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Asian Issues

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ПРЕДГОВОР

Часопис „Азијске свеске“, чија је четврта свеска пред вама, резултат је заједничких хтења и ентузијазма истраживача окупљених у Институту за азијске студије, чији је циљ да регион Азије, све важнији и снажнији у глобалним размерама, приближи нашој академској и широј јавности.

Програмско опредељење Уредништва темељи се на изучавању Азије са циљем бољег разумевања богатства њених облика политичког и економског уређења, различитих културних, етничких, верских идентитета народа који је насељавају, као и бројних механизма којима су државе и друштва Азије међусобно повезани у разноврсне облике сарадње - од трговинске, еколошке, културне, политичке и бројних других, све до безбедоносне. Економски успон неких од највећих азијских држава, њихова све интензивнија сарадња, снагом своје појединачне и удружене величине, али и културног и политичког утицаја, мењају регионалне, али и глобалне институције, процесе, односе и начине и тиме утичу и на животе сваког од нас.

Наш поглед на Азију је поглед „изнутра“, јер настојимо да Азију проучавамо, разумемо, прихватимо и представимо заинтересованима мерећи њена достигнућа, њену стварност и потенцијале азијским мерилима, полазећи од тамошње културе, традиције, интереса и потреба локалних заједница верујући да је то најбољи начин за разумевање овог, по многим параметрима, најдинамичнијег светског региона.

PREFACE

Journal "Asian Issues", which fourth issue is in front of you, is the product of common aspiration and eagerness of researchers gathered in the Institute for Asian Studies, whose aim is to get Asia – that is more and more important and strong globally – closer to our academic and general public.

Editorial board's program orientation is based on studying of Asia that could lead to better understanding of the plenty of its models of political and economic organization, different cultures, ethnic, religious and other identities of its peoples, as well of numerous mechanisms that connect Asian states and societies through different frameworks of co-operation – in trade, environmental protection, culture, political and others, including security. Economic rise of some of the biggest Asian states, their ever more intense mutual cooperation, by strength of their separate and combined size, but also by their cultural and political influence - change regional, and global institutions, processes, relations and manners, and by doing that they influence our lives.

Our view on Asia is view "within" as we try to study, understand, accept and present Asia to the interested parties by measuring its achievements, reality and potentials by Asian merits, with having starting point in Asian culture, tradition, interests and need of the region's communities, as we believe that is the proper way to understand this, by many parameters, the most dynamic world region.

Sun Jisheng*

Understanding the Belt and Road Initiative from the Perspective of Globalization**

Abstract

In 2013, Chinese President Xi Jinping proposed to build an “economic belt along the Silk Road” and “a 21 century Maritime Silk Road”, which are the major components of Belt and Road (B&R) Initiative, aiming to promote joint development, common prosperity and cooperation between China and the rest of the world. This paper holds that besides infrastructure construction, huge investment, production capacity cooperation, connectivity, etc., faced with the uncertainty in 2016, especially under the background of deglobalization, B&R is serving as a new framework and platform for China to continue to promote globalization in the Chinese way, which is strongly influenced by China’s cultural tradition and China’s certainty in terms of its strategy, foreign and domestic policy. What B&R initiates not only matches the main theme of globalization, but also adds new ideas to globalization, such as equality, inclusiveness, openness, and mutual benefit. The success of this process requires the joint efforts of all world actors, and not just China.

Key words: Belt and Road Initiative, Chinese Foreign Policy, Chinese IR Theory, China-initiated Globalization

On September 7, 2013, when Chinese President Xi Jinping visited Kazakhstan, in his speech “Promote Friendship Between Our People and Work Together to Build a Bright Future” made at Nazarbayev University, he proposed that “to forge closer economic ties, deepen cooperation and expand development space in the Eurasian region, we should take an innovative approach and jointly build an ‘economic belt along the Silk Road’. This will be a great undertaking benefitting the people of all countries along the route”.¹ Then on the same year, when he visited ASEAN, in his speech “To join hands to build China-ASEAN Community” at the Indonesian Congress on October 3, 2013, he proposed to build a 21 century Maritime Silk Road.² These two proposals became the major components of One Belt One Road (OBOR) Initiative, later changed to the Belt and Road (B&R) Initiative. Since then, the B&R, which aims to promote joint development, common prosperity and cooperation between China and the rest of the world, has become the most important initiative for China. Within the past five years, China has been taking concrete and active steps to bring this undertaking to fruition. From the view of the Chinese government, the B&R is a major part of China’s foreign policy as a major country of the world. Most of the

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1 Jinping Xi, “Promote Friendship between Our People and Work Together to Build a Bright Future”, 2013, Available at: http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjyh_665391/t11078088.shtml, (accessed on 04/04/2017).

2 Jinping Xi, “Hand in Hand to Build China-ASEAN Community”, 2013, Available at: http://www.fmprc.gov.cn/web/zili-ao_674904/zjyh_674906/t11084354.shtml, (accessed on 08/04/2017).

time when mentioning the B&R, people will talk about the huge amount of investment by the Chinese government, the building of ports, railroads, power plants, etc.,³ and the change of the geostrategic and geo-economic face of the region.⁴ It is most of time viewed from the perspective of China's strategy, foreign policy and bilateral relations with other countries. However, the B&R means more than that. This paper holds that besides infrastructure construction, huge investment, production capacity cooperation, connectivity, etc., faced with the uncertainty caused by a series of accidents and events since 2016, especially under the background of slowing down of globalization, and even the challenge of deglobalization and antiglobalization, the B&R is serving as a new framework and platform for China to continue to promote globalization in the Chinese way, which is strongly influenced by China's cultural tradition and China's past diplomatic experience and practice. What the B&R initiates not only matches the main theme of globalization, but also adds new ideas and content to globalization, such as equality, inclusiveness, openness. The B&R promotes not only the development of economy, but also the exchanges between different cultures and ideas. During this process, it needs the joint efforts of all the world actors, not only that of China.

1. The Uncertainty of the World since 2016

The world since 2016 has witnessed tremendous and dramatic changes, which mostly point to one word: uncertainty, which makes the world fall into a kind of disorder. The uncertainty is mainly caused by the volatility and turbulence of the world.⁵

The uncertainty of the world is first caused by the series of changes of domestic politics in a number of countries and their spillover effects on world politics since 2016, which made the world very volatile. For instance, 2016 is considered a year of Black Swans. In 2016 Brexit has become a fact beyond the expectation of many, which poses more challenges to the future of EU and regional integration not only in the material sense, but also in the ideational sense. People began to question and worry about the future of EU. Donald Trump won the US presidential election. "American First" and his view and policy on immigration, world trade, climate change, etc. undoubtedly is influencing the scenario of world politics. His following actions such as withdrawing from Paris Agreement, TPP and others give people the feeling that the US is changing its value and world view. Although he has taken office for over twenty months, people still choose the word "unpredictable" to describe him. Also in 2016, Korean President Park Geun-hye was impeached, making the already tense peninsular relations more fragile. With the deployment of THAAD in ROK and the sixth nuclear test of DPRK, the situation on the Korean Peninsula and East Asia has aroused the serious concern of the whole international community. In Philippines, Rodrigo Duterte won the presidential election, who has become the most disputable president in Philippines. Italian

3 Pepe Escobar, "Silk Roads, Night Trains, and the Third Industrial Revolution in China", *New Perspectives Quarterly*, vol. 33, no. 1, 2016, p. 26; Marc Grossman, "China and the US: Two Visions, One Collaboration?", 2016, Available at: <http://yaleglobal.yale.edu/content/china-and-us-two-visions-one-collaboration>, (accessed on 15/06/2017); Ruby Tsao, "One Belt and One Road: A Historical Perspective", *Chinese American Forum*, vol. 31, no. 1, 2015, p. 11.

