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CHARACTERISTICS – THE CASE OF HAIER

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For information on annual subscription please contact

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INTERNATIONALIZATION WITH CHINESE CHARACTERISTICS – THE CASE OF HAIER

Aleksandar JANKOVIĆ¹

Abstract: During a period of thirty years, China has grown from one of the poorest and most isolated economies in the world into a modern and highly internationally integrated economy. In the period between 1978 and 2014, China's annual GDP growth was on average 9.8%. Throughout the process of reform and opening up, the internationalization of business has been an irreplaceable element.

The central place within the new paradigm of economic development promoted by the current Chinese leadership is reserved to the concept of creating a *moderately prosperous society* (*xiaokang*) and achieving the *Chinese dream*, maxim created by president Xi Jinping. Special attention is given to developing the country's image, its products and brands. Instead of relying only on exports, successful Chinese enterprises are now encouraged to come out to a greater extent to the world markets, including financial markets, through engagements in the higher forms of business cooperation. China also becomes a large foreign investor and the leading US foreign creditor. The strategy of internationalization received several new important segments – the internationalization of the RMB and the financial markets, the internationalization of Chinese enterprises, outbound investments, etc.

This research paper, therefore, focuses on the ways the internationalization of leading Chinese companies were promoted. In this regard, particularly interesting is the case of a producer of home appliances – *Haier*. This company, following the path of China's economic reforms, in a short period grew into a world's leading home appliances manufacturer.

Key words: China, internationalization, economy, reforms, Haier.

¹ Aleksandar Janković, Head of Asia, Australia and the Pacific Department at the Ministry of Foreign Affairs of the Republic of Serbia. This research paper reflects exclusively personal views and opinions of the author.

INTRODUCTION

Economy-wise, the internationalization is considered as the process that usually involves the increased involvement (of an economic subject i.e. company) in the international market. In economic theory, there are several ways to define the internationalization, whether it is related to the foreign trade, such as the case in the classical economic theories of A. Smith and D. Ricardo (Hunt, 2002, p. 120), or if it is linked to any multinational company operating in the international market (Rugman and Collinson, 2012, p. 760). Internationalization, therefore, underlines the growing importance of international trade, free trade agreements, trade alliances, etc. Clearly, in a broader context, internationalization also includes outbound investments, relocation of production capacities and its international fragmentation, international marketing, offshoring, outsourcing, etc.

People's Republic of China

Population	– 1,38 bn
Total GDP	– RMB 67.700 bn / USD 10.300 bn (2015)
GDP growth	– 6,9% (2015) – 7,4% (2014) – 7,7% (2013)
Inflation	– 1,4% (2015)
Exports (2015)	– USD 2.275,95 bn
Imports (2015)	– USD 1.681,95 bn
Foreign Direct Investments	– USD 126,3 bn (2015)
China's Overseas Investments	– USD 118 bn (2015)
Unemployment	– 4,5% (urban population)
Foreign Debt	– USD 1.390 bn (VI 2015)
Public Debt	– 41,5% of GDP
Foreign Reserves	– USD 3.000 bn

Sources: State Council's Report for 2015, Ministry of Finance PRC, People's Bank of China, 2016.

Internationalization is often associated with the term globalization. Globalization means the economic integration of multiple national economies into one, global economy, mainly through the free flow of goods, services, and capital, and until recently the free flow of labor force, i.e. people (Daly, 1999, p. 2), technology, expertise (International Monetary Fund, 2000) and other factors.

China's economic rise is the subject of numerous theoretical discussions. They are all trying to explain the reasons and circumstances under which China, within the period of thirty years, grew from one of the poorest and most isolated economies in the world into a modern and highly internationally integrated economy. In this sense, it is important to look not only at the basic factors of development, but also at the role of the government and at the historical context of the current changes in the international environment and its impacts.

Throughout the process of reform and opening-up in China, the internationalization of businesses has been its indispensable companion. It has played various roles in the reform process. The second part of this paper deals with the phases of the process of reform and opening-up in China, followed by the more detailed analysis of the most important segments of the internationalization (third part of the paper). To assess the influence of internationalization on the economic development of a country, including China's economic miracle, a very special focus must be put on the corporate structure. Hence, the fourth part of the paper is a case-study explaining the internationalization of the China's leading household appliances manufacturer – *Haier*.

REFORMS AND INTERNATIONALIZATION

The process of reform and opening-up in China has inevitably been linked both to endogenous factors, as well as to the exogenous factors. In this regard, a special place belonged to the opening the economy to foreign investments and strengthening of the country's export sector. Up to 2005, the process of internationalization of business operations largely has been related to the exports and foreign direct investments. Since 2005, and especially after 2012, the internationalization received several important new segments, such as the internationalization of the RMB and greater opening of China's financial markets, the internationalization of the Chinese enterprise's operation through various higher forms of cooperation, including the increased volume of China's overseas investments, etc. In understanding the process of internationalization one must take into account the interconnections between a number of factors – from administrative ones and domestic politics to the foreign components, embodied in both – foreign capital and access to the foreign markets (Zweig, 2002, p. 16).

There is no single and universally accepted periodization of China's reforms period that began in 1978. In the literature, reforms process has been divided into the time slots of China's five-year plans (1982-1986, 1987-1991, ...), while some authors phase time-frames in relation to the top state and party leadership line-ups (Deng Xiaoping 1978-1989; Jiang Zemin 1989 -2003/4, Hu Jintao 2003-2013, Xi Jinping 2013-...), or to the key decisions of the Chinese authorities in relation to the process of reforms (1978 – the introduction of the reforms, 1984 – opening

of 14 cities and three regions for foreign investment, 1992 – the introduction of the concept the socialist market economy, 2001 – China’s entry into WTO, 2008 – the first package of stimulus measures ...). Most often, however, the periodization of the reforms period, combine the aforementioned elements, which will be the case in this study.

Introduction of the reforms (1978-1984)

In the first phase of reforms, the government introduced the set of measures to decollectivise the rural economy, open the country to foreign investments and allow private entrepreneurs to start their own companies. Understandably, most of the economy was still state-owned. Apart from the possibility of establishing the privately owned small and medium-sized enterprises, the government eased the price controls which gave an impetus to the development of the service sector. One of the key reform-oriented acts, the 1979 Law on Joint Ventures, paved the way for foreign investors to come to China. In order to attract foreign direct investments, China in 1980 created four special economic zones – Zhuhai (near Macao), Xiamen (near Taiwan), Shenzhen (near Hong Kong) and Shantou.

Development and first challenges to the reform process (1985-1993)

After very good initial results, the reforms are continued with further reduction of state intervention in the economy, especially related to the small and medium-sized enterprises. In 1984, the CCP leadership came out with a program of reform of economic subjects. China’s economy records strong economic growth, mostly generated by the growth of the private sector. The process of decentralization has been initiated giving more powers to local authorities, including the economy and privatization. Local (municipal and provincial) companies are gaining in importance compared to other businesses and are experiencing a real boom during the 80s employing more than 100 million people. Bearing in mind the growing export orientation of the Chinese economy, the investments in the light industry are particularly promoted. In this regard, better access to the Western technology (primarily from Europe, the USA and Japan) becomes an important input for the country’s rapid economic development.

Following the initial impressive success of the special economic zones, the Chinese authorities in 1984 open 14 more coastal cities and three regions for foreign investments. Measures to promote and encourage entrepreneurship have also been taken. All this led to the further growth of the private sector and its share in the economy. On the other hand, public sector remained mostly unreformed and inefficient, with some state-owned enterprises (SOE) recording huge losses and increasing the pressures on the country’s budget. Solutions are sought through the

sale or closure of the most problematic enterprises. Some SOE were to be privatized, while others to gain more autonomy in decision-making. The privatization process, however, was very limited and included only a small portion of state-owned enterprises, usually those who had a long history of loss-making. Hence, the “transfer” of these problematic SOEs to the private sector has not influenced the dominant position of the public sector in the economy.

International Integration: China as the “workshop of the world” (1994-2004)

In the mid 90’s China started to record very high, double-digit growth. This also led to some negative effects, notably inflation. In 1994, China opened the rest of the country to foreign investments and free operation of privately-owned companies. Due to the abundant labour force and its low cost, as well as to many other advantages, a large number of companies from the West opened their production units in China and started exporting the products to other markets. China became “the workshop of the world”.

For the first time since the beginning of the reform and opening-up, external shocks caused a significant impact on the economic performance of China. However, in contrast to most of other neighbouring Asian economies, including the so-called Asian tigers, China relatively quickly overcame the negative effects of the 1997-1998 Asian financial crisis. At the end of the 90s, China turned to the privatization of large state-owned conglomerates (with the exception of large state-owned monopolies of strategic importance) who have recorded losses and to sell their assets to private investors. With this move, the number of public companies was halved. In 2005, the private sector for the first time contributed to more than a 50% of the country’s GDP (Manole and Martin, 2004). China furthered its integration into the world economy, especially after becoming the member of the World Trade Organization – WTO in 2001, following lengthy negotiations. The return of Hong Kong (in 1997) and Macao (in 1999) to China and their successful integration based on the principle of “one country – two systems” strengthened the confidence of foreign financial circles and led to a further increase in foreign direct investments to China.

Stabilizing the course of reforms (2005-2012)

From 2005, the pace of the reforms has been stabilized, and the Chinese authorities gradually turned towards the fulfillment of the new priorities. Although the continuation of the rapid economic growth remains one of the most important development paradigms, the focus was also given to the improvement of the quality of this development. The fourth generation of Chinese leaders led by President

Hu Jintao and premier Wen Jiabao continued reform process, but with more focus on the increasingly visible structural imbalances and greater emphasis on the revitalization of the public sector.

The outbreak of the global financial crisis in 2008 reduced Chinese growth and quickly led to a series of negative consequences to the Chinese economy. The export sector, due to falling demand in China's leading foreign markets (US, EU) recorded lower results, and shortly more than 20 million people lost their jobs. In 2009, the Chinese authorities came out with a package of stimulus measures in order to maintain the economic growth. With this package, worth USD 586 billion (almost 7% of China's GDP), China accelerated the construction of infrastructure, increased the investments in health and education sectors, as well as in rural areas. The stimulus package has largely contributed to the preservation of not only economic growth, but its further acceleration. In 2010, the GDP growth exceeded 10%. Following the second wave of the global crisis, China in 2012 applied similar measures again by setting aside an additional USD 157 billion. China has, therefore, turned to significant restructuring of its economy, by strengthening domestic demand and consumption, in order to fulfill some shortcomings in its export sector.

The Chinese government is encouraging Chinese companies, especially SOEs, to go abroad under their own name. China is increasingly trying to reposition itself in the global market and improve the image of its products. Instead of cheap and low-quality products made in a low level of processing, the goal is the production of sophisticated and high-quality products with a distinctive modern technology and a Chinese brand-name. Innovation and R&D are strongly encouraged. Branding of the Chinese trademarks is gaining momentum, and more funds are allocated for the cultural and creative sector – film, publishing, theater, media, etc. International use of national currency – RMB has also been promoted through issuing RMB denominated bonds at the leading financial markets, currency swap arrangements with the foreign central banks, etc. Leading Chinese state commercial banks strengthened and diversified their portfolios and entered the international capital market. Within a very short period, Chinese banks became the leading banking institutions in the world.

New phase of the reform – the “new normal” (2013-...)

Unlike the first period of reform (1978-1984) when the economic growth was mainly based on the strong growth in agriculture and rural areas, in the second, third and fourth period of the reform (1985-2013) economic expansion was mainly driven by investments and exports. There is a large increase of savings compared to revenues, and on the other hand, an increase in domestic investment and, consequently, industrial production.

After the election of a new state and party leadership in late 2012 and the spring of 2013 China gradually entered a new phase of reforms. The new Chinese leadership pledged to strengthen the international position of the country and cooperation with the world and came out with a set of measures to this direction. The quality of the growth is emphasized and, accordingly priorities in all segments were set. The economic growth is targeted between 6% and 8% per year – these margins became a sort of a new normal for the growth. Also, there is an increasing role of consumption compared to investments and exports, while the share of the service sector in GDP reached almost 50%. Restructuring of the economy implies a number of measures related to the production factors, i.e. the supply side reforms.

Concepts of “Chinese dream” and “One Belt One Road” put forward by the new China’s leadership bear a paramount importance. They envisage China to double its 2010 GDP by 2021, and reach the level of moderately developed countries by 2049, as well as the construction of a network of thousands of kilometers of highways and railways spanning three continents – Asia, Africa, and Europe.

The Chinese economy is entering a new and qualitatively different stage of development. The set objectives and policies strongly indicate that China embraced a new paradigm of economic development.

FOREIGN INFLUENCES AND SEGMENTS OF INTERNATIONALIZATION

China’s economic development cannot be regarded separately from international economic flows. Although largely internally generated, the country’s rapid economic development over the past 38 years was also influenced by international environment. The role of foreign capital and technology in the economic development of China is significant, and export-oriented economy in much of the period of economic reforms contributed to a great extent to the economic growth and the overall transformation of the country. It is, therefore, no wonder that some foreign experts, especially those in the West, assess that China and its economy were the biggest beneficiaries of the globalization (Caijing, 2014).

Table 1: China's leading trade partners in 2014

(in USD bn)

	Total	Export	Import	Balance
EU	615	371	244	127
USA	555	396	159	237
ASEAN	480	272	208	45
Hong Kong	376	363	13	350
Japan	311	149	162	-13
R. Korea	290	100	190	-90
Taiwan	198	46	152	-106
Total (World)	4.301	2.342	1.959	383

Sources: *China Statistical Yearbook 2014*, National Bureau of Statistics of China, Beijing, 2015.

In the case of China, the internationalization heavily relied on the following components: 1. foreign trade, i.e. the degree of export orientation of the economy, 2. the internationalization of the domestic currency – RMB, 3. internationalization of corporate businesses, i.e. the growth of Chinese investments abroad, and 4. International and regional cooperation and coordination. In this context, the outbreak of the global financial crisis in 2008, marked a turning point. In a kind of internationalization strategy, the focus shifted from the first segment (export and inflow of foreign investment into China) to the second and third components, with an understandable strengthening of domestic demand and greater international cooperation and coordination of economic policies. China's example, therefore, presents a complex picture of the impact of internationalization on economic policy (Keohane and Milner, 1996, p. 205).

The role of Foreign Trade and Investments

Thanks to the policy of reform and opening up, China has grown into the leading trade power in the world. The volume of trade per year amounts to over 4,300 billion USD, with the distinctive and significant surplus on the side of China. From USD 14 billion in 1979, exports rose to USD 2,150 billion in 2015, while imports increased from USD 18 billion in 1979 to USD 1,600 billion in 2015. Back in 1979, China recorded a trade deficit (USD 4 billion), while in 2015 China recorded a surplus of USD 261 billion. In 2009 China became the world's largest exporter, overtaking Germany. In 2012 China surpassed the US to become the country with

the largest trade exchange in the world. Bearing in mind the significant growth in domestic demand for imported goods, it is expected that China will soon become the leading importing market in the world.

In addition to Hong Kong SAR and the province of Taiwan (considered as a separate customs zone), the biggest trade partners of China are the European Union, the USA, Japan, and R. Korea. Among them, China records the biggest surplus in trade with the US and the EU, and a trade deficit with R. Korea.

So far, China's economy can be characterized as an export-oriented and export-led. While the share of exports to GDP in 1976 accounted for only 5%, in the middle of the last decade, it recorded a record amount of 39%. These figures also indicate the level of exposure of China's economy to the turmoils in the world markets (Marketrealist, 2015).

Foreign direct investments played an important role in maintaining China's rapid economic development. FDI level continually grew since 1980. Apart from FDI, the process of business internationalization of Chinese companies led to an increase in China's investments abroad. China's direct investment abroad in 2015 exceeded the amount of USD 110 bn and almost equaled the amount of foreign direct investments in China (USD 116 bn). It is estimated that the cumulative amount of Chinese investments abroad could reach an amount of USD 2,000 billion by 2020, up from USD 774 billion in 2015 – placing China among the leading international investors (Anderlini, 2015).

A special attention must be given to the China's foreign exchange reserves, as well as to the portfolio investments in international markets. The level of foreign exchange reserves of China amounted USD 3,000 billion at the end of 2016. It is estimated that more than two-thirds of the China's foreign reserves are held in USD. Furthermore, most of the Chinese outbound investments went to the USA and developed countries (Western Europe), making China a leading foreign creditor of the US.

RMB Internationalization and Opening of China's Financial Markets

The official currency of the People's Republic of China is renminbi (three letter code – RMB sign: ¥; tags: CNY, CN ¥ or 元). As of 1948, renminbi is issued by China's central bank – People's Bank of China. In October 1949 RMB became the official currency of the People's Republic of China. Until recently, RMB was more or less tied to the US dollar. Since the reform of the financial sector in 2005, RMB fluctuates within the margins against a basket of currencies (USD, EUR, JPY, KRW, ...), while the flexibility of the yuan exchange rate is gradually increasing.

The Asian financial crisis, and in particular the global financial crisis (2008), assured China of the need of radical restructuring of the international financial

system and a greater role of China and other developing countries. Since then, China's focus has turned to three segments of engagement. The first involves a thorough reform of the international financial system, including the IMF and World Bank, as well as the issue of a new international reserve currency. China emphasizes the necessity that developing countries, especially the largest, have bigger say in the world's leading financial institutions. The issue of the reserve currency is also important, particularly bearing in mind that most of China's foreign exchange reserves are denominated in US dollars (about 61%). The second line of activity went to the promotion of regional financial cooperation, through the creation of regional financial mechanisms and coordination in exchange rates. Although slow, this process started to give some results. In this regard, it is worth to mention several initiatives like the Chiang Mai Initiative – CMI, China-ASEAN free trade agreement (CAFTA), as well as initiative for a tripartite free trade agreement between China, Japan, and South Korea. Especially important steps forward related to the establishment of regional financial institutions under China's leadership. The Asian Infrastructure Investment Bank (AIIB) – established in 2015, the New BRICS Development Bank (2014), and Interbank Consortium of the Shanghai Cooperation Organization – SCO (2005) which is expected to soon grow into the Development Bank of the SCO, might also serve as a useful platform for the internationalization. The third group of activities that especially gained momentum with the outbreak of the global financial crisis are related to the promotion of the regional use of RMB or regionalization of the RMB. So far, China's strategy of RMB internationalization could be summarized under the maxim: *Aim globally – act regionally*. Hence, many experts suggest that China should work primarily on the regionalization of RMB, as a pre-phase of the full internationalization of RMB. However, these theories have certain limitations due to the various political and military rivalries and lingering historical issues in the region.

Since 2009, the strategy of RMB internationalization has been channeled into several tracks. The first track involves increasing the use of RMB in China's foreign trade. In the past six years, the use of RMB in foreign trade recorded exponential growth – from 0.5% in 2009 to 12.3% in 2012 and 25% in 2015. In 2015, more than 180 countries and territories used RMB in settling their trade with China. Currency swap agreements and regional and bilateral trade agreements are also useful tools to encourage the use of RMB in foreign trade. With this kind of arrangement – USD is being replaced by the national currencies. By the end of 2014, China concluded bilateral swap agreements with over 20 countries and territories with a total value of over RMB 1,000 billion (about USD 650 billion). Such arrangements represented also a very useful tool for China to cope with the negative effects of the global financial crisis on its export sector.

The second track of action related to the increase of RMB use in international financial markets. In this sense, basic penetration was conducted through Hong

Kong, which has become the main offshore center for RMB internationalization. In addition to the so-called *panda-bonds* that have emerged in China since 2005, a special sort of bonds called *dim-sum bonds* emerged in 2007 in Hong Kong. Dim-sum bonds are denominated in RMB and have been issued by Chinese and foreign financial institutions. Further to this, a large number leading Chinese state-owned companies' IPOs have been conducted in yuan. At the same time, more and more Chinese government bonds have been traded in Hong Kong, London, Singapore and other world financial centers. Same applies to the inclusion of RMB in the exchange rates in other countries. Following the agreement with Russia, the two countries leading stock exchanges (Shanghai and Moscow) started in 2011 to list the Chinese yuan and Russian ruble.

The third track is Chinese investment abroad and credit lines to foreign countries and institutions. Although China is one of the leading destinations for foreign direct investment (FDI in 2015 in the non-financial sector in China reached 116 billion USD), China is becoming a growing investor abroad. In this sense, Chinese companies during 2015 invested more than USD 110 billion abroad. Hitherto, China is trying to make its investments in yuan, a similar applies to RMB loans that are mostly placed in developing countries.

The People's Bank of China study from 2006 (People's Bank of China, 2006) reads that the RMB internationalization is an inevitable choice. RMB internationalization also strengthens the international status of China, significantly strengthens China's competitiveness and influence in the international economy and ensures a greater voice in international financial circles. Hence the RMB internationalization has also voiced the broader economic interests of the country (Toohey et al. 2015, p. 205).

Special importance in this regard is given to the efforts to include the Chinese yuan in the IMF basket of currencies determining the value of the special drawing rights (SDR). In November 2015, after lengthy discussions, the IMF Executive Board ruled that the Chinese RMB be included in the basket of currencies that determine the value of the SDR. This IMF decision formally entered into force 1 October 2016. This classified RMB in the group of world's leading currencies, along with US dollar, Euro, Japanese yen and British pound.

Business internationalization of Chinese enterprises

The economic rise of some countries, including China's economic miracle, must be followed by the appropriate corporate structure. The new paradigm of economic development, promoted by the current Chinese leadership, is generated by the concept of creating a moderately prosperous society (*xiaokang*) and realizing the Chinese dream (a set of ideas put forth by China's President Xi Jinping). In these

considerations, a special attention is given to developing the country's image, its products and its brands.

The idea is to increase the quality of products and to maximize efforts that these products are fully competitive with leading Western manufacturers. Therefore, China made significant progress on product branding. Major Chinese companies have outgrown the national boundaries and have become leaders in the region and in the world in their respective industries, such as Lenovo in the computer industry (Lenovo recently bought the IBM's personal computer branch), in banking – ICBC (the largest commercial bank in the world) and Bank of China, the internet – Alibaba, the automotive industry – Chery and Geely, telecommunications – ZTE and Huawei and so on.

In addition to acquisitions in its sector of activity, leading Chinese companies expand their business into other segments. For example, Chinese retailer Suning bought in June 2016 (for 270 mil. euros) majority stake (70%) of Italian football club Inter Milan. The particular example is the manufacturer of home appliances – Haier, which, following the path of China's reforms, in a short period grown into a world leader in its field. The company purchased in June 2016 the General Electric's plants for the production of electrical equipment (worth 5.6 billion USD). From a small local state-owned enterprise with a limited range of products and questionable quality and standards, Haier grew into a renowned company being the world leader in the production of household appliances with recognizable design, high quality and global brand.

In the initial stage, Chinese companies have largely been oriented towards cooperation with foreign partners – by producing for them. Such production would then be largely placed overseas through distribution channels of foreign partner companies. By acquiring the new technologies and making significant capital accumulation, Chinese companies started to develop their own production segments. Initially, these products were oriented towards the domestic market and often served as cheaper substitutes for more expensive (and better quality) products manufactured in cooperation with foreign companies. With the improvement of the quality, Chinese products started to make their way abroad, firstly through foreign distribution chains and later by Chinese companies' own distribution and sales channels abroad. In the early stage, priority markets were the neighboring countries as well as well as developing countries, mainly in Africa and Asia. In the later stage, focus slowly shifted to the very demanding but also lucrative markets in the West.

International Cooperation and Economic Policy Coordination

China's role and importance in international affairs grew along with its rapid economic development. Joining the World Trade Organization in 2001 marked a

new stage in the China's integration into the international economy. China's greater involvement in international economic flows also marked its higher exposure to the external shocks. This was first seen during the Asian financial crisis (1997-1998) and particularly emphasized after the outbreak of the global financial crisis in 2008.

The Asian financial crisis also clearly showed the importance of China in stabilizing the regional markets. Measures that China took to tackle this crisis also contributed and helped other Asian economies to overcome their difficulties. The 2008 global financial crisis² has shown that socio-economic stability of China and the smooth performance of its economy have significant positive effects not just on China, but on the region as well. Moreover, they have a significant positive impact on both the stabilization of global economic trends and performance of the global economy.

The process of integration of China into the global economy inevitably led to its greater sensitivity, i.e. exposure to the turmoils in international markets. The outbreak of the global financial crisis in the US in 2008 and its quick spillover to other countries and regions, as well as the real sector, showed numerous shortcomings of modern financial architecture. Also, it reinforced criticism of the liberalistic approach, noting that the crisis could have been avoided if governments promptly intervened with regulatory measures. The crisis thus prompted governments around the world to come out with a series of macroeconomic measures, stimulus packages, etc. They also strengthen their cooperation and coordination in the wider, international level. This applies not only to the meetings of the leaders of the most developed countries – G-8 (G7 + 1) summits, but also through the establishment of a new, broader meeting mechanisms of twenty major world economies (G-20) and the leading emerging economies – BRICS. During these meetings options for the coordinated actions and harmonization of economic policies have been discussed. The most important part of the discussion was related to the measures of monetary policy, fiscal policy, trade policy and the like. The indispensable participant of all these new mechanisms (G20, BRICS, etc.) was China, the largest developing country and second biggest economy in the world.

Recently, China came out with a series of initiatives in the field of international and regional coordination and cooperation. In terms of scope and importance the concept of new silk road (One Belt One Road)³, initiated in 2013 by Chinese President Xi Jinping deserves special attention. So far, more than 60 countries

² It is estimated that in the first year of crisis, more than 25 mil. people in China lost their jobs, mostly those who had been employed in in export oriented companies.

³ In the phrase “One Belt One Road”, the “Belt” refers to the Silk Road Economic Belt and “Road” to the 21st Century Maritime Silk Road. For more details see: RIA. (2016). *Chinese Silk Road and Contemporary Relations of China and CEEC*, Vol. LXVII, No 1161, January 2016. Institute of International Politics and Economics, Belgrade.

(included Serbia) from three different continents (Europe, Asia and Africa) joined this initiative. Further to it, China also strongly pushed the reform of the international financial institutions, particularly the IMF and the World Bank, and a new banking and financial architecture embodied in the Asian Infrastructure Investment Bank (AIIB), Silk Road Fund, the BRICS New Development Bank and others.

CASE STUDY – INTERNATIONALIZATION AND HAIER

Haier was founded in Qingdao (Shandong Province, China) in 1984, and is led by Zhang Ruimin, currently president and CEO. The company is a leading China's and the world's home appliances manufacturer. *Haier's* products are distributed in more than 165 countries of the world (North America, Europe, Middle East, Asia and Africa). The company runs 61 business entities, has 24 factories, 10 research and development centers and 21 industrial parks with a total of over 80,000 employees worldwide.

Haier is among the top world producers of home appliances, with the largest market share in this sector (9.8% in 2015) and is considered as one of the most innovative companies. As a multinational company, *Haier* is a global player that achieved RMB 1.3 bn (USD 220 mil.) profit from its operations in the Chinese, as well as in the international market. *Haier's* daughter companies, such as *Haier Electronics Group* and *Qingdao Haier* are listed on major regional and international markets.

Haier enjoys a good reputation for the quality of its products, continuous innovation and well-organized customer service. *Haier* spends 3-5% of its revenues on research and development and owns more than 10,000 patents and thousands of inventions. Today, *Haier* products could be found in 12 out of 15 leading retail chains in Europe and in 9 out of 10 of the largest chains in the United States. *Haier* is now the fastest growing manufacturer of household appliances in the world, and since 2011 has the largest share in the world market of home appliances.

Company overview – Phases of Expansion

The early development of the company could be traced back to 1920s. In eastern China's port city of Qingdao, in 1920 – *Qingdao Refrigerator Plant* started its production. The company produced refrigerators for the Chinese market. After 1949 the factory was nationalized and became a state-owned enterprise. Until the 80s the company shared the ups and downs of the Chinese corporate sector. In the early 80s, the company owned an outdated technology, had a poor management, with numerous lapses in product quality control. As a result of the poor management and arbitrary interference in company's businesses, production declined and was reduced to only 80 refrigerators per year. This led to growing

losses, which in 1984 amounted to USD 10 mil. Following the initial success of the reform process in the country, local authorities engaged Zhang Ruimin, a young manager from the Qingdao city government, to take over the helm of the company and turn it into a profitable one.

Quality and brand building phase (1984–1991)

Soon after arriving to the factory, Zhang quickly abandoned the existing product line and destroyed refrigerator stocks with the production errors⁴. Benefiting the arrival of foreign companies to the Chinese market, in 1985 the company entered into a partnership with renowned German group *Liebherr* to form a new company *Haier Refrigerator Company*. With German technology, the company raised the level of quality and management, leading to an increase in productivity by 86% in 1986. Sales volume increased rapidly (from only 3.5 million RMB in 1984 to RMB 40.5 bn in 2000). Unlike other companies, *Haier* focused itself on the production of refrigerators and a strong emphasis on quality. It soon proved to be a good decision. As company's production outgrew the local market, good quality and reliable products enabled *Haier* to successfully compete at the national level. Soon after, *Haier* started to export its products. The first foreign market where *Haier* placed its exports was Germany. By entering the developed and the demanding German market, *Haier* was actually preparing for wider international expansion. Hence, before entering the markets of developing countries, *Haier* entered the markets of developed countries while also building its own brand in these markets. Excellent business results led Qingdao city authorities to merge with *Haier* other local producers who have languished with losses. Thus in 1988, *Haier* took over the *Qingdao Electroplanting Company* (production of microwave ovens) (Yi and Ye, 2008, p. 65–68), and in 1991 *Qingdao Air Conditioner Plant* and *Qingdao Freezer* (production of air-conditioning and refrigeration).

