of India's 'Make in India' Initiative, strengthen exchanges and create favourable circumstances for investment, including public-private partnerships.
- Encourage EU and India business including SMEs to strengthen dialogue, as appropriate with the active participation of business chambers and groups, including in the margins of EU-India Summits.

Global issues/sector policy cooperation

Climate Change

- Develop cooperation on the implementation of the Paris Climate Agreement including on (INDC) implementation.
- [Recalling the Dubai Pathway on Hydrofluorocarbons (HFCs) adopted by the Parties to the Montreal Protocol in 2015, explore possibilities of cooperation.

- Work towards the establishment of a regular India-EU climate change dialogue and increase cooperation on broad climate change issues including through regular Round Tables and working group events.
- Identify opportunities for strengthened cooperation, including coordination in international fora.

Energy

- Under the aegis of the EU-India Energy Panel and its working groups, expand energy cooperation including on renewable energy, energy efficiency, smart grids, clean coal technology, energy security, and energy research & innovation and explore possibilities for joint initiatives supporting the “Sustainable Energy for All” objectives, launched by the UN Secretary General.

Environment

- Having regard to, *inter alia*, the ‘Clean India’, ‘Clean Ganga’ and ‘Make in India’ initiatives, step up exchanges including through the Joint Working Group on Environment and the multi-stakeholder Environment Forum in areas such as clean air, waste, chemicals, water, biodiversity, soil and land, including in an urban context.
- Establish and implement an Indo-European Water Partnership (IEWP) with the involvement of a large array of stakeholders including EU Member States, Indian States, EU and Indian water authorities, business and civil society.
- Enable more coherent and effective cooperation between the EU and India on water issues, notably in the context of India’s ‘Clean Ganga’ flagship programme to rejuvenate the river and in achieving the objectives of India’s National Water Mission.
- Work towards promoting resource efficiency (including exchange of best practices), improving technologies and industrial processes, and contributing to low greenhouse gas emissions and climate resilient development.
- Facilitate exchange of information and expertise on the circular economy, *inter alia* through the Resource Efficiency Initiative project, being developed under the EU’s Partnership Instrument.

2030 Agenda for Sustainable Development

- Identify opportunities for strengthened cooperation and coordination in international fora to support the implementation of the 2030 Agenda and explore possibilities to develop cooperation in this regard.
- Establish an EU-India dialogue to share experiences on the implementation of the 2030 Agenda for Sustainable Development.

Urban development

- Referring to the ‘100 Smart cities’ flagship programme and EU urban policy development experience, enhance EU-India cooperation on Urban Development

with increasing involvement of Indian States and cities, EU Member States and regions/cities *and* the EU's Committee of Region, building on regular dialogue on issues such as infrastructure, energy, sanitation and water management.

- Promote dialogue and partnership/twinning between local, regional and state entities.

Research & Innovation

- Pursue India-EU Science, Technology and Innovation Cooperation, based on the outcomes of the 10th India-EU Science & Technology Steering Committee Meeting held at New Delhi on November 23, 2015.
- Work towards reciprocal access of researchers in selected EU Horizon 2020 & Indian programmes.
- Consolidate the good cooperation on fusion energy research, in particular on JET (Joint European Torus), under the Euratom-India Fusion Cooperation Agreement; as well in ITER (International Thermonuclear Experimental Reactor).
- Finalise and start implementing the EURATOM-India agreement for research and development cooperation in the field of the peaceful uses of nuclear energy.

Information and communications technology (ICT)

- Create synergies between the “Digital India” initiative and the EU’s “Digital Single Market”, in particular by cooperating on economic and regulatory issues (e.g. market access), ICT standardisation, Internet Governance, research and innovation as well as innovative start-up companies (“Startup Europe India Network”) and by making good use of the annual Joint ICT Working Group and Business Dialogue.
- Work towards finalisation of a Joint Declaration for cooperation on the next generation of global communication networks (5G), including under the India-EU Joint ICT Working Group.
- Exchange of expertise and best practice in Cyber Security, conformity assessment, Internet of Things, Cloud Computing, high performance computing, language technologies, e-Infrastructures Social Media in e-Governance.
- Discuss a simplified co-financing mechanism for Research and Innovation in mutually agreed areas of IT & electronics.
- Discuss all pending issues with regard to promotion of IT industry.