4 Marc Grossman, *China and the US: Two Visions, One Collaboration?*, op.cit.

5 Yi Wang, *Speech by Foreign Minister Wang Yi at the Opening of the Symposium on International Developments and China's Diplomacy in 2016*, 2016, Available at: http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zyjh_665391/t1421722.shtml, (accessed on 04/04/2017).

President Matteo Renzi announced to resign at the end of 2016, which is considered the failure of the reform in Italy. The fierce competition between Marine Le Pen and Emmanuel Macron is not only the competition of presidency, but also the division between different ideology, Europeanism against nationalism, liberalism against protectionism, and reformist against populist.

The second factor causing uncertainty is the keep rising turbulence all over the world. The risk of terrorism has been rising. For instance, during the first three months of 2016, over 2, 200 people have died due to terrorist attacks all over the world. Besides the traditional Al Qaeda, the Islamic State has remained a major force, although the international community has joined hands to fight against the Islamic State since 2014. The terrorist attack in Brussels on March 3, 2016 has killed more than 30 people. At Nice, France, at least 84 people have been killed, causing panic all over Europe. In Iraq, on the single day of February 8, 2016, over 300 policemen and military personnel have been killed in the attack by ISIS and during the first three months of 2016, there were 34 terrorist attacks in Iraq alone.⁶ Not only Middle East and Africa have become the major victims of terrorist attacks, but also Europe, spiritually even the whole world. The terrorist attacks in Manchester, London, Turku (Finland), and Barcelona since May 2017 shows that Europe has become the main target of terrorist attacks and is faced with unprecedented challenge in this respect. With the gradual loss of the control areas of ISIS in Iraq and Syria, more extremists might spillover or go back to Europe, which might exacerbate the security situation of Europe. Besides terrorist attacks, another main factor is the immigration crisis in Europe. From 2016, immigrants became a major security concern for Europe. Since 2015, refugees from the Middle East and Northern Africa, mainly Libya and Syria tortured by wars and attacks began to flush to Europe, which has gradually exceeded the capacity of many European countries. It has become the headache not only for Greece and Italy, but also many other European countries, which has become a heavy burden for them. In quite a few countries, protest against refugees broke out and people in Europe began to emphasize border again, which is also a major challenge to EU integration. Therefore, refugees have brought not only economic pressure, but also social problems, challenged by the division between protectionism and inclusiveness, a threat to the long-lasting mainstream value of Europe. Slovenian philosopher Žižek warned in his *Against the Double Blackmail: refugees, terror and other troubles with the neighbors*: if the situation regarding refugees in Europe continues, in five years, Europe will not be Europe any longer.⁷

Besides, uncertainty is also caused by the ideological change. Since the 2008 world financial crisis, people's attitude towards globalization began to change and some policies especially those regarding trade have become more conservative and the tendency of de-globalization began to rise. Countries began to think about whatever ways to protect their own interest. Global trade began to decline, Doha round Negotiation meeting tremendous difficulties. According to the World Trade Organization, between 1990 and 2007, the average growth rate of global trade has increased by 6.9%, while since 2008, it has de-

6 Yuanxi Jia, "American Media: 2016 Can Be Called A Year of Terror, Only 9 Days Without Serious Attacks", 2016, Available at: <http://www.cankaoxiaoxi.com/world/20160323/1108071.shtml>, (accessed on 04/05/2017).

7 Chunyan Xing, "Refugee Crisis Continue to Deteriorate: Europe Will Not Be Europe Within Five Years", 2016, Available at: <http://cul.qq.com/a/20160501/011244.html>, (accessed on 04/05/2017).

creased by around 3%.⁸ People began to use different kinds of trade barriers and protectionism began to rise, making it more difficult to increase trade and investment globally. The world is moving towards a fragmented one and TPP, TTIP, RCEP, etc. are typical examples for the emerging fragmentation of the world today. Deglobalization and antiglobalization are used more frequently in 2017. Besides, since 2016 quite a few countries have experienced the rise of populism. It is generally held that the election of Donald Trump, Brexit, and a few similar cases in Europe has shown the influence of the rise of populism on politics, both domestically and internationally.

Due to the above increasing turbulence, volatility, and ideological changes, people began to question more about the international order and global governance. Deglobalization, antiglobalization, fragmentation, renationalization, disorder, the collapse of the world order, governance failure, etc. have become the frequently used language to describe the world since 2016, which strengthens the sense of uncertainty for the world today.

2. The Certainty of China's Foreign Policy and the Emphasis on the B&R

Compared with the uncertainty caused by the turbulence, volatility and instability of the world since 2016, China has remained quite certain in its foreign strategy, domestic and foreign policy. Externally, it can all be reflected through China's distinctive diplomatic approach befitting China's role as a major country (Zhong Guo Te Se Da Guo Wai Jiao) in terms of both theory and practice.

China's certainty first comes from China's change per se and the change of its relations with the world, more from a dependent variable into an independent variable. Objectively, China has become a major actor and a major force on the international arena, becoming the second largest world economy in 2010 and the largest trading partner for over 130 countries with the largest foreign reserve. During the past five years, China's contribution to the world economic growth reached around 30%. Meanwhile, the gap between China and the US has become smaller: in 2012, China's total GDP is 52.5% of that of the US, while in 2017, this figure rises to 63.1%. In 2017, about 130 million people traveled abroad, each person spending almost 900 US dollars. China objectively has become a major country of the world, which means on the one hand, China's change is influencing the world, economically, politically and even socially; on the other hand, with the increasing power and influence, China's sensitivity and vulnerability to the change of the world has become lower, which makes China comparatively have more space and condition to implement its own ideas and policies, maintaining the certainty in its own way.

China's certainty also comes from China's subjective change of attitude towards itself, its position and its sense of responsibility towards the world. Viewing China's relationship with the world during the past over seven decades, we can see that before the 1970s, China has been very resistant to the international system, and for a long time isolated itself from the international community, completely an outsider. After China's reform and opening up

⁸ Monan. Zhang, "Structural Problems Behind the Stagnation of World Trade", *Caixin*, 2016, Available at: <http://opinion.caixin.com/2016-08-01/100972925.html>, (accessed on 04/05/2017).

since 1978, great efforts have been made by China to integrate itself into the world system, and after rounds of negotiations China finally entered into WTO in 2001. However, during that period, China had to follow the others and learn to become a member of the international community, being a passive learner and follower most of the time. Ten years after China's entry into WTO has initiated a phase of China's unbelievable growth exceeding the expectation from both itself and the rest of the world. China also benefited hugely from being part of the international economy and globalization. During that period, the well-known "Keeping a Low Profile"(Tao Guang Yang Hui) has been the guiding principle for China's foreign policy.⁹ China didn't think much about reforming or changing the current international system, generally resisting attempts by the United States or other countries to encourage it to play a more positive role in international affairs.¹⁰ However, since the world financial crisis in 2008, China began to play a more important role caused by the expectation from the other countries and its increasing influence on the global economic stage, being pushed to the center of the world at a much faster pace that it had expected. In particular, with the creation of G20, with China's more contribution to the world economy, China began to hold more active attitudes towards its role in the world and realized the need to use Chinese ideas and Chinese measures in world affairs. After the 2008 G20 summit, China spent 4 trillion RMB trying to stimulate and bail out the economy. In the 2009 G20 summit, the quota of the developing countries and new emerging economies in IMF was increased 5%, improving the influence of the developing countries institutionally. Since 2012 after the 18th National Congress of the Communist Party of China (CPC), China became more active on the world stage, and began to regard itself as a major country of the world. Besides "keeping a low profile", "being more active" (Fen Fa You Wei) was also added to its foreign policy. China has become more certain about and confident in itself, and on the 95th Anniversary of the Founding of CPC, Xi Jinping proposed Four Confidence, namely development path confidence, theory confidence, institution confidence and culture confidence. China has formed its own distinctive diplomatic approach befitting China's role as a major country and has put forward its own diplomatic ideas, policies and measures.