Diversification Phase (1991–1998)

In order to further strengthen its position, *Haier* in 1991 adopted its current name and started to build a recognizable brand. *Haier* continued to build its competitive advantage on quality and also avoided entering in looming “price war” between other

⁴ When in 1985, one customer came to the factory to complain about the malfunction of the fridge he bought from the company, Zhang ordered the complete review of the stocks (400 refrigerators). The result showed that more than 20% of refrigerators had faults. In order to emphasize the importance of product quality control, Zhang ordered the workers to destroy most of the refrigerator stocks. Workers were surprised, given that fact that the cost of refrigerators to be destroyed equalled the company's two-year production, but at the end, they obeyed Zhang's order.

leading Chinese producers. Instead, *Haier* opted to enter the *Shanghai stock exchange*, with an initial offering (IPO) gathering more than RMB 370 million. The capital raised would then be largely used for the company's expansion into foreign markets. *Haier* opened up production facilities in the Middle East (1995). Production of these facilities was being sold to countries in the region and beyond, including the United States.

In the 1990s, *Haier* benefited China's government measures that have encouraged enlargement of domestic capital through acquisitions and mergers. During this period *Haier* acquired twenty local producers, some of them being potential competitors. In 1995, *Haier* buys his local rival – *Red Star Factory* (manufacturing of electrical equipment). By acquiring the *Huangshan Electronics Group* in 1997, *Haier* entered the lucrative TV-sets market. By the end of the decade, *Haier's* portfolio included a wide array of products, ranging from household appliances to mobile phones and computers. In the second half of the 90s, *Haier* turns to markets in East Asia and South-East Asia. The company opened a production plant in Indonesia in 1996, and in 1997 it opened factories in the Philippines and in Malaysia.

Internationalization Phase (1998-2005)

Haier's core objectives at this stage included further penetration at the international market and building the world-renowned brand. *Haier* created its own strategy, which included three steps (Haier, 2016): entry into the market, alignment with the market leaders, and taking the leading position. Further into it, the company decided to invest in the United States (1999 – the industrial park in South Carolina) and several European countries (Italy – purchase of one part of the company *Meneghetti*). Hence, the products that were sold in the United States, carried the label “Made in USA”. This further strengthened the *Haier's* position in the US market and its competitiveness in relation to the leading American manufacturers such as *General Electric* and *Whirlpool*. This decision also enabled *Haier* to avoid possible traps due to a negative perception of products coming from China as products of low price and low quality that still prevailed in the minds of US consumers. Similar applied to European markets. Since 2002, *Haier's* products found their way to Australia and New Zealand. In developing countries, *Haier* created the concept “three in one”, i.e. to organize the design, production, and sales in one market. In this sense, it is characteristic the opening of the refrigerator factory in Pakistan, the washing machine factory in Jordan (2003), as well as facilities in Africa (Tunis, Nigeria, Egypt, Algeria, and South Africa).

Global Brand Building Phase (2005-2012)

In this stage, *Haier* uses its global resources in research and development, production, and marketing in order to build a truly global brand. Internet accelerated the internationalization and globalization of the world economy. The company

introduced significant changes to its organizational structure and introduced the so-called independent operational units (ZZJYT – *Zi Zbu Jing Ying Ti*). These units functioned within the company but had full autonomy in making business decisions (Fischer et al. 2013, p. 70). *Haier's* CEO Zhang Ruimin noticed that “the enterprise will become great when it is able to operate by itself, with employees acting as their own leaders, understanding what to do to satisfy market and customer demand” (Zhang, 2007). Only in such a company, argued Zhang, its chairman and managing director will be able to focus on strategic issues and make decisions from a global point of view.

The ascent of the company to the global level was very fast, and in 2009 *Haier* overtook *Whirlpool* to become the world's largest manufacturer of home appliances. In 2011, *Haier* sold 12 mil. refrigerators worldwide (20% more than in 2010), while the company's share of the world market reached 7.8%.

Market Networking Phase (2012-)

By positioning itself well ahead of others in the domestic market, *Haier* shifted its business strategy focus from the production of refrigerators, air conditioners, and washing machines to a far more ambitious portfolio. Using the opportunities brought by the third industrial revolution, the company bases its business philosophy upon the personalization of production and upon a strategy of networking the market and corporate participants. Corporate networking means a high degree of mutual coherence and adaptability of design, production and distribution of products to the customer needs. *Haier* continues its global expansion by opening its production facilities and the acquisitions of local producers in developed countries. Thus, in 2012, *Haier* bought *Fisher & Paykel*, leading New Zealand producer of household appliances. *Haier* also started the production of industrial robots – although initially modest, since 2012 production boomed. In 2015, *Haier* opened its new Technology and Design Center of Excellence in Evansville (Indiana), investing USD 2.8 mil. In January 2016, *Haier* announced the end of negotiations on the takeover of the production plant of household appliances from *General Electric* for USD 5.4 billion (Burkitt et al. 2016). The deal is completed in June 2016, enabling *Haier* to increase its stake in the US market of household appliances, from 1.1% to over 15%. This acquisition also enabled *Haier* to use for the next 40 years *General Electric* brand for marking appliances produced in America (Barry, 2016). This would further enhance the company's reputation in the US, but also in the rest of the world.

Haier – First Chinese Global Brand

Haier is today the biggest and the most recognizable Chinese corporate brand. The wide range of products is labeled with the name *Haier* – from the smart TVs to washing machines that clean clothes and Chinese (sweet) potatoes.

After partnering with the German *Liebherr*, *Haier* refrigerators carried the label *Qingdao-Liebherr* (in Chinese: 琴島 - 利勃海尔, pronounced as: Qingdao-Libohaier). Having expanded its range of products, the company in 1991 adopted a new name – *Qingdao Haier Group*. Therefore, the company retained the name of the city where it is headquartered (Qingdao) and the last two characters of the Chinese transcription of the German company *Liebherr* (Hai-er). Character “hai” in Chinese means – sea (city of Qingdao is also an important port on the East China Sea). Soon after, the name was further shortened to *Haier Group* – the name under which it operates today.

Haier's branding strategy was somewhat unique. The company originates from developing country. At the time of *Haier's* initial brand expansion, Chinese products had a problematic image in the West, where they were perceived as products of low quality. However, unlike most of other Chinese companies that in the '80s and '90s that did not focus much on branding or simply hid behind the Western brands and labels, *Haier* developed its own brand. Thus, from the day one *Haier* went on creative strategy and differentiation from other Chinese companies, seeking to build its own original and global brand. In this context, it did not fear to independently engage in Western markets and even establish production units – all in order to build a solid reputation. *Haier* achieved success thanks to the customers' familiarization with its brand as well as by progress it made due to constant competition with the leading companies/brands for the larger market share. *Haier's* business strategy has largely been driven by its own efforts for international expansion through increased market share in the various segments, but also through the development of brand awareness and respect of customers' needs. According to the ranking of consulting firm *Interbrand*, in 2015, for the fourth consecutive year, *Haier* was the top household appliances brand – *Haier's* brand value was estimated at USD 1.1 billion (*Interbrand*, 2016).

Managing Strategy and Ownership Structure

Haier started its operations as a solely state-owned company. As the company developed its ownership structure changed and adjusted to the growth of the company's development. *Haier's* sister-companies like *Qingdao Haier Refrigerator Co.* and *Haier-CCT Holdings Ltd.* are listed on the Shanghai and Hong Kong Stock exchanges. Usually, it is said that *Haier* is in collective ownership – combining the various stakeholders – state, private investors, and employees. There are no exact data on the structure of the ownership, resulting mostly from the practice which has existed in China in this segment (McGregor, 2005). The employees, although nominally the owners of part of the company do not receive dividends nor there is a clear indication of the size of their property (Ling, 2005). It should also be noted that the company operates in 12 different segments, some of them (financial services, real estate, etc.) not being directly related to the company's core businesses (home appliances) (Delios and Nan, 2012, p. 477).

Although *Haier* mostly retained the management structure characteristic to the state-owned companies, its management philosophy is identical to that of the major privately owned corporations in the West. Understandably, socio-economic conditions in China, also had an important impact on defining *Haier's* business strategy. Apart from the left wing theoretical concepts (Marxism-Leninism), Chinese traditional philosophy (Confucius) also came to the fore. Reform processes in China led to the opening of the country to the foreign technology and know-how, especially from Germany and US. Hence, modern management theories and thoughts of experts like Peter Drucker or Jack Welch (former CEO of *General Electric*) had influenced *Haier's* management in defining the company's development and international expansion.

Factors of International Expansion

The macroeconomic factors. When *Haier* started its international expansion (1990s), the demand for home appliances and consumer electronics has been strong in many parts of the world. Strong economic growth in certain developing countries (Indonesia, India ...) determined *Haier's* decision to enter these markets, while other macroeconomic factors led *Haier* to invest in developed countries (Italy). *Haier* also faced many limitations related to regional differences, which it sought to overcome by localizing its presence.

Technological factors have also influenced *Haier's* decisions for international expansion. Numerous technological innovations were critical for the successful performance of electronic devices. From the very beginning, *Haier* oriented itself towards the use of technological innovations and computerization of household appliances. As a result of this process, *Haier* was able to globalize its R&D activities. Originally *Haier* built a reputation in China as a leader in both – production and quality of home appliances. Thereafter, the company started to customize its products to the customers' requirements and to provide solutions for the individual needs of consumers (Fischer et al. 2015). Today, in addition to its products, *Haier* offers a range of auxiliary services, not only in China, but also in dozens of other countries (Leinwand et al., 2016). In the latest phase, *Haier* turned its focus to the internet and online sales.

Sectoral factors. Analyzing through the scope of Porter's *five competitive forces*⁵ defining attractiveness, i.e. the profitability of the market (Porter, 2008) it is noticeable that *Haier* positioned itself almost perfectly. **Industry rivalry** was very strong since *Haier* appeared later in the market, when leading companies in the sector – *Whirlpool*,

⁵ Five forces – industry rivalry; threat of new entrants; bargaining power of buyers; bargaining power of suppliers; threat of substitutes.

Electrolux, General Electric, Matsushita already took the vast majority of the market. Hence, *Haier* was forced to apply a different approach in building its competitive advantage and brand. By acquiring different companies with smaller, but recognizable brands (*Maytag, Kitchen Aid, Amana, Gladiator Garage Works, Estate.*) *Haier* gradually managed to build a good corporate reputation in foreign markets. **The threat of new entrants** had not been expressed to a larger the extent because *Haier* was itself a new player in the market. This threat appeared only recently when *Haier* became a leading company in the sector. **Bargaining power of buyers** – In its international expansion, *Haier* needed not only to satisfy the demand of final consumers, but also to develop relationships with large distribution chains. In a relatively short period of time, *Haier* managed to build very strong partnerships with leading retail chains, such as *Wal-Mart* and *Carrefour*. **Bargaining power of suppliers** – in order to reduce the impact and dependence on the requirements of suppliers, *Haier* adopted a number of methods of internal organization and operations, primarily in the form of enhanced quality control and use of advanced technologies. In this context, *Haier* began to implement the “Overall Every Control & Clear (OEC) management, the three “Rs” maxim (*Reduce, Reuse, and Recycle*), etc. **The threat of substitute** products was especially strong in the domestic (Chinese) market. Many local manufacturers have been racing to offer products similar to *Haier's* at the lower prices, but also with the lower quality. However, by insisting on the supremacy of the quality of its products and recognizable brand, *Haier* managed to reduce these threats and to ensure its leading position in the market at a very early stage of expansion.

Other factors. In **human resources** management, *Haier* adhered to geocentric approach. Employment policy has been largely directed at hiring the local workforce, allowing the company to lower the labor costs and increase its propulsiveness in the local market. At the management level, *Haier* combined Chinese-Asian staff with local experts in order to create a market-oriented system by combining traditional Chinese **culture** and Western industrial system. Also, the company sought to recruit the best cadres while also investing in their further training and professional development. The influence of the **government policies** and **public opinion** also was evident in designing *Haier's* expansion. This was particularly characteristic in the initial phase of expansion and penetration of the Chinese market. The company needed to use various strategies to enter different markets in order to avoid **political risk**.

CONCLUDING REMARKS

The role of foreign capital and technology in the economic development of China is significant. China's export-oriented economy in most of the period of economic reforms contributed to a great extent to the economic growth and the overall transformation of the country. Foreign trade and policy of promoting

foreign investments gave a great contribution to the success of China's reform (Keohane et al. 1996, p. 186-187).

In addition to exports and foreign direct investments, all other segments of internationalization played an important role in strengthening the economic potentials of China. It also strengthened China's role in the global economy. The image and the perception of China and its products have been visibly upgraded. From once low-quality cheap substitutes, Chinese products today are of increasingly high quality and with a recognizable brand. Overall, the internationalization of business activities has brought a new dimension to the economic development of China.

The rapid economic development also elevated China's position and importance in the global economy. Thus, for example, China's entry into the World Trade Organization in 2001 marked a new stage of China's integration in the global economy. China's greater involvement in the global economy also marked its higher exposure to external shocks. This was first seen during the Asian financial crisis (1997-1998), a particularly evident after the outbreak of the global financial crisis of 2008. This crisis, in turn, prompted governments around the world to come out with a series of macroeconomic measures, stimulus packages etc. in order to tackle the crisis. It also strengthened their cooperation and coordination in the wider, international level. The new mechanisms of the meeting of leaders of world's 20 leading economies have been initiated (G-20), as well as gatherings of the five leading emerging economies – BRICS. The indispensable participant of all these new mechanisms (G20, BRICS, etc.) was China, the largest developing country and second biggest economy in the world.

Haier is a clear example of the successful international expansion. What marks out *Haier's* example, compared to other successful cases, is that the company comes from a developing country being in the process of transformation and reform of its economic system. From a small local manufacturer of low-quality products, *Haier* grew into a rival of the world's leading companies in the field of household appliances. *Haier's* example could be a row-model not just for other Chinese companies, but also for companies from other developing countries.

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INTERNACIONALIZACIJA SA KINESKIM KARAKTERISTIKAMA – SLUČAJ HAJERA

Apstrakt: Kina je u periodu od tridesetak godina izašla iz jedne od najsiromašnijih izolovanih privreda u moderno i visoko međunarodno integrisanu privredu. U periodu između 1978. i 2014. godine godišnji rast BDP-a u proseku je bio 9,8%. Tokom celokupnog procesa reformi i otvaranja, internacionalizacija poslovanja bila je njen neizostavni element.

U okviru nove paradigme privrednog razvoja, koje promoviše sadašnje kinesko rukovodstvo, centralno mesto zauzima i tzv. koncept stvaranja umerenog prosperitetnog društva (*xiaokang*) i ostvarenja *kineskog sna*, maksime čiji je tvorac predsednik Si Đin Ping. Posebna pažnja pridaje se razvoju imidža zemlje, njenih proizvoda i brendova. Umesto oslanjanja samo na izvoz, uspešna kineska preduzeća ohrabrena su da u većoj meri izađu na svetska tržišta, uključujući i finansijska, kroz angažmane u višim oblicima poslovne saradnje. Kina tako izrasta u velikog investitora u inostranstvu i vodećeg stranog poverioca SAD. Strategija internacionalizacije dobija nekoliko novih važnih segmenata – internacionalizacija juana i finansijskih tržišta, internacionalizacija poslovanja kineskih preduzeća, investiranje u inostranstvu i dr.

U ovom radu prikazani su pravci pospešivanja internacionalizacije poslovanja vodećih kineskih kompanija. U tom smislu, posebno je karakterističan primer proizvođača bele tehnike – Hajer (*Haier*), koji je prateći put kineskih reformi u kratkom periodu izrastao u svetskog lidera u svojoj oblasti.

Ključne reči: Kina, internacionalizacija, ekonomija, reforme, Hajer.

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THE ANALYSIS OF THE IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY CONCEPTS ON THE MARKET OF THE REPUBLIC OF SERBIA

Srđan BOGETIĆ¹
Cariša BEŠIĆ²
Dejan ĐORĐEVIĆ³
Dragan ČOČKALO⁴

Abstract: In this paper, the authors are analysing the effects of implementation of corporate social responsibility (CSR) concepts so far, both in the Republic of Serbia and in other countries of Central Europe. The companies in Central Europe are mostly familiar with the term corporate social responsibility, but the application of tools and methods is different. Due to the comprehensive notion of corporate social responsibility, the companies usually undertake philanthropic and voluntary activities, thus dealing with certain social problems. However, the concept of corporate social responsibility itself encompasses much broader aspects, such as: environmental protection, the care for employee satisfaction, the application of international standards and so on. Domestic managers are trying to keep up with the trend of corporate social responsibility implementation, but unfortunately, they still do not understand fully the scope of this concept, as well as its application for the development of the company's competitiveness.

Key words: corporate social responsibility, competitiveness, managers, youth, Serbia.

¹ Srđan Bogetić, PhD. Professor, Belgrade Business School, 11000 Belgrade, Kraljice Marije 73, Republic of Serbia, sbogetic@yahoo.com

² Cariša Bešić, PhD. Full Professor, University of Kragujevac, Faculty of technical science Čačak, 32000 Čačak, Svetog Save 65, Republic of Serbia. E-mail: carisa.besic@sbb.rs

³ Dejan Đorđević, PhD. Full Professor, University of Novi Sad, Technical faculty "Mihajlo Pupin" in Zrenjanin, 23000 Zrenjanin, Đure Đakovića bb, Republic of Serbia. E-mail: dejan.djordjevic@tfzr.rs

⁴ Dragan Čočkalo, PhD. Professor, University of Novi Sad, Technical faculty "Mihajlo Pupin" in Zrenjanin, 23000 Zrenjanin, Đure Đakovića bb, Republic of Serbia. E-mail: cole@tfzr.uns.ac.rs

INTRODUCTION

Corporate social responsibility (CSR) as a term began to be used in the early 1970s, even though different forms of this concept appeared at the end of the XIX century. Technological and social changes in the world lead to the change of consciousness of what corporate social responsibility stands for. In the beginning, the companies' focus in the CSR department was on philanthropic activities. This is completely logical due to the fact that generally accepted social attitudes are developing simultaneously with the development of the society which is under the direct influence of science and technology. Issues such as work practice and ethical business are in use for over a century. However, issues connected with human rights, environmental protection, customer protection and combating corruption were added later on as a result of market changes.

The development of corporate social responsibility was especially influenced by Japanese companies during the second half of the XX century. These companies have created a new way of thinking based on the care for workers, employees, environment and the society, by applying their model of management based on the American management and the kaizen principle. On the other hand, the development of social consciousness in matters of environmental protection and improvement has had a direct influence on the development of methods and techniques for environmental protection, which have in turn contributed to the further development of human consciousness when it comes to the environment (Bešić and Đorđević, 2015, p. 58).

According to Erić (2000, p. 9), social responsibility has gone through four historical development periods – the profit maximising period, the trusteeship management period, the period of activism and the social sensitivity period. The profit maximising period – this period lasted the longest – from the industrial revolution until the 1930s, all the decisions and actions were directed at making a profit. The trusteeship management period – started in the 1930s at the time of a great economic crisis and depression in the USA; it is associated with managers' care for employees, customers and the society. The period of activism – from the beginning of the 1960s – it encompasses all the issues of equal employment opportunities, environmental protection and consumerism. The social sensitivity period – the highest degree of social responsibility, sensitivity to the needs of a broader social community.

To this day, many respectable theorists in the areas of management and economy, such as Peter Drucker, Philip Kotler and others, have spoken about the companies' need to be accountable for their own actions and thus spread the consciousness of the necessity for a more responsible management in practice (Bogetić et al. 2013, p. 143).

All successful companies are socially responsible corporate organisations. Corporate social responsibility is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis (SmartKolektiv, 2006, p. 3). According to Kotler (Kotler and Lee, 2007, p. 3), corporate social responsibility (CSR) is a commitment to improving community well-being through discretionary business practices and contributions of corporate resources. We are talking about a voluntary choice of an organisation and its decision to choose and apply business practices which provide contributions. In that respect, today there are six social initiatives operating in the domain of corporate social responsibility:

1. Promoting social goals,
2. Marketing associated with social goals,
3. Corporate social marketing,
4. Corporate philanthropy,
5. Voluntary work for the community,
6. Corporate social responsibility practice.

The implementation and development of corporate social responsibility concepts is considered one of the most important questions for the development of countries in transition. The reason for this kind of attitude lies in the facts that in these countries:

- The legislative and executive power are inefficient,
- The economy is not competitive.
- The managers are mostly inexperienced and profit-oriented,
- A significant number of citizens lives on or below the poverty line.

Certain researches have shown that the consciousness of CSR implementation, not only in Serbia but also in the countries in the region, is most prevalent in multinational companies doing business through their branches in that country's territory. Furthermore, it is also necessary to mention certain domestic companies which have successfully become privatized and whose majority stakeholders are foreign partners. The third place belongs to autochthonous Serbian companies (in terms of capital), but unfortunately, the number of those companies is extremely small. Based on the size of the company, the most prevalent ones are the big and the medium-sized companies, while the small-sized companies sector still does not have significant examples of the implementation of corporate social responsibility concepts.

A special challenge for the CSR implementation appears in the period of economic and financial crisis when companies have to maintain their socially responsible activities. According to the opinion of Michael Hastings, an expert on corporate social responsibility, global economic and financial crisis are an excellent moment for

encouraging CSR. In other words, he is of the opinion that the importance of big companies' corporate social responsibility for the society and the company itself can be best emphasized during this period. Through socially responsible activities and support for the whole social community in a period of crisis, companies are trying to protect their reputation which they need in order to restore their integrity and value. However, as we have already mentioned that the focus and the object of CSR have changed with the social needs and changes, the need for changing the way of promoting this concept has also appeared (Bogetić et al. 2013, p. 144).

THE ANALYSIS OF THE CONDITION OF CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION IN THE COUNTRIES OF CENTRAL EUROPE

The research done by the prestigious international consulting house Deloitte Central Europe in the region of Central Europe, among the companies on the list of TOP 500 companies of this region, has shown the managers' attitude to the role of CSR implementation and its influence on the social and economic development.

The most common social problems which companies in their countries can have an influence on solving are given in table 1. As can be noticed, the problems mentioned in table 1 are identical for many countries, such as: counteracting unemployment/creating new workplaces, environmental protection and combating corruption, which is to show that in the majority of cases Central European countries are facing similar social problems. It is thus important that successful companies embrace the concept of corporate social responsibility which shall enable the reduction of the effects of certain problems and which shall encourage other companies to apply them.

Table 1: Current social problems which companies can help solve in their countries (the most common answers)

Bulgaria Promoting a healthy lifestyle Supporting education Environmental protection	Czech Republic Supporting education Combating corruption	Hungary Promoting a healthy lifestyle Environmental protection Counteracting unemployment/ creating new workplaces Minority integration Efficient energy use Improving employee competence	Latvia Improving employee competence Environmental protection Efficient energy use	Lithuania Environmental protection Supporting education Counteracting unemployment/ creating new workplaces Combating corruption
Romania Supporting education Minority integration Combating corruption Environmental protection	Serbia Counteracting unemployment/ creating new workplaces Environmental protection Combating corruption Supporting education Improving employee competence	Slovakia Environmental protection Counteracting unemployment/ creating new workplaces Combating corruption Minority integration	Slovenia Environmental protection Minority integration Counteracting unemployment/ creating new workplaces Promoting a healthy lifestyle Supporting education	

Source: CSR Managers Survey 2015 in Central Europe, Deloitte Central Europe, 2015, p. 4.

The companies from Central European countries have shown in table 2 that their biggest influence is in the following areas: increasing the economy's competitiveness, improving employee engagement and adjusting the resources to actual needs. These data confirm the thesis that there is a connection between corporate social responsibility and competitiveness. The other influences on the given areas vary depending on the country.

Table 2: Influence of business operations on social and economic development of the country and economy (%)

Areas	Bulgaria	Czech Republic	Hungary	Latvia	Lithuania	Romania	Serbia	Slovakia	Slovenia
An increase in the competitiveness of the economy	100	92	95	95	96	100	93	100	96
Improvement in employee engagement and adjustment of resources to actual needs	100	92	85	100	100	100	91	90	96
Development of intellectual capital and the knowledge-based economy	90	83	85	95	91	100	91	95	91
Energy and climate security	90	92	65	100	96	100	79	95	87
Social capital development of the country and economy	60	83	70	67	91	100	93	84	70
Infrastructure	40	92	70	78	95	100	81	74	74
Prevention of social inequality	60	75	40	67	91	100	84	69	83

Source: CSR Managers Survey 2015 in Central Europe, Deloitte Central Europe, 2015, p. 6.

In this study, the polled managers had the opportunity to express their opinion on the position of CSR in the coming years. The most optimistic were the respondents from Lithuania (100%), Bulgaria (90%), Serbia (79%) and the Czech Republic (78%). Almost half of them believe that CSR will flourish and that there will be a continued growth in the number of socially responsible businesses. One-third of respondents claim that CSR will reach maturity as social and environmental issues become a part of the business models. The managers from the Visegrád Group States (Czech Republic, Hungary and Slovakia) were less optimistic in this respect – a third or more of the respondents from these countries foresee stagnation in CSR (CSR Managers Survey, 2015, p. 9).

When talking about the future implementation of CSR in the coming years (by which we mean the next 15 years), the respondents have identified the problems which are the obstacles to a more efficient CSR development in their countries. According to the opinion of the managers from the Republic of Serbia, the first three problems are: the lack of government incentives (63%), the perception of CSR as sponsoring initiatives (61%) and the economic crisis (58%). Slovenia has two equally important obstacles: perception of CSR as sponsoring initiatives (57%)

and the conviction that CSR “doesn’t pay” and no benefits can be derived from it (57%). The attitude where CSR is observed as a concept where companies finance certain social initiatives, in the long run, is a bad one. Furthermore, government incentives are of great importance which is confirmed by the data from the Central European countries. Both of the above-mentioned obstacles have to be overcome if this concept is to be successfully developed. However, there is one more obstacle in table 3 which is not given much attention and it concerns the inappropriate education of the management team. In the Republic of Serbia and Slovenia, this obstacle is in the sixth place, while in Bulgaria and Romania it occupies the second position on the list of obstacles which have to be addressed.

Table 3: Obstacles for CSR implementation in the future (in %)

Areas	Hungary	Bulgaria	Romania	Serbia	Slovenia	Central Europe
Perception of CSR as sponsoring initiatives	65	50	75	61	57	59
Lack of government incentives	70	30	42	63	48	52
Companies’ reluctance to invest	65	30	25	37	52	46
Conviction that CSR “doesn’t pay” and no benefits can be derived from it	5	30	17	42	57	40
Misunderstanding of the idea by companies’ management teams	30	30	25	42	35	39
Economic crisis	45	20	5	58	39	36
Absence in the media and public debate	3	20	17	47	17	35
Inadequate education of management team	30	30	25	37	35	27
Lack of consumer pressure	45	20	17	12	9	24

Source: Based on the CSR Managers Survey 2015 in Central Europe, Deloitte Central Europe, 2015, p. 10, CSR Managers Survey 2015 in Central Europe: How CSR has influenced Central European societies and economies. Lessons learnt and future trends, Deloitte Central Europe, 2015, p. 19.

The research has shown that out of the total number of polled managers, as many as 54% of them measure the results of their CSR initiatives. Moreover, out

of the offered tools for measuring the efficiency of CSR initiatives, the companies in Central Europe mostly use a media monitoring (52%). As their greatest accomplishments in the CSR area, the managers from the Central European companies name: educational programmes, initiatives on the job market, involvement with and support for local communities and promotion of pro-environmental initiatives.

Table 4: The best methods and tools useful for CSR implementation (in %)

Areas	Bulgaria	Romania	Serbia	Slovenia	Central Europe
Corporate volunteering	80	42	40	30	36
Dialogue with stakeholders	10	42	35	30	35
Social Campaigns	50	50	40	30	29
Ethics programmes for employees	30	17	14	39	29
Environmental programmes	0	33	26	35	29
Socially responsible investing (SRI)	40	17	28	22	27
Charitable and/ or philanthropic actions	20	0	33	30	22
Management systems (e.g. ISO 9000; ISO...)	10	0	12	26	17
Cause-related marketing (CRM)	20	33	21	17	16
Sustainable supply chain management	10	17	12	17	16
Intersectional cooperation	20	8	14	4	15
Social reports	0	8	5	9	8
Workplace diversity management	0	8	2	9	6

Source: CSR Managers Survey 2015 in Central Europe, Deloitte Central Europe, 2015, p. 11.