Transport

- Strengthen cooperation and dialogue on transport policy, covering, *inter alia* safety, legal and regulatory issues and infrastructure.
- On civil aviation, implement the EU-India horizontal agreement (signed in 2008) and enhance cooperation including on aviation safety.

Space

- Enhance space cooperation including earth observation and satellite navigation for the strengthening of interaction between the Indian Regional Navigation Satellite System and EU's Galileo as well as joint scientific payloads.

People-to-people

Migration & Mobility

- Resume regular meetings of the High Level Dialogue and in this framework, implement the EU-India Common Agenda on Migration and Mobility (CAMM).
- Explore possibilities, in the context of the CAMM, for further cooperation on migration and mobility issues of mutual interest, including through relevant recommendations, actions, training and capacity building.

Skills, employment, social policy

- Referring to 'Skills India' and the G20 skills strategy, explore possibilities of cooperation in skills development, with the involvement of EU Member States, business, universities and other relevant stakeholders.
- EU and India to organise a high level skills event.
- Explore possibilities within G20 to enhance collaboration to promote decent work, productive employment, social protection and occupational safety and health and fostering sustainable global supply and value chains.

Education & Culture

- Strengthen dialogue and cooperation on education including through India's GIAN programme and EU's Erasmus+ programme; sharing of best practices including on mobility and multilingualism; organisation of EU-India Higher Education Fairs; and working on issues such as access, quality, learning outcomes and benchmarking.
- Enhance policy dialogue and cooperation on culture including by promoting networking among EU Member States' cultural institutes and encouraging joint projects between EU and Indian artists/creative professionals in various fields (cultural heritage, cultural and creative sectors).

Parliaments, Civil society and Local/Decentralised Authorities

- Hold regular meetings on mutually convenient dates between delegations of the Indian Parliament and the European Parliament on reciprocal basis.
- Promote regular dialogue between, Indian and EU civil society organisations, think tanks, local and decentralised authorities.

Institutional architecture of the EU-India Strategic Partnership

- Merge the EU-India Security Dialogue and Foreign Policy Consultations into “Foreign Policy and Security Consultations” (FPSC) and maintain the four security working groups, which will report to the FPSC. Hold annual meetings of these dialogue fora.
- Review jointly the current EU-India fora for dialogue and propose improvements.

The EU and India note that, for the implementation of the present Agenda, various instruments of both sides are available including dialogue mechanisms, the exchange of expertise and experience, pilot projects, the EU’s Partnership Instrument and lending possibilities of the European Investment Bank.

Joint monitoring of progress in implementing the present Agenda will be ensured through the existing EU-India institutional architecture, including the relevant joint working groups.

The leaders will take stock of progress during the Summit meetings.

JOINT DECLARATION ON A COMMON AGENDA ON MIGRATION AND MOBILITY BETWEEN INDIA AND THE EUROPEAN UNION AND ITS MEMBER STATES

The Republic of India and the European Union, and the participating Member States of the European Union, (hereinafter referred to as “the Signatories”);

ACTING within the existing framework for cooperation, in particular the 1994 EU-India Cooperation Agreement, as well as the 2004 EU-India Strategic Partnership, and the Joint Action Plan, as agreed in 2005 at the EU-India Summit in The Hague and revised in 2008 at the EU-India Summit in Marseille;

RECALLING the February 2012 EU-India Summit, and particularly the December 2010 EU-India Summit, which recognized the important implications of the movement of people for India and the EU, and agreed to explore initiatives that could lead to a regular, comprehensive and structured dialogue on migration issues, with a view to deepening cooperation in this field;

BUILDING on the results of the EU-India High Level Dialogue on Migration and Mobility held on 2nd July 2012 in New Delhi;

ACTING without prejudice to the competences of the EU and of the EU Member States, as laid down in the Treaty on the Functioning of the European Union;

REAFFIRMING the shared commitment to facilitate the mutually beneficial movement of persons between India and the European Union, whilst ensuring better management of these migration flows and mobility, including the prevention and combating of irregular immigration;

NOTING the relevance for the EU of the EU Global Approach to Migration and Mobility;

NOTING the high degree of convergence between India and the EU on policy objectives and priorities in the field of migration and mobility and the common emphasis on quality research;

RECOGNISING the existing migration-related bilateral agreements and arrangements between India and EU Member States;

ACKNOWLEDGING the Shared interest of the EU and India in further exploring mutually beneficial possibilities for cooperation concerning the facilitation of the issuance of visas and the return of persons residing without authorization;