Besides, China also made it clear that it would shoulder more responsibility for the world and humankind, with more active stance and stronger sense of responsibility, trying to make more contribution to the world with Chinese wisdom, Chinese ideas and Chinese solution. For instance, attaching great importance to global governance, in 2016 and 2015, the Political Bureau of the CPC Central Committee has had two group study sessions on global governance, during which China has expressed clearly that it will actively participate in global governance and promote the reform of the global governance system into one of more justice and equity. During the 2016 G20 Summit, China has made great efforts to change G20 from a crisis managing mechanism to a long-term governance one, which is an important part for China to promote the reform of the global governance system.

Theoretically, China has formed the basic framework of its own diplomatic theory. Over the past years, in terms of theory, it has to be acknowledged that IR theory is mainly dominated

9 The well-known guiding principle for China's foreign policy by Deng Xiaoping is "coldly observe, secure our position, cope calmly, conceal our capabilities and bide our time, keep a low profile, never take the lead and make a contribution".

10 Peter Ferdinand, "Westward ho—the China Dream and 'One Belt, One Road': Chinese Foreign Policy Under Xi Jinping", *International Affairs*, vol.92, no.4, 2016, p. 941.

by American and European theories. In some sense, we can say that non-western theory is rather weak and even “there is no non-western IR theory”.¹¹ Western IR theories are based on western experiences and ideas; however, internationally they are often used to explain China’s diplomatic behavior and even to predict China’s future. For instance, John Mearsheimer’s theory regarding structural conflict between a hegemon and a rising power is often used to predict that the war between China and the US is inevitable. However, from the side of China, besides the structural conflict, intention, past experiences and diplomatic tradition also influence the choice of foreign policy. In recent years, China began to pay more attention to develop its own IR theory¹² based on China’s experience and cultural tradition, which can be a supplement to the western one. Xi has proposed a series of new concepts regarding foreign policy so as to establish new type international relations. In 2016, according to the Chinese Foreign Ministry, China has formed the basic framework of China’s diplomatic theories,¹³ according to which the aim of China’s foreign policy is to realize the rejuvenation of the Chinese nation and the building a community of a shared future for humankind. The basic approach is peaceful development and the core principle is win-win cooperation. The main method is to develop partnership, and the main value is to stick to a right approach upholding justice and pursuing one’s own interest with emphasis on the former.¹⁴ The development of this theory is based on China’s tradition and culture, China’s diplomatic experiences and practice since the founding of the People’s Republic of China, and China’s current position in the world.

Besides the establishment of diplomatic theory, in terms of practice, China also put forward a series of new ideas, initiatives and measures such as “new type major country relations” for big powers; “establishment of partnerships” for developing countries, etc. However, the most eye-catching one with the long-term influence is the B&R initiative, which potentially involves over 4 billion people. Its markets account for about one-third of the global GDP, and about 60% of oil resources and 80% of the gas are reserved in the region. During the past over five years, B&R has become the most important initiative for China’s external action. Forty billion USD Silk Road fund and the Asian Infrastructure Investment Bank are both expected to provide the fund. In 2017, China’s investment towards the B&R countries has reached 14.3 billion USD, accounting for 12% of the total.

From the leadership of the country, local government to the academia and media, great importance has been attached to the B&R. All these efforts have strengthened China’s certainty regarding the B&R.

First, Chinese President Xi Jinping has repeatedly emphasized the importance of B&R and B&R has become one of the most important discourses in his speeches and remarks. The national leader’s determination is the deciding factor and the most important pushing force for

11 Amitav Acharya, Barry Buzan, “Why There Is No Non-Western IR Theory? An Introduction”, *International Relations of the Asia-Pacific*, vol. 7, no.3, 2007, pp. 287-312.

12 Yaqing Qin, “Development of International Relations Theory in China”, *International Studies*, vol. 46, no.1-2, 2010, pp. 185-201.

13 Party Committee of Ministry of Foreign Affairs of China, *Diplomatic Theory and Practice Befitting China’s Role as a Major Country since the 18th Congress of CPC*, 2016, Available at: <http://theory.people.com.cn/n1/2016/0317/c40531-28207116.html>, (accessed on 04/05/2017).

14 Party Committee of Ministry of Foreign Affairs of China, *Diplomatic Theory and Practice Befitting China’s Role as a Major Country since the 18th Congress of CPC*, op.cit.

the implementation of the B&R. During the state visits to other countries and important events such as the 2016 G20 Hangzhou Summit, the 2014 APEC Summit in Beijing, he repeatedly emphasized the B&R, which reflected his strong will to implement the B&R well. Every time when he paid state visit to other countries, he would publish an article in the local newspaper focusing on China's relations with the countries and China's effort both domestically and international, welcoming the other countries to participate in the B&R construction, representing it as a global opportunity and one of global benefit for all. The B&R is also the unique public goods that China offers to the world. As Xi Jinping said,

"China's development has benefited from the international community, and we are ready to provide more public goods to the international community. I have proposed the initiative of building the Silk Road Economic Belt and the 21st Century Maritime Silk Road to share China's development opportunities with countries along the Belt and Road and achieve common prosperity."¹⁵

Regarding the influence and result of the B&R, he emphasized that more than 40 countries and international organizations have signed cooperation agreements with China, forming a growing circle of friends, and although this initiative originated in China, it actually has delivered benefit to the whole world, spurring economic development and creating new jobs.¹⁶

Second, the B&R has become the important work related with China's development for the central government. Since the it was proposed, the B&R has been given more and more weight in the annual government work report. In the 2014 Report, the B&R construction was listed as one of the major tasks for 2014, particularly the building of the Bangladesh-China-India-Myanmar Economic Corridor and the China-Pakistan Economic Corridor. These projects are expected to speed up infrastructure connectivity with neighbors and enhance international economic and technologic cooperation accordingly.¹⁷

Besides, it was also regarded as one important part of China's further opening up and development. As Premier Li Keqiang emphasized in his work report of 2015 that China would carry out a new round of high-quality opening up, and through the B&R Initiative, China could strengthen infrastructure connectivity with China's neighbors, simplify customs clearance procedures, and build international logistics gateways. China's interior and border areas would be more open to the outside world, promoting the innovation-driven development of economic and technological development zones, and upgrade both border and cross-border economic cooperation areas.¹⁸

In the 2016 Report, the B&R construction was elevated to an even more international height

¹⁵ Jinping Xi, "A New Starting Point for China's Development A New Blueprint for Global Growth", 2016, Available at: http://www.fmprc.gov.cn/mfa_eng/wjdt_665385/zjh_665391/t1396112.shtml, (accessed on 12/04/2017).