Out of the offered CSR implementation tools and techniques, the interviewed managers have mostly emphasized social responsibility investing (40%) and intersectional cooperation (32%) as the ones that deserve to be popularised more. The application of international standards occupies 7%.

Table 5: Benefits for your company from CSR action implementation over the past 2 years

CSRactivity	%
An increase in employee involvement	65
Improvement in reputation	55
Improvement in relations with local communities	53
Improvement in recognition of the brand as responsible/sustainable	51
Improvement in ethics awareness among employees	46
Increase in customer trust	32
Implementation of new innovative solutions (e.g. products, services...)	23
Reduction in operating expenses	21
A decrease in the number of workplace accidents	12
A decrease in employee turnover	10
We have not derived any benefits	1

Source: CSR Managers Survey 2015 in Central Europe, Deloitte Central Europe, 2015, p. 14.

As can be seen in table 5, the polled managers have singled out the benefits which include a more active employee involvement in the company, as well as the changes to the image of the company (improvement in reputation, relations with local communities and the recognition of the brand as socially responsible). According to the opinions of Serbian managers (CSR Managers Survey 2015 in Central Europe, 2015), the biggest benefits from CSR implementation in their companies are: improvement in the reputation (67%), improvement in relations with local communities (63%) and improvement in employee involvement (54%).

The project “CSR for ALL” included national reports from Turkey, Romania, Croatia, Macedonia and Montenegro, which in one part covered the analysis of the CSR implementation in companies in this part of Europe. This project was financed by the European Union and the partners were the following organisations: The International Organisation of Employers - IOE, Croatian Employers Association - CEA, Business Confederation Macedonia - BCM, Montenegrin Employers Federation - MEF and National Council of Small and Medium Sized Private Enterprises in Romania - CNIPMMR).

A study from 2013 showed that the companies in Montenegro (71.4%), Croatia (84%) and Macedonia (almost 84%) are well-acquainted with the notion of corporate social responsibility. Of course, the level of awareness depends on the size of the company (small, medium-sized, big), as well as the ownership structure (in some reports foreign companies are more familiar with CSR). However, the research has shown that even though companies are informed about the CSR concept, they have not established a separate department dealing with CSR activities in their organisational structure.

In Montenegro, out of the total number of the polled companies, as many as 74% of them do not have a separate CSR department, while in Macedonia that number is even higher – 94%. The companies in Montenegro which have separate CSR departments are in fact director's offices (53.5%), departments for corporate activities (25%) or human resources departments (14.2%). These data indicate a low level of institutionalisation of the corporate social responsibility principles in the companies' business. This can be explained by the fact that the director's office has the highest level of discretionary powers, which shows that CSR does not constitute a part of the pre-defined company policy, but an ad hoc activity. In Macedonian companies, CSR activities are most frequently connected with the director's office, marketing departments, communications and public relations and human resources.

The highest priorities in further CSR activities in Montenegrin companies are: employee responsibility (53.3%), fair business conduct (38.3%), and respect for human rights (31.6%). The respondents give the least priority to combating corruption (43.8%), environmental responsibility (40%) and supply chain engagement (34.8%). They are most 'indifferent' to philanthropy (76.9%), the provision of employment (60%) and anti-corruption (50%) (4, p.44). Unlike Montenegrin companies, Macedonian companies have different top three priorities: the securing jobs (49%), supporting culture, science and sport (46%) and employee responsibility (46%) (National Review Report, 2015, p. 19).

In Croatia, out of the total number of polled companies, 55% of them have established a separate department dealing with CSR activities in their organisational structure. Out of the companies which have a separate CSR department, the majority are: departments for corporate communication and public relations (28.3%), executive director's office (19.6%), a team of people coming from different key departments (13%) and finally departments organised especially for corporate social responsibility (6.5%). The greatest number of responses to the question of what the most important areas of corporate social responsibility are, were given in the area of employee responsibility (62% of the companies), and then to the responsibility to the local community (27% of the responses), while fair business practice got 26% of the responses. On the overall ranking list, the majority of companies chose the area of employee responsibility (27.7% of the responses), followed by securing jobs and human rights with 10% each (Macedonia National Review Report on CSR, 2013, p. 52).

CORPORATE SOCIAL RESPONSIBILITY IMPLEMENTATION IN THE REPUBLIC OF SERBIA

The CSR concept was formally introduced in companies in Serbia 15 years ago. The business community, political elite and especially the media, have little knowledge about the essence of this concept, but it is a fact that more and more people are talking about it lately and that an increasing number of people have at least heard about it. In Serbia, the CSR concept is generally understood as an asset necessary in marketing activities in terms of building a reputation in the society, media and the government, with business partners and clients. Improving quality and working conditions in accordance with respecting employee rights, professional development, relationship and cooperation with clients, suppliers and trade unions are still doing so, on the side-lines (Ćočkalo et al. 2012, p. 9).

In 2007, the Republic of Serbia adopted UN recommendations in this field (UN Global Compact), and the concept of corporate social responsibility has become an integral part of the National Strategy for Sustainable Development. In the beginning, this concept was supported by 30 companies and non-profit organizations and the first members of the UN Global Compact initiative in Serbia were: BFC Lafarge, Holcim, Cisco Systems, EurobankEFG, Piraeus Bank, Societe Generale Bank, Credit Agricole, Meridian Bank, National Bank of Serbia, and Smart Kolektiv. The Business Leaders Forum was established the following year on the recommendation of 14 companies, with a view to including ethical, social and ecological business principles in the mandatory business practice.

The main CSR promoters on the Serbian market are three important institutions:

- Balkan Community Initiative Fund (BCIF),
- Smart Kolektiv and
- Chamber of Commerce and Industry of Serbia.

Balkan Community Initiative Fund has had a significant role in the development of the CSR concept on the domestic market. In cooperation with USAID and several other domestic and international organisations, it has established the Virtus Award in 2007, with a view to a more effective popularisation of CSR on the Serbian market. From July 2013, the Balkan Community Initiative Fund operates under a new name – Trag Foundation. Smart Kolektiv is an organisation which is trying to improve the implementation of CSR activities in the society through different projects. Projects, in which focus groups are young people, cover the areas such as: environmental protection, encouraging youth entrepreneurship, voluntary work, good business practice and the like. Smart Kolektiv is the secretary of the Business Leaders Forum's net and it is its member since 2007 when it was established. Chamber of Commerce and Industry of Serbia (CCIS), as a guild organisation, has

timely realised its role in informing and introducing its members to the benefits of CSR implementation in its business practice. Chamber of Commerce and Industry of Serbia has directed its activities in the CSR area in the following three directions:

1. Awarding the National CSR Award,
2. Secretariat of the Global Agreement in Serbia
3. Promoting the Chamber as a socially responsible organisation.

The National CSR Award is awarded for 7 years already with a view to promoting the values of this concept in the Republic of Serbia's business practice. Since January 2011, the Secretariat of Global Agreement in Serbia has been relocated from the premises of the National Bank of Serbia to the Chamber of Commerce and Industry of Serbia, since when the meetings of 6 work groups and 7 members of the Management Board are held in its premises (PKS 2015, p. 15). In 2015, the Chamber of Commerce and Industry wrote and sent its first Report on Sustainable Development to the interested parties, in accordance with the 10 principles of the UN Global Agreement.

In 2010, the Government of Serbia decided to fulfill the requirements defined by the Lisbon and Copenhagen summits regarding social inclusion, Millennium Development Goals and goals already defined by the Poverty Reduction Strategy and the National Sustainable Development Strategy for the Period 2008-2017. Because of this, the Government has issued the Strategy for Corporate Social Responsibility Development and Promotion 2010-2015. By the European Commission, the framework for this strategy is the proclaimed importance of the social dimension and the need to ensure a state in which economic and social politics, as well as employment politics, operate simultaneously in a positive way. Besides that, social protection needs to be respected as a productive factor (The Government of the Republic of Serbia, 2012).

When speaking about the CSR implementation in the Republic of Serbia, it is necessary to mention that the implementation of ISO 26000 standard on social responsibility started from 2011. Moreover, it is also necessary to emphasize SA 8000 standard which appeared on the market before ISO 26000. According to the data from 2015, there is only one company in Serbia certified according to this standard (a micro company with 5 employees). From the countries in the region, Romania has the most certified companies – 112, with the average number of employees being 254, followed by Bulgaria – 91, with 116 employees and Croatia with 3 companies and 238 employees.

The strategy does not contain the definition of CSR similar to those determined by the European Commission in its documents, but only descriptively indicates to the different aspects of CSR. Three goals were defined by the strategy: promoting the CSR concept, developing CSR practices and creating incentives and legal obligations which will ensure the development of the environment suitable for the

spreading of CSR. According to the Strategy, “the Government’s engagement in the CSR area should follow the priorities drafted in the European partnership in the area of economy and social inclusion with a view to improving social inclusion and social protection.” Therefore, by focusing on these priorities, the Strategy lacks multidimensionality which is the main characteristic of CSR, although this characteristic can be perceived from the layout of measures and activities in accordance with the competencies of different relevant ministries. The majority of measures envisaged by the Strategy deal with the promotion and development of corporate social responsibility practices and a lesser part deals with the initiatives for the changes in public policy regulations and measures, which are under the Government’s competence. The measures are deployed to relevant ministries in accordance with their competencies. Some of the measures directed at legislative changes refer to the introduction of the obligation of non-financial reporting or to the changes of regulations on investment funds which are presented in more detail in the next part of this analysis, as well as some aspects of introducing eco-labels, or the so-called green public procurement. Apart from being deployed according to the competency of the relevant ministries, the suggested measures and activities are too general, i.e. they lack comprehensiveness in a sense of clear criteria according to which they were chosen for the realisation of the three envisaged goals.

The practice has shown that domestic managers still do not have a fully developed consciousness about the significance of the implementation of CSR principles and its influence on the companies’ competitiveness, in both domestic and international markets. The reason for such an attitude of domestic managers to CSR can be found in the fact that the market of the Republic of Serbia still hasn’t developed the atmosphere for encouraging CSR implementation, nor the strength to punish the companies which do not want to be socially responsible. The biggest punishment for the company is the loss of its end users and with them the market itself. However, it is necessary to emphasize that there are companies on the market of the Republic of Serbia, which have been working on developing the CSR concept for years and they are the leaders in their business activities, such as Telekom Serbia, Erste Bank, Komercijalna Bank, Holcim, Delta Holding and other companies that are in this way trying to be a good partner to the society and the local community in which they operate.

YOUNG PEOPLE’S ATTITUDE ABOUT CORPORATE SOCIAL RESPONSIBILITY IN THE REPUBLIC OF SERBIA

During the period from November to December 2015, on the territory of 14 towns and municipalities in the Republic of Serbia, a research was conducted, titled “The Analysis of Young People’s Attitudes and Opinions about Starting your own Business and Implementing Corporate Social Responsibility”. In this research, 616

polled students, aged 19 to 27, expressed their opinions on starting your own business, corporate social responsibility and the competitiveness of the domestic economy. In the last five years (2011, 2012, 2013, 2014, 2015), similar researches were conducted, which can serve for comparison and for getting an overview of young people's attitude towards corporate social responsibility.

As can be seen in table 6, in the first three years there was a high percentage of people who did not understand the term corporate social responsibility itself. As can be seen, the percentage of young people acquainted with the term CSR increased each year, passing 56.71% i.e. 57.07% in the last two years. These data should partly be an evidence that consciousness about the significance of CSR implementation is developing among young people, future managers and company owners. However, the problem is that in 10 years of promoting this concept on the domestic market, only in the last two years young people met it with understanding.

Table 6: Encountering the term CSR

	2011	2012	2013	2014	2015
Yes	31.75	44.62%	47.64%	56.71%	57.07%
No	68.25	55.38%	52.36%	43.29%	42.93%

Different ways of young people's familiarisation with the CSR concept are shown in table 7. As can be seen, in the last five years the media and different textbooks are emphasized as the models of young people's familiarisation with the CSR. The influence of textbooks speaks about the important role of educational institutions in promoting this concept. Furthermore, we can also see the important role of the media and the Internet in young people's familiarisation with CSR which is a good way for a more intensive CSR promotion. This especially applies to the Internet since the young population is the biggest Internet user.

Table 7: Ways of familiarisation with CSR

	2011	2012	2013	2014	2015
Media	32.05	34.42%	36.71%	38.94%	28.98%
Textbooks	33.65	22.22%	28.26%	28.35%	35.23%
Internet	23.40	36.59%	27.78%	23.99%	25.85%

Table 8: The most frequent CSR activity in domestic companies

	2011	2012	2013	2014	2015
Promoting social goals	26.32	24.41%	28.14%	29.53%	26.38%
Marketing associated with social goals	17.84	-	20.10%	17.78%	20.14%
Socially responsible business practice	19.01	16.83%	17.78%	19.58%	17.25%
Social marketing	-	18.07%	19.24%	16.48%	20.43%
Voluntary work for the community	-	17.93%	-	-	-

When speaking about CSR activities done by domestic companies, young respondents emphasized promoting social goals the most, while the second most represented was social marketing, followed by socially responsible practice (table 8). Examples of some social campaigns done in the past by certain media (B92, TV Prva, Blic, RTS), confirmed the research’s attitude that domestic companies direct too much attention to promoting social goals.

Unfortunately, the research has shown that even besides the great effort invested in CSR activities by certain companies, young respondents still do not see domestic socially responsible companies on the market (table 9). For this reason, it is necessary to promote more the examples of good business practice.

Table 9: The existence of a domestic company which can be described as a socially responsible organisation

	2011	2012	2013	2014	2015
Yes	16.18	8.74%	19.11%	26.30%	25.24%
No	83.82	91.26%	80.89%	73.70%	74.76%

The reason for such high percentage of unawareness of domestic socially responsible companies, can be found in the lack of understanding of the term corporate social responsibility, which has improved over the last two years and which can best be seen in the percentage of familiarity with the CSR term in table 6. For this reason, a comprehensive promotion of the corporate social responsibility concept among young people can be the solution and it has to encompass the following three levels:

1. It is necessary to create programmes for familiarising young people with the importance and practicality of CSR implementation and its role in improving competitiveness.
2. The cooperation of more public and private institutions which have activities dealing with the issues of young people and the economy within their business activities, with a view to promoting corporate social responsibility. Such institutions are: Ministry of Education, Science and Technological Development, Ministry of Youth and Sports, Ministry of Economy, National Employment Service, Serbian Development Agency, Chamber of Commerce and Industry of Serbia, Universities, Association of Entrepreneurs and the like.
3. A more substantial promotion of domestic socially responsible companies by the media, as well as awards for corporate social responsibility, such as the Virtus Award and the National CSR Award. It is necessary to particularly emphasize the importance of the Internet and social networks here, in the function of a more substantial media coverage, especially among the younger population.

CONCLUSION

Corporate social responsibility is increasingly becoming an important segment of company's business politics and the country's legislature is the most responsible for that, as well as the European Union, through supporting sustainable development, pollution reduction, fight for consumer rights, fight for poverty reduction and reduction of discrimination on various grounds. Companies in the newly created conditions, where besides legal regulations and recommendations from the state we have highly developed customers' consciousness about the significance of CSR implementation, have to adjust and follow the new trends. The European Union has realised that the implementation of his concept improves the companies' competitiveness in their market.

CSR implementation in the Republic of Serbia still isn't on an adequate level, which is a serious problem in developing the domestic economy's competitiveness. Namely, the biggest promoters of this concept on the domestic market are the companies whose owners are foreigners or those whose majority stakeholders are foreigners. A small number of domestic companies is willing to engage in this area. The reason for this kind of attitude of domestic companies lies in the fact that managers still do not understand completely the practicality of CSR implementation for improving competitiveness, or in other words, they are profit-oriented. For this reason, it is necessary to create an adequate atmosphere which will promote the implementation of CSR concepts. It is necessary to emphasize the examples of domestic companies which operate in accordance with CSR principles and insist on punishing those that do not follow certain CSR principles, such as environmental

pollution, bad attitude towards the environment in which they operate, inadequate relationship towards employees and the like. Special emphasis on the domestic market must be put on popularising CSR implementation among young people, since they are the future managers and people who will be responsible for decision-making in the companies. According to Čočkalo et al. (2015), the students in Serbia do not have enough knowledge to actively participate in the development of corporate social responsibility and competitiveness, but there are obvious positive trends regarding this issue.

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ANALIZA PRIMENE KONCEPTA DRUŠTVENO ODGOVORNOG POSLOVANJA NA TRŽIŠTU REPUBLIKE SRBIJE

Apstrakt: Autori u ovom radu analiziraju dosadašnje efekte primene koncepta društveno odgovornog poslovanja (CSR), kako u Republici Srbiji, tako i u ostalim zemljama Centralne Evrope. Preduzeća u Centralnoj Evropi uglavnom su upoznata sa terminom društveno odgovorno poslovanje, ali se razlikuju primene alata i metoda. Zbog sveobuhvatnosti pojma društveno odgovorno poslovanje, preduzeća obično preduzimaju filantropske i volonterske aktivnosti rešavajući na taj način određene socijalne ili društvene probleme. Međutim, sam koncept društveno odgovornog poslovanja obuhvata mnogo šire aspekte, kao što su: zaštita životne sredine, briga o zadovoljstvu zaposlenih, primena međunarodnih standarda i sl. Domaći menadžeri pokušavaju da prate trend primene društvenog odgovornog poslovanja, ali nažalost još uvek nedovoljno razumeju širinu ovog koncepta, kao i njegovu svrsishodnost za unapređenje konkurentnosti samog preduzeća.

Ključne reči: društveno odgovorno poslovanje, konkurentnost, menadžeri, mladi, Srbija.

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VLADIMIR PUTIN AND ANALYSIS OF THE ROLE OF LEADERS IN THE FORMATION AND IMPLEMENTATION OF STATE POLICY IN CONTEMPORARY RUSSIA – REVIEWS AND CRITICS OF PUTIN’S REGIME

Sladjan MILOSAVLJEVIĆ¹

Zoran JEFTIĆ²

Miroslav MLADENović³

Abstract: After the collapse of the Soviet state, during the last decades of the 21st century, Russia found itself in the system crisis in cataclysmic measures that threatened to disintegrate this once powerful state. Political and economic power was significantly displaced outside the institutions of the system in the hands of oligarchs and regional governors, which threaten to disintegrate the federal system and problems in the economic, social, demographic and military sphere shook the foundations of the Russian state. On the international stage, Russia’s influence was marginalized. All the elements of its hard and soft power were reduced. Russia has lost the attributes of a superpower and the leader of the former socialist camp was reduced to the level of a regional power. With the arrival of Vladimir Putin as the President of the RF in 2000 began a new phase in the development of post-Soviet Russia. Initiated extensive internal political, economic and social reforms, as well as changes in foreign and security policy, resulted in a gradual recovery and consolidation of the Russian state and society. An essential feature of political life in Russia is the personalization of the power and the institution of the President of the RF, which largely depends on the personality of the president and his inner circle. This distinction is rooted in the political tradition and culture, and the imperial legacy. Some Western authors state that

¹ Sladjan Milosavljević, Ph.D. Docent on Faculty for ingeenering management in Belgrade.

² Zoran Jeftić, Ph.D. Professor on Faculty of Security Studies, University of Belgrade.

³ Miroslav Mladenović, Ph.D. Professor on Faculty of Security Studies, University of Belgrade.

the tradition of the autocratic rule is in the heart of Russian political culture, while Russian authors believe that a strong central government, embodied in the institution of the head of state in modern Russia is a necessity in the initial phase of democratization and social transition. From the beginning, Putin has sought to pour “people from their inner circle” “into all levels of government and spheres that generate social and political power.” This profiled the structure of Putin’s regime, which is a very active process of permanent change of position, role and importance of individual personalities, as well as their “migration” from one sphere of government to another. In the process, the overall fluctuations of high-ranking politicians, divided into clans and influential groups (the so-called *siloviki*, technocrats and liberals), Putin is the “headquarters” of the entire regime. Estimates of the regime of Russian President V. Putin, his personality, as well as a trail that is left in modern history, are more polarized and controversial than estimates of many other figures of Russia, and even global politics. However, the importance that Putin has for Russia and its position and role in the XXI century is undeniable, as well as his controversial planetary authority, or his global popularity. Putin is one of the most influential politicians in the world and the authors’ opinions of him are so divided, conflicting, contradictory and “ideologically colored” that any attempt of his generalization represents an endeavor foredoomed to failure. The amplitude of reactions is ranging from awe and glorification, to protest and scorn. It is undisputed that he is a charismatic, pragmatic and capable statesman. It is also an indisputable fact that the implementation of his policy has the outright support of the Russian people. Critics of Putin’s regime as its main characteristic state the rigidity of the government, inflexibility, lack of transparency, bureaucratic domination of political and economic elites, instability in the sense of being based on the personality of the President and not on the balance of institutions.

Key words: the Russian Federation, Vladimir Putin, the political-security system.

INTRODUCTION

During the last decade of the twentieth century, after the collapse of the Soviet state, Russia found itself in the system crisis of cataclysmic proportions that shook all aspects of political and social life and threatened the complete disintegration of the once powerful state. Political and economic power is largely relocated outside the institutions of the system and is increasingly concentrated in the hands of big businessmen (oligarchs) and regional political elites (governor), which threaten to seriously undermine the federal structure and integrity of the country (Knežević, 2009). The military power of the country has been severely weakened. The problems in the social sphere and the decline in the living standard of the population below the lower acceptable limit shook the foundations of the Russian state. This is a dramatic effect on the demographic situation, which exceeded all comparative examples in Russian history (Solženicin, 1997). On the international

stage, Russia's influence was marginalized. All the elements of its hard and soft power have been drastically reduced. Russia has lost its superpower attributes and the once powerful state and the leader of the socialist political and ideological groups of countries in the bipolar period, according to the opinion of a significant number of authors, was reduced to the status of a regional power. Such an unsound state of the country with a proud history, which existed in the early years of post-Cold War "Yeltsin" era, was in sharp contrast to its glorious imperial periods of the past in which the Russian state had a leading role in terms of military power and political, cultural and civilization impacts. In Russia, this created a deep sense of disappointment and humiliation.⁴

Personnel changes in the state management, the appointment of Vladimir Vladimirovich Putin as acting President of the Russian Federation from 31 December 1999 and his subsequent victory in the presidential elections in the spring of 2000, created the preconditions for the start of a new phase in the development of post-Soviet Russia. During the first presidential term of V. Putin were initiated and launched extensive internal political, economic and social reforms, as well as changes in foreign and security policy, which resulted in a gradual recovery, stabilization and consolidation of the Russian state and society.⁵ In order to consolidate economic opportunities and eliminate anomalies and negative trends in the economy, as well as the negative consequences of privatizations, Putin's regime began the process of very complex and long-term measures aimed to demopolization of other competing power centers - the economic elite, or oligarchs. Apart from the fact that the disturbances in the Russian economy were largely the result of the so-called "vaucher privatization",⁶ many of whom had a criminal and

⁴ "Humiliation of a big country, if at the same time does not weaken, always is a dangerous game. Russia has decided not to allow ever again to be surprised" ... (Kisindžer, 2008, p. 162.).

⁵ Putin's regime by internal reforms made by the centralization of power and monopolisation of political power through complex processes of elimination of negative trends in the state and society. The priority objective was to crackdown on non-institutional sources of political and economic power and positioning of the regime as an independent center within the state administration. For details about these processes in the analysis of the political system of post-Soviet Russia among others papers in papers of Richard Sakwa... (R. Sakwa, *Putin - Russia's choice*, Routledge, New York 2008.; R. Sakwa, *Russian Policy and Society*, Routledge, London 2008.);

⁶ The first wave of privatization of the Russian oil industry in the nineties of the last century, was completed in 1997, resulted in the fact that the state has privatized half of its production and distribution capacity. From 2000 to 2003, began the second wave of privatization of the Russian oil sector, which is a quantitative relationship changed ownership in favor of the corporate capital in relation to the state (four private companies, "TNK-BP", "YUKOS", "Lukoil" and "Surgutnjeftgaz" have become the owners of the best resource base - deposits of energy and were in control of the best production and transport capacities of the Russian oil industry). During this, in 2003, this tendency has reached its peak, after which measures the current government began the process of restoring state control over this strategic industry sectors ... (Milosavljević, 2014, p. 113.);

“predatory” character, originated from collusion between organized crime and some political structures of state power, the reforms of Putin’s regime, which was characterized by extreme complexity, was not possible to implement. The pre-established effective mechanisms of state control in strategic industries (primarily in energy - oil and gas industry and the sector of non-ferrous and precious metals, therefore precisely the most profitable areas of the Russian economy, where is found the largest number of financial empires of the oligarchs), at the same time did not abolish the parallel, competitive and the largely autonomous centers of political power, constituted by regional leaders (governors) and/or groups of oligarchs.

With deft political moves, directed at the oligarchic structure,⁷ the central government has succeeded in a relatively short period of time to regain control over strategic natural resources, through the processes of their nationalization, or through the processes of establishing “control” and the influence of the “loyal oligarchs”,⁸ which contributed not only to the consolidation of the economic situation in the country, but also had a stabilizing effect in the political and social spheres. The end result of the struggle of state structures to neutralize the economic and political power of individual oligarchs, and their “disempowerment” at the end of the first half of the first decade of this century, was the return of state control over the strategic sectors of the economy, with the re-nationalization of huge natural resources,⁹ primarily in the field of energy, as the most profitable segment

⁷ In July 2000, after the arrest of one of the most influential oligarchs Vladimir Gusinsky, the owner of the holding company “Media Most”, a meeting was held with 28 Putin’s oligarchs, where they established a new “game rules”. Oligarchs was told that they must “refrain” from their political ambitions, it must continue to carry out their regular tax liability, and that they must give up part of their wealth in the interests of society... (M. I. Goldman, „*Petrostate: Putin, Power and the New Russia*, Oxford University Press, Oxford, 2008, p. 102.); Mikhail Khodorkovsky, owner of oil corporation “YUKOS” and one of the most powerful oligarch at the time, was arrested in October 2003 on charges of tax evasion, a campaign “Yukos” in 2004 bought the state company “Rosneft” (dropped from the original intentions that the control package “Yukos” take over “Gazprom” because of the ownership structure and influence of foreign capital in “Gazprom”... (Konofczuk, 2006, p. 33), (http://www.osw.waw.pl/files/PRACE_25.pdf, 16.11.2011.); Time has begun the process of achieving primacy of the state in the ownership structure of the Russian oil sector, across national energy giants “Rosneft” and “Gazprom”... (O nationalization of Russian oil sector in the works of Russian author Pappé Yakov (Паппе Яков), More, „How Russia is Nationalized: The Oil Sector“, *Kommersant*, 19.09.2007.);

⁸ An example of the “loyal” oligarchs, for example, represents a Roman Abramovich who has sold part of its country “property” (package of shares “Rosneft”, a part of the shares in the “RusAl” -ui “Aeroflot”, as the action of certain media outlets) he owned... (More: Milinčić, 2007.);

⁹ The re-establishment of state control over the energy sector, the strategy of the existence of two giant energy companies with majority state capital (“Gazprom” and “Rosneft”), had direct implications for the international position of the Russian state, in terms of strengthening its role and importance in international economic – energy relations, but also in the context of strengthening Russian positions in the global political and security sphere... (Milosavljević, 2014, p. 114.)

of the Russian economy. Strong condemn of these actions of the Russian state leadership are mostly coming from the West and are essentially focused on criticism of creating a monopolistic position of the state in the Russian oil and gas sector, as well as the violation of economic rights of foreign companies in Russia. Some authors called this measure of Putin's regime the "state expropriation" of the Russian energy sector, "economic imperialism" (Goldman, 2008, p. p. 322-329) and like, trying to portray Russia as an unreliable partner in the energy sector – which is one of the main pillars of power of the Russian state (Primakov, 2010, p. 93).¹⁰ In addition to these processes, measures of Putin's domestic reforms, in his words, were aimed, inter alia, to crack down organized crime, fight against corruption, to raising the living standard of Russian citizens, reduction of poverty and unemployment, preventing the continuation of negative trends in the demographic sphere, etc (Путин, 2010).