HAVE DECIDED to establish a Common Agenda on Migration and Mobility (CAMM) between India and the EU and the participating EU Member States, based on partnership and reciprocity. The EU-India CAMM provides a framework for cooperation on joint objectives, recommendations and actions, with a view to better organizing and promoting regular migration, fostering well-managed mobility,

preventing and combating irregular migration, addressing trafficking in human beings, promoting international protection, and maximizing the development impact of migration and mobility;

And ENDEAVOR, to this end, to further develop their dialogue and cooperation on migration and mobility, in particular along the following lines:

Priority areas

1. Work towards better management of migration and mobility, supported by an improved knowledge base of migration flows of all kinds between India and the EU, while ensuring the human rights of migrants, serving the interests of, and taking into account the respective competences of the Signatories, and focusing on the following four priority areas:
 - a) better organizing and promoting regular migration at relevant skill levels and fostering well-managed mobility, including the enhanced issuance of visas;
 - b) maximizing the development impact of migration and mobility, including through cooperation on social security issues between India and EU Member States;
 - c) preventing and combating irregular migration and addressing trafficking in human beings;
 - d) promoting international protection, in line with the respective obligations of the Signatories.

Dialogue, Recommendations and Actions

2. Hold dialogue to exchange information on legislation, policies and best practices and explore possibilities for concrete cooperation, make policy recommendations, and develop actions in the four priority areas.
3. In the area of regular migration and fostering well-managed mobility, address issues, such as:
 - (i) supporting research, with a view to making relevant practical and innovative policy recommendations;
 - (ii) exchanging and comparing information and statistics regarding labour and other regular migration flows between the EU and India;
 - (iii) enhancing the efficiency and security of respective procedures for entry, residence and registration, where necessary by improving relevant legislation and practices e.g. where appropriate, with regard to processing time and documentation;
 - (iv) building legal and administrative capacity to monitor and manage migration, *inter alia* through the development of human resources;
 - (v) exploring possibilities for attracting, in particular highly-skilled workers, including scientists and technologists, IT specialists and managers, with a

view to strengthening mobility for these categories and fostering innovation in a reciprocal manner, including consideration of circular migration, efficient grant of visas, including possible grant of visas with long-term validity;

- (vi) matching immigration to labour market needs and, in this context, stimulating targeted and appropriate skills development;
- (vii) making progress towards the mutual recognition of foreign qualifications;
- (viii) developing programmes and policies for pre-departure orientation, including to facilitate integration;
- (ix) exploring possibilities for enhanced mobility of business persons, and mobility and exchange of students and researchers, as well as other *bonafide* travellers, in a safe and secure environment, including through efficient grant of visas for those categories;
- (x) exploring possibilities for a visa waiver agreement for diplomatic passport holders.

4. In the area of irregular migration and trafficking in human beings, address issues, such as:

- (i) supporting research, with a view to making relevant practical and innovative policy recommendations;
- (ii) collecting and exchanging available information and statistics, as well as analyzing trends, regarding irregular migration flows and routes;
- (iii) addressing any relevant gaps in policy and its implementation;
- (iv) building capacity in border management, preventing irregular migration, and addressing trafficking of human beings, including the needs of the victims, through mutually agreed activities, such as joint training of border guards;
- (v) exploring ways of reducing visa overstay;
- (vi) strengthening interagency cooperation, coordination and exchange of information both within India, the EU and its Member States, as well as between India and the EU;
- (vii) improving travel document security, including through biometrics and strengthening capacity to detect forged and falsified documents;
- (viii) building awareness among all stakeholders about the risks of irregular migration, and building capacity and exploring ways for prevention of irregular migration;
- (ix) cooperating on facilitation of the return of irregular migrants, including on the establishment of nationality by the competent authority, and timely issuance of travel documents required for return, while seeking to make the process swifter and more efficient;
- (x) exploring possibilities for a Readmission Agreement.

5. With a view to maximizing the development impact of migration, address issues, such as:

- (i) supporting research on migration to India, as well as from India to the EU, including on its root causes, with a view to making relevant, practical and innovative policy recommendations;
- (ii) harnessing the contribution of migrants to the economy of destination countries as well as countries of origin;
- (iii) facilitating the secure and cost-effective flow of remittances and their development effect;
- (iv) supporting diaspora networks and the integration of migrants in the interest of development of countries of origin and countries of destination;
- (v) mitigating the social consequences of migration for countries of origin, including consideration of circular migration;
- (vi) optimizing the benefits deriving from return migration, including through cooperation on social security issues between India and EU Member States.