¹⁶ Jinping Xi, "Jointly Shoulder Responsibility of Our Times, Promote Global Growth", 2017, Available at: http://www.fmprc.gov.cn/web/ziliao_674904/zjh_674906/t1431319.shtml, (accessed on 12/04/2017).

¹⁷ Keqiang Li, *Report on the Work of the Government Delivered at the Second Session of the Twelfth National People's Congress on March 5, 2014, 2014*, Available at: <http://www.24en.com/e/DoPrint?classid=641&id=165409>, (accessed on 12/04/2017).

¹⁸ Keqiang Li, *Report on the Work of the Government of 2015, 2015*, Available at: <http://yjby.com/gong zuobaogao/759335.html>, (accessed on 12/04/2017).

and the areas of cooperation are expected to be wider. Concrete measures have also been listed, such as promoting domestic regional development, and opening up and international economic cooperation in a coordinated way, working with other countries and regions to build overland economic corridors and maritime cooperation hubs, and promoting connectivity, economic and trade cooperation, and cultural exchange. Other measures also include developing cooperative mechanisms for achieving compatibility in customs clearance procedure, building international logistics networks, and promoting the development of border economic cooperation zones, cross-border economic cooperation zones, and overseas economic and trade cooperation zones.¹⁹

As the guideline for China's major plan and work for the next five years from 2016 to 2020, China's 13th Five-year Plan also listed the B&R as one of the Chapters (Chapter 51) among 80 chapters. This chapter includes three sections, which are about the better improvement of the B&R cooperation mechanism, the connectivity of the economic corridors and the establishment of the new chapter for open and inclusive people to people exchanges.

Besides the discursive emphasis, at the administration level, on February 2015, a special leading group on the implementation of the B&R was established by the central government with Vice Premier Zhang Gaoli as the chair, Wang Huning, Wang Yang, Yang Jing and Yang Jiechi as deputy chairs. They all hold important positions in the government and are respectively in charge of infrastructure construction, investment, foreign assistance, people to people exchanges, foreign affairs, and coordination among different ministries, which is considered to be able to better lead and coordinate the implementation of the B&R initiative. Then on March 28, the National Development and Reform Commission, Ministry of Foreign Affairs, and Ministry of Commerce jointly issued "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road",²⁰ which means that the government has moved from the B&R designing and planning period to the real implementation period and the B&R initiative has switched to the operation phase. In March 2016, President Xi Jinping attended the meeting on the promotion of the implementation of the B&R hosted by Zhang Gaoli, calling on the steady realization of the B&R. In May 2017, the B&R Summit was held in Beijing, which with the BRICS Summit held in Xiamen are regarded as the two most important diplomatic events hosted by China in 2017. Twenty-nine national leaders and representatives from over 130 countries and organizations attended the forum. The theme of the B&R, openness and inclusiveness, and win-win cooperation was reemphasized, which injected new vitality for the world economy and increased people's confidence in economic globalization. The forum was viewed as "a global dialogical structure for co-development and co-security, indicative of and facilitates the formation of a new global culture—a world community of a shared future".²¹ Following the central government, many provinces also attach great importance to the B&R and put the B&R high

19 Keqiang Li, *Report on the Work of the Government Delivered at the Fourth Session of the 12th National People's Congress of the People's Republic of China*, 2016, Available at: <http://www.24en.com/e/DoPrint?classid=641&id=165409>, (accessed on 12/04/2017).

20 NDRC, FMPRC and MOFCOM, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, 2015, Available at: <http://www.fmprc.gov.cn/ce/cevn/chn/sghkt/11251121.html>, (accessed on 12/04/2017).

21 Wenshan Jia, "China Defines New Globalization with Its Characteristics", *China Daily*, 2017, Available at: http://www.chinadaily.com.cn/opinion/2017-06/08/content_29667183.html, (accessed on 16/06/2017).

on their working agenda and try to make use of their own geographical advantages and local resources, taking the B&R as a great development opportunity. According to “Vision and Actions”, different provinces are endowed with different functions for the B&R initiative. For instance, Fu Jian province is regarded as the core area of the “21st Century Maritime Silk Road”, and Guang Xi province is defined as the important door for the connection of the Maritime Silk Road and Silk Road Economic Belt.

In addition to the determination and action of the government, the B&R has become the most popular words in China and has aroused tremendous research interest and report interest from scholars, think tanks and media. On April 8, 2015, the B&R Think Tanks Cooperation Association was established, with the International Department, Central Committee of CPC taking the lead, the State Department Research Center, Chinese Academy of Social Sciences, and Fu Dan University as the main participants. Over 60 think tanks working on the B&R join the Association. If searched at Baidu, the most frequently used searching engine in China, under One Belt and One Road, 54,400,000 came out (as of April 4, 2017). If searched under One Belt and One Road conference, there were 20,800,000 results. Academically, if we search the B&R under the paper or article title category in CNKI, the largest academic database in China, as of April 5, 19,982 results came out. If searched by key words, 2,875 results came out. Many books have been published. If searched One Belt and One Road at Amazon, 591 books are listed, whose content covers almost all the aspects about the B&R ranging from basic information, economic cooperation to risk assessment, from finance to language, culture and civilization. People have shown different perception, understanding and suggestions in their papers, articles, reports, and books.

From the above, it can be seen that China has been quite certain in terms of its foreign policy and diplomatic practice. It is also quite predictable that in the years to come, the B&R will continue to be an important platform for China’s to implement its ideas, policies and measures regarding foreign policy and international cooperation. From what the B&R has initiated, we can see that it is not simply about the cooperation between China and the other countries and organizations; but also serves as a mechanism for China to promote globalization.

3. The B&R and the Chinese Way to Push Globalization

Although the B&R is an initiative proposed by China, faced with the changing landscape of globalization, the B&R can push the new round of globalization with China’s ideas and experience. On the one hand, China has repeatedly emphasized its determination to support globalization; on the other hand, what the B&R initiates not only matches the traditional main theme of globalization, but also adds new content for the new round of globalization in terms of equality, openness, inclusiveness and development.

Globalization now does come across problems, which can be reflected from the changes over the past years. The current round of globalization is mainly led by western developed countries and the international order formed after the World War Two mainly follows the ideology of economic liberalism. However, in recent years, the problems have become

increasingly prominent. For instance, inside the developed countries such as the United States, globalization hasn't produced benefit for everyone equally, making some classes marginalized, and the gap between elite class and grassroots has become much wider. Such division also led to the rise of populism in quite a few countries. Internationally, globalization has not benefited all the countries, making some countries marginalized as well. Therefore, it is considered by many that globalization is only partially globalized. With the emergence of the developing countries led by China, India, etc., the advantages of developed countries have become relatively smaller. Globalization is not the synonym of Americanization any longer. Developed countries such as the United States, UK and some other European countries have met more domestic problems, such as the further division between elites and grassroots. These countries are witnessing the change of political tradition, which is the main reason for the occurrence of Black Swans in 2016. The current round of globalization also came across many economic problems, with sluggish economy, financial risk and social turmoil. These domestic problems also influence people's attitudes towards globalization. The world began to be challenged by fragmentation, the loss of the international order and social division, which also makes globalization enter into a critical turning period. Although these difficulties don't necessarily mean that globalization will disappear or go backward, new ideas and measures have to be added so as to inject new vitality and vigor to renew globalization.