VLADIMIR PUTIN – A LEADER THAT MARKED THE BEGINNING OF THE THIRD MILLENNIUM

One of the essential characteristics that determine political life of modern Russia is the personalization of power and the institution of the President of the Russian Federation, which largely depends on the personality of the president and his inner circle. A political scientist and professor at the Moscow State Institute of International Relations (MGIMO - University) MID RF, Elena Ponomareva argues that "in contemporary Russia national-historical situation determines leadership for centuries beyond (...) Sacralization of state power in Russia is deeply rooted in tradition and political culture. More than that, in Russia, as in historical retrospect, so today, the leader perceived as a symbol of national unity, as a form of collective consciousness and behavior" (Понямарева, 2006, p. 167-168). This definition of the leadership of E. Ponomareva belongs to the conceptual and the best terminological qualification of one of the essential characteristics of the political system of modern Russia. This feature has its roots in the Russian specificity, or the political tradition and imperial heritage. Russian historical experience shows that the personality of the Russian monarchs has always symbolized strength and unity of the Russian empire and reflected the connection between the national identity of the Russian people and the country. In other words, in the essence of the Russian tradition is that Russian people follow and support a successful and charismatic leader. According to the opinion of some Western authors, the tradition of autocratic rule is at the core of the

¹⁰ At the same time, some authors have pointed out the fact that foreign corporations, despite the "discriminatory conditions", frantically tried to keep their participation in projects in Russia's oil and gas industry, motivated by the possibility of gaining huge profits... (Štavljanin, 2009, p. 67)

Russian political culture, which rejects individualism and highlights paternalism, the cult of leaders and mysticism, rationalism and pragmatism instead (Godzimirski, 2008). A large number of Russian authors is of the opinion that a strong central government in Russia, embodied in the institution of the head of state, is a necessity and a need, taking into account its specific historical experience, an imperial tradition, as well as “special psychology of the Russian people,” but both quantitative and qualitative characteristics of the territorial and demographic factors, with the caveat that this attitude only applies to the initial phase of democratization and transition of society, and consolidation of political and economic opportunity (Primakov, 2003, p. 88).

Simultaneously with these processes of struggle with competing centers of power, Putin has sought “people from their inner circle” to pour “into all spheres and levels of government that generate social and political power,” whether it is the highest state functions (high state bureaucracy) or strategic state, mixed or corporate businesses. In this way, the structure of the Putin regime is very quickly profiled, which is a very active process of the permanent change of the position, role and importance of individual personalities, as well as their “migration” from one sphere of government to another. In this entire process of fluctuations and “modeling” of elite groups and clans, Putin is the “center of gravity and Staff” of the entire regime and the main arbiter in the struggle of various influential groups (Vinogradov, 2010). Some Russian authors believe that with the re-election of Vladimir Putin as president of Russia in March 2012, the Kremlin once again became the center of the main political decision-making and that Putin, while retaining the status of the “dominant player” remains a “supreme arbiter” who actually “makes key decisions” (Ria Novosti, 2012b).

One of the most influential groups is called *siloviki*, which originated from representatives of institutions of force and security services, as well as Putin himself (Igor Sechin, Nikolay Patrushev, Viktor Ivanov, Anatoly Serdyukov, Viktor Zubak, etc.) (Bremmer, I., Sharp, S. B. (2006/07). However, the “specific weight” and the real power of the former “superinfluence heavyweights” from the ministries of force at the end of the first decade of this century, has dropped sharply. The same is the case with the decline in the influence of certain oligarchs such as Roman Abramovich and Oleg Deripaska, who at the end of the first decade of XXI century, mostly focused on their own business and finding opportunities for the “survival” of their financial empires in the global economic crisis (Milosavljević, 2014, p. 95). No less power is concentrated in the hands of another Putin’s closest associates called “*technocrats*”, who occupied leading positions in the largest state-owned companies, especially in the energy sector (Alexey Miller, Sergey Chemezov, etc.), or so-called “*liberals*” (German Gref, Sergey Ignatieff, et al.). Apart from the influence of those groups concentrated in various structures of power, it should inevitably be noted that in recent years in Russia certain authors have a great

influence - scientists and experts. That is not a compact group, on the contrary, it is very polarized. The spectrum of their activities and preferences is ranging from unconditional support to the current government to the opposition to the action, even radical criticism of the government (Vinogradov, 2012, p. 54-55). A group of experts “close to the authorities” - the so-called loyal experts actively participate in the development and popularization of the authorities.¹¹ The second group of authors - experts are those with a “neutral” status and position in relation to the regime,¹² while the third group of experts is not in favor of the current regime, some of them even act in opposition movements.¹³ Their activity is characterized by fierce criticism and condemnation of the current government. On the basis of these opinions and the presented facts, we can conclude that regardless of the contradictions between the various interest groups and camps within the government in the near future it should not be expected a major division within these structures. In hypothetical terms, the division is possible in the case of a worse economic situation, decrease of trust and public support to the actual Putin’s regime, or in the case of opposition consolidation and significant increase of its popularity, which is not a realistic option at this moment or in the near future.

REVIEWS AND CRITICS OF PUTIN’S REGIME

Estimates of the regime of Russian President Vladimir Putin, his personality and former political activity, and the mark he left in modern history (though this process is not completed, as he is currently in his new presidential term (2012-18.)), are more polarized and controversial than of any other figure of Russian and even global politics. However, the significance which Vladimir Putin has for Russia and his position and role in the XXI century is undeniable, as well as his controversial planetary authority, or his global popularity. Russian author Fyodor Lukyanov believes that the President of Russia V. Putin is one of the most influential politicians in the world, but opinions about him are contradictory, controversial and intense, that is, “ones praise him, others demonize”.¹⁴

¹¹ The group of experts “close to the authorities” are commonly classified Alexei Arbatov, Sergey Markov, Gleb Pavlovski, Valery Fyodorov, Vitaly Ivanov, Andranik Migranjan, Dmitry Orlov, Alexey Cesnakova etc.

¹² The group of authors from “neutral” status in relation to power belong Karganov S., F. Lukyanov, D. Trenin, N. Petrov, J. Minchenko, D. Badovskiy, I. Bunin, D. Oreshkin, A. Ryabov, etc.

¹³ In this group are among the most common Lila Shevtsova, Miov Vladimir, Vladimir Pribilovskiy, Mikhail Delyagin, Andrey Piontkovsky, Mark Urnov, etc.

¹⁴ In the opinion of a number of authors in the world perceive Putin as a separate phenomenon. “It just turned out that Putin is the embodiment of the state of the world, this smutne transitional situation in which the entire international system and all States of which the system is assembled. He is the symbol of this situation, only the one positive and the other negative”... (Lukjanov, 2012);

A large number of authors, both those who support the policy of Vladimir Putin, and those who criticize, challenge and accuse him of autocracy, agree in their assessment that he is a charismatic, pragmatic and capable personality. The amplitude of the reaction ranges from glorification and admiration to protest and scorn of the results of Putin's policies. Any attempt of generalization represents an endeavor foredoomed to failure. Instead of this approach, it is necessary to identify and carry out an analysis of existing positions and on this basis, if possible, to try to make the appropriate conclusions.

A number of Russian and domestic authors have a positive attitude towards Putin's project of political consolidation and economic stabilization of the situation in post-Soviet Russia. Despite the existing shortcomings and criticisms, they argue that "Russia is consolidated when a charismatic leader came to power", that "Putin's regime represented a response to the historical necessity" (Medvedev, 2007) and that the "freedom that Putin's regime got sometimes standing outside the constitutionality and public accountability enable greater efficiency in the implementation of reforms" (Milosević, 2006). Some Russian authors state that "what is now a world scale referred to as "Putinism", is the result of the specific needs of political and intellectual climate that grew out of a specific historical experience of Russia" (Мигранян, 2004), and that "Vladimir Putin certainly has massive popular support for his political course (Пономарева, 2006), which represents the "center line of the ideological spectrum" (Кортунов, 2011). Also, a number of Russian authors, with an unconcealed bias for Putin, argues that as a leader who "restored Russia", he often draws visionary statesman moves, has "broad aspects of" sense of time in which he lives and the position in which he found the Russian state after the turbulent nineties of the last century.

A number of Russian authors are of the view that the Putin era has enabled the country to consolidate internally and to a gradual return to the role of an unavoidable actor on the international scene. These authors for Vladimir Vladimirovich state that he is the man who went to "historical role to take off the Yeltsin mortgage from the Russian shoulders," the statesman with an incredible ability of a "superior juggler", ready to take the burden of difficult decisions by "balancing as a player on the wire", who does not hide behind generalized rhetorical phrases as a fogging substance. Based on the views of these authors, it can be concluded that the determination of Putin's administration for a strong and powerful Russia represents a milestone which holds all the relevant factors of the Russian state policy for over a decade. And some authors from the West, with a dose of criticism, show a positive attitude towards individual elements of Putin's project of consolidation and stabilization of post-Soviet Russia. These authors argue that "Putin's historic mission is nothing more than consolidation and legalization of social revolution from the Gorbachev-Yeltsin era, and to erase defects of Yeltsin's rule" (Sakwa, 2008, p. 309), that "only semi-

authoritarian rule like Putin's Russia can keep on the right track" (Lieven, 2005), that "Putin has built legitimacy for criticism of Yeltsin's pro-Western policies, responsible for causing chaos and destruction" (Weiss, 2008), and the like.

Harsh criticism of Putin's regime and the "Russian own path of development," both from the West and from Russia itself, are mainly focused on the "authoritarian - bureaucratic nature of government," and the fact that "the regime in the Russian Federation, both in the initial stages of stabilization of the political, economic, social, demographic, security and other conditions, as well as later works often stand outside the boundaries of constitutionality, legality, public accountability and democratic principles" (Godzimirski, 2008). In attempts of qualifications of Putin's regime, that the Russian political system is characterized by heterogeneity of attitudes, the authors use different terms and phrases, such as "managed democracy", "sovereign democracy" (key elements of the concept of "sovereign democracy" organized by the Russian Society of the centralization of power and political integrity, idealization of the goals and personalization of political institutions) (Сурков, 2007), while at the other end of the spectrum is an evaluation and qualification such as "over-managed democracy" (Petrov, 2010), "reactionary modernization" (Морозов, 2006), "semi- authoritarian" or "authoritarian" system. Some Russian authors qualify Putin's regime with the phrase "over-managed democracy", defining it as "a complex system that allows the elimination of a public authority control, avoiding public accountability and preserve the semblance of respect for democratic procedures", and as its essential elements cited a strong presidential system of governance (the expense of all other institutions and actors), state control of the media and control of electoral processes (Petrov, 2010, p. 43-44). As an illustration of the above criticism, interesting are sharp qualifications of Putin's regime by the Russian author Latisha Shevtsova, standing on the part of the opposition pluralist ideological spectrum of Russian political scene, who stated that "Putin's regime, the semi-democratic regime in a uniform and democratic institutions (parliament, political parties, trade unions, youth movements) are a "Potemkin village" masquerade organized by the Russian elite for centuries, in order to hide a system that is both authoritarian, oligarchic and bureaucratic to the point of paralysis" (Shevtsova, 2003).

In general, critics of the Putin regime as its main characteristics cites inflexibility, lack of transparency, bureaucratic, restrictive government, the dominance of special interests and the political and economic elites. At the same time, as an essential feature of the Russian political regime refers to his personal character (with the weakness of other institutions), and its foundation in the person of the President and not in the balance of the institutions, which makes it unstable. Due to this attitude of the personal nature of the Russian political system, a large number of authors state that the political popularity and extremely

high rating of V. Putin (the “United Russia”, as the dominant party) is of vital importance to the pillar on which rests the whole political system (or, as some argue, “the hook on which to hold”), as well as the preservation of a high level of Putin’s popularity is an imperative for the overall political and economic elite in power, due to the fact that “there’s nothing he could have replaced the lack of trust in leaders”.¹⁵

The largest number of arguments for their criticism of Putin’s regime, these authors “found” in the “fact” that the nature of Putin’s authoritarian regime is “semi-authoritarian”; that Russia expressed processes to prevent the opposition movement, even with the elimination of political opponents;¹⁶ that there are ubiquitous violations of political rights and freedoms; that regime is eroding the role and importance of the political institutions; that the system is making crucial decisions extremely centralized, concentrated in the hands of the president and the prime minister and largely determined by the balance of power of influential political groups; and that there is suppression of freedom of the media, while creating a state monopoly in this sphere. These authors also point out the ubiquitous reduce of the rights of ethnic communities through a process of centralization of power, then a violation of eco-heavy corporate rights and freedoms, especially in Russian strategic industries at the expense of strengthening the role of the state (Goldman, 2008, p. 132-134), “suppression and persecution” in the sphere of NGOs, and similar. Even if you reject the good part of the “extremely negative” criticism of Putin’s regime, often expressed with concealed malice and contempt, generally speaking, it is difficult to escape the impression that a large number of such assessment are formed under the strong influence of Western stereotypes and arrogant tendencies to share the lessons of Democracy and human rights.

As for the score (and criticism), these critical authors (who are mostly from the West) believe that the personality of Russian President Vladimir Putin is of a vigorous and decisive leader, who is also “the visionary and political manipulator”, that Putin’s decisions are often a “joint strategic analysis and instinctive reactions.” In their view, a vision is often demonstrated, combined

¹⁵ Indicative is the thesis of some Russian authors, that the popularity of Dmitry Medvedev (President of RF 2008-12, now prime minister), although extremely high, and for only a few percent lower than Putin, essentially represents only a projection of Putin’s rating and popularity, and that is actually the word the popularity of a leader.

¹⁶ In addition to the earlier accusations of official Moscow for the political persecution of political opponents and Russian oligarchs (Berezovsky, Gusinsky, Khodorkovsky and others.) That came from the West, the death of the Russian journalist Anna Politkovskaya in 2006, and former Federal Security Service officer Alexander Litvinenko RF from by certain Western circles qualified as “regime’s murder”, for which he was accused by Moscow. These events have had a negative impact on relations between Russia and the West ... (See more: Lukyanov, , 2009, p. 122.);

with ruthlessness to the “internal” opponents who, in his opinion, represent an obstacle in the way of Russia to re-attribute acquiring large countries. In this opus can be singled out “attitudes according to which V. Putin’s personality possesses the character and skill of a dictator, and his own characteristics are used for the development of democratic institutions and the way of the Russian state to the redefinition of the geopolitical code and its own identity. On this path, “Putin’s guiding star has been and remains Russia’s national interest”, viewed through the prism of *realpolitik*. Some critics from the West even went as far as to accuse V. Putin that in certain periods his government bought the popularity by using his “macho image,” to show the hustle and determination, and at the same time presented himself as a man of the people. In response to these and similar attitudes and accusations, the Russian authors who fully support Putin’s concept of development of Russian society and the state, counter-argument that Russia is a huge country with all its specificities and that such operation of regime is a necessity in certain situations because it allows a greater efficiency of the state in protecting national interests. Putin pointed out that “as a realist and a conservative”, he quite soberly observed all the complexities of the current events in the country and on the international scene, but also that “all the more difficult are the answers to the increasing number of challenges” (Lukjanov, 2012).

Summing up, the views of a significant number of Western and Russian authors of Putin’s great popularity and the conclusion are that his success lies in the ability to align the policies with the issues on which there is a broad national consensus in Russia. Topping the list is certainly the idea of a powerful Russian state - great power, economically strong, with respectable armed forces to safeguard a vast expanse of Russia. One of the priorities is the equitable distribution of income, or the use of large export revenues resource potential (primarily energy) to improve the living standard and social status of Russian citizens. State control over natural resources, support to reforms and private enterprise, the modernization of the Russian economy, strengthening the international position of Russia as a great state, are key imperatives of the political course of Putin’s regime. Also, in the opinion of many authors, one of the most term comparative advantages of Putin’s regime is the fact that Putin and the Russian state leadership fundamentally understand all the complexities of Russian historical experience and advantages of inheritance Russian traditions and its peculiarities. Accordingly, proclaiming the diversity of Russia to the West and its particular civilization lines, the inspiration for his political pragmatism sought precisely in the Russian past, and at the same time “sophisticated” acceptance and implementation of those solutions and western values, which can be in Russian social and political discourse. Vladimir Putin’s personal popularity and support that his political concept have among Russian citizens is perhaps best illustrated by the attitude of the Russian author Leonid Polyakova, who believes

that Putin is the leader of custom civilization specificities of Russia, that he will remain the president of Russia until 2018 and that in the future no one will be able to “move” him unless he himself wants to leave.¹⁷

In recent years a number of sociological research has been carried out in Russia on Putin’s support to the government and public opinion about the basic directions of its policies. The results of these studies showed that the level of trust of citizens and public support for the current Russian president and his political concept is stable and ranges between one-half and two-thirds. As the argument of this attitude can serve a large number of results of sociological research relating to citizens’ assessment of the political course of Putin’s government. Another relevant indicator is the results of the presidential elections of 2012 in which the V. Putin convincingly won. Namely, in the presidential elections (according to the official results of the Central Election Commission RF) in the first round 04 March 2012, voted 65.3% of registered voters.¹⁸ Vladimir V. Putin (candidate - United Russia / All-Russia People’s Front), won nearly two-thirds of the votes (63.7% or 45,602,075 votes), defeating in the first round all other challengers,¹⁹ thus becoming the new/old president of RF for the next six years (2012-18.). In the last decade, presidential election results in Russia largely coincide with the results of the parliamentary elections and the success of the party “United Russia”, which is profiled as a party of government and which is essentially led by V. Putin, although an increasing number of politicians alternated as a president of the party. Based on the analysis of the presidential election results (and parliamentary) in Russia in the past decade, it can be concluded that the support of Putin’s political concept is stable and that it is at the level of 60-70%, while his political party United Russia has support from 50 and 60% of the electorate.

¹⁷ “Russia is a unique cultural and historical phenomenon, which is characterized by many specific details of its history and tradition. Tom unity of opposites in the new millennium do not need a dictator, but a political leader who is able to play the role of mediator to act as a mediator in whom they trust all the opposing parties and has the ability to transform the energy of conflict dynamics of development of the country. Russia has received just such a leader who fits its civilizational specificities - V. Putin”... (Poljakov, 2012.);

¹⁸ Результаты выборов, Центральная избирательная комиссия Российской Федерации (ЦИК), http://www.cikrf.ru/banners/prezident_2012/index.html, 03.12.2012.;

¹⁹ KPRF candidate Gennady Zyuganov, won 17.19% or 12,318,353 votes; Mikhail Prokhorov, as an independent candidate, 07.88% (5,722,508); LDPR candidate Vladimir Zhirinovskiy 06.23% (4,458,103); Sergey Mironov (A Just Russia) 03,85% (2,763,935)... (*Протокол Центральной избирательной комиссии Российской Федерации о результатах выборов Президента Российской Федерации 4 марта 2012 года*, („Сводная таблица Центральной избирательной комиссии Российской Федерации о результатах выборов Президента Российской Федерации 4 марта 2012 года, лист № 11,“ http://www.cikrf.ru/banners/prezident_2012/itogi/result.html, 02.12.2012.).

The results of sociological surveys precisely confirm the facts presented to support the allegation that most citizens of Russia positively assesses the activity of V. Putin as the president of the country and expect Russia to continue on the previous political course. The research results show that in comparing the results of Putin's era with Gorbachev's epoch "perestroika" and the Yeltsin era (the period before "Soviet" and "Yeltsin" past), reviews of the achievements of Putin's are much more positive, with the main highlight on the successes of the internal stability, international authority and strengthen of the basic institutions on which the state rests. The areas in which Putin as president had the most success, according to the survey results, are the international relations and increasing living standard. The research results testify that the majority of Russian citizens believe that Putin's regime successfully solved the fundamental issues of economic and national security. Based on the results, the conclusion is that the fundamental citizens' expectations are the development of the economic and social dimensions of Russian society, and that the main tasks of the current Putin regime are economic growth and social development of the Russian state (which must be based on the results achieved in the previous decade, and not as in the previous period related to survival). The conclusion is that Putin is the first Russian leader in the last quarter of the century, whose activity at the highest state functions the majority of respondents assessed positively.

INSTEAD OF A CONCLUSION

Unsound state of the country with a proud history, which existed in the first years of the post-Cold War "Yeltsin" era, has sparked a deep sense of disappointment and humiliation. That is why Russia "decided" never to allow to be brought to a similar position again. During the first presidential term, V. Putin initiated extensive internal political, economic and social reforms, as well as changes in foreign and security policy, which has resulted in the gradual recovery and consolidation of the Russian state. One of the essential characteristics of the political system of modern Russia is the personalization of power. The institution of the President of RF is largely dependent on the personality of the president and his inner circle. These qualities have roots in the Russian political tradition and imperial heritage. Russian historical experience shows that Russian people follow and support a successful and charismatic leader. Some authors point out that a strong central authority embodied in the institution of the head of state in modern Russia is the necessity, whereby V. Putin is the "headquarters" of the entire regime. It can be concluded that despite the contradiction of various influential groups within the government, in the near future should not be expected a major division within these structures. The rift is hypothetically possible in the case of substantial deterioration of the economic situation, the

drastic decline in public trust and support of the current Putin regime, or in the case of consolidation of Russian opposition forces and the significant growth in their popularity, which at the present time, but not in the short term is not an option. Harsh criticism of Putin's regime are aimed at "authoritarian and bureaucratic nature of government"; the fact that "often operate outside the boundaries of legality, public accountability and democratic principles"; a strong presidential system of governance "at the expense of all other institutions"; on state control of the media; control of the electoral process. Critics base their allegation on the main feature of Putin's regime, i.e. the personality of the President. Summing up the views of a large number of Western and Russian authors of Putin's popularity, it can be concluded that his success lies in the ability to coordinate policy issues on which there is a broad national consensus in Russia. In recent years a number of sociological research was carried out on the support of Putin's government and public opinion about the basic directions of its policies. The results of these studies show that the level of trust of citizens for the Russian President and his political concept is stable and around 60%. Instead of a general conclusion, we can only conclude that V. Putin successfully mastered a practical lesson on leadership skills in concrete terms, forcing the concept of a state policy that at the polls in the country and the mood of the nation had and still has a mass support and popularity for more than a decade. Putin and contemporary Russia have not still said their last words when it comes to Russia's domestic political scene and the international relations.

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VLADIMIR PUTIN I ANALIZA ULOGE LIČNOSTI LIDERA U FORMIRANJU I SPROVOĐENJU DRŽAVNE POLITIKE U SAVREMENOJ RUSIJI – OCENE I KRITIKE PUTINOVOG REŽIMA

Apstrakt. Nakon raspada sovjetske države Rusija se našla u sistemskoj krizi koja je pretela da dezintegriše nekada moćnu državu. Politička i ekonomska moć bila je u značajnoj meri izmeštena van institucija sistema, u ruke oligarha i regionalnih gubernatora. Problemi u ekonomskoj, socijalnoj, demografskoj i vojnoj sferi potresali su temelje ruske države. Na međunarodnoj sceni, uticaj Rusije bio je marginalizovan. Svi elementi njene tvrde i meke moći, bili su umanjeni. Rusija je izgubila attribute supersile i nekadašnja predvodnica socijalističkog lagera svedena je na nivo regionalne sile. Dolaskom Vladimira Putina na mesto predsednika RF 2000. godine, počela je nova faza u razvoju postsovjetske Rusije. Pokrenute su opsežne unutrašnje političke, ekonomske i socijalne reforme, kao i promene u spoljnoj i bezbednosnoj politici, što je rezultiralo postepenim oporavkom i konsolidacijom ruske države i društva. Jedna od suštinskih odlika političkog života Rusije jeste personalizacija vlasti, odnosno institucije Predsednika RF, koja u velikoj meri zavisi od ličnosti samog predsednika i njegovog najbližeg okruženja. Ova odlika ukorenjena je u političkoj tradiciji i kulturi, odnosno u imperijalnom nasleđu. Pojedini zapadni autori navode da je tradicija autokratskog vladanja u srži ruske političke kulture, dok ruski autori smatraju da snažna centralna vlast, oličena u instituciji predsednika države, u savremenoj Rusiji predstavlja nužnost u početnoj fazi demokratizacije i tranzicije društva. Putin je od početka nastojao da „ljude iz svog najbližeg okruženja „razlije“ u sve nivoe vlasti i sfere koje generišu društvenu i političku moć“. Time se profilisala struktura Putinovog režima u kojoj je veoma aktivan proces permanentne smene pozicija, uloga i značaja pojedinih ličnosti, kao i njihovo „seljenje“ iz jedne sfere vlasti u drugu. U celokupnom tom procesu fluktacije visoko-pozicioniranih političara, svrstanih u uticajne grupe i klanove (tzv. siloviki, tehnostrate i liberali), Putin ima ulogu „stožera“ celokupnog režima. Ocene o režimu ruskog predsednika V. Putina, njegovoj ličnosti, kao i tragu koji je ostavio u modernoj istoriji, polarizovanije su i kontroverznije nego ocene o mnogim drugim ličnostima ruske, pa i globalne politike. Međutim, značaj koji Putin ima za Rusiju u njenu poziciju i ulogu u XXI veku, nespornan je, kao što nisu sporni ni njegov planetarni autoritet, ni njegova globalna popularnost. Putin je jedan od najuticajnijih političara na svetu, ali su mišljenja autora u vezi sa njim toliko podeljena, oprečna, suprotstavljena i „ideološki obojena“, da bi svaki pokušaj njihove generalizacije predstavljao poduhvat unapred osuđen na neuspeh. Amplitude reakcija kreću se od glorifikacije i divljenja, do osporavanja i nipodaštavanja. Nesporno je da je reč o harizmatičnom, pragmatičnom i sposobnom državniku, kao što je nesporna i činjenica da za sprovođenje svoje politike ima natpolovičnu podršku ruskog naroda. Kritičari Putinovog režima kao njegove osnovne odlike navode rigidnost vlasti, nefleksibilnost, netransparentnost, birokratizovanost, dominaciju političko-

ekonomskih elita, nestabilnost u smislu zasnovanosti na ličnosti predsednika, a ne na balansu institucija.

Ključne reči: Ruska Federacija, Vladimir Putin, političko-bezbednosni sistem.

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COMMON FOREIGN AND SECURITY POLICY INTEGRATION PROCESS THROUGH THE LENS OF SERBIA AND TURKEY NEGOTIATION

Nenad STEKIĆ¹
Ekrem Yaşar AKÇAY²

Abstract: The Common Security and Defence Policy of the European Union (EU CSDP) integration is the unique type of defence integration at the supranational level. As a major part of the Common Foreign and Security Policy (EU CFSP), the range of the EU CSDP is not strictly limited to its member states, but is open to the candidate countries as well. This paper aims to inspect to what extent the general integration process with the European Union correlates with the CFSP/CSDP one. The integration process will be inspected through two main variables: alignment record with the EU's CFSP/CSDP decisions and the participation in the EU CSDP missions and operations, as the most notable and visible element of the CSDP. For the study cases, Turkey and Serbia as candidate countries have been chosen. Authors have used the European Commission's annual Progress Reports for the two countries for the last 10 years (2016 inclusive), in order to determine the quality and level of integration in the EU CFSP/CSDP field. The results indicate that even though Serbia has gone further in the general EU accession process and *acquis communautaire* harmonization, Turkey is more integrated into the EU CSDP elements.
Key words: EU, CFSP, CSDP, defence, integration, Turkey, Serbia, Progress Report.

INTRODUCTION

Common Foreign and Security Policy (CFSP) of the European Union, has provided an important place in the EU integration process.³ The CFSP has been

¹ Nenad Stekić, MA Candidate, University of Belgrade, Faculty of Security Studies. E-mail: nenad.stekic@fb.bg.ac.rs

² Ekrem Yaşar Akçay, PhD, Assist. Prof. Hakkari University, Turkey. Faculty of Economics and Administrative Sciences. E-mail: ey_akcay@hotmail.com

³ By Common Foreign and Security Policy (CFSP), in this paper it will be also assessed the Common Security and Defence Policy (CSDP) as a major part of the previously mentioned policy.

developed to establish common principles and guidelines for foreign policy and security issues, to develop common diplomatic approaches, and to co-operate with common actions (Jopp, 1996, p. 153). Because of their commitment to the national interests of the member states, the CFSP, which is a difficult process, has become a policy desired by all. Having needed an effective, reliable and strong CFSP in order to be a global force, the EU accelerated its efforts to establish the European Security and Defence Policy (ESDP)⁴ which constitutes a significant part of the CFSP. The CFSP was established with Part V of the Maastricht Treaty, which was signed on 7 February 1992. With the decision of the Council of Europe's policy was taken an important step in the political union (Missiroli, 2000, p. 1-47). The European Union has established the task of the High Representative of the Common Foreign and Security Policy in November 1999 as an indication of the importance of the CFSP. The Nice Treaty in 2001 has increased the powers of the Political and Security Committee in crisis management to make the process of the Common Foreign and Security Policy even easier.

Furthermore, it has been decided that the majority of the decisions, which are taken by vote, will be taken by qualified majority. Thus, the scope of decisions to be made by qualified voting multiples has been expanded (Peterson, 1998, p. 3-18). The CFSP has become part of the EU's external action with the Lisbon Treaty, which entered into force in December 2009. Within the Lisbon Treaty, in order to increase the effectiveness of the CFSP and to ensure that the EU acts as a more coherent actor in the foreign policy area, the European High Commissioner, as well as the European diplomatic service Europe External Relations Service were established.