6. With a view to promoting international protection, in line with the respective obligations of the Signatories, address issues, such as:

- (i) collecting and exchanging available statistics and information on the situation of third country nationals and stateless persons in need of international protection;
- (ii) sharing of information on practices, related legislation, and applicable international norms;
- (iii) cooperating with international organizations, such as UNHCR, and relevant agencies, where appropriate and mutually agreed upon, under the international obligations applicable to each Signatory;
- (iv) meeting the specific needs of unaccompanied minors and other vulnerable groups in need of international protection;
- (v) cooperation on capacity building and training, including on processing claims of persons in need of international protection, as well as any other activities and actions mutually agreed upon.

Framework for cooperation

7. Confirm that a Common Agenda is a non-exhaustive and flexible framework for cooperation in the mutual interest of the Signatories, based on the principle of voluntary participation of interested EU Member States, and on the basis of full reciprocity. Cooperation between the Signatories may be undertaken with India at EU level, between India and individual, or groups of Member States, and between India and relevant agencies of the EU or of the Member States.

8. The overall steering of the implementation of the CAMM will be provided by the annual EU-India High Level Dialogue on Migration and Mobility that will be

held alternatively in Brussels and New Delhi, supported in this task by additional meetings at the working level, as agreed.

9. Actions implementing the CAMM are to be included and described in an Annex to this Joint Declaration.

Done at Brussels on the twenty-ninth day of March in the year two thousand and sixteen, in the original, in the English language.



For India



For the European Union and its Member States



JOINT DECLARATION BY THE REPUBLIC OF INDIA AND THE EUROPEAN UNION (EU) ON AN INDIA-EU WATER PARTNERSHIP (IEWP)

The Republic of India and the European Union

REALIZING the shared vision for a more sustainable management of water resources and tackling the challenges posed by water management in the context of growing population, competing water demands and a changing climate;

RECOGNIZING the inter-dependencies in the field of environment of India and the EU and the trans-boundary character of many environmental problems, as well as the suggestion of launching an India-EU Water Partnership made during the recently concluded first Indo-European Water Forum held in New Delhi on 23-24 November, 2015, jointly organized by India and the European Commission;

DESIRING to identify key environmental issues and approaches to sustainable development where exchange of experiences and cooperation could be mutually beneficial to strengthen and further develop cooperation between India and the EU in the field of water management;

HAVE REACHED the following understanding:

I. OBJECTIVE

The objective of this Joint Declaration is to strengthen technological, scientific and management capabilities of India and the EU in the field of water management on the basis of equality, reciprocity and mutual benefit.

II. AREAS OF COOPERATION

India and the EU endeavour to encourage and promote cooperation on:

1. Work towards the establishment of an India-EU Water Partnership (IEWP), bringing together representatives of relevant stakeholders, including interested EU Member States and Indian States, European and Indian institutions, businesses and civil society.
2. Exchange views on regulatory approaches, including procurement, governance, best practices, business solutions and research and innovation opportunities in the water field in India and Europe, taking into account lessons learnt in the implementation of the EU's Water Framework Directive and the already ongoing exchange of information on cooperation under major river conventions, such as the Danube and the Rhine.
3. Continue technical exchange on water issues, notably through study visits to the EU and European experts' missions to India.
4. Jointly organize Indo-European Water Forum events at regular intervals to discuss and share views on water-related matters of common interest.

5. Support the implementation of the Ganga Rejuvenation Initiative of the Indian Government, in particular through quick-win business solutions based on EU best practices, by developing a consolidated analysis taking into account joint research activities and identifying key problems and solutions, including innovations European solutions, and by contributing to an analysis of a possible appropriate governance and legal set-up for the Ganga River Basin. The IEWP should be part and parcel of a coordinated approach by the EU and its Member States – and in coordination with other relevant players – on these and other relevant aspects of the Ganga Rejuvenation Initiative.