China has been quite assured about and repeatedly emphasized its determination to promote globalization, repeatedly saying that it has benefited a lot from the current international system and globalization. China has made and is willing to continue to make its own contribution to the international community. Faced with the trend of deglobalization, China is quite determined and committed to promoting globalization in its own way. President Xi Jinping, in his keynote speech "Jointly Shoulder Responsibility of Our Times, Promote Global Growth" at the 2017 World Economic Forum in Davos, describes globalization as a natural outcome of scientific and technological progress, not something created by any individuals or any countries. It has not only stimulated global growth, but also facilitated movement of goods and capital, and advances in science, technology and civilization, and interactions among peoples.²²

Actually, globalization has played a very positive role for the progress of the world within the past decades. According to a study by the McKinsey Global Institute, countries with more connections to global flows of trade, finance, people, and data grow up to 40 percent more than less connected countries.²³ President Xi also emphasized the influence of globalization for the world. In his speech at the UN Headquarter in Geneva on January 17, 2017, he emphasized that economic globalization is the great historical trend and the facts in the past have proved that the grand direction of economic globalization is correct.²⁴ Besides, it has also played an important role for poverty alleviation and will also exert

22 Jinping Xi, "Jointly Shoulder Responsibility of Our Times, Promote Global Growth", 2017, Available at: http://www.fmprc.gov.cn/web/ziliao_674904/zyjh_674906/t1431319.shtml, (accessed on 12/04/2017).

23 Brian Wang, "China's \$4 trillion One Belt, One Road Will Span 65 Countries with 70% of the World's Population", *Chinese American Forum*, vol.32, no.3, 2017, p. 24.

24 Jinping Xi, *Speech by President Xi Jinping at the UN Headquarter in Geneva*, 2017, Available at: http://www.fm prc.gov.cn/web/ziliao_674904/zyjh_674906/t1431760.shtml (accessed on 08/04/2017).

long term influence in this regard. According to Xi,

“With the help of globalization and initiated by the United Nations, the international community has set and implemented the Millennium Goal and 2030 Sustainable Development Agenda and helped to lift 1.1 billion people out of poverty, 1.9 billion people had got the access to safe drinking water, 3.5 billion people can access to the Internet. The world will eliminate poverty completely in 2030.”²⁵

His words reflected China’s clear attitudes towards globalization and China’s determination to promote globalization.

The B&R as a special practice will help to promote the new round of globalization in the Chinese way. China, with a history of several thousand years, is a country who has its own accumulated culture and tradition, which as a kind of background influences people’s way of thinking and behavior and shapes the values as well. They also influence a country’s foreign policy in terms of its goal, its style and approach. For instance, for the US foreign policy, democracy and freedom are the core value, which are influenced by its “sense of mission” and “God’s chosen people”. China, influenced by its traditional value of harmony, benevolence and peace, always stresses seeking common ground while reserving differences, and emphasizing harmony without uniformity and inclusiveness. Accordingly, China always attaches great importance to an independent foreign policy of peace and doesn’t seek to impose its will upon other countries. With all these Chinese characteristics, initiatives put forward by China very naturally will reflect Chinese style and Chinese idea. Chiglobalization was coined to describe the China-initiated globalization, which “refers to a process of China-led global search for and a global enlightenment by an alternative mode of life for humanity on the basis of, but above and beyond, the Eurocentric model, or the Anglo/American-centric model, for that matter.”²⁶ The B&R as the most important initiative put forward by China with China’s determination to support globalization, will promote the new round of globalization in terms of equality, openness, inclusiveness and development promotion.

Regarding equality, the very basic element of globalization is to promote the flow of goods, information and capital around the globe and the whole world is viewed as one entity. However, one of the major problems of the current round of globalization is its partiality: not every country can join equally, and the benefit is also not shared equally, which led to the division within the country and among different countries. According to the B&R initiative, the first step is to increase “connectivity” in the five major areas, namely policy, infrastructure, trade, finance and people. All countries, although with different needs, are equal no matter whether rich or poor, strong or weak. As described in the 2015 “Vision and Action”, “Silk Road Spirit” is described as “historic and cultural heritage shared by all countries around the world”.²⁷ All countries can make contribution and get benefits from the platform equally. The first focus is the creation of shared transport links, which is expected to

25 Jinping Xi, *Speech by President Xi Jinping at the UN Headquarter in Geneva*, op.cit.

26 Wenshan Jia, “China Defines New Globalization with Its Characteristics”, *China Daily*, 2017, Available at: http://www.chinadaily.com.cn/opinion/2017-06/08/content_29667183.html, (accessed on 16/06/2017).

27 NDRC, FMPRC and MOFCOM, *Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road*, 2015, Available at: <http://www.fmprc.gov.cn/ce/cevn/chn/sght/t1251121.html>, (accessed on 12/04/2017).

strengthen connectivity and partially solve the problem of fragmentation. Connectivity not only promotes more Chinese exports to Europe, but also allows greater European exports to China. B&R serves more as a kind of important public goods and platform for countries to cooperate with the principle of extensive consultation, joint contribution and shared benefits. It encourages partner countries and others to combine comparative advantages, narrow development gaps, accelerate regional integration and achieve common development and prosperity.

The second feature is its openness. Originally, when the B&R was first proposed, it is often heard that “countries along the B&R...” Although according to “Vision and Action”, five general routes are suggested, this doesn’t mean that there are fixed notions about routes and participating partners. The suggested pathways are more as broad organizing notions, around which a series of bilateral and multilateral cooperative activity with a variety of partners may be oriented. Any country who would like to join in is welcome. The B&R is an open mechanism, which offers more diplomatic space for China to consolidate established cooperative relations and open opportunities for forming new ones. For other countries who would like to join, it is also a good opportunity to launch new cooperation under the B&R framework. In this sense, it would lead to integration of Chinese-style or even Asian style, which puts more emphasis on connectivity and strategic synergy (Zhan Lue Dui Jie) between countries. Although most of the time when talking about the B&R, people will first think of the connectivity of the Eurasian continent, the B&R means more of Asia and Europe. During president Xi Jinping’s meeting with president Trump in 2017, Xi said that China also welcomes the United States to participate the cooperation under the framework of the B&R.

The third one is inclusiveness. Being inclusive and tolerant is a typical feature of the Chinese culture. Chinese culture always emphasizes harmony without uniformity, taking the existence of differences as a natural state. Different things put together can also form a harmonious whole. The current round of globalization is mainly led by western ideas and thoughts. The globalization of trade and finance also led to the globalization of western ideas and the direct result is the spread of western value and standards, producing an exclusive order and even “the clash of civilizations”. The rise of terrorism and ISIS are very typical examples. The B&R can be a good supplement in this aspect. Chinese culture always emphasizes peaceful coexistence, seeking common ground while shelving differences, which means countries with different social and political systems, different religions and different civilization can all join; different regional and international organizations can join as well. Regarding the way of cooperation under the framework of the B&R, there is also no fixed standard or rules. The way to cooperate can be very diverse, flexible and inclusive, taking the interests of all parties into consideration.

The fourth one is its development promotion. “Silk Road Spirit” is described as new way to promote world peace and development. No country has ever paid so much attention to development over the past four decades as China has done. Development has been the subject that China has been committed to in the past four decades. China with its efforts since reform and opening up has successfully lifted 700 million of people out of poverty and regarding development China can be a good example for other low-income countries

to learn from. The B&R can serve as a mechanism, by which other countries and regions may benefit from the gains of China's development through win-win cooperation. During the 2016 G20 Hang Zhou Summit, development has been for the first time put into the agenda of global governance, which is a unique way for China to improve global governance. According to the World Bank, about 19 countries along the B&R are middle-and-low income countries, whose total population is 2.4 billion, accounting for 82% of the total such population and the average percentage of its manufacturing industry is only 14.8%. If the B&R can help to promote the development of these countries and change them to middle income countries, the total development landscape of the world will change. This will be the achievement that the current round of globalization couldn't attain.