At the same time, the High Representative and Vice-President of the European Commission heads the EU Foreign Affairs Council (FAC), which brings together the foreign ministers of the EU member states every month and informs the Council on foreign affairs (European Union External Action, 2016). The main roles of the EU's external and security policy are peacekeeping, strengthening international security and the promotion of international cooperation. In a wider sense, there is democracy promotion, among which the rule of law, human rights and fundamental freedoms, as the most important. The EU plays a key role in the international arena, ranging from global warming to the Middle East peace process. The CFSP, which advances on the basis of diplomacy, is supported by a number of instruments in the fields of trade, aid, security and defence, if necessary for the development of a solution and a common understanding of armed conflicts. At the same time, the EU is the world's leading donor of international development assistance (Mix, 2013, p. 1-29). The EU is one of the major powers of the world

⁴ The ESDP has been renamed into the Common Security and Defence Policy (CSDP), after the Lisbon Treaty entered into force in 2009. The "CSDP" abbreviation will be used for all the occurrences described after 2009.

without a pretence of being able to grasp the entire landscape of the policy (Kurowska et al., its size coming from economical, financial and commercial aspects. The weight of the EU, which plays an important role in global relations, is increasing as the EU member states act jointly in the field of common foreign policy.

Even though the EU does not have an army, under the CSDP, *ad hoc* forces are being created by EU member states for common disarmament operations, rescue operations, military consultation and assistance, conflict prevention and peacekeeping, crisis intervention, peace building and post-conflict stability. The EU has launched 23 civilian missions and military operations over three continents during the last decade.⁵ As of January 2007, the EU has the capacity to deploy emergency response operations. The decision to dispatch troops or initiate an operation is taken by the relevant ministers of the EU member states at the European Council (European Union, 2016). Various research on the nature and defence integration process have been done. On the theoretical level, there are many different views on how to do CFSP integration research (Kurowska et al., 2012).

Applying the multi theoretical approach within the EU CSDP integration is possible only in case of establishing the different discourse of opinions within the academic community. Some authors, however, have used several approaches in research on several different CSDP elements. This implies that they have attempted an explanation of some aspect of CSDP (Kurowska et al., 2012). This study will compare Serbia and Turkey, the candidate countries for the EU membership, in the context of their pre-accession integration in the Common Foreign and Security Policy. The study will seek to answer the question of which country is more compatible and more active in the EU's CFSP. The two countries represent the illustrative samples for an adequate assessment of whether the EU CFSP/CSDP integration correlates with the general political integration within the full membership of the EU. The authors will try to imply the aspects and characteristics of the CFSP/CSDP for both countries. Our work compares the Progress Reports of the two countries for the last ten years (2016 inclusive) and the Enlargement Strategy documents. In this context, we will work with an explanatory and non-interpretative approach. This article is structured as follows. First, we implied the key facts and highlight events from Turkish and Serbian general (and CFSP/CSDP) accession paths.

Afterwards, we examined the CFSP/CSDP integration level through the countries' participation in the CSDP missions and operations, and the alignment with the European Council's CFSP/CSDP decisions, as well. Based on the main findings, we assessed whether the security and defence integration correlates with

⁵ The full and updated information on conducted missions and operations could be seen at the following link: https://ec.europa.eu/topics/military-and-civilian-missions-and-operations/430/military-and-civilian-missions-and-operations_en (Accessed on December 25, 2016)

the general accession to the EU membership, and which country is more integrated into the CFSP/CSDP.

TURKEY IN THE CFSP PROCESS: A HISTORICAL BACKGROUND

Turkey showed a pro-Western stance in order to ensure its security against the USSR threat, which it faced after the Second World War. The USA tried to provide Turkey's security against the USSR within the Truman Doctrine in 1947. However, Turkey has also been included in the Marshall Plan, which is foreseen for reconstruction and revitalization of European states that have been damaged by war (Hale, 2002, p. 110). In addition, Turkey became a member of NATO in 1952, guaranteeing its national security and beginning to play a deterrent role against the USSR in the southeast wing of NATO. In other words, Turkey has made important contributions to Western and European security as a NATO member, since by that time, the common enemy, the USSR, brought them together (Udum, 2002, p. 72-73). However, this process has begun to create problems for Turkey with ESDP. At the Nice Summit in December 2000, Turkey has not been accepted to take part in ESDP's decision-making mechanism and the status of the advisory task in the Emergency Response Force, which has been granted to NATO member states, which are not EU members, but directly involved in the activities under the ESDP (Official Journal of European Communities, 2001, p. 1-87). During the process, in the Washington Summit, which took place in April 1999, it was decided that NATO members who were members of the WEU, would be able to participate in equal rights with the use of NATO facilities.

According to the decisions taken in NATO, it has also been said that these members have the right to vote when the EU approves the use of NATO opportunities (NATO, 2016). Turkey has not been able to stay away from the developments in NATO's European foot, while NATO wanted to be the most effective institution in European security. Seen by the USA, Turkey's presence in European security is very important. Umbach argues that this is a consequence of the US interest which claims that Turkey should follow and implement a more effective policy in Eurasia by taking the support of Europe (Umbach, 2016). With the formation of the ESDP and the termination of the WEU, Turkey was excluded from the ESDP's decision-making mechanism (European Parliament, 2016).

In this sense, Turkey, which actively participates in the exchange of views with non-EU and non-EU NATO members in the context of the development of CSDP, postulated some regulations of the status of the ESDP for its own national interests to accede to the use of NATO facilities and capabilities in EU operations and to implement the EU's Petersberg Tasks (Western European Union, 2016). This has shaken US plans and has become a problem for EU-NATO relations.

Turkey also claimed that it would use the veto concession stemming from NATO membership, based on the decisions taken at the Washington Summit in April 1999. On top of that, Turkey has vetoed its one-year agreement on the safe access of NATO to its capabilities and capabilities (Tocci and Houben, 2001, p.6). In this context, negotiations were held between the United States, Britain and Turkey before the Laeken Summit in December 2001. Consequently, the Ankara Memorandum was signed to ensure reconciliation.

In this Memorandum, ESDP was considered operational and a content satisfying Turkey was created. Turkey has said that NATO's decision-making authority is transferred to the EU if NATO capabilities and capabilities are used by the EU, and NATO states should take part in EU decision-making as representatives of such an authority. Moreover, despite the use of NATO capabilities and capabilities, Turkey said that it was contrary to the decisions taken at the Washington Summit that such a competence was not granted to Turkey in spite of the fact that there were states such as Austria and Finland, who were not NATO members (Morgan, 2004, p. 391). However, Turkey was worried that the EU might use it in the Aegean and Cyprus in an EU operation. It was guaranteed to Turkey that its problems with Greece will be excluded from the role of the European Army if the European Army has ever been planned to be established (Schwok and Maspoli, 2003, p. 147). On the other hand, Turkey stated that it was sufficient for the decision-making mechanism for overcoming bottleneck not to be in the whole process, but only to have a say in the planning and implementation dimension of the action. It was also agreed that if an EU operation was carried out close to the geographical area of a NATO ally, and that the national security interests were affected, the opinion of this country for the operation will be taken, but the final word would have been given by the EU bodies (Peters, 2004, p. 4).

At the Copenhagen Summit in December 2002, when these resolutions were approved, Greece was also pleased, claiming that the ESDP would, in no case, be used against a NATO ally and that NATO would, under no circumstances, oppose the EU and its members (WEU Secretariat General, 2016). On the other hand, Turkey has been very interested in ESDP since its "inauguration" in the field in 2003 and the conclusion of Berlin Plus regulations. In this sense, Turkey has sent forces to EU police missions in Bosnia and Herzegovina and FYROM and has the potential to participate in international peace studies (European Commission, 2008). Turkey, on the other hand, was hindering Cyprus by participating in operations to be conducted through NATO facilities and denying access to NATO's confidential documents on the grounds that Cyprus has not signed the Partnership for Peace with NATO (European Commission, 2016).

In addition, Turkey vetoed the participation of Cyprus in the Wassenaar Convention on Export Control of Conventional Weapons, Dual Use Materials and Technologies, as it is excluded from CSDP (European Commission, 2016, p. 93).

This process continues today without any improvement. The EU expects Turkey to take a step in this direction (European Commission, 2015). Turkey's geo-strategic position gives the country a vital role in the EU's energy security, particularly diversification of energy sources. Closer energy cooperation between the EU and Turkey is essential. Turkey will play an important role in the security of energy supply. Existing and future pipeline projects are resources for all countries through which territory they pass, especially for Turkey. According to EU Enlargement Strategy Document 2008, the Southern Gas Corridor and the Nabucco gas pipeline, was among the EU's highest energy security priorities (European Commission, 2008, p. 5).

ADAPTATION OF TURKEY ON CSDP AS A PART OF PROGRESS REPORTS AND ENLARGEMENT STRATEGY DOCUMENTS

According to the 2007 Progress Report, the administrative capacity of the Turkish Ministry of Foreign Affairs is in line with the EU Common Foreign and Security Policy (European Commission, 2007). It further strengthened the institutional structure of the Ministry of Foreign Affairs. In this context, there is a Political Director and officials who are in contact with the EU. In the field of preventing the proliferation of weapons of mass destruction, Turkey is party to all international contracts. In December 2006, the Assembly adopted the law on the implementation of the UN Chemical Weapons Convention. Turkey was involved in the EU Council's Joint Action on Small and Light Weapons and was working to fully align the arms export system with the EU Code of Conduct on Arms Exports (EU Commission, 2007, p. 13). According to EU Enlargement Strategy 2009, Turkey has further strengthened its contribution to the stabilisation of regions such as the South Caucasus and the Middle East. Regarding relations with the South Caucasus, Turkey has close relations with Azerbaijan and Georgia. Turkey has an active and constructive role in the Middle East.

In harmony with the EU position, it has continued to support the Middle East Peace Process, including the Annapolis process (European Commission, 2008, p. 44). Turkey explained the unity of Palestine, its support for reconciliation and has continued to contribute to the establishment of stability in Lebanon through diplomatic activities and participation in UNIFIL (European Commission, 2008, p. 37). It has also strengthened its diplomatic relations with Iraq Kurdish government in Iraq and Armenia (European Commission, 2009, p. 74).

Turkey has increased its positive role in the development of regional stability, particularly in the Caucasus and the Middle East. According to 2008 Progress Report, Turkey gave efforts to stabilize the Iraq and maintain close diplomatic relations, including contacts with the regional Kurdish government (European Commission, 2008, p. 39-40). On the other hand, according to the same report

Turkey remained an important actor in the crisis in Syria, continuing its support to the National Coalition for Syrian Revolutionary and Opposition Forces. It contributed to lay the groundwork for the International Syria Support Group (ISSG) and supported the run-up to the UN-sponsored talks in Geneva. Turkey stepped up its involvement in the coalition against Da'esh, continued air strikes against Da'esh positions, joined the coalition's airstrikes and measures to prevent cross-border activities by Da'esh fighters (European Commission, 2016, p. 93). Within the framework of the zero problems with neighbourhood policy, efforts have been made to normalize relations with neighbouring countries, including Turkey, Greece and Armenia, and the Kurdish Regional Government.

But Turkey breaks relations with Israel significantly due to blue Marmara (European Commission, 2010, pp. 56). After Blue Marmara, relations with Israel have further deteriorated since the Gaza Flotilla incident occurred in 2010 (European Commission, 2011, p. 80). According to 2016 Progress Report, Turkey's relations with the Kurdistan Regional Government remained stable. But Turkey continued to conduct air strikes against PKK camps in Iraqi Kurdistan. Regarding the relations with the United States, Turkey allowed the US access to the Incirlik airbase used by the coalition forces, which remained crucial. The US support to Democratic Unity Party/Public Protection Associations within the framework of the fight against Da'esh remained controversial in Turkey (European Commission, 2016, p. 92). Nevertheless, Turkey did not recognize the Crimean operation by Russia and proposed to contribute to the EUAM in Ukraine. But Turkey has not participated in the EU's decisions and restrictive measures in this regard.

It is thought that Turkey will be at risk against Russia, which wants to increase its activity in the Black Sea by annexing the Crimea. Turkey, which did not want relations with Russia to be injured, was diplomatically condemned to the annexation of the Crimea and supports the EU's development of Ukrainian relations with its inability to participate in the decisions and measures of the EU. However, from time to time Turkey has not participated in some elements of the EU's CFSP. According to EU Enlargement Strategy 2011, Turkey did not align with EU restrictive measures on Iran, Libya or Syria. No progress was made in the normalisation of ties with Armenia due to the problems experienced in the Armenian opening in 2009. After the protocols signed between Turkey and Armenia on 10 October 2009, relations have begun to normalize. But in January 2010, the decision of the Armenian Constitutional Court negatively affected relations. According to this ruling, the Constitutional Court found the signing of the protocols positive for Turkey's recognition of the events of 1915 as genocide. Turkey has found this situation unacceptable and relations have been deteriorated again (Foreign Policy Institute, 1989, p. 36).

SERBIA IN THE CFSP PROCESS: A HISTORICAL BACKGROUND

As from the Turkish perspective, Serbia does not have such a rich experience in the EU accession process. The first moves towards the full membership of all the Western Balkans countries have been made at the EU-Western Balkans countries Summit in 2003, which succeeded the Zagreb Summit, held in 2000. The Declaration adopted in Thessaloniki stipulated the respect of international law, inviolability of international borders, peaceful resolution of conflicts and regional co-operation among the Western Balkans countries (European Commission, 2003).

What further impeded the Serbian (and Montenegrin) EU Stabilisation and Association Agreement (SAA) negotiations was the referendum in Montenegro (2006), which created two independent accession negotiation processes.

Since the SAA negotiations had already been started in 2005, Serbia became the *volens-nolens* successor in the negotiation process. The negotiations have been called off since Serbia did not fulfil its commitments towards the International Court Tribunal for the former Yugoslavia (ICTY). In 2012, the European Commission granted Serbia a member candidate status. The EU SAA concluded with Serbia entered into force in 2013.

Serbia was faced with the unilaterally self-declared independence of its southern province Kosovo in 2008. This has distanced out Serbia from the EU CSFP in particular. At first, leading EU member states recognized its independence and afterwards, most of them did so. By the end of 2016, there were five EU member states that did not recognize Kosovo's independence (Slovakia, Spain, Cyprus, Romania and Greece). Slovenia was the presiding member state at the time of Kosovan independence declaration in 2008. Unlike Turkish actions within the Cypriot presidency (2012) when Turkey did not comply with most of CFSP/CSDP decisions, Serbia did not make any significant negative movements towards the CFSP/CSDP.

In 2010, a year after the EU decided to maintain its visa-free regime with Serbia, in the Report it was stated that Serbia was 'moderately advanced' in visa and border management (European Commission, 2010). In 2012, Serbia ratified an agreement which represented a framework for its military forces to participate in the EU CSDP military operations. After being granted a candidate status, Serbia started to participate in the meetings with the EU Military Committee in 2012 (European Commission, 2012). Serbian Parliament adopted a law on an annual plan for use of the Serbian Army and other defence forces within the multinational operations (Narodna Skupština, 2013). It is worthy to mention that for the last 5 years, when it comes to conflict prevention, no particular development could be reported in any report from 2012.

There is one main problem which could potentially impede Serbian integration within the CFSP/CSDP. At the beginning of 2016, Serbian Parliament adopted the Law on international restrictive measures, according to which, "Serbia will implement

or revoke restrictive measures in line with the decisions adopted by the UN, the OSCE and other international organizations in which Serbia participates actively, and the other decisions, when they are in line with the Serbian foreign policy goals” (Narodna skupština, 2016: art. 1). Among the restrictive measures, the Law incriminates “partial or complete interruption of economic and financial relations” (Narodna skupština, 2016: art. 4). The EU imposed economic sanctions on Russia following its actions in Ukraine. This issue has led to the biggest discrepancy in foreign policy views of Serbia and the EU. The Commission has several times strongly criticized Serbia concerning the rules on imposing the sanctions towards the third party.

The sanctions are being prolonged ordinarily in every six months. On July 1st, the Council decided to prolong the economic sanctions targeting specific sectors of the Russian economy until 31 January 2017. The Republic of Serbia has been “accused” for not following the EU’s official CFSP decisions, concerning the sanctions towards Russia. Its government states that this law does not involve decisions of the international organizations in which Serbia is not a full member. In those cases, Serbia can act in line with its “foreign policy goals” (Narodna skupština, 2016: art. 4). For the purpose of more comprehensive understanding of the CFSP/CSDP integration, several additional factors should be taken into consideration. Besides the restrictive measures, as a part of CFSP/CSDP integration process, participation within the CSDP missions and operations should be also involved.

Serbian Army actively participates within the CSDP military operations EU NAVFOR *Atalanta* in Somalia, as well as EU Training Mission in Somalia, EU Training Mission in Mali and in EUFOR RCA in the Central African Republic (European Commission, 2016). Within the mentioned crisis management operations, Serbia’s participation is unpretentious. In all EU missions and operations, Serbia participates with only 12 personnel, of which 6 in the EUTM Somalia, 3 in EU NAVFOR *Atalanta* and 3 in EUTM Mali (Serbian Army, 2016). As far as the official negotiation process is concerned, at the beginning of 2017, Serbia has not yet opened Chapter 31 (on the EU CSFP/CSDP).

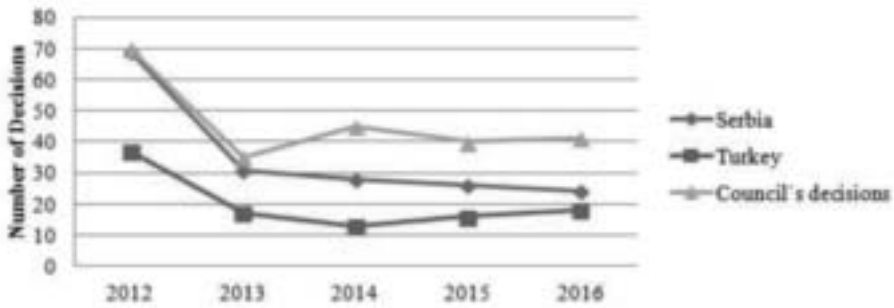
TURKEY’S AND SERBIA’S ALIGNMENT WITH THE EU CFSP/CSDP

As stated earlier, this article aims at comparing the Turkish and Serbian CFSP/CSDP participation, in light of their general accession paths to the EU.⁶ In this part, we will examine the interrelation between Turkish and Serbian alignments

⁶ All negotiations led concerning 35 Chapters in the accession process are considered as the “general accession path” to the European Union in sense of this article. As defined by the European Commission, general negotiation talks are in an “ongoing phase” by the moment of ratification the Stabilisation and Association Agreement (SAA), signed with the negotiation parties.

towards the European Council's decisions and resolutions made within the year. The data analyzed below are taken from the annual Progress reports issued by the European Commission for two countries, respectively. From 2012, the Progress reports got improved with significant statistical information. The latter reports provide a total number of Council's decisions within the CFSP/CSDP area, and the record of alignment for every single country expressed in percentage and by share of the countries' decision on the national level that followed Council ones.

Table 1: Alignment records of Serbia and Turkey towards the European Council's decisions 2012-2016



Source: European Commission Progress Reports (2012–2016 period).

In 2012, Serbia aligned its foreign policy 99% with the EU Council's CFSP/CSDP decisions (European Commission, 2012). It has been the highest alignment rate ever since this country negotiated for the EU membership.

Since 2013, Serbian alignment records have been continuously going down. Among the potential causes for this, there could be the lack of consensus over what should be the main Serbia's foreign policy goal. Not only Serbian key political actors, but the even wider public is divided over should Serbia become the EU member state. As mentioned before, it did not join EU's sanctions towards Russian Federation. Besides, there is also a necessity to determine the nature of the adopted Council's decisions. Wong (2015) argues that before 2013 most of the decisions were focused on the "internal" dimension of the EU CFSP/CSDP.

The most important of them were strictly dedicated to CSFP/CSDP development and its further integration. As a candidate member, Serbia was obliged to harmonize its legislative with the *acquis communautaire* in this area, so that could be a possible reason for following most of the decisions in the years before 2013. From 2013 on, the nature of CFSP/CSDP decisions was turned towards "external" dimension of those policies, predominantly towards the African continent, in which the EU have imposed many sanctions in line with its sanctions policy.

Wong argues that from 2013, the nature of EU CFSP decisions has primarily been moved to the “external dimension” (Wong, 2015). On the other side, Turkish record of alignment varies over the time. For instance, the biggest deviation within the measured period was in 2014, then Turkey failed to follow almost all Council’s decisions. In his latest book, Adrian Daniel Stan argues that this could possibly be the consequence of the migrant crisis which culminated in 2015, and the 3 billion EUR ‘heavy agreement between the EU and Turkey’ (Stan, 2015). Nevertheless, it is for sure that those two candidate countries do not fully follow the CFSP decisions, which would not be the case of any other EU member state, which are obliged to do so.

Turkey participated in 45 of the 46 CFSP decisions in 2007. According to the 2008 Progress Report, it participated in 109 of the 124 declarations (European Commission, 2008). This rate went lower in 2011, with 32 out of 67 CFSP decisions alignment (European Commission, 2011, p. 40). But this trend was changed in the second half of 2012 during the Cypriot presidency over the EU. Turkey-EU relations have come to a freezing point due to the fact that Cyprus became a member of the EU in 2004 and the crisis that occurred between Turkey and the EU in 2006 due to Cyprus. According to 2007 EU enlargement Strategy document Turkey is expected to ensure full, non-discriminatory implementation of the Additional Protocol to the Association Agreement and to make progress towards normalisation of bilateral relations with the Republic of Cyprus (European Commission, 2007, pp. 9-12). Thereby Turkey has not participated in any declaration of the EU within the framework of international organizations in this period. However, Turkey has participated in the invitation of 45 EU Declarations and 13 Council Decisions (European Commission, 2013). This rate has increased again in the following years.

According to the 2015 Progress Report, Turkey participated in 16 of the 40 EU declarations to which it was invited (European Commission, 2015). Turkey, however, is actively involved in many operations under the CSDP. For example, the NATO Peacekeeping Force (SFOR) in Bosnia was transferred to the EU Task Force (EUFOR) at the NATO Summit held in Istanbul on 28-29 June 2004. Turkey has accepted this situation and has participated to this force that includes 370 troops out of 7000 in total (European Commission, 2012). Meanwhile, Turkey has also supported the integrated police unit established in the EU with 23 gendarmes. Likewise, it supports EUPOL-KINHASSA power in the Democratic Republic of Congo in the framework of the ESDP. Moreover, Turkey ratified the agreement in April 2007 on participation in EU crisis management operations (European Commission, 2007). However, Turkey also wishes to increase cooperation and active participation in the ESDP decision-making process (European Commission, 2016, p. 92).

Turkey supports the EUPM II Police mission in Bosnia and Herzegovina and EUPOL KINSHASA in the Republic of Congo.

In addition, Turkey supports NATO's Darfur Peacekeeping mission (European Commission, 2007). However, Turkey is also supporting the EU's rule of superiority mission in Kosovo (EULEX) (European Commission, 2016, p. 93).

CONCLUSION

This article analyzed the two different accession paths to the European Union. The evaluation was carried out in the context of the CFSP/CSDP integration. In this context, the authors tried to evaluate the EU negotiation processes of the two countries. From 31 July 1959 until today, Turkey-EU relations have been experiencing turbulent times as well as the beautiful periods. After the problems arising from Cyprus in 2006, Turkey-EU relations have come to the freezing point. The Positive Agenda was launched in 2012 to revitalize relations and continue negotiations. In December 2013, Readmission Agreement and a Roadmap for the Visa liberalization was signed on the Positive Agenda, which revived the relationship between the two sides. Negotiations within the scope of the Roadmap for Visa Liberation are still in progress. Turkey has gone a long way in this process. While the process was proceeding in such a positive manner, on 15 July 2016, there was a coup attempt in Turkey.

After the coup attempt, the government declared a three-state emergency and extended it for another three months. Measures taken by the government during this period, as well as numerous arrests, detention and dismissal decisions, were found disproportionate by the EU. For this reason, the EU invited Turkey to the Constitutional Assembly as soon as possible. However, as the process continued in the same way, the European Parliament adopted a recommendation to stop membership negotiations with Turkey on 24 November 2016. This decision hurt Turkey-EU relations. Despite this, negotiations on the visa liberalization between the two sides are ongoing and Turkey is doing everything in its power. Despite all, Turkey is actively participating and supporting the Common Foreign and Security Policy. On the other hand, Serbia is foreseen to become a next EU member state (Smeets, 2015). By the end of 2016, Serbia opened six negotiations Chapters.

The dynamics of the negotiation path depends on the willingness of both sides. So far, Serbian integration (both general and defence one), is developing according to the expectations of both sides. Many potential obstacles are possible. For instance, Serbian public is divided over the Serbian EU membership. The CFSP/CSDP integration has been assessed through two important aspects of integration: alignment with the CFSP/CSDP decisions and participation within the CSDP missions and operations. When it comes to the first aspect (alignment with *acquis communautaire*), Serbia is far integrated into the CFSP/CSDP than Turkey. Harmonization of legislation goes faster in the Serbian case than in Turkish one.

On the other side, the findings show that Turkey has a more proactive role within the EU CSFP/CSDP missions and especially military operations. Even though European Parliament has voted for the suspension of membership talks with Turkey at the end of 2016 (European Parliament, 2017), Turkey is more integrated into the Common Foreign and Security Policy than Serbia, which is in general political dialogue closer to the full membership in the EU.

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PROCES INTEGRACIJE U ZAJEDNIČKU SPOLJNU I BEZBEDNOSNU POLITIKU EVROPSKE UNIJE KROZ PRIZMU PREGOVORA SRBIJE I TURSKE

Apstrakt: Zajednička bezbednosna i odbrambena politika Evropske unije (EU ZBOP), predstavlja jedinstven tip odbrambenih integracija na supranacionalnom nivou. Kao najznačajniji deo Zajedničke spoljne i bezbednosne politike (EU ZBOP), dometi EU ZBOP-a, nisu striktno limitirani na države članice Evropske unije, već dosežu i obuhvataju i politike država kandidata za članstvo. Cilj ovog članka je da istraži do koje mere proces opšte političke integracije u punopravno članstvo Evropske unije, korelira sa odbrambenom komponentom ove integracije. Stepen integracionog procesa biće ispitan kroz dve promenljive: procenat usaglašenosti država kandidata za članstvo sa odlukama Evropske unije u oblasti ZBOPa/ZSBP-a, i participacije u operacijama upravljanja krizama ZBOP-a, kao najvidljivijeg elementa ove politike. Za studije slučaja odabrane su Srbija i Turska, kao dve države sa statusom kandidata za članstvo u Evropskoj uniji. Autori su koristili godišnje Izveštaje o napretku, objavljene od strane Evropske komisije, za period od deset godina (uključujući 2016. godinu), kako bi odredili kvalitet i nivo integrisanosti u oblasti ZBOP/ZSBP. Rezultati ukazuju da iako je Srbija dalje odmakla u opštem procesu pregovora o pristupanju i harmonizaciji sa *acquis communautaire*, Turska je integrisanija u realizaciji elemenata ZBOP-a.

Ključne reči: EU, ZBOP, ZSBP, odbrana, integracija, Turska, Srbija, Izveštaj o napretku.

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THE IMPORTANCE OF ESTABLISHING INTERNATIONAL COOPERATION IN DETECTING AND PROVING CYBERCRIME CRIMINAL OFFENSES

Joko DRAGOJLOVIĆ, LL.M¹
Nenad BINGULAC, Ph.D.²

Abstract: Much after the appearance of first computers, can we talk about the first misuses of it, and consequently about cybercrime, too. This is logical because the computers were initially available to a very small number of people and therefore the number of those who committed misuses as well as those who could be victims was much lower. For high-tech crime, we can say that it is a more recent phenomenon, which experienced its complete “affirmation” after the IT revolution. As this type of crime is characterized by expanded area of criminal activity that does not require the presence of the perpetrator on the place of the offense, the specific time dimension which is reflected in a very short period of time that is required for the execution of this crime, as well as great phenomenological dimensions – it is clear that detecting and proving these offenses is extremely difficult and challenging. If we add the transnational character, then it is clear that these are crimes that are difficult to detect and even harder to prove. Therefore, in this paper, the authors will address the importance and necessity of establishing international cooperation in detecting and proving these crimes, the exchange of information and evidence. Because cybercrime is a global problem certain international organisations must be included in its suppression. Computer data are very sensitive and can easily be deleted or changed, and that reduces the chances of detecting and proving

¹ The Faculty of Law for Commerce and Judiciary in Novi Sad,
email: jdragojlovic@pravni-fakultet.info.

² The Faculty of Law for Commerce and Judiciary in Novi Sad,
email: nbingulac@pravni-fakultet.info

criminal offenses, so the establishment of international cooperation is set as a necessary condition for a successful fight against this form of crime.

Key words: computer, cybercrime, international cooperation, detect and prove.

INTRODUCTION

Today we are all aware of the enormous importance of computer usage in modern societies and the fact is that there is no area of human activity in which computers have not found their application, starting with the production, transport, service delivery, communication to the various aspects of security. In other words, computers today are the daily routine of modern man, and it is almost impossible to imagine any individual who does not have the basic knowledge and skills in the field of information technology. However, despite the wide range of applications and much simpler performance of different tasks, computers undeniably have a negative side. Today, computers and computer technology can be abused in different ways and they provide opportunities for the performance and planning of various criminal acts.