III. FORMS OF COOPERATION AND IMPLEMENTATION

1. The Partnership should elaborate an action-oriented annual work programme contributing to achieving the aforementioned objective and addressing the elements outlined above.
2. A Joint Working Group comprising of technical experts of equal number from India and the EU should be constituted to discuss, finalise, implement and monitor the activities to be carried out in fulfilment of this Joint Declaration. The Joint Working Group should preferably hold its meeting through video-conferencing and at least twice in a year. Physical meetings should take place alternately in India and Europe.
3. Progress on the implementation of this Partnership should be regularly assessed by both sides including their nominees, viz- representatives from the Indian Ministry of Water Resources, River Development and Ganga Rejuvenation, the EU Delegation to India, and the Environment Directorate-General of the European Commission, as mutually agreed to from time to time.
4. Future annual work programmes may be agreed to accordingly to these assessments and taking into account arising challenges and opportunities.

IV. FINANCIAL ARRANGEMENTS

India and the EU will bear their own expenses arising from the cooperation activities carried out under this Joint Declaration.

V. NON-BINDING CHARACTER

This Joint Declaration is not intended to create any legal or financial obligations under domestic or international law in respect of either side.

Brussels, 30th March 2016

JOINT DECLARATION BETWEEN THE EUROPEAN UNION AND THE REPUBLIC OF INDIA ON A CLEAN ENERGY AND CLIMATE PARTNERSHIP

The Republic of India and the European Union

CONSIDERING

- the ongoing dialogue and cooperation under the EU-India Energy Panel and its Joint Working Groups, initiated by the 2005 Joint Action Plan (revised in 2008) under the EU-India Strategic Partnership, and strengthened following the 2012 Joint Declaration for Enhanced Cooperation on Energy between the EU and the Government of India, as well as,
- the ambition of both sides, as laid down in the Strategic Partnership, to cooperate to enhance the capacity to prevent and adapt to climate change.

UNDERLINING

- the challenges that the EU and India face in terms of ensuring a secure, clean, affordable and reliable energy supply for all, as required for sustainable economic growth, and of mitigating and adapting to climate change, as well as,
- the importance of working jointly to successfully meet these challenges.

WELCOMING

- the historic success of COP 21 in adopting the Paris Agreement, including the global ambition to limit the temperature rise and the requirement for action to combat climate change on the basis of equity and in accordance with the principle of common but differentiated responsibilities and respective capabilities, in the light of national circumstances.

RECOGNIZING

- the common interest to promote clean energy generation and increased energy efficiency for climate action, including through related global support to developing countries, and as reflected in the Intended Nationally Determined Contributions submitted by India, the EU and the other Parties to the Paris Agreement;
- the positive contribution that clean energy generation and increased energy efficiency can make to global energy security;
- the need to develop international technology partnerships for transfer, development and implementation of climate friendly energy technologies, as

highlighted in India's submitted Intended Nationally Determined Contribution, and the need to strengthen cooperative action;

- the potential offered by the development of smart grids and the initiatives for an International Solar Alliance (ISA) and Mission Innovation, which are welcomed by the European Union;
- the need to scale up climate change finance mobilised for developing countries' mitigation and adaptation actions, including the goal of jointly mobilising USD 100 billion annually by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance, in the context of meaningful mitigation actions and transparency on implementation.

REALISING the shared vision for sustainable energy production and consumption and for combating climate change in light of respective circumstances.

DESIRING

- to cooperate for realising the important challenge of implementing their Intended Nationally Determined Contributions and to step up dialogue in order to realise the objectives of the Paris Agreement;
- to work together to promote and disseminate mitigation and adaptation actions of both sides, including by promoting technological solutions through business partnerships;
- to strengthen the energy dialogue and cooperation between the EU and India and to step-up clean energy, energy efficiency and climate actions.

HAVE REACHED the following understanding:

I. OBJECTIVE

The objectives of this Joint Declaration are to support and strengthen, on the basis of equality, reciprocity, mutual benefit and equity, and in accordance with the principle of common but differentiated responsibilities and respective capabilities in light of different national circumstances:

1. the dialogue and cooperation in the areas of clean energy, energy efficiency and climate action between India and the EU and
2. the respective capabilities of India and the EU for implementing their Intended Nationally Determined Contributions and for ensuring a secure, clean, affordable and reliable energy supply for all.

II. AREAS OF COOPERATION

India and the EU endeavour to encourage and promote following cooperation:

1. to work towards the establishment of a Clean Energy and Climate Partnership (hereafter "The Partnership"), bringing together representatives of relevant

stakeholders, including interested EU Member States, European and Indian institutions, businesses and civil society.