4. Conclusion

Faced with the uncertainty caused by volatility, turbulence, and ideological changes all over the world since 2016, China has been quite certain in terms of its strategy, approach and policy. Due to the change of its national power and international influence, China has changed more from a dependent variable into an independent viable, defining itself as a major country of the world. Theoretically, it has formed its own diplomatic theory and approach befitting China as a major country on the world stage based on its own tradition and culture, and diplomatic experiences since the founding of People's Republic of China. Regarding diplomatic practice, China also proposed its own ideas, initiatives and measures. The B&R has become the most important initiative during the over five years for the Chinese government. Under the backdrop of deglobalization of the world, especially since 2016 after the occurrence of a series of black swans, the B&R can serve as an effective platform and mechanism to promote the new round of globalization in the Chinese way, with its emphasis on mutual consultation, joint effort and mutual benefit, an aim of engineering better global governance as well. Its call on equality, openness, inclusiveness and special emphasis on development will add more benign, equal and equitable, more open and pluralistic, more peaceful and harmonious elements than the current round of globalization. It will tackle some of the problems that the current round of globalization has led to. Meanwhile, it has to be kept in mind that although the B&R is of great vision and potential, it is not the solo of the Chinese. It also needs the joint response and effort of the countries involved to make it true. The whole process not only needs the vision but also the great wisdom and determination of all.

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Сун Ђишенг

Разумевање Иницијативе појас и пут из перспективе глобализације

Апстракт

Кинески председник Си Ђинпинг је 2013. године предложио изградњу „економског појаса“ дуж „Пула свиле“ и „Поморског пута свиле за 21. век“, као главних компоненти Иницијативе Појас и пут, са циљем промовисања заједничког развоја, просперитета и сарадње између Кине и остатка света. Овај рад истиче да поред изградње инфраструктуре, огромних инвестиција, сарадње у области производње, повезивања и сл., затим неизвесности током 2016. године, посебно у погледу деглобализације, Иницијатива Појас и пут служи као нови оквир и платформа Кине да настави са промоцијом глобализације на Кинески начин, који је под јаким утицајем кинске културе и традиције и сигурности Кине у погледу своје стратегије, спољне и унутрашње политике. Све оно што Иницијатива појас и пут доноси не само да одговара суштини глобализације, већ јој додаје и нове идеје, као што су једнакост, инклузивност, отвореност и узајамна корист. Успех овог процеса захтева заједничке напоре свих светских учесника, а не само Кине.

Кључне речи: Иницијатива појас и пут, кинеска спољна политика, кинеска теорија међународних односа, глобализација на „кинески начин“

Giovanni Nicotera*

Forecasting and responding to non-traditional security threats on the new Silk Road**

Abstract

This paper aims at illustrating the non-traditional security risks facing countries and regions interested by the One Belt and One Road project. Indeed the new Silk Road is bound to cross and connect countries and regions already strained by several threats ranging from transnational crime to terrorism. Increased interconnectivity and facilitation in travel if not promptly addressed may exacerbate certain challenges. While China is somehow prepared to respond to non-traditional security threats other countries are not. Action must be taken now, but serious questions remain as to whether anyone will ever take action and on whom should take the lead.

Key words: *Non-traditional security threats, security risk-analysis, OBOR, UNODC, transnational organized crime, terrorism, corruption.*

1. Introduction

The launch of the One Belt One Road project (OBOR) in 2013, and of the financial institutions created to back it up, has been accompanied ever since by many speculations on the drivers of the initiative. These span from establishing the real geopolitical aims of China to trying to ascertain the economic impact on the countries touched upon by this initiative: will they also benefit or will China reap most of the gains in a way similar to what is happening today in Africa?

The above questions are no doubt crucial and as such they get most of the attention with the result that other implications of the plan are neglected. The United Nations Office on Drugs and Crime (UNODC)¹, in particular, has warned² that this initiative has been launched without a due security risk-analysis, something which will have serious consequences on all countries concerned.

Indeed, the risks involved in such an initiative are also related to security, whether traditional such as wars or non-traditional such as organized crime or terrorism. The UN recalls that

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1 UNODC is the UN agency mandated to fight against illicit drugs and international crime and was established in 1997.

2 D. Lee, "United Nations highlights 'One Belt, One Road' crime risks", *South China Morning Post*, 28 February 2016, Available at: <http://www.scmp.com/news/hong-kong/law-crime/article/1918028/united-nations-highlights-one-belt-one-road-crime-risks>, [accessed on 25/05/2017].

the latter threats are a reality to face as regional and global economic integration if on one side expand economic opportunities, on the other they facilitate the development of illicit markets by expanding infrastructure connections and facilitating travel. Indeed, OBOR will bring about all of this, including simplified customs clearance systems and quarantine processes, elimination of trade barriers, simplification of foreign investment procedures, and free-trade zones which all can be exploited for illicit purposes.

The topic is multifaceted and complex and will take years to be fully understood in its long-term consequences, as much as globalization of which OBOR may be one of its biggest byproducts. Still there are several questions that will need to be answered before it is too late. How could these threats develop and impact on the many countries, regions and populations involved? Has China really ignored such threats? What China, the countries concerned – especially the weakest - and the international community should do to prevent and respond to these threats?

2. The non-traditional security threats involved

To strengthen its warning UNODC has provided the international community with a list of the threats that have increased in Southeast Asia in parallel with three decades of economic development and integration lead by China. According to UNODC, the estimate of organised criminal revenues in East Asia and the Pacific is US\$ 100 billion per year which not only surpasses the GDP of several states in that region, including Lao PDR, Cambodia and Myanmar, but also their GDP combined³. This UN agency warns that the situation in Southeast Asia and the Pacific may further deteriorate following the launch of OBOR and that the same criminal trends may develop in other Belt-related regions if a security risk-assessment is not carried out soon and its conclusions given appropriate follow-up. The fact is that the new Silk Road will connect Asia to Europe by linking less advanced and stable countries in Central Asia (particularly at risk Kyrgyzstan, Tajikistan, Uzbekistan), South Asia (Afghanistan, Pakistan and particularly Balochistan province and the India-China border), Southeast Asia (particularly northern Myanmar), the Middle East (Lebanon, Palestine, Syria, Turkey, Iraq, Iran), the Balkans (with “softer” spots like Albania and Kosovo) and in Africa. These states are characterized in different degrees by weak legal systems and are by themselves already unable to respond to existing non-traditional security threats.

Reviewing at least some of the threats facing Southeast Asia helps understanding what is at stake here and along the new Silk Road.

2.1 Illicit Drugs’ Trade

Regional integration has facilitated the flow of illegal substances within Southeast Asia. Metamphetamine seizures tripled from less than 12 tons in 2008 to 36 tons in 2012⁴ and

3 UNODC, “Supporting Regional Integration with Effective Border Management Liaison Offices”, 2015, Available at: https://www.unodc.org/documents/southeastasiaandpacific/Publications/2015/patrol/BLO_Brochure_web.pdf, (accessed on 11/11/2017).