Great opportunities in all the spheres of social life which came to the man's view with the development of information technology have, undoubtedly, entailed certain risks and dangers that are reflected in different forms of abuse of computers and therefore computer networks, especially the Internet. In this regard, no matter how many advantages computers have brought and what their significance is in contemporary life, they undoubtedly expose beneficiaries to a number of risks such as invasion of privacy, different types of theft and fraud, destruction of intellectual property, and all that, in the way and extent that twenty years ago could not even be predicted. So, all of this creates opportunities and the atmosphere for the appearance of new forms of crime, i.e. for the occurrence of cybercrime (Dragojlović and Krstinić, 2015, p. 93).

Much time after the appearance of the first computers can we talk about the first pattern of abuse of them, and consequently of high-tech crime, because the computers were initially available to a very small number of people and therefore the number of those who committed abuses, as well as those who were able to be victims, was much lower. Consequently, cybercrime is a recent date phenomenon which experienced the full "affirmation" with the emergence of the revolution in information technology. However, regardless of the fact, there is a word about recent dates' crimes this phenomenon represents a global problem and certain international organizations are dedicated to its suppression.

In this sense, the authors of this paper will firstly make a brief overview of the concept and characteristics of cybercrime, and then will elaborate and highlight the importance and necessity of establishing international cooperation

in detecting and proving these criminal acts, with the proviso that special attention will be paid to the importance of global and regional international organizations which deal with these issues due to a significant increase in the number of internet users, and therefore potential victims of cybercrime.

SHORT REVIEW OF THE CONCEPT AND CHARACTERISTICS OF HIGH TECHNOLOGY CRIME

Although it is almost impossible to imagine today's life and functioning of the society in general without the use of computers and modern information technology, the awareness arises that these useful and necessary funds can be used for improper, unlawful objectives, primarily for obtaining illegal profit for any person or for causing harm to others (Bjelajac et al., 2012, p. 80).

When it comes to the definition of cybercrime, there is no agreement among the authors. Computer crime is almost impossible to define in a unique and accurate way, considering that it is a crime in which new forms appear every day, and existing forms keep changing and advancing. However, without the ambition to get into deeper analysis and definition of this phenomenon, for the purposes of this paper, we will emphasize the definition found in the positive regulation of our country. The Law on the Organization and Jurisdiction of State Authorities for Combatting Cybercrime (Law about the organization and jurisdiction of state authorities to combat cybercrime, *The Official Gazette of RS*, No. 61/05 and 104/09.), for the first time in domestic legislation defined the concept of cybercrime as: committing criminal offenses in which object or tool for the enforcement of offenses involves computers, computer networks, computer data, as well as their products in a material or electronic form, while products in electronic form especially imply computer programs and copyright works that can be used in electronic form (the Law on the Organization and Jurisdiction of State Authorities for Combatting Cybercrime, *The Official Gazette of RS*, No. 61/05 and 104/09, article 2, paragraph 1 and 2.). Therefore, we can distinguish between crimes in which computers are used as a tool of execution, execution facility, as well as criminal acts that are performed on the basis of illegal use of the Internet.

Computer crime abounds with a number of specifics that are primarily reflected in the great phenomenology diversity, the specifics of the perpetrators of these crimes, the speed of committing the crime, the severity of the consequences and the amount of damage, a large dark figure, as well as an expanded area of criminal activity that does not require the presence of the perpetrator at the scene of the crime work, and therefore the transnational character.

As computers and computer technologies offer great opportunities and from day to day to develop and spread, they also carry the risk of the spread of massive

use of electronic eavesdropping, theft of trade secrets, various forms of intellectual property, and also a serious invasion of privacy and other civil liberties and rights as well as personal integrity, and finally there is a real danger of waves of different types of terrorist acts (Jovešević and Hašimbegović, 2003, p. 2).

In addition, computer crime in relation to the classical lines of crime is characterized by a significantly expanded area of criminal activity that does not require the presence of the perpetrator at the scene of the crime. Therefore, computer crimes are carried out in a specific environment called cyber or cyber space. Cyber space is, therefore, an artificial creation that requires high technical equipment, good information infrastructure that is anyone's and everyone's property, which coexist in parallel virtually and in reality, and where the communication is collective (Matijašević-Obradović, 2014, pp. 280-281). In such an environment, it is extremely difficult to talk about a national scale crime and social danger. Therefore, this crime is classified in the most distinct form of transnational crime against which the successful struggle can be led within a single state.

Accordingly, an important feature of Cyber space is a global and transnational dimension that goes beyond the borders of one state. Specifically, the offender may take enforcement action in one place and the consequence occurs in a totally different place, even in another country or continent.

Taking into account the technical capabilities and automated system, computer criminal activities are rapidly realized. Such a time dimension prevents the management and supervision of various activities and manipulations that are undertaken through computers and computer networks. In this sense, the time required for the commission of an offense is shortened to parts of a second, which implies a high level of stealth and significant difficulties in detecting such activities, and this implies the use of subtle techniques and methods that are executed using the same mechanisms as well as the legal, do not leave traces, nor interfere with the regular operation of the system, and therefore the possibility of detection is reduced to a minimum (Petrović, 1994, p. 9).

Initially, the perpetrators of cybercrime are, as a rule, persons who possess certain knowledge and skills in the field of information technology. This is understandable because in the first years of development of computer technology, high skill and good knowledge of the matter was usually a prerequisite for the handling of computers, and thus the performance of certain abuses. The possession of certain knowledge and skills in this area the perpetrators mainly used for the purpose of concealing and revealing more serious crimes. Today the situation has changed to some extent, primarily due to the wide availability and ease of handling components of computer technology. Today it is almost impossible to imagine that a household or office does not have

a computer. This dynamic development has caused the evolution of different types of the perpetrators of computer offenses (Matijašević, 2013, p. 20).

During different types of abuse of computer technology components, the injured party is often not aware that in this case it is the victim of the offense, and therefore lacks the filing of criminal charges, and if the crime committed is discovered, it is often too late to take any effective measures (Matijašević, 2013, p. 21). Therefore, this type of crime is characterized by a very large dark figure.

Also, when it comes to cybercrime, the characteristic is that certain traditional offenses (various scams, fraud ...) take on more dangerous forms by using computer technology and are easier to be carried out, and at the same time we have a large presence of anonymity (Babović, 2004, pp. 749-750).

Therefore, the opportunities provided by the expansion of information technology led not only to the creation of new criminal offenses, but also contributed to a greater expansion, more difficult discovering and proving of the traditional crime. Therefore, this type of crime knows no national boundaries. The distance from the actions taken and the resulting consequences can be a big problem, especially when it comes to establishing jurisdiction in identifying and prosecuting the perpetrators of these offenses. From the aspect of the criminal law, it is certain that the greatest difficulties arise in determining the place of the offense, taking into account the virtual world of information systems. The biggest problem is the fact that the place of actions could be in one country and the resulting consequences could appear in another, while the two hypothetical countries mentioned could treat the same action differently in criminal proceedings.

INTERNATIONAL COOPERATION IN DETECTING AND PROVING THE CRIMES OF COMPUTER CRIME

As we have seen, the transnational character of this type of crime imposes an obligation of cooperation between the states, which has to be fast, efficient and based on commonly accepted principles. The lack of harmonization of national legislation and the lack of generally accepted standards and powers of the competent authorities in the fight against cybercrime can slow down or even prevent the effective detection of the perpetrators. The rate of reaction after finding out that the offense was committed is of crucial importance for the detection of the perpetrators and securing evidence, bearing in mind that the traces of the crime can easily be destroyed, concealed or otherwise made unavailable or unusable (Jerković, 2009, p. 28).

In this sense, today almost all legal states have in their legislation the norms governing the issue of international cooperation in criminal matters, as well as certain forms of international cooperation in criminal law (Škulić, 2014, p. 499). When it

comes to the Republic of Serbia, international legal assistance is regulated by the Act on Mutual Legal Assistance in Criminal Matters (Act on Mutual Legal Assistance in Criminal Matters, *The Official Gazette of RS*, No. 20/09.). This law prescribes the procedure for mutual assistance in criminal matters, in cases where there is no ratified international treaty or when certain issues are not regulated by it. However, when it comes to high-tech crime, the Convention on Cybernetic (cyber) crime (*Convention on Cybercrime, ETS 185*) is surely the most important document.

The Council of Europe's adoption of the Convention on Cybernetic (cyber) crime (Convention on Cybercrime, ETS 185) on 23 November 2001, attempted to lay the foundations of a unified legal regulation of substantive and procedural criminal law in the field of computer crime. The Convention was signed in Budapest and is the international legal instrument, which for the first time addresses the problems related to computer crime and modern media. Serbia signed the Convention in 2005 and ratified it in 2009 (the Law on Ratification of the Convention on Cybercrime, *The Official Gazette of RS*, No. 19/09.). This Convention prescribes the actions and measures, as material, as well as of formal legal nature, aimed at regulating socially harmful behavior in this area and applying modern methods of investigation and prosecution during the revelation of criminal offenders, such as searches of computer networks and interception computer data, whose main goal is the prosecution of the perpetrators and establishing a common criminal justice policy, which is aimed at protecting society from all forms of high-tech, i.e. cybercrime, especially through the adoption of appropriate legal norms and the establishment of operational international cooperation in this field (Stamenković, et al. 2014, p. 21).

The Convention is primarily aimed at:

1. The harmonization of domestic criminal substantive law elements of offenses and related provisions in the area of cybercrime.
2. The provision of domestic criminal procedural law authorizations that are necessary for the investigation and prosecution of such offenses and other offenses committed using a computer system and
3. The setting of fast and efficient regime of international cooperation (Simović, 2012, p. 34).

The Convention contains four groups of offenses:

1. offences against the confidentiality, integrity and availability of computer data and systems
2. offenses related to computers
3. offenses related to the contents
4. offenses related to the use of copyright and related rights (Simović, 2012, p. 34).

This sets the basis for some national laws to more accurately determine the features and characteristics of certain computer crimes, their underlying of easier or harder forms, and to prescribe criminal penalties for their perpetrators (individuals or organizations) (Jovašević, 2014, p. 41). This Convention is currently the only internationally recognized legal and widespread continental legal instrument in the fight against cybercrime, which in its text incorporates precisely defined, and what is more important, useful and modern methods of treatment of public authorities, and not only them, but also other institutions and organizations in this area, all in order to establish an effective international mechanism, which is composed of more organic wholes at the level of individual countries that have signed or ratified this Convention (Stamenković, et al. 2014, p. 22).

The Convention is composed of four chapters. The first chapter covers the terminology, i.e. the meaning of the terms used in the Convention. Thus, the concepts such as computer systems, computer data, automatic data processing, service provider, traffic data, computer networks, etc. are defined.

The second chapter contains the provisions relating to the substantive criminal law, procedural law and jurisdiction. This chapter is composed of three sections, with the first section containing the substantive law, the second section consists of the procedural rights and the third section is made up of the provisions relating to jurisdiction. The importance of the first section is reflected in the need for harmonizing legislative solutions. The necessity of the same or very similar punishing of this kind of crime in different countries lies in the opportunities relating to the provision of international legal assistance.

Namely, as the basic postulate of international legal assistance is in criminal matters, the existence of criminal culpability in the legal sense of a particular human behavior, which must be prescribed by law as substantive provisions of the criminal law of the requesting State and of the country, it is clear that in the absence of harmonization of substantive legal regulations in this area, as in any other field of criminal prosecution could indisputably lead to an adverse outcome in the form of the impossibility of taking actions that are available to the law enforcement authorities, and thus preventing effective sanctioning of this kind of unlawful conduct (Stamenković, et al. 2014, p. 22).

In the third chapter, there are provisions relating to mutual legal assistance. Therefore, this section contains provisions pertaining to the international assistance and on extradition proceedings.

International cooperation primarily covers all offenses relating to and including computers and computer systems and networks, as well as the data that are generated by computers that have been used or otherwise utilized during computer communications and the collection of evidence in electronic form relating to the execution offenses. This means that, regardless of whether the

offense was committed using a computer, computer system, or it is a normal performance of the crime which was not made by a computer, but includes electronic evidence, the members of the Convention in this chapter can and should be applied (Stamenković, et al. 2014, p. 22)

The importance of international cooperation in detecting and proving criminal cybercrime offenses is of great importance. The specificity of the material traces and evidence (Aleksić and Škulić, 2007, p. 394) as well as the possibility of rapid change and deletion is a basic problem in the detection of these crimes. The perpetrators of these crimes are mainly trying to conceal the traces of their presence in a computer system or to delete the evidence of criminal activity before it is provided, even when its existence is temporary (Banović, 2002, p. 319). If we add to all this the transnational character, i.e. the fact that the most common action is being taken in one country and that the consequence occurs in the second, the problem of weight is added. In such a delicate situation, given the ease of changing or destroying evidence, it is necessary to quickly send a request for delivering or verifying certain facts and of certain evidentiary actions, as well as fast response, because it reduces the possibility of losing important information and evidence. It is particularly important to point out the necessity of monitoring the development of information and communication technologies and their utilization for the sake of quick exchange of information and communication in international cooperation, especially in view of the fact that the perpetrators of criminal acts, in any case, have sufficient motives and energy to use the most advanced forms of information and communication technologies for the commission of offenses (Stamenković, et al. 2014, p. 27).

Undoubtedly, the setting up of a network, which represents support 24/7 and provides a starting point for all notifications and exchange of information between police authorities is a good prerequisite for an effective fight against this form of crime. Therefore, the role of this network is the rapid exchange of evidence in electronic form. Each state is free to determine at which point this authority will be established (Public Prosecutor's Office, the Ministry of Interior, etc.). The obligation is to be available 24 hours 7 days a week to enable immediate assistance for investigative purposes, or procedures concerning criminal offenses related to computer systems and computer data, or for the collection of evidence for criminal acts in electronic form. This assistance should include provision of technical advice, preservation of the data and the collection of evidence, information and legal character and locating suspects (*Convention on Cybercrime* CETS No.: 185, Article 35).

The fourth chapter contains the final clauses. Therefore, because of the serious growing problem of cybercrime observing of valid, it was decided that the Member States that did not participate in the elaboration of the Convention,

could join the Convention on its own initiative or request, after consulting all the contracted states (any Member State or non-member) (Simović, 2012, p. 38).

With this convention the Additional Protocol was adopted concerning the criminalization of acts of a racist and xenophobic nature that are committed using computer technology. This protocol is in some way a supplement to the Convention on Cybercrime (Komlen-Nikolić et al. 2010, p. 42).

In addition to the Council of Europe, other bodies/institutions of the European Union have their own contribution to raising the level of cyber security and the fight against cybercrime, and some of them are European Telecommunications Standards Institute (European Telecommunications Standards Institute-ETSI), European Committee for Standardization (European Committee for Standardization-CEN), The Committee for Information and Communication Standards (Information and Communications Technologies Standards Board-ICTSB), European Task Force on Computer Security Incident Response Teams (European Task Force on Computer Security Incident Response Teams-TF-CSIRT) etc.

All the above-mentioned factors in the fight against cybercrime primarily point to the seriousness and gravity represented by this type of crime, but also the complexity, which is best seen as a need for the establishment of several bodies/institutions with the aim of the preventive and repressive fight.

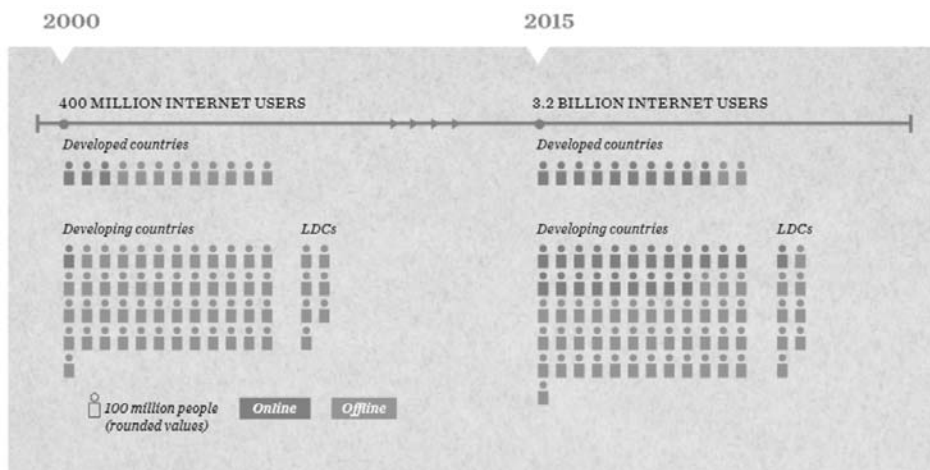
To make the fight against cybercrime at the international level even more efficient, in addition to the results shown so far, it is of particular importance to mention the other forms. The activities that were necessary to be taken in this “fight” represent a commitment to global and regional international organizations.

If this issue is considered from a global point of view, it can be noted that the United Nations engaged in addressing the security challenges of cybercrime through the activities of specially formed bodies and working groups. International Telecommunication Union – ITU (International Telecommunication Union, accessed September 29, 2015, from <http://www.itu.int/en/Pages/default.aspx>) is one of the specially formed bodies, whose activities in this field can be grouped into several groups and the National CIRT- Computer Incident Response Teams- Programme, Global cybersecurity index, Child Online Protection, Enhancing Cybersecurity in LDCs, Standardizing Security and Securing Radio communications. This specialized body has a significant contribution in the collection, further informing (exchange of information, preventive activities, etc.) and in combating cybercrime, which is a result of national and international coordination.

The importance and necessity of such a body can be best seen exactly through individual statistical indicators of this body. According to the processed

data (International Telecommunication Union Facts and Figures – The world in 2015, accessed September 29, 2015, from <http://www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2015.pdf>, p1) it is estimated that Internet users in 2000 numbered about 400 million, about 300 million of which was in the developed countries, and in the developing countries about 100 million, while in less developed countries, there were almost no Internet users. In 2015, it was estimated that there were approximately 3.2 billion Internet users (8 times more than in 2000), about 1 billion of which was in the developed countries (3.3 times more), in the developing countries, about 2.1 billion (21 times more), while in the less developed countries, the number of Internet users was around 100 million. The previously mentioned can be described by the following chart:

Estimates of the number of Internet users in 2000 and 2015.



Source: International Telecommunication Union Facts and Figures – The world in 2015, www.itu.int/en/ITU-D/Statistics/Documents/facts/ICTFactsFigures2015.pdf, (29.09.2015.)

Within this survey of the International Telecommunication Union, the undisputed increase in Internet users preceded the technological development through the development of mobile technology, 3G network coverage (for example, from 45% in 2000 to 69% in 2015), etc. (*Ibid.*, p. 2) We believe that it is not necessary to emphasize that the increase in number of the Internet users and a much higher level of its availability, greatly increases the risk of cybercrime, which brings us back to the importance of this research.

Within the United Nations, there are other organizations that directly or indirectly deal with this issue. In shorter terms, we will mention the United Nations Office on Drugs and Crime-UNODC (United Nations Office of Drugs and Crime – UNODC, accessed September 29, 2015, from www.unodc.org/

unodc/en/about-unodc/index.html) and the United Nations Office for Disarmament Affairs-UNODA. (United Nations Office for Disarmament Affairs - UNODA, accessed September 29, 2015, from www.un.org/disarmament/HomePage/Issues/).

The Office of the UN Narcotics Control and Crime Prevention from the viewpoint of cybercrime deals with issues of identity abuse, training of police and other prosecution bodies in order to achieve better recognition forms, but also the complete prevention. The UN Office for the Disarmament Affairs from the viewpoint of cybercrime deals with the matters relating to “information” war and cyber terrorism.

The importance of high-tech crime issues has been recognized by NATO in the early seventies, more precisely in 1969 by establishing the Committee on the Challenges of the Modern Society-CCMS (Committee on the Challenges of Modern Society – CCMS, accessed September 29, 2015, from <http://archives.nato.int/committee-on-challenges-of-modern-society-ccms-2;jsaar>), while the last and very important activity of NATO in this area was followed by the establishment of the Centre cyber Defence 2008 in Estonia, which followed as a reaction to the growing number of cyber attacks precisely in Estonia during 2007. (NATO opens new centre of excellence on cyber defence, accessed September 29, 2015, from <http://www.nato.int/docu/update/2008/05-may/e0514a.html>). In addition to the aforementioned, the NATO Computer Incident Response Capability-Technical Centre - NCIRC-TC was also established, which together with 24/7 Network of Contacts for High-Tech Crime that was established by the G8, have a common task with the help of experts in this field to enable 24/7 support for the fight against cybercrime. (Portnoy and Goodman, 2008, p.28.)

The current view of opposing high-tech crime makes only one major segment of this fight, but there was a need for the establishment of regional organizations. For the concision of this study, the following will point to some important regional organization.

In the Pacific region, the Asia Pacific Economic Cooperation-APEC was formed, within which a special group called the Security and Prosperity Steering Group-SPSG was established with the main objective to promote network security by combating cybercrime, etc. (Security and Prosperity Steering Group-SPSG, accessed September 29, 2015, from www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Telecommunications-and-Information/Security-and-Prosperity-Steering-Group.aspx). In addition, it is necessary to mention the Organization of American States-OAS within which a special group called the Inter-American Committee Against Terrorism -CICTE was formed, the Latin American Cooperation of

Advanced Networks-CLARA within which a special unit called the Security Task Force-GT-Seg was formed. (Portnoy and Goodman, 2008, p. 59.)

From the previous consideration of the issues of high-tech crime, it can be clearly concluded that effective prevention and the fight is only possible through the already existing international cooperation. In order for the mentioned cooperation, which undoubtedly has the same goal, to really have a positive effect, it has to be exposed to constant improvement and development. It is known that high-tech crime has many forms and that new forms emerge “daily” especially with the development of new technologies, but also through the creation of new habits of Internet users (both private and business). Therefore, there is an indispensable necessity for the future development of not only preventive measures but also of the expansion of the existing international cooperation as cybercrime knows no boundaries.

The special significance of international confrontations high-tech crime is a much larger number of potential victims. The aforementioned can be looked into most easily through the example, when the operation is performed in a classical way, in terms of the existence of an office space in a city. Then, and in this aspect of business exposure to the various possible forms of criminality provided that dangers exist only from relatively close range - the criminals from the neighborhood or from another part of the city, but when business is conducted over the Internet, the potential danger extends to the whole world. It is easy for a hacker who is hundreds of thousands of kilometers away, to hack the system and causes damage, thereby bringing benefit to themselves. On the other hand, given that the Internet is a global city, the number of criminals who can operate is considerably large, but there is also a much wider choice of potential victims. (Matijašević-Obradović, *et al.*, 2014, p.153.)

CONCLUSION

In recent years we have witnessed the IT revolution and along with it the internet revolution that is present in almost all areas of human activity. Therefore, high-tech crime is perhaps one of the greatest security challenges of the twenty-first century, both in the developed and in the less developed countries.

As we have already mentioned, effective prevention, detection and initiation of proceedings against the cybercrime perpetrators is exacerbated by its transnational character and the fact that most commonly the action is performed in one country and that the consequence occurred in the other. Consequently, problems with authority and the inconsistencies of criminal legislation come into full expression. The most effective solution to this problem is found through the establishment of international cooperation, which would have as their main goal

to harmonize criminal legislation up to a certain extent, in order to overcome the indicated problems in detecting and proving criminal offenses of high-tech crime.

Bearing in mind that the computer data is very sensitive, and with a few clicks on the computer keyboard can be easily deleted or otherwise permanently destroyed, the ability to identify and prove the criminal act becomes almost impossible. Therefore, fast and efficient international cooperation is a necessary condition for an effective fight against this form of crime. The importance of the speed of response, especially in terms of prevention, but also in the repression, is recognized by understanding the forms of cybercrime. Quick response must not be limited to the effectiveness of a state because, as we have repeatedly emphasized, high-tech crime knows no boundaries and therefore it is impossible to respond adequately, especially if there is no concerted and well-coordinated international cooperation. The adoption of the Convention on Cybercrime and thus establishing a network 24/7 is a good prerequisite for combating this form of crime, seen primarily in terms of data exchange and international legal assistance. However, only the establishment of this network without specialization and the introduction of special bodies to deal with this type of criminal offenses does not provide any great practical contribution. Therefore, the specialization of police is necessary as well as investigative, prosecutorial and judicial authorities in investigating and prosecuting criminal offenses in the area of cybercrime. In addition to the aforementioned Convention other international organizations, too, have recognized the importance of the need for quick and efficient fight.

The need for international opposition to high-tech crime cannot be fully and effectively established without the existence and commitment of global and regional international organizations, so special attention is given to these very issues.

Therefore, considerable efforts in the fight against computer crime were both made at international level and at the level of nation states, primarily in the construction of adequate normative solutions. However, when it comes to this type of crime, it is necessary to constantly work on reviewing and revising legal solutions, because high-tech crime is developing very quickly and new forms appear every day. The constant increase in Internet users, and therefore the potential victims of cybercrime, must also be borne in mind.

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ZNAČAJ USPOSTAVLJANJA MEĐUNARODNE SARADNJE U OTKRIVANJU I DOKAZIVANJU KRIVIČNIH DELA VISOKOTEHNOLOŠKOG KRIMINALITETA

Apstrakt: Mnogo godina nakon pojave prvih kompjutera možemo govoriti i o prvim vidovima zloupotrebe istih, a samim tim i o visokotehnoškom kriminalitetu. Ovo je logično iz razloga što su kompjuteri u početku bili dostupni jako malom broju ljudi pa je stoga broj onih koji su vršili zloupotrebe kao i onih koji su mogli biti žrtve, bio znatno manji. Za visokotehnoški kriminalitet možemo reći da je pojava novijeg datuma, koja je svoju potpunu „afirmaciju“ doživela pojavom informatičke revolucije. Kako ovaj vid kriminaliteta karakteriše proširen prostor kriminalnog delovanja koji ne zahteva prisustvo izvršioca na mesto izvršenja krivičnog dela, specifična vremenska dimenzija koja se ogleda u jako kratkom vremenu koje je potrebno za izvršenje ovog krivičnog dela (delovi sekunde), kao i velika fenomenološka dimenzija - jasno je da je otkrivanje i dokazivanje ovih krivičnih dela izuzetno teško i zahtevno. Ako se svemu doda i transnacionalni karakter, onda je nesporno da se radi o krivičnim delima koja se teško otkrivaju, a još teže dokazuju. U tom smislu, u ovom radu autori će obraditi značaj i neophodnost uspostavljanja međunarodne saradnje za otkrivanje i dokazivanje ovih krivičnih dela, razmenu informacija i dokaza. Jer visokotehnoški kriminalitet predstavlja globalni problem čijem se suzbijanju i otkrivanju moraju posvetiti i određene međunarodne organizacije. Računarski podaci su vrlo osetljivi i lako mogu biti izbrisani ili izmenjeni, čime se mogućnost za otkrivanje i dokazivanje krivičnog dela gubi, pa se uspostavljanje međunarodne saradnje postavlja kao nužan uslov za uspešnu borbu protiv ovog vida kriminaliteta.

Ključne reči: računar, visokotehnoški kriminalitet, međunarodna saradnja, otkrivanje i dokazivanje.

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BOOK REVIEWS

CONTEMPORARY INTERNATIONAL ECONOMIC AND LEGAL ORDER

Sanja Jelisavac Trošić (ed). *Contemporary international economic and legal order*. Institute of International Politics and Economics, Belgrade, 2016. p. 330

Thematic collection of works “Contemporary international economic and legal order” contribute to the scientific debate in the International Economics and International Law field, but also can be an additional literature at all levels of postgraduate studies. The methodology of Collections shows the importance of these areas for the science, especially on the issues of international relations. Publisher of this anthology is the Institute of International Politics and Economics from Belgrade. The Collection of works is a reflection of scientific, technical and professional interests of the authors.

The Thematic Proceedings is divided into two major parts. The first relates to the field of international economic relations, and the second explores the topical issues of the international legal order. After the foreword, the first part of the book begins with an analysis of the latest trends in international trade drafted by Dr. Sanja Jelisavac Trošić. This paper is analyzing changes in the structure of international trade, which over time led to an increase in international trade of intermediate products and the emergence of global value chains. We can also observe a significant overall progress of developing countries in international trade. International trade, in general, is recovering, albeit relatively slowly than has been expected, but in a positive direction. Special attention was given to some important trends in international trade, such as trade in goods and services, trade by region, trade by countries, the growing trade of developing countries and other trends. In the paper a special attention is paid to the occurrences, which have and in the future will have, a strong impact on the international trade. Any analysis of trends in international trade would be incomplete without reference to the work of the World Trade Organization and its role in maintaining the international trade regime and facilitating the flow of international trade. The paper, among other things, concludes that the existing rules in the framework of the World Trade Organization system must adapt to new trends in the field of international trade and in the world economy in general.