2. to exchange views on policy and regulatory approaches, governance, best practices, business solutions, market access and joint research and innovation opportunities in the field of clean energy, clean coal technologies, energy efficiency and climate change in India and in the EU, taking account of lessons learnt in the implementation of the EU's and India's climate and energy policies.
3. to continue and further strengthen the ongoing joint activities on energy efficiency in buildings, development and deployment of renewable energy sources, including solar energy and offshore wind energy, clean coal technologies, nuclear fusion and energy security, as well as the cooperation aiming at increasing access to modern energy.
4. to exchange experiences, views and positions on implementing the INDC's and related mitigation and adaptation initiatives, on implementing the transparency and accountability framework for climate action, on strategies for sustainable patterns of consumption and production to lessen adverse impacts of climate change, on responses to climate adaptation needs.
5. to develop EU-India cooperation on smart grids and to explore possibilities for the EU to work together with India to further the objectives of the International Solar Alliance, Mission Innovation.
6. to promote access to and dissemination of clean energy and climate friendly technologies and to exchange views and experiences on mobilising funding and encouraging partnerships for research and development of such technologies.
7. to explore possibilities to cooperate in the context of the Montreal Protocol on substances that deplete the ozone layer in view of the 2015 Dubai Pathway on hydrofluorocarbons (HFCs).

III. FORMS OF COOPERATION AND IMPLEMENTATION

1. India and the EU intend to steer the Partnership through well-established policy dialogues:
 - Both sides endeavour to continue the energy dialogue established under the India-EU Energy Panel and to agree an updated structure of the Panel and the Working groups that will be instrumental in implementing this Partnership.
 - Both sides endeavour to establish an India-EU climate change dialogue, to support the dialogue by working groups and events on areas of mutual interest and to further the objectives of the Convention and the Paris Agreement.
 - Both sides will encourage the two dialogues to be mutually supportive in implementing this Partnership.
 - To further support the Partnership, both sides intend to reinforce dialogue and cooperation in energy and climate research and innovation. The related activities will operate in the framework of the Joint Steering Committee for Science &

Technology Cooperation and according to the rules established under the Science and Technology Cooperation Agreement, with feedback to the energy and climate dialogues.

2. The Partnership should elaborate an action-oriented work programme contributing to achieving its objectives. The first work programme should be agreed by the next EU-India Energy Panel, expected for spring 2016. Actions, expected to be included in the first Work Programme, are included in the annex to this Joint Declaration.
3. Progress on the implementation of this Partnership should be regularly assessed by the Indian and EU partners as appropriate and future work programmes should be agreed according to these assessments and upcoming challenges and opportunities taking into account respective capabilities.
4. Specific project activities under this Partnership are supported through the EU's Partnership Instrument project 'Clean Energy Cooperation between EU and India' (CECI) as well as other existing technical assistance projects. Both parties intend to actively explore additional funding possibilities for deployment of projects under this Partnership.
5. In the framework of this Partnership, the EU and India endeavour to actively support business-to-business dialogues, also in view of the development of both the EU and Indian market for clean energy and energy efficiency technologies.
6. The Partnership intends to support the deployment of funds by the European Investment Bank for clean energy and climate change related projects.

IV. FINANCIAL ARRANGEMENTS

Other than project support through any financial instruments mentioned under III, India and the EU will bear their own expenses arising from the cooperation activities carried out under this Joint Declaration and the proposed Partnership.

V. NON-BINDING CHARACTER

This Joint Declaration is not intended to create any legal or financial obligations under domestic or international law in respect of either side.

Brussels, 30 March 2016.

ANNEX TO THE JOINT DECLARATION BETWEEN THE EUROPEAN UNION AND THE REPUBLIC OF INDIA ON A CLEAN ENERGY AND CLIMATE PARTNERSHIP

India and the EU expect that following actions would be included in the first Work Programme to achieve the objectives of the Partnership. The Work Programme would be agreed at the EU-India Energy Panel meeting, planned for Spring 2016.