4 UNODC, “Global Synthetic Drugs Assessment: Amphetamine-type stimulant and new psychoactive substances”, 2014, Available at: https://www.unodc.org/documents/scientific/Global_Drugs_Assessment_2017.pdf, (accessed on 11/11/2017).

the production and consumption of metamphetamine pills have started to “spill over” from older markets in the Greater Mekong Subregion into neighbouring countries, such as Brunei, the Philippines, and Singapore. This drugs’ flow may further expand in order to supply markets in Europe for instance, but also in other regions not considered until recently traditional consumer markets such as North Africa and the Middle East in what can be considered the latest development in this field⁵. Furthermore, the increasing demand for heroin and synthetic drugs creates demand for precursor chemicals needed for their production⁶. These precursors are primarily industrial chemicals diverted from licit production located mainly in China and India. The inter-regional economic integration plans connecting China, India and the ASEAN region will make it easier for criminals to move chemicals illegally diverted from licit trade.

2.2 Human smuggling and trafficking

Easier travelling has helped small and big businesses in Southeast Asia to thrive and at the same time it has somehow facilitated migrant smuggling and labour exploitation. Migrants moving to Thailand, Singapore, India and China in search for work mainly come from Cambodia, Lao PDR, Myanmar, Viet Nam, Indonesia and the Philippines. Some of these labourers are exposed to illegal employment conditions, forced labour, physical abuse, and work in the sex industry. Moreover, migrants pay the smugglers for their journey thus enriching and strengthening organized crime. The foreseen changes to speed up border controls will further reduce risks and costs for smugglers and traffickers.

2.3 Maritime crimes

Maritime crimes are facilitated by insufficient patrolling of the sea corridors and by the incapacity of ports’ authorities to inspect all cargoes. In fact \$5.3 trillion of global trade transit through Southeast Asian waters each year and of the 500 million containers that are shipped annually less than 2% are inspected⁷. This makes maritime trade useful for criminals intending to ship drugs or counterfeits, disguise illicit precursor chemicals or even migrants among licit goods and passengers. Southeast Asian waters are also plagued by piracy and armed robbery against ships, though latest reports⁸ inform that there has been an improvement in the situation in Asia in 2016 compared to the past four years (2012-2015). In fact the total number of incidents reported in 2016 (85) has decreased by 58% compared to 2015 (203). Moreover, of the 85 incidents reported in 2016, five were incidents of piracy occurred in the South China Sea and 80 were incidents of armed robbery against ships, mostly occurred at ports and anchorages.

5 In September 2017, at Genova port, Italy, law enforcers have seized 37 million tablets of Tramadol, a powerful synthetic opioid. The cargo was coming from India and Sri Lanka and was directed to Tobruk, Libia. In other cases cargoes arrive into Pireus when destined to Syria. These drugs are finally sold on the street of Gaza, Amman, Lebanon, Turkey, Iran to finance ISIS terrorist activities.

6 For heroin, acetic anhydride, and for synthetic drugs, ephedrine and pseudoephedrine.

7 UNODC, “Protecting peace and prosperity in Southeast Asia: synchronizing the economic and security agenda”, February 2016, Available at: https://www.unodc.org/documents/southeastasiaandpacific/download/2017/Economic_Integration_07_05_Feb_2016.pdf (accessed on 26/10/2017).

8 OCEANUSLive, “ReCAAP Piracy/Armed Robbery at Sea/Annual Report 2016”, 19 January 2107, Available at: <http://www.oceanuslive.org/main/viewnews.aspx?uid=00001247>, (accessed on 07/10/2017).

2.4 Counterfeit goods and medicines

According to Europol⁹ the majority of counterfeit products¹⁰ seized in Europe come from China whose counterfeit industry is worth 400 billion US\$¹¹. Europol now warns that the increase in use of rail transport as a method of cargo conveyance between China and the EU may facilitate this criminal activity. The World Health Organization (WHO) further reports¹² that Asia accounts for the biggest share of the manufacturing and trade in counterfeit medicines. While the vast majority of such pharmaceuticals are still produced in China and India, increasing law enforcement and regulatory pressure have caused phases of the production to move elsewhere, including Myanmar and Viet Nam. Counterfeit ingredients are also sent from China to Southeast Asia for production and packaging. Simplified trade procedures and interconnectivity will make it easier for organized crime groups to ship counterfeit goods to unaware consumers around the world. To emphasize this threat it is worth recalling that such kind of criminal enterprises are usually poly-criminal, involved in other criminal activities often related to the distribution of illicit drugs as well as document fraud and corruption.

The UNODC report details other manifestations of crime¹³ but does not examine neither terrorism nor corruption. Both, however, deserve mention considering that they are likely to play a major role along the new Silk Road.

2.5 Terrorism

Terrorism is present in Southeast Asia and particularly in parts of the Philippines, Indonesia and Thailand. In China it is concentrated in the Xinjiang Autonomous Region (XAR), where the ethnic minority Uyghur calls for respect for their culture, religion and for a fair share of the economic development. In the last few years Uyghurs carried out attacks outside their region reaching several Chinese cities including Beijing. The government is worried that the increase in terrorism activity witnessed in other parts of the world in the last decade may take hold in China as well and become a threat to Chinese interests and citizens inside and outside its borders. Indeed, the risks for China have increased since, in parallel with a growing radicalization of part of the Uyghur population, it became official that some Uyghurs have received training and combat experience in the Islamic State's ranks at the Iraqi and Syrian front lines, and that some of them are returning to China. Again, the rapid increase in geographical connectivity, as well as porous land and maritime borders, will provide not only opportunities for terrorists to transport cash, weapons and explosives, but also more avenues to get in touch with other groups, share ideas and attack techniques, and forge new alliances. Such

9 EUROPOL, "2017 Situation Report on Counterfeiting and Piracy in the European Union", available at: <https://www.europol.europa.eu/publications-documents/2017-situation-report-counterfeiting-and-piracy-in-european-union>, (accessed on 15/04/2018).

10 Clothing, accessories of luxury brands, body care and household appliances.

11 J. Hunt, "On a raid with the secret agents chasing China counterfeiters who cost big corporations billions", *South China Morning Post*, 21 October 2017. Available at: <http://www.scmp.com/magazines/post-magazine/long-reads/article/2116079/raid-secret-agents-chasing-china-counterfeiters> (accessed on 22/10/2017).

12 UNODC, "Protecting peace and prosperity in Southeast Asia: synchronizing the economic and security agenda", p.24, February 2016, Available at: https://www.unodc.org/documents/southeastasiaandpacific/download/2017/Economic_Integration_07_05_Feb_2016.pdf, (accessed on 13/12/2017).

13 Trade in rare wildlife and illegal timber, shipping of e-waste and trade in ozone-depleting substances (ODS).

alliances, whether formal or informal, may bring other terrorist movements, especially in Central Asia, and eventually the Caucasus, to target Chinese interests along OBOR.

2.6 Corruption

Corruption will probably be among the biggest challenges to the implementation of Belt-related projects and to the countries hosting them. Firstly, corruption will thrive including through requests for, or offering of¹⁴, bribes to foreign officials. Criminals and corrupt public figures may become the main beneficiaries of future investments, with corrupt politicians more able to seize power or stay in power thanks to this new flow of resources. Petty corruption will develop as well and may, for instance, help local workers getting jobs in Chinese run projects. Secondly, the income from transnational organized crime and corruption will be laundered into the legitimate economy of the recipient countries contaminating local financial institutions and allowing criminals to take control of sectors of the local economy. The increased economic power of criminal organizations would then impact severely on these already unstable societies and, in those countries still transitioning from planned economy to free market and from autocracy to democracy, this criminal influence can undermine the transition forever. Much will depend on the outcome of the pervasive anti-corruption campaign sweeping China since the election of Xi Jinping: if successful, it may help in bringing down corruption along the new Silk Route and not only in the PRC. Should it fail - succumbing to the many opponents of the campaign within and without the Party - the perspectives of a clean business environment inside China and along OBOR are bleak.