The second paper in the book is entitled “New relationships in international finance” by the prof. Dr. Pero Petrović. The paper noted that the long-term financial

and general economic crisis has led to changes in monetary policy, not only in the euro zone but in the other developed economies of the world. China is becoming a more generous lender, offering primarily due to geopolitical reasons. The long-term financial crisis is putting demands for crucial reform moves in the functioning and structure of the International Monetary Fund, World Bank and other global and regional financial institutions.

The third paper by Dr. Miroslav Antevski analyses the relationship among the largest regional integrations in the world and prospects for their development. Trade and investment flows between the major regional integrations, such as the European Union, NAFTA, Mercosur, ASEAN, are no longer sufficient to fully explain the changes in the world economy. Poor economic alliances and potential integration with less strength, but with great economic potential - BRICS, transpacific and transatlantic partnership, Eurasian Economic Union are taking an increasingly important role.

The following article is the work of Prof. Dr. Dobrica Vesic which deals with modern trends of development in business communications. Business communication has a crucial role in achieving success in every economic activity play. In the international playground, the negotiators need to overcome the cultural, civilizational, linguistic, psychological, technological and many other barriers. This means that the success and effectiveness of operations are directly dependent on the ability to understand different ways of thinking, concluding, believing, deciding and working.

At the end of the first part of the Collection is the paper on global flows of foreign direct investment, from author MA Stevan Rapajić. In the first part, the author gives an overview of the most important theories that explain foreign direct investment and concludes that a comprehensive theory does not exist, but that we can find a large number of partial theories that can explain certain trends and motives. The nature and legality of FDI movement are different looking from one to other sectors, but the part of the service sector is growing in regard to primary and secondary sectors. An exponential increase in foreign direct investment in the 90s is observed and analyzed. Most decisive changes have occurred in 2014 when developing countries recorded higher inflows of foreign direct investment than developed countries. Liberalization of world markets, which was carried out with the help of the International Monetary Fund, World Bank, and the World Trade Organization, has allowed foreign direct investments to penetrate all parts of the world.

The second part of the anthology begins with a paper about contemporary trends in international law by Dr. Marko Novakovic. The author's focus is on the expansion of international law, first through forms, stating the case, and then through the development of international legal regulation of terrorism through the prism of expansion of international law, but also the emergence of new terrorist

organizations. He is advocating that there is no need or purpose of describing the fragmentation as a positive or a negative phenomenon. The author is dealing with both horizontal and vertical expansion using examples. The main focus is on terrorism, and he explores all the attempts, for almost a century, on regulating this threat to international peace and security. At the end, he concludes that at the time when the Security Council, as a legislator, has the jurisdiction to extend the hand in some cases, it is inadmissible that it remains indolent towards such an important issue as terrorism.

The next paper analyzes the development trends of the United Nations and the international legal order. The author is Duško Dimitrijević. Since 1945, the UN organization almost has not changed, although the number of the Member States nearly quadrupled. On the other hand, the jurisdiction of the world organization was significantly extended. By the author's opinion, World Order has drastically changed, and the United Nations had adapted its polymorphic structure of power to be able to respond the demands of the present time. Generally speaking, solving the issue of human progress which is connected with solving the crucial problems in the economic, social and humanitarian sphere of international relations is not possible without the implementation of the Charter, as the highest legal and constitutive act of the United Nations. Regardless of the international legal order relativization, the Charter remains a major factor in the application of general international law and the protection of world peace and security

The next paper analyzes several issues of importance for International Environmental Law. Prof. Dragoljub Todić in this article suggests certain methodological limitations and problems in the understanding of modern tendencies in this area. He points to globalization as the general context for the debate on the contemporary issues in the field of environment. The main part of the paper gives an overview of certain issues arising from the contemporary processes of globalization, such as climate change, i.e. the establishment and development of the law on climate change, then redefinition of the concept of security in the context of contemporary challenges in the environmental field, the question of man's position in international law (human rights, the right to the so-called humanitarian intervention, refugee law), issues related to the nuclear energy and the law of energy, the growing interest in issues related to water resources management, dangerous chemicals, waste and biodiversity, the question of liability in international law, democratization of environmental policy through the strengthening of the stakeholders' participation process (Aarhus process), controversial positions of developing countries, reform of the environmental governance system, leadership ambitions of the EU, etc.

Miloš Jončić in his article states that Contemporary international humanitarian law faces many challenges. The armed conflicts have suffered many changes, from methods of military operations to the participants of the armed conflict. An

important change in international law is new subjects engaged in armed conflicts. Participants in the armed conflict have the ability to change their status, they can become fighters and after that, they can throw their weapons and go back to the status of civilians. Finally, we must note the presence of some new categories of persons participating in hostilities. For these new participants, we cannot point that they enjoy the status of the legal participants of armed conflict. For these participants, humanitarian international law provides some protection, but it is an open question whether they can be provided combatant status in the full legal sense.

The next article is “Human rights and new technologies”. In this paper, Andjela Djukanović has the opinion that “Human rights protection in the field of new technologies generated a number of concerns, mainly because of the possibilities of human rights violations in a new, unknown ways”. The author also thinks that new technologies, as well as many old technologies, carry certain risks, and the main question is how much we are aware of these risks, and how will we respond to changes. Often standards adopted after the emergence of new technologies shape our future. Technologies with unknown long-term effects are especially controversial. This is particularly the case with GMOs, nanotechnology, and concerning human genome modifications, that is the interventions which can introduce the modification of descendants genome.

Last but not least important is a paper by Mihajlo Vučić with the title “New Trade Relations and Environmental Protection”. The author thinks that the expansion of global trade imposes the question of the relationship between trade and the environment. The question is asked whether new trade relations benefit or damage the environmental protection. The answer to this question is not one-sided. The production of goods, their import and export, leave consequences on the environment. International organizations such as the World Trade Organization in their institutional framework present sustainable development and environmental protection as the essential goal. The European Union in its strategic documents also insists on the inclusion of environmental concerns in its external trade relations. In the article is concluded that the mechanism for dispute settlement through its authoritative and quality practice benefits the integration of economy and environment on the path of the realization of the goal of sustainable development at the global level.

After reading this thematic collection of works, we could conclude that the entire world order is at an interesting intersection. The economic crisis is still present. International Law is in trouble, primarily due to non-compliance with existing rules and increasing use of force in relations between international subjects. The future research in all these areas would be a significant contribution to the science of international relations. It could certainly have an important advisory role for all actors who make decisions, both in Serbia and in the region.

Miloš JONČIĆ

DANUBE AND THE NEW SILK ROAD

Duško Dimitrijević (ed). *The Danube and the new Silk Road*. Institute of International Politics and Economics, Belgrade, 2016. p. 560

The book “The Danube and the new silk road” represents a collection of scientific papers which have been presented at the international scientific conference “The Danube in the function of the New Silk Road”. This conference was organized by the Institute of International Politics and Economics (IIFE) in co-operation with the Institute of European Studies (IES) and Chinese Academy of Social Sciences. The conference took place in Belgrade on 17 June 2016, during a visit of Chinese President Xi Jinping to Serbia. We have to mention that the conference was supported by the Ministry of Education, Science and Technological Development, Ministry of Foreign Affairs and the Ministry of Construction, Transport and Infrastructure of the Republic of Serbia.

The book “The Danube and the new silk road” is composed of 30 scientific articles edited in four chapters. Articles in the first chapter are explaining the idea of the new Silk Road, and how such idealistic vision has the opportunity to become a real strategy and project in the second decade of the 21st century. Blagoje Babić, one of the contributors of this book, in his article says that the new Silk Road represents Chinese “new deal”. Also, according to him, actual Chinese economic development should change its route and establish new rules in the process of production, which will lead the Chinese production industry from quantity to quality. The Chinese economy, regardless its high results on the international level, should be a generator of the process of development on the internal level, within the borders of the Chinese state.

The second part of the book is titled *The Danube in the function of the “New Silk Road” – From vision to action*. The papers in this chapter are dealing with questions about contemporary challenges which are facing the new Silk Road project. There are papers which are trying to explain the new role of PR China and its economic and political steps in international relations, but also articles which are dealing with concrete segments within the new Silk Road. Professor Jasminka Simić in her article is writing about the importance of the Piraeus port, but also about the huge potential of the Thessaloniki port. According to her, the port of Piraeus represents a gateway for the southeast Europe. This article emphasizes the necessity of building the port on the Danube in Belgrade. Such project would be of huge importance for Serbian economy and it will contribute to the further connection of the Western Balkans with the Middle Europe.

The third chapter of this book is dedicated to the role of Serbia and states within the region of the Western Balkans in the process of realization of the so-

called “New Silk Road” project. According to Dragan Petrović, China through the mentioned project establishes direct connection and geo-economic links with the European continent. This project will contribute to strengthening the world economic performance and for sure it will strengthen the intercontinental trade flows. Also, foreign economic policy of PR China could lead to new positioning of the center of gravity of the world economy. Chinese professor Cheng Weidong explains Chinese trade and economic policy through the “win-win” strategy. Professor Weidong in his paper shows that the Chinese economy is structured and directed towards general gain. China does not recognize the enemies in the economy, but economic partners and trade competitors. The New Silk Road Program includes 60 percent of the world population and 65 countries. Taking into account the region of the Balkans, according to Professorial Fellow Edita Stojić Karanović, for realization of the New Silk Road Program on the Danube the following steps are required: improving regional infrastructure, especially the development of port facilities, increasing regional economic policy coordination and financial cooperation, removing barriers to trade and free movement of Chinese goods and improving regional diplomatic coordination. From the other side, Professor Nano Ružin, who is a former ambassador of the Republic of Macedonia to NATO, believes that strong interstate ties between Serbia, Macedonia and Greece represent a key point in the process of connecting the Danube River with the Mediterranean Sea through the Aegean Sea. Professor Miloš Šolaja from the University of Banja Luka in his work presents foreign policies and possibilities of the regional actors in order to provide a more secure environment and safety for foreign investments, including huge Chinese project, and on the other hand to estimate the contribution of Chinese entrepreneurship to stability in the area.

The fourth chapter of the book is composed of the scientific articles which are analyzing the possible challenges in the implementation of the “New Silk Road”. This project will lead PR China to the dominant position in the region of Eurasia and such position will allow the Chinese economy to have the primacy within the world economy and to be superior to the other competitors. On the list of actual security challenges also belongs the importance of climate change. Professor Dragoljub Todić and Research Fellow Sanja Jelisavac Tošić in their article analyze the notion that the similarities and differences between Chinese and the Danube region states environmental policies should be researched primarily through the prism of the similarities and differences between Chinese and the EU policy, due to the fact the all countries in the Danube region are either member of the EU or in the process of the EU integration. According to Professor Branislav Đorđević, this geopolitical and geoeconomic mega project meets the positive and the negative connotation on the road that passes through over 65 countries of different civilizations, religious, cultural, economic, political

and other values and orientation. He adds that even a superficial analysis of the security aspects of the mega project points to numerous difficulties and obstacles that have to be neutralized for the common economic interests of all participants along the way.

“The Danube and the new silk road“ collection of papers represent an excellent and comprehensive academic study which explores the capacities, effectiveness and eventual challenges in the project of the “New Silk Road“. This book provides academic opinions about the project “New Silk Road“ from the different points of view. Reading this book, a reader can be able to understand the positive sides of mentioned project and to realize the capabilities of this project in the process of creation of better economic conditions on the regional and international level.

Mitko ARNAUDOV

DOCUMENTS



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HIGH REPRESENTATIVE
OF THE UNION FOR
FOREIGN AFFAIRS AND
SECURITY POLICY

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JOINT COMMUNICATION TO THE EUROPEAN PARLIAMENT, THE EUROPEAN COUNCIL AND THE COUNCIL

Migration on the Central Mediterranean route Managing flows, saving lives

INTRODUCTION

In 2016, a record high number of refugees and migrants sought to reach the European shores across the Central Mediterranean. Over 181,000 people were detected on the route in 2016, the vast majority of whom reached Italy. 2016 was also a record year for the number of lives lost at sea: over 4,500 people drowned in the attempt to cross¹. The Central Mediterranean route is now once again the dominant route for migrants and refugees to reach Europe as it used to be before the surge in arrivals through the Eastern Mediterranean in late 2015 and early 2016. The human suffering and cost of this is intolerable.

There are many reasons that explain the rising influx of migrants through the Central Mediterranean route, instability in Libya but also wider factors like violent conflicts and economic situation in Sub-Saharan Africa. Those drivers are unlikely to fade away in the near future, resulting in sustained flows adding to the pressure borne by the most affected EU Member States, Italy and Malta.

¹ Source: <https://missingmigrants.iom.int/mediterranean>.

Libya lies at the crossroads of the Central Mediterranean route and represents the departure point for 90%² of those seeking to travel to Europe³. Smugglers and traffickers exploit an unstable political situation and fragmented control over the territory and borders. They contribute to the instability in the country by their actions and human rights violations, thereby increasing the vulnerability of migrants. Progress towards a stable political situation is essential to secure a sustainable future for Libya and stability for the region as a whole. Finding a lasting solution to Libya's governance and security challenges continues to be a priority for Libya itself, for the EU, its Member States and international partners, and the key to an effective and sustainable long term response to the migration challenge. To this end, the EU will continue to support the Government of National Accord (GNA) and Presidency Council as the legitimate Libyan authorities⁴ and as crucial partners in this endeavour.

The EU and its Member States have progressively laid out a stronger and more articulated policy response to manage the flows and to save lives in the Central Mediterranean. The European Council in December 2013 concluded that “increased engagement with third countries in order to avoid that migrants embark on hazardous journeys towards the European Union should be a priority.” In 2015, the Commission presented a broad European Agenda on Migration⁵. After the loss of hundreds of lives in a shipwreck near Lampedusa, in April 2015, the European Council concluded that the EU would “mobilise all efforts at its disposal to prevent further loss of life at sea and to tackle the root causes of the human emergency” and “decided to strengthen our presence at sea”. As a result, a permanent EU presence at sea has been established, rescuing tens of thousands of people. The EU has launched since October 2015 an intense phase of cooperation with partners in Africa through the follow up of the 2015 Valletta Summit on migration⁶. Since June 2016, the Partnership Framework has launched targeted cooperation with key countries in terms of origin of migrants and transit routes⁷. In December 2016, the European Council

² Source: Italian Ministry of the Interior.

³ The estimated number of migrants within Libya ranges from 700,000 to 1 million. Some 350,000 are considered to be internally displaced persons (figures by the International Organisation for Migration (IOM)) but with a wish/intention to return to their homes or remain in Libya.

⁴ In line with UN Security Council Resolution 2259

⁵ COM(2015) 240 final of 13.5.2015.

⁶ European Council conclusions of December 2016. See the Valletta Political Declaration and Action Plan. The next step in the process will be a Senior Officials Meeting on 8-9 February.

⁷ COM (2016) 960 final of 14.12.2016, Second Progress Report: First Deliverables on the Partnership Framework with third countries under the European Agenda on Migration. The next report will be adopted in March 2017.

“underlined the need to enhance support for the Libyan coastguard, including through EUNAVFOR MED operation Sophia” and that “initiatives need to be taken to offer assisted voluntary return opportunities to migrants stranded in Libya and curtail dangerous journeys.”

It is clear that as of spring 2017, if no further action is taken, uncontrolled irregular migration flows along the Central Mediterranean route will continue. As stated by the Prime Minister of Malta, Joseph Muscat, in his speech to the European Parliament: “Come next Spring Europe will face a heavy influx of migrants through the Central Mediterranean. [...] I see no way in which one single Member State can manage or absorb this further wave. Thus, the essence of the core principles of the European Union will be seriously tested unless we act now”⁸.

Therefore, the EU and its Member States need to identify and take forward operational actions that can make a difference ahead of next spring and summer. Coordinated action by the EU must be carried out in close cooperation with Member States and where Member States are engaged in efforts of their own – notably in the case of Italy and Malta – the EU’s efforts will be designed to flank and support those efforts, by mobilising all the tools available at EU level with a coherent joined-up approach. The GNA is a crucial partner in this endeavour and all actions are to be carried out in full coordination with and support of the GNA. The EU will strengthen efforts to improve the capacity of the GNA.

This Joint Communication identifies a set of key actions that can have direct impact and focuses on those which can be set in motion in a relatively short period of time, targeting the various stages along the Central Mediterranean route. They are part of a comprehensive strategy, which has a strong focus on the route through Libya but also take into account the wider regional context (in particular Tunisia, Egypt and Algeria) with a view to preventing a displacement of the route and avoiding any negative repercussions for the neighbours. It also takes into account the importance of the involvement of Libyan municipalities and to work closely with international organisations, such as IOM and UNHCR, active in the country.

Another important element is work inside the EU to manage migration, notably through efficient procedures and full registration on arrival in the EU and through the effective return of those without need for international protection. In particular, a credible return policy makes clear that the danger of crossing the Mediterranean is not worth the risks involved. In light of the new needs, the Commission will update the EU Action Plan on Return⁹ in the coming

⁸ <https://www.eu2017.mt/en/news/Pages/Speech-by-Prime-Minister-Joseph-Muscat-at-the-EP-Plenary-Session-on-the-Presidency-Priorities.aspx>

⁹ The existing EU Action Plan on return was adopted in 2015 (COM(2015) 453 final of 9.9.2015).

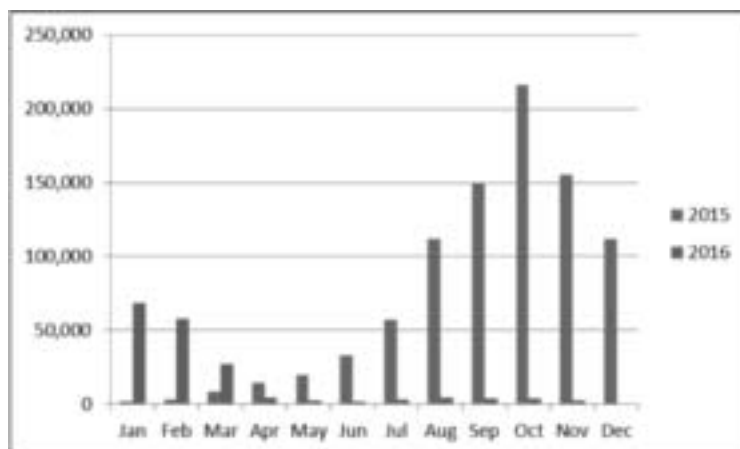
weeks to ensure swiftly an effective response. In particular, the Commission will identify on the basis of the current EU rules how better enforcement of return decisions can be achieved, using the flexibility contained in those rules, and provide clear guidance in this respect.

1. THE CHALLENGE OF MIGRATION ALONG THE CENTRAL MEDITERRANEAN ROUTE

In 2016, over 181,000 irregular migrants were detected on the Central Mediterranean route, the vast majority of whom reached Italy. Italy reported an 18% increase in arrivals compared to 2015, a number even surpassing the previous peak of 2014. Arrivals to Malta are low in comparison. Libya was the main country of departure for almost 90% of migrants, followed by Egypt (7%), Turkey (1.9%), Algeria (0.6%) and Tunisia (0.5%).¹⁰

These figures show that in 2016 the Central Mediterranean was the main route of arrival for irregular migrants to Europe. While the Eastern Mediterranean saw numbers peak at 885,000 detections of illegal border crossings in 2015, the reduction since the EU-Turkey Statement of 18 March 2016¹¹ has been dramatic (see figure 1). The continued increase in the Central Mediterranean route is therefore all the more marked (figure 2).

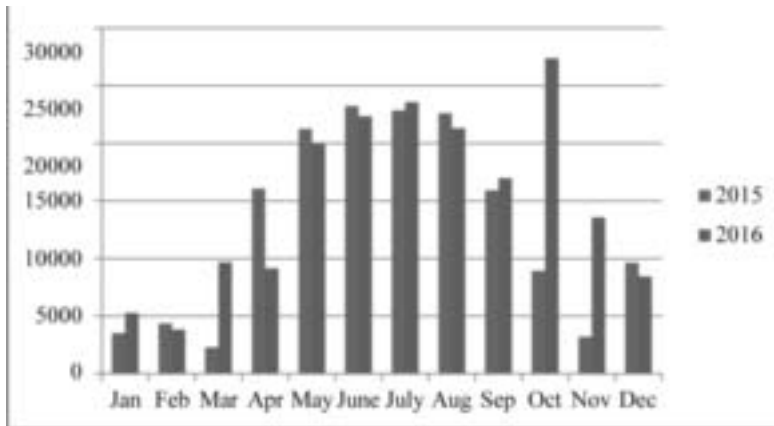
Figure 1. Arrivals Eastern Mediterranean 2015-2016



Source: Frontex – data up to November 2016.

¹⁰ Source: Italian Ministry of Interior.

¹¹ <http://www.consilium.europa.eu/en/press/press-releases/2016/03/18-eu-turkey-statement/>

Figure 2. Arrivals Central Mediterranean 2015-2016

Source: Italian Ministry of Interior - Total 2015: 153,842 Total 2016: 181,436.

The composition of nationalities shows a consistent flow of migrants from Sub-Saharan Africa. The top 10 nationalities of origin disembarked in Italy in 2016 were Nigerian (21%), Eritrean (11%), Guinean (7%), Ivorian (7%), Gambian (7%), Senegalese (6%), Malian (6%), Sudanese (5%), Bangladeshi (4%), and Somali (4%). Other nationalities made up 22%.

Just over half of those who arrived to Italy requested asylum. Although migration has always taken place, this appears to be a structural movement from Sub-Saharan Africa and there is no indication these trends could change until the economic and political/security situation in the countries of origin improves.

A worrying trend is that the number of vulnerable migrants, especially women and minors, is increasing. Among the 181,000 migrants who disembarked in Italy, around 24,000 were women (13%, almost half of whom from Nigeria), and around 28,000 were minors (15%), of which the vast majority (91%) were unaccompanied. This represents an increased share from 2015 (10%), with a growing proportion of unaccompanied minors (75% in 2015). The top five nationalities of unaccompanied minors are: Eritrean (15%), Gambian (13%), Nigerian (12%), Egyptian (10%), and Guinean (10%).

2. REDUCING THE NUMBER OF CROSSINGS, SAVING LIVES AT SEA

Responding to tragedies at sea

Since the start of this decade, over 13,000 irregular migrants have lost their lives trying to cross the Central Mediterranean route to Europe. Italy and Malta

have made major efforts to reduce the risk of loss of life and respond with search and rescue activities to distress calls at sea. In 2013 the Italian government launched the first major coordinated effort to save lives at sea through the naval and air operation Mare Nostrum.

Since the end of 2014, EU cooperation, always in full respect of human rights and international law, has made a major contribution. The Triton and Sophia Operations have resulted in more than 200,000 migrants having been rescued at sea.

Key EU initiatives in Central Mediterranean waters

European Union Naval Force – Mediterranean (EUNAVFOR MED Operation Sophia) was set up in record time in June 2015 to identify, capture and dispose of vessels and enabling assets used or suspected of being used by migrant smugglers or traffickers, in order to disrupt their business model in the Southern Central Mediterranean, and prevent the further loss of life at sea. Since October 2015, the operation moved to its second phase, which entails boarding, search, seizure and diversion, on the high seas, of vessels suspected of being used for human smuggling or trafficking. The current mandate runs to July 2017. In the course of the operation, 25 Member States¹² have contributed almost 1,800 personnel and assets. Assets currently deployed include 6 surface vessels and 6 air assets. Operation Sophia has so far neutralised some 372 smuggler vessels, helped in the arrests of some 101 alleged smugglers and saved nearly 32,000 persons on the high seas. Its mandate was reinforced in June 2016 by two supporting tasks: training of the Libyan Coastguard and Navy and contributing to the implementation of the UN arms embargo on the high seas off the coast of Libya. Operation Sophia is currently authorised to operate on the high sea adjacent to Libya and does therefore not operate inside Libyan territorial waters.

Operation Triton was launched by Frontex in November 2014, with a focus on border protection, but also on provision of support to search and rescue operations. In July 2015, its operational area was expanded southwards, also facilitating the provision of support in search and rescue operations further south. Officers deployed by Frontex support the Italian authorities in the registration of the arriving migrants. The operational focus of Triton has expanded to include cross border crime, such as people smuggling, drug

¹² Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Spain, Estonia, Finland, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, Sweden, Slovakia, Slovenia, the United Kingdom.

trafficking, illegal fishing and maritime pollution. It operates under the command of the Italian Ministry of Interior. A total of 28 European countries¹³ take part in the operation by deploying either technical equipment or border guards.

In parallel, since late 2014, a small but growing number of non-governmental organisations (NGOs) has also started actively pursuing search and rescue in the Central Mediterranean. Today, some 9 NGOs operate about 14 ships to this end. Their operations focus on activity close to Libya with the larger vessels conducting fully-fledged search and rescue, picking up migrants and bringing them to Italian ports. Smaller NGOs focus exclusively on rescuing, distributing life jackets and emergency medical care near the Libyan coast and relying on the larger vessels operating to then transport migrants into Italian ports. In 2016, the Italian Coast Guard and Navy, Triton and Operation Sophia, and NGOs were all responsible for broadly the same share of initial rescues.

Patrolling activities, including support to search and rescue activities have gradually shifted from waters near the Italian territory to waters nearer Libya. One direct consequence of this has been a change in the business model of smugglers. They increasingly place irregular migrants and refugees on cheap and completely unseaworthy inflatable dinghies that have no prospect of ever reaching the Italian shores, assuming they will be picked up near or within Libyan territorial waters. The fact that such dinghies now account for 70% of all boats leaving the Libyan coast contributes to making journeys increasingly dangerous and to the rise in the number of deaths at sea. The European Border and Coast Guard Agency and Europol should closely monitor the supply lines for these inflatable dinghies to Libya and cooperate with the Libyan authorities to interrupt the smugglers' supply.

The EU maintains its humanitarian imperative to save lives at sea. Operation Sophia is currently authorised to operate on the high sea adjacent to Libya but cannot operate inside Libyan territorial waters. Under the current conditions, in full agreement with the recognised Libyan authorities, close operational cooperation through the provision of training and assets with a strengthened Libyan Coast Guard could maximise the number of lives saved, increase the chance to intercept and stop smugglers and mitigate any unintended consequences.

¹³ Austria, Belgium, Bulgaria, Croatia, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Norway, Poland, Portugal, Romania, Sweden, Switzerland, Slovakia, Slovenia, Spain, the United Kingdom.

Stepping up support to the Libyan Coast Guard

To effectively cope with this current situation, part of the answer must lie in the Libyan authorities preventing smugglers from operating, and for the Libyan Coast Guard to have the capacity to better manage maritime border and ensure safe disembarkation on the Libyan coast. Of course, the Libyan authorities' effort must be supported by the EU and Member States notably through training, providing advice, capacity building and other means of support. Working together in their respective zones and within their respective mandates, Sophia and Triton could focus on anti-smuggling activities and support to search and rescue operations further out at sea and specialise in monitoring, alerting the Libyan authorities and combating traffickers.

Recognising the central role that the Libyan Coast Guard¹⁴ should play in managing the situation, building its capacity is a priority, both in terms of capabilities and equipment needs. To this end, the EU, working *inter alia* through Operation Sophia and the EU Border Assistance Mission (EUBAM), is closely coordinating with Member States, and other actors, in order to ensure coherence in the provision of support for capacity building. The possibility of training also the Libyan maritime police – which depends on the Ministry of the Interior and operates at sea – should also be considered in the framework of EUBAM, Operation Sophia or other EU initiatives.

The Libyan Coast Guard faces complex training needs, ranging from basic seamanship and an ability to operate safely at sea, to conducting the full range of law enforcement tasks expected of a coastguard, including effective control of Libya's international search and rescue zone. A particular emphasis is being made by the EU to ensure that capacity-building contributes to guaranteeing the respect of migrants' human rights. Operation Sophia has started training the Libyan Coast Guard through three training packages.

This training is being complemented by actions carried out by actors in the framework of other EU programmes managed by the Commission. These include the Seahorse Mediterranean Network programme, aiming to strengthen Libyan border surveillance and implemented by seven Member States¹⁵, with the Spanish Guardia Civil in the lead. This should now be stepped up so that complementary action means that the full range of needs identified can be met.

¹⁴ The current Libyan Coast Guard was established in 1996, and is responsible for exercising the sovereignty of the State and law enforcement under UN and national law. The Coast Guard shares logistics, personnel and training with the Navy. It is generally accepted that this is the most operational body undertaking coast guard functions.

¹⁵ Spain, Italy, Malta, France, Greece, Cyprus and Portugal.

As an immediate step, the Commission will rapidly agree with the Guardia Civil to reinforce funding for the training of the Libyan Coast Guard, by an additional EUR 1 million under the existing Seahorse programme.¹⁶ This would then be further complemented by a new programme of support to the Libyan Coast Guard¹⁷, in an effort to ensure that the different types of trainings provided under the various programmes will contribute to meeting the full needs of the Libyan Coast Guard. In parallel, additional training to the Libyan Coast Guard has also been provided by the European Border and Coast Guard Agency and future similar action will continue to be explored. Effective complementarity and coherence among the training initiatives provided by different actors will be ensured through informal coordination mechanisms.