- Further policy development on Energy Efficiency in buildings, including the deployment of experts for implementation of the Energy Efficiency in Buildings Codes in 4 selected Indian States.
- Cooperation in view of developing offshore wind energy production in India, notably through contributing to the realisation of the first Indian Offshore wind farm, including capacity building, specific studies, support to wind farm design, dissemination of technology and enabling its deployment.
- Support to India's solar mission including concrete technical studies necessary for the development of large scale solar parks with a particular focus on their grid integration and advocating global collaboration in research and development.
- Exploring possibilities for the EU to work together with India to further the objectives of the International Solar Alliance and Mission Innovation, and other ongoing initiatives.
- Development of cooperation established on smart grids, including through exchanges on policy development, technical exchanges and study visits.
- Support to the implementation of India's INDC and related mitigation and adaptation initiatives including through facilitating access to the development and dissemination of clean energy and climate friendly technologies.
- Exploring possibilities to cooperate in the context of the Montreal Protocol on substances that deplete the ozone layer in view of the 2015 Dubai Pathway on hydrofluorocarbons (HFCs).
- To actively support the deployment of the funds already made available by the European Investment Bank to support clean energy and climate change related projects through IREDA.
- To explore opportunities for joint research and innovation on clean energy, grid integration and on climate-related issues.

INDIA-EU JOINT DECLARATION ON THE FIGHT AGAINST TERRORISM

(30 March 2016)

1. Prime Minister Narendra Modi, President Donald Tusk and President Jean-Claude Juncker strongly condemned the recent terrorist attacks in Brussels and many parts of the world and reaffirmed their determination to jointly combat terrorism in all its forms.
2. Recalling the 'India-EU Joint Declaration on International Terrorism' of 2010, the Leaders noted the urgent need for a comprehensive approach to address terrorism. They resolved to step up cooperation to prevent and counter violent extremism and radicalisation, disrupt recruitment, terrorist movements and the flow of foreign terrorist fighters, stop sources of terrorist financing, dismantle terrorist infrastructure and prevent supply of arms to terrorists. To this end, they committed to further enhance exchanges in the fields of finance, justice and police and looked forward to the EU-India Counter-terrorism Dialogue.
3. Prime Minister Modi, President Tusk and President Juncker underlined the need for all countries to effectively deal with terrorism and violent extremism emanating from territories under their control. They called for actions to be taken, consistent with international law, against all entities, including States that sponsor, provide support to terrorist groups or harbour them.
4. Condemning the recent terror attacks in Brussels and Paris, Pathankot and Gurdaspur, and recalling the November 2008 terror attacks in Mumbai, the Leaders called for the perpetrators of these attacks to be brought to justice. Leaders called for decisive and united actions to be taken against ISIL (Da'esh), Lashkar-e-Tayibba, Jaish-ei-Mohammad, Hizb-ul-Mujahideen, the Haqqani Network and other internationally active terrorist groups such as Al-Qaeda and its affiliates.
5. Considering the urgent need to establish a comprehensive international legal framework to address the global menace of terrorism, the Leaders called for early adoption of the Comprehensive Convention on International Terrorism in the United Nations. They also resolved to work together to drive forward international efforts in forums like the Financial Action Task Force (FATF) and the Global Counter Terrorism Forum (GCTF).
6. Both sides urged the international community to make concerted efforts towards ensuring strict compliance with all relevant United Nations Security Council (UNSC) resolutions. Leaders welcomed UN Security Council resolution 2249 that calls on Member States to take all necessary measures against the threat posed by ISIL (Da'esh) and reaffirms that terrorism in all forms and manifestations constitutes one of the most serious threats to

international peace and security and any act of terrorism is criminal and unjustifiable regardless of its motivation, whenever and by whomsoever committed. They resolved to deepen cooperation on UN terrorist designations to make this mechanism more effective and to work towards increasing the effectiveness of the UNSC sanctions regime against ISIL (Da'esh), Al-Qaida and associated individuals, groups, undertakings and entities.

7. Reaffirming that terrorism cannot and should not be associated with any religion, nationality, civilization or ethnic group, India and the EU agreed to coordinate efforts to prevent violent extremism also by addressing conditions conducive to its spread. The Leaders expressed concern at the increased incidence of radicalisation of youth and the use of the internet to this end. They emphasised the need to develop bilateral and multilateral cooperation in the field of information and communication technology, including IT service providers to minimise the use of cyber space ~~for~~ by terrorist groups and to counter extremist narratives online. They agreed that cooperation between immigration and airline authorities for monitoring travel of foreign terrorist fighters requires urgent collective action by all nations.

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editor-in-chief Dragoljub Todić. - Vol. 1,
no. 1 (1950)- . - Beograd : Institute of
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ISSN 0486-6096 = Review of International
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