3. Is China ignoring non-traditional security risks?

It is a worrisome scenario which lead us to wonder whether China's planners and related financial institutions have really ignored non-traditional security threats and failed to incorporate a security risk-assessment in their blueprints as the UN agency said. There are several circumstances, facts and leadership's declarations that confirm that China, on the contrary, is not taking OBOR non-traditional security implications lightly.

Firstly, the experience of China's foreign direct investments (FDI) is not new at all, with outbound investments pouring in developing countries and transition economies since many years, including in many if not all the countries interested by OBOR. As a result, Chinese companies have been exposed to risks for a long time and, in several occasions, have paid a high price. In this regard, Chinese officials have revealed that 350 security incidents involving their firms abroad have occurred between 2010 to 2015¹⁵. The real number is likely much higher considering that at least one million Chinese, but maybe up to five million, are working abroad on behalf of China and mainland companies, and taking into account that these companies mostly operate in countries where security and the rule of law are a scarce

¹⁴ C. Grace, "Tales from the new Silk Road", 15 July 2017, BBC, Available at: http://www.bbc.co.uk/news/resources/idt-sh/new_silk_road, (accessed on 28/11/2017).

¹⁵ Reuters, "Security firms to cash in protecting China's 'New Silk Road'", *South China Morning Post*, 24 April 2017, Available at: <http://www.scmp.com/news/china/diplomacy-defence/article/2090033/security-firms-cash-protecting-chinas-new-silk-road> (accessed on 15/11/2018).

commodity and risks are higher. Besides, the Chinese government is probably under-reporting incidents abroad to avoid pressure at home to intervene with boots on the ground, something Beijing wants to avoid for the time being¹⁶. Incidents so far encompass killings, kidnappings, thefts, shootings, bombings, blackmail, and corruption, in many countries including Algeria, Angola, Cameroon, Egypt, Equatorial Guinea, Ethiopia, Kyrgyzstan, Lao, Libya, Mali, Pakistan, Sudan, Niger, Nigeria, Zambia.

Secondly, there are on the record declarations from high officials indicating that China has given more than a thought to the matter of security risks¹⁷. At a security conference held on the eve of a summit in Beijing called to discuss this infrastructure project, on May 14-15, 2017, Mr. Meng Jianzhu, Secretary of the Central Political and Legal Affairs Commission - the domestic security chief in other words - stressed that the success of OBOR will depend on the countries involved ensuring strong security. On the same occasion, the Minister of Public Security, Mr. Guo Shengkun, said there should be more pragmatic cooperation in such areas as public security, anti-terrorism, and protecting overseas interests and that all sides should foster the concept of common and cooperative security, and establish a sound security cooperation mechanism for the Belt and Road Initiative. Moreover, and very telling, Chen Wenqing, Minister of State Security, also attended the forum, thus confirming that the entire Chinese security apparatus, law enforcement and intelligence, both internal and external, has been alerted and mobilized. Last but not least President Xi Jinping himself has made specific reference to non-traditional security threats.¹⁸

Thirdly and finally, these leadership statements are already delivering. On 7 July 2015 the Supreme People's Court (SPC) issued an Opinion (意见) policy document¹⁹ on how the courts should provide services and protection to the "One Belt One Road".²⁰ Local courts are dealing with new demands because of OBOR and are looking to the SPC for guidance. This Opinion covers cross-border criminal, civil, commercial, maritime law, judicial review of arbitration as well as free trade zone-related judicial issues. Regarding criminal law issues, the lower courts are requested to improve their work on cross-border criminal cases, and increase mutual judicial assistance in criminal matters. The focus is on criminal punishment of those characterized as violent terrorists, ethnic separatists, religious extremists, and secondarily on pirates, drug traffickers, smugglers, money launderers, telecommunication fraudsters, internet criminals, and human traffickers. Finally, it calls on courts to deal with criminal cases arising in trade, investment, and other cross-border business.

It is then unlikely that the Chinese government has overlooked security risks at least as these risks concern itself and its citizens. If there is still a degree of neglect towards non-traditional security threats on the Chinese side that would be at company level. Here an inclination to

16 To be noted that threats to Chinese project personnel abroad come now not only from local criminals, but also from Chinese criminals who first move abroad to work and then they find it more lucrative to attack their co-workers.

17 "China stresses security needed for new Silk Road initiative", *Reuters*, 5 May 2017, Available at: <https://in.reuters.com/article/china-silkroad-security-idINKBN18107H> (accessed on 07/09/2017).

18 Full text of Chinese President's speech at Boao Forum for Asia, 29/03/2015, Available at: http://www.xinhuanet.com/english/2015-03/29/c_134106145.htm, (accessed on 14/09/2017).

19 The Supreme People's Court of the People's Republic of China, Available at: <http://www.court.gov.cn/fabu-xiangqing-14900.html>, (accessed on 09/12/2017).

20 (关于人民法院为“一带一路”建设提供司法服务和保障的若干意见).

keep costs at the minimum, a preference to deal with Chinese people, and a reactive rather than preventive approach, are present and it is up to the Chinese government to force these companies to address the issue.

It is rather a different story when it comes to accounting for risks concerning OBOR-connected countries and communities. It is indeed implausible that either Beijing or the financial institutions backing the project have carried out a serious analysis of the consequences of a sudden flow of funds on the economic governance and long-term development of these countries. China has overlooked it because States, especially if autocratic, tend to put domestic priorities first, whereas financial institutions, like other banks, do not account for these threats because their job description is to lend money for a return, not to look into security risks. At most banks can venture into some form of evaluation of corruption risks and environmental impact of the projects they finance, but not more.

By blowing the whistle the UN has contributed to raising awareness about what should be a concern of all countries, donors and recipients. It should have probably added that while China is surely preparing to address such security challenges for some time now, most OBOR recipients are not.

3.1 Treaties and organizations

Indeed, the work to offset non-traditional security threats will not have to start from scratch. Parallel to its economic development China embarked on a process of negotiating treaties to pursue crime in all its forms and joining and establishing regional and international organizations. This wide array of international actions puts China today in a better position to address the non-traditional security challenges stemming from OBOR.

Looking at substantive criminalization, China has ratified most relevant conventions in the field and, in particular: the UN Convention against Transnational Crime (UNTOC)²¹, the UN Convention against Corruption (UNCAC)²², the Single Convention on Narcotic Drugs and the Convention on Psychotropic Substances²³, and the Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances.²⁴

China is also party to all the 19 existing UN treaties, conventions and protocols related to terrorism²⁵ but two: 1) the 1991 Convention on the Marking of Plastic Explosives for the Purpose of Detection; and, 2) the 2005 Protocol to the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation.

With regard to the suppression of maritime crime, China has joined several conventions. In

21 Ratified on 23 September 2003.

22 Ratified on 13 January 2006.

23 Both ratified on 18 June 1985.

24 Ratified on 4 September 1989.

25 Seven conventions on civil aviation, one on the protection of international staff, one on the taking of hostages, two related to nuclear material, four regarding maritime navigation, one regarding explosive material, one regarding terrorist bombings, one regarding the financing of terrorism, and one regarding nuclear terrorism.

addition to the UN Convention on the Law of the Sea²⁶, China has ratified the Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation and the corresponding