This coordination would also include support through a EUR 2.2 million grant agreement with the Italian Ministry of Interior¹⁸, which includes a component (implemented by the International Organisation for Migration) supporting sea rescue and training of the Libyan Coast Guard, and a second component (to be implemented in cooperation with the United Nations High Commissioner for Refugees (UNHCR)) for capacity building of the Libyan authorities and assistance to refugees and asylum seekers present in or disembarked in Libya.

These programmes demonstrate that while the EU budget cannot finance Operation Sophia directly, it can fund the training of the Libyan Coast Guard. Within this context, the Commission stands ready to identify appropriate solutions to ensure reliable long term funding for those programmes to support the Libyan Coast Guard, thus complementing Member States' contributions.

Alongside the capability of the Libyan Coast Guard, there is a broader lack of patrolling assets. Some of these have been repaired outside the country and, their return, accompanied by necessary training of the crew and the establishment of appropriate command and control chain will increase the Libyan Coast Guard capacity for action. Once returned those assets need to be maintained in an effective operational condition.

Building the capacity of the Libyan Coast Guard aims, as a long-term objective, to a situation whereby the Libyan authorities can designate a search

¹⁶ This is financed under the Development Cooperation Instrument. Training could be extended to Coast Guard personnel from Tunisia, Algeria and Egypt, when these countries join the Seahorse programme.

¹⁷ Options for funding include the Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa (“the EU Trust Fund for Africa”) and the European Neighbourhood Instrument (ENI).

¹⁸ Signed in the framework of the Regional Development and Protection Programme in North Africa.

and rescue area in full conformity with international obligations. In this perspective, the EU is providing financial support to the Italian Coast Guard to assist the Libyan Coast Guard in establishing a Maritime Rescue Coordination Centre, a prerequisite for efficiently coordinate search and rescue within Libyan search and rescue zone, in line with international legislation.¹⁹ Using the satellite-supported communication infrastructure of the Seahorse Mediterranean Network, to be established this year, the Libyan Coast Guard will be able to exchange information on incidents and coordinate patrolling and rescue activities with the coast guards of neighbouring countries, making a major contribution to rescue operations. The European Border and Coast Guard Agency will support this cooperation with regular monitoring and surveillance information.²⁰ Modalities of support and advice to the Libyan Coast Guard following training and return of assets will need to be further explored.

Finally, in the context of the European Maritime Security Strategy Action Plan²¹, the Commission will support in 2017 (by a grant of EUR 80,000) the Mediterranean Coast Guard Functions Forum that will help the Libyan Coast Guard to develop mutual knowledge, share experience and best practices, as well as to identify areas for further cooperation with Coast Guard Functions in Member States and in other third countries bordering the Mediterranean Sea.

¹⁹ The obligation of ships to go to the assistance of vessels in distress was enshrined both in tradition and the 1974 International Convention for the Safety of Life at Sea (SOLAS). The 1979 International Convention on Maritime Search and Rescue (SAR) requires Parties to the Convention to ensure that arrangements are made for the provision of adequate SAR services in their coastal waters. Parties are also encouraged to enter into SAR agreements with neighbouring States involving the establishment of SAR regions, the pooling of facilities, establishment of common procedures, training and liaison visits. The Convention states that Parties should take measures to expedite entry into its territorial waters of rescue units from other Parties. Libya has ratified both SOLAS and SAR Conventions.

²⁰ Provided from Eurosur – the Eurosur Fusion services managed by the European Border and Coast Guard Agency allow for regular monitoring of departure points in third countries and detecting and tracking of suspicious vessels across the Mediterranean Sea, using ship reporting systems, satellites and surveillance planes.

²¹ The European Union Maritime Security Strategy (EUMSS) has been adopted by the European Council in June 2014. It is a joint EU plan to improve the way in which the EU pre-empt and responds to challenges such as overall security and peace and external border control.

Key actions:

Ensure funding for the training programmes for the Libyan Coast Guard through an immediate EUR 1 million addition to the Seahorse programme and the grant of EUR 2.2 million under the Regional Development and Protection Programme in North Africa;

Ensure that sustainable sources of funding cover various training needs in a complimentary manner in the future;

Assist the Libyan authorities in establishing a Maritime Rescue Coordination Centre and improving operational cooperation with Member States.

Support the provision to the Libyan Coast Guard of additional patrolling assets and ensure their maintenance.

3. STEPPING UP THE FIGHT AGAINST SMUGGLERS AND TRAFFICKERS

In seeking to limit departures and saving lives it is key to intensify the fight against smugglers and traffickers in the Mediterranean and the north of Africa. Tackling smuggling is a key objective of Operation Sophia and work is underway to complement its direct action on the high seas through contributing to Libyan Coast Guard's capability that can be effective within Libya's territorial waters. Operation Sophia is also contributing to overall enhanced situation awareness on these issues in its area of operation. Further options will be explored to increase monitoring and intelligence gathering and adapt to the evolving modus operandi of smugglers, thus better assisting the action of the Libyan authorities.

A first priority is to make the Seahorse Mediterranean Network operational in spring 2017. This programme aims to strengthen the border authorities of the North African countries and develop their capacity to share information and coordinate actions with their counterparts in the EU and the Mediterranean Member States. The specific objectives are to enhance the situational awareness of the North African countries' authorities on irregular migration flows and illicit trafficking taking place in their territories (in particular in the coastal regions and territorial waters) and to reinforce their reaction capacity, at national and regional level, including for search and rescue at sea. One important component is to set up a secure communication network among the border authorities of all the Mediterranean countries.

Italy, Malta, Greece, Cyprus, France, Spain and Portugal have connected their Eurosur national coordination centres for border surveillance to the Seahorse Mediterranean Network. Work is underway to ensure that the Libyan

Coast Guard has the equipment it needs to connect with Member States, so that all will be able to inform each other about incidents in near-real time, and coordinate their patrolling activities. The goal is to ensure the same effective cooperation, including with the European Border and Coast Guard Agency, in preventing smuggling as already underway in the Atlantic.

As smugglers are increasingly using small dinghies and inflatable rubber crafts instead of wooden boats, an effective way to disrupt their activities would be to specifically target smugglers' supplies (boats, engines, vehicles). To achieve this goal is challenging and would require a coordinated approach, which the EU, through its operations, agencies and instruments, stands ready to explore with Member States, Interpol, and other partners in the region. Intelligence and surveillance resources should be pooled to better monitor and target locations and routes, and to identify the smugglers who use them. In particular, using the Eurosur Fusion services would allow for regular monitoring of departure points in third countries and detecting and tracking suspicious vessels across the Mediterranean Sea, using ship reporting systems, satellites and surveillance planes. These actions will complement efforts on the high seas by Operation Sophia to disrupt the activities of human smugglers and traffickers. Continued availability of assets for Operation Sophia should thus be ensured and further consideration should be given to its broader contribution to maritime security. A key contribution will also be provided by the Joint Operational Team Mare, hosted by Europol, which was launched in March 2015 to combat organised crime facilitating irregular migration in the Mediterranean. In February 2016, the Joint Operational Team Mare was incorporated into Europol's European Migrant Smuggling Centre. It is made up of specialists seconded from seven Member States. These Member States exchange information in real time to disrupt smuggling networks.

Finally, the fight against the criminal organisations involved in migrant smuggling cannot achieve effective and durable results unless it is accompanied also by measures aimed at addressing the root causes, making it more difficult for these organisations to recruit manpower for running their business. In this perspective, ongoing support provided to municipalities located along the migratory route (in particular, in 'migration hubs' and coastal cities) should be reinforced,²² so that capacity-building, socio-economic development and access to basic services (including for migrants) can be enhanced and smuggling activities are discouraged.

²² The Committee of the Regions has been working to develop cooperation with Libyan municipalities on a variety of issues, including migration.

Key actions:

Ensure that the Seahorse Mediterranean Network is operational by spring 2017, thus allowing greater exchange of information and operational coordination between the Libyan Coast Guard and participating Member States;

Encourage the participation of Tunisia, Algeria and Egypt in the Seahorse Mediterranean Network;

Target supplies of smugglers by pooling intelligence between Member States, EUNAVFOR MED Sophia, the European Border and Coast Guard Agency, Europol, Interpol, and partners in the region, in particular by using the Eurosur Fusion services.

4. PROTECTION OF MIGRANTS, ASSISTED VOLUNTARY RETURNS AND RESETTLEMENT

Strengthened anti-smuggling actions will increase the need to take action on land to provide protection and Assisted Voluntary Return opportunities. Moreover, instability and lack of security have led to large population displacement, both of nationals and third country nationals²³, many of whom are highly vulnerable, to areas of transit and departure inside the country, where there is no real governance. There is both an immediate challenge and a longer-term need to help the protection of migrants and to address the build-up of pressure. There are four main avenues for action: strengthening protection and humanitarian assistance to migrants, assistance to re-integration in the local economy, voluntary return to country of origin and resettlement of those in need of international protection.

In cooperation and dialogue, support to the Libyan authorities needs to be provided to build their capacity to manage migration. A project aiming at identifying focal persons in the relevant ministries (Interior, Justice, Foreign Affairs) and creating synergies and platforms dedicated to migration management issues with those concerned ministries is already ongoing.²⁴

Conditions in the centres where migrants are held are unacceptable and fall short of international human rights standards. Ensuring adequate conditions in those centres is of paramount importance and goes along with fighting ill treatment, torture, extortion and inhumane treatment. A priority task is to work

²³ It should be noted that Libya has long depended on a substantial migrant workforce.

²⁴ ENI-funded project, EUR 3 million (component 1 of the project in support of Right-based Migration Management and Asylum in Libya).

with the Libyan authorities and international organisations such as IOM and UNHCR to ensure that these centres provide adequate conditions in line with human rights standards. Alternatives to detention should be further developed, in particular for women and minors, working closely with international organisations. In addition, security of both migrants and aid organisations working in those centres needs to be ensured.

Another important issue is to ensure unhindered access by UNHCR and IOM to persons in need of international protection, particularly the vulnerable.

The Commission will engage with the Libyan authorities and with the concerned international organisations to address these issues, and will step up targeted funding if appropriate.

A number of those who entered Libya and are now in the country did so to seek job opportunities. Many of them are currently stranded, given the instability and the loss of jobs. One possible solution to their situation is to foster, where possible, local integration. A pilot initiative has been launched and should be reinforced aiming at community stabilisation in areas affected by internal displacement and transit of migrants, including the creation of job opportunities for persons in need of protection, also with a view to facilitate their acceptance by hosting communities.

Many other migrants may have incentives to return to their country of origin, if their plans to find a job in Libya or hopes to travel to Europe are not materialising. In those cases, assisted voluntary return can be an option. The EU is carrying out projects²⁵ aimed at facilitating the voluntary return of stranded migrants from Libya to their countries of origin. A EUR 20 million action was adopted in December 2016 under the EU Trust Fund for Africa, aiming to strengthen migration management and to respond to the urgent protection needs and unacceptable loss of life of migrants. The project will focus on support to migrants at disembarkation points and in centres, as well as to scale up humanitarian repatriation to countries of origin (from the initial target of 5,000 migrants) and reintegration²⁶. The EU will work, in cooperation with the

²⁵ Projects totalling EUR 35 million funded under European Neighbourhood Instrument/Instrument contributing to Stability and Peace/Development and Cooperation Instrument/Humanitarian assistance and the Asylum, Migration and Integration Fund/Regional Development Project.

²⁶ This project is part of a EUR 100 million EU Trust Fund for Africa – IOM joint initiative ensuring the protection and reintegration of returnees along the Central Mediterranean migration routes in fourteen countries in the Sahel and Lake Chad region, including Libya. With contributions from Germany (EUR 45 million) and Italy (EUR 22 million). In that regard, this joint initiative foresees the protection of 60,000 stranded migrants in need, the provision of 24,000 returns and reintegration support to migrants, and the information and

Libyan authorities, to ensure adequate security conditions for the international operators engaged in assisted voluntary return activities and remains ready to scale up swiftly this work including complementary actions in neighbouring countries, in the light of the initial uptake of the project.

Opportunities for reintegration in local communities and for assisted voluntary returns could be complemented by resettlement, particularly for the most vulnerable persons. The EU is exploring with UNHCR the feasibility of practical steps to implement the resettlement of those in need of international protection from Libya towards EU Member States and other international partners. Resettlement can help provide for an orderly and safe arrival of persons in need of international protection to the territory of the resettling states. It also allows for security checks before a person reaches the territory of resettling states, and can be a demonstration of solidarity with the host country to help it cope with large numbers of persons fleeing war or persecution. It may also act as a disincentive for persons in need of international protection to embark on dangerous journeys. Any feasibility, concrete modalities, and pace of such resettlements would need to be examined in close cooperation with the Libyan government, the international partners and in line with the evolution of the situation on the ground. It would also require the readiness of Member States to participate in resettlement from Libya²⁷.

In addition to this specific action to be promoted in Libya, the EU should continue engaging with the countries in the region with a view to supporting them in developing their asylum and migration systems, starting with the registration of migrants. This will also contribute to improving protection and asylum systems in the region in line with the objectives of the North Africa Regional Protection and Development Programme. In turn this can lead to the application by the Member States of the safe third country principle in the asylum acquis when conditions are met. The safe third country provisions are one of the key components of an effective system for managing the migratory crisis and this should be taken into account in the ongoing discussions on the reform of the Common European Asylum System as well as in future discussions on the EU return policy and its future application.

sensitisation on the dangers and alternatives to irregular migration to 2,000 communities in areas prone to migration and to 200,000 migrants along the route. The actions also support the collection and analysis of data in each targeted country and at a regional level to adapt policies and actions based on evidence and the capacity building of governments and local stakeholders, to ensure the sustainability and ownership of the actions.

²⁷ Also important is the outcome of the proposal for a Union Resettlement Framework (COM(2016) 468 final of 13.7.2016)

In addition to the importance of conducting information campaigns in countries of origin and along the migration routes in Africa, targeted information campaigns are also needed in Libya pointing to the risks of irregular departures and on the possibility for assisted voluntary return. These activities should be focused in particular in the upstream part of the route and in the Southern regions of Libya, as proximity to the coast generally provides migrants with a strong incentive to move.

Key actions:

Engage with the Libyan authorities to ensure that the conditions in centres for migrants are improved, with a particular attention to vulnerable persons and minors. Step up cooperation with IOM and UNHCR in this respect;

Step up work and engagement with Libyan municipalities to promote alternative livelihoods and support the resilience of local communities hosting migrants;

Support capacity building in migration management for the Libyan authorities;

Support, in cooperation with Libyan authorities, international organisations such as UNHCR in addressing the situation of the persons in need of international protection, including the possibility of resettlement;

Support IOM in its work to improve the situation of the migrants in Libya and to implement a project for assisted voluntary return from Libya, considering its further expansion beyond the initial target of 5000 migrants.

5. MANAGING MIGRANT FLOWS THROUGH THE SOUTHERN BORDER

While a large number of migrants and internally displaced people are already present within Libya, managing the flows of newly arriving people through the Southern border is key to reducing the migration pressure. The success of the Valletta Action Plan and the Partnership Framework will be important in this respect.

There are a variety of EU efforts, in particular the Common Security and Defence Policy (CSDP)

missions and projects deployed across the region, which contribute in addressing this challenge.

The EU Border Assistance Mission (EUBAM) Libya, currently deployed in Tunis, has now developed a capacity to conduct independent visits to Tripoli. It is finalising the mapping of key actors in the security field and exploring with

the Libyan authorities possibilities for a future civilian CSDP mission. This potential mission could be in the field of police/rule of law/border management and could provide advice and training to the Libyan authorities. Further efforts will be made to engage in actions supporting the Libyan authorities. This could be combined with actions through other instruments, including Operation Sophia and the European Border and Coast Guard Agency to improve monitoring and information flows²⁸. Supply of technologies, vehicles and other means should also be envisaged to improve the control of the land border between Libya and the neighbouring countries.

There is also a crucial role for local stabilisation efforts to strengthen cooperation with host communities. An ongoing project in Southern Libya by IOM has been under way since May 2016. It addresses host communities, internally displaced persons and migrants, and could be assessed to determine whether the project should be extended and replicated elsewhere. Through the Instrument contributing to Stability and Peace, the EU supports several projects to help conflict resolution, implement an agreement among conflicting parties, and reinforce community-level efforts towards violence reduction, especially in Southern Libya.

The EU's contribution to migration management to the South of Libya includes support to security and defence capacity building and to processes of regional security cooperation in the Sahel, in particular in the framework of the G5. The EU Training Mission and EUCAP Sahel Mali²⁹ contribute to improving border control in Mali through training and advice activities. Niger, as a main transit cross- road for migrants on their way to Europe, benefits from a stronger CSDP engagement, including a permanent presence of EUCAP Sahel Niger³⁰ mission in Agadez. This is aimed at supporting the Nigerien authorities to address irregular migration and fight related trafficking in human beings and organised crime. In the framework of the regionalisation of CSDP Missions in

²⁸ This could also take advantage of Eurosur Fusion Services.

²⁹ EUCAP Sahel Mali was launched in January 2015, following the deployment of EU Training Mission Mali in 2013, in order to improve the capacities of Malian internal security forces with a view to improving their operational efficiency, re-establishing their respective hierarchical chains, reinforcing the role of judicial and administrative authorities with regard to the management and supervision of their missions, and facilitating their redeployment to the north of the country.

³⁰ EUCAP Sahel Niger was launched in July 2012 in order to improve the capacities of Nigerien security forces to fight terrorism and organised crime, and to contribute to enhancing political stability, security, and governance in Niger. Since 2015 the Mission has been assisting with better control and management of migration flows, to fight against irregular migration and to reduce the level of associated crime.

the Sahel and the expected establishment of a CSDP network in the region, further support in these fields to other countries in the region, notably Mauritania, Burkina Faso and Chad, is being extended.

The work taken forward with Niger under the Partnership Framework should be fully exploited to slow down flows through the southern Libyan border. The number of persons leaving Niger to attempt the dangerous crossing of the Sahara has fallen from over 70,000 in May 2016 to around 1,500 in November³¹. The work in Agadez can play a key role in this respect. Concrete steps could include a further outreach to the communities and migrants with information, awareness-raising, and the extension of assisted voluntary return and reintegration measures from locations beyond Agadez and Niamey. Agadez could also help as a staging post for assisted voluntary return of migrants stranded in Libya. This is linked to ongoing support to the border authorities of Niger to better control the Niger-Libya border.

Furthermore, support will be provided to the Agadez area developing a local economy which is not associated to smuggling. Efforts to strengthen Niger's control of the Niger-Libya border, to control the flow of migrants, and to assist with voluntary returns, need to take account of the potential impacts on communities in Northern Niger that are economically sustained by migrant smuggling, again to ensure adequate alternative livelihoods and access to viable and legal markets to replace migrant smuggling.

The intense cooperation with Niger also includes targeted measures against smugglers. The strategy Niger is developing includes joint investigation teams, implementation of the anti-smuggling law of 2015, and building capacity for investigators and prosecutors to contribute towards enforcement of controls of flows passing through Niger. A European Migration Liaison Officer and a European Border and Coast Guard Agency liaison officer will be shortly deployed to Niger to help the EU further step up its capacity to discuss and develop cooperation with Nigerien authorities in tackling irregular migration and in better organising the migration management.

Enhanced links between the EU presence in Niger and Mali and Europol can also improve assessment and analysis of trafficking and smugglers' activities, and provide better support to local authorities, tying in with an existing programme supported by the EU Trust Fund for Africa to build links with Interpol. This successful model, which has been proven to reduce numbers, should be replicated with other regional partners, notably Mali, Chad, Egypt,

³¹ COM (2016) 960 final of 14.12.2016, Second Progress Report: First Deliverables on the Partnership Framework with third countries under the European Agenda on Migration.

Algeria and Sudan, as well as in other countries covered by the Khartoum and Rabat processes.

The EU is already actively promoting dialogue between Libya and its Southern neighbours on the management of their common borders and cooperation on intelligence on migration routes. An EU- Libya Committee on Integrated Land Border Management was set up in August 2016 for exchanges on border management. Another potential forum for further operational cooperation in the region is the Africa-Frontex Intelligence Community, which provides a framework for regular knowledge and intelligence sharing in the field of border security, and could develop risk analysis and deploy short- term missions to identify migration routes and possible shifts, with a possible support of satellite images. Dialogue will feed into potential priority actions and sectors for increased cooperation under the EU Trust Fund for Africa. Regional programmes, such as Euromed Migration IV³² and Mediterranean City to City Migration Profiles³³, offer privileged platforms to foster dialogue on migration between the countries in the region and share experience and best practices at regional level. This work was given impetus by a meeting in June 2016 between the High Representative/Vice- President and the Foreign Ministers of Libya, Niger and Chad on border management. This forum can be further used to address the smuggling dimension.

Key actions:

Deploy the full range of EU missions and projects to support the Libyan authorities in border management and migrant protection in Southern Libya;
Promote border cooperation, dialogue and exchange of information between Libya and its Southern neighbours, including using the Africa-Frontex Intelligence Community to full potential;

Building on existing cooperation with Niger under the Partnership Framework, take further action to address the northwards migration pressure, tackle smuggling and promote assisted voluntary returns.

³² A EUR 6.4 million regional project (ENI funding), implementing a comprehensive and shared approach to strengthen effective dialogue and cooperation on migration, mobility and international protection issues in the Neighbourhood South region.

³³ A EUR 1.9 million regional project (NEAR-TS funding), contributing to improved migration planning at city level in the Southern Mediterranean region through: cooperation among city representatives and experts through a dedicated network in five Southern and five European cities.

6. INCREASED COOPERATION WITH EGYPT, TUNISIA AND ALGERIA – PREVENTING IRREGULAR MIGRATION AND THE DISPLACEMENT OF ROUTES

In taking joint actions with Libya, the risk that other routes could develop in neighbouring countries needs to be minimised by deepening dialogue and cooperation on migration within the region. Countries such as Algeria, Egypt and Tunisia, which host substantial numbers of migrants, would be candidates for support to assisted voluntary return. Further assistance to these countries to develop their own functioning asylum system and to support those in need of international protection would also be needed. Cooperation with the United Nations and EU Agencies³⁴ could also be put on a more stable basis, as well as their participation in common initiatives such as the Seahorse Mediterranean Network. This would promote both practical cooperation and a common approach toward better migration management, saving lives at sea in full respect of human rights in line with international and EU standards.

The EU's Association Agreement with Egypt from 2004 contained provisions on migration cooperation, but there was only limited follow-up. The formal EU-Egypt dialogue has been revived under the revised European Neighbourhood Policy, and the EU-Egypt Partnership Priorities³⁵, the overarching political framework to guide the relations for the coming years, will include a dedicated chapter on strengthening cooperation on all aspects of migration and mobility. This is now a major feature in political-level contacts, most recently with the visits of several Commissioners to Cairo in the autumn of 2016 and followed up by a senior officials visit on 22 January, as a result of which the EU looks forward to soon launch a comprehensive migration cooperation with Egypt. The swift deployment of the European Migration Liaison Officer to the EU Delegation to Egypt will also step up this cooperation.

The scale of transit through and number of departures from Tunisia is low. Nevertheless, the framework provided by the Mobility Partnership concluded in March 2014 has brought better management of operational and financial support. The relations in this area are now being taken to a new level under the Partnership Framework³⁶. The Joint Communication on Strengthening EU support for Tunisia³⁷ proposed to reinforce EU support from addressing the

³⁴ The European Border and Coast Guard Agency is discussing a working arrangement with Egyptian authorities.

³⁵ While the negotiations have been completed, the EU-Egypt Partnership Priorities have not yet been formally adopted.

³⁶ COM(2016) 385 final of 7 June 2016.

³⁷ JOIN(2016) 47 final of 29 September 2016.

root causes of irregular migration to developing and implementing a comprehensive and effective national migration and asylum policy. This would include practical cooperation on return, legal migration opportunities and supporting Tunisia's capacity to prevent irregular migration. A EUR 23 million security sector reform project provides capacity building support in the area of border management. The imminent deployment of a European Migration Liaison Officer to the EU Delegation to Tunisia will act as a permanent support to step up cooperation.

In October 2016, Tunisia and the EU also held a first round of negotiations on visa facilitation and readmission agreements. The swift conclusion of these negotiations would make Tunisia the first country in the EU's Southern neighbourhood to benefit from an effective and ambitious visa facilitation agreement. The readmission agreement would put the migration relationship on a sound footing and should serve as a deterrent for potential transit migrants. Improved practical cooperation on readmission could already include faster identification of migrants and more efficient issuing of necessary travel documents.

The EU-Algeria Partnership Priorities³⁸ will include a closer cooperation on migration and mobility-related issues, while discussions are ongoing with the Algerian authorities for a first project to be funded by the EU Trust Fund for Africa³⁹. Developing this cooperation would be able to take account of Algeria's position as both a country of origin and of transit.

Key actions:

Deepen dialogue and operational cooperation on migration flows management with Egypt, Tunisia and Algeria;

Enhance practical cooperation with the European Border and Coast Guard Agency, including on returns.

7. MOBILISING FUNDING FOR NORTH AFRICA

While the main issue in addressing the migration flows in the Central Mediterranean route is not primarily lack of finances but rather to find a partners on the ground to implement the actions, a number of actions proposed in this

³⁸ While the negotiations have been completed, the EU-Algeria Partnership Priorities have not yet been formally adopted.

³⁹ This project includes support to a statistical survey on migration, to the implementation of the National Strategy for Preventing and Combating Trafficking in Human Beings and to migrants' health (fighting HIV prevalence and tuberculosis).

Joint Communication, such as training and equipping the Libyan Coast Guard, improving the conditions of centres for migrants, stepping up assisted voluntary returns or cross border and regional cooperation, will require funding.

Some of these actions can be funded within the wide range of projects already under way: over EUR 50⁴⁰ million has already been set aside for Libya for migration-related projects. Further funding will be made available from a variety of sources. The EU Trust Fund for Africa, through its North Africa window, is the principal and dedicated instrument for that, with a strong focus on the Central Mediterranean route. An envelope of EUR 200 million will be made available for the North Africa window of this Fund in 2017. Priority will be given to migration-related projects concerning Libya.

The Commission will re-examine further funding needs at a later stage in 2017, in the light of progress made in the implementation of actions identified in this Joint Communication and their results on the ground and in view of additional action in 2018. The EU Trust Fund for Africa is designed to allow for funding not only from the EU budget, but also from Member States' contributions. National financial contributions amount to EUR 152 million for the Trust Fund. Member States have also provided substantial support, notably through deploying assets such as vessels, and through bilateral programmes. Member States are invited to match the EU contribution to the North Africa window, to expand the scale of the interventions and maximise impact on the ground.

The EU Trust Fund for Africa is proving an effective channel to deliver swiftly. The Commission can already conclude that it will continue to be a valuable tool for the actions under this Joint Communication.

Key actions:

Mobilise EUR 200 million for the North Africa window of the EU Trust Fund for Africa for projects in 2017, with a priority focus on migration-related projects concerning Libya.

Member States to match the EU contribution to the North Africa window of the EU Trust Fund for Africa.

⁴⁰ This figure includes EUR 30.5 million worth of migration projects in Libya funded under the European Neighbourhood Instrument, the Instrument contributing to Stability and Peace and the Regional Development Protection Programmes, and EUR 20 million funded under the EU Trust Fund for Africa.

8. CONCLUSION

It is clear that as of spring 2017, if no further action is taken, uncontrolled irregular migration flows along the Central Mediterranean route will continue at the very high level recorded in 2016. As the vast majority of migrants attempt to cross the Mediterranean from Libyan shores, the EU Member States, notably those most affected by the flow, Italy and Malta, are working closely with the Libyan authorities to control these flows and save lives at sea. These efforts deserve to be fully supported by the European Union as a whole. Over the past two years, in line with the European Agenda on Migration, the EU has put in place a range of actions, policies and funding to help manage the refugee and migration crisis effectively, including along the Central Mediterranean route, in all aspects and in a spirit of solidarity.

The present Joint Communication builds on that work and sets out a further set of comprehensive operational actions to be taken rapidly by all actors to help save lives, fight smuggling, improve the conditions of migrants and refugees in the countries of transit in North Africa, encourage return to countries of origin and ultimately stem the flows. They focus on all the key stages along the Central Mediterranean route and take into account the wider regional context. While there is no silver bullet, taken together these actions could have a true impact and contribute to breaking the business model of smugglers and curtailing dangerous journeys across the Mediterranean. The success of these actions will require close cooperation by the relevant partners in North Africa and concerted efforts and commitments by the Member States, the EU institutions, as well as cooperation with international organisations like UNHCR and IOM. Some of the proposed actions can only be implemented to the full scale once the situation on the ground makes this possible. The actions proposed complement actions already taken under the European Agenda on Migration, such as the new Migration Partnership Framework with third countries and ongoing work to reinforce internal EU policies, such as the Common European Asylum System and joint actions on returns. On the basis of the foregoing, the Commission recommends that the Heads of State or Government meeting in Valletta on 3 February endorse the operational actions outlined in this Joint Communication and set out in Annex 1.

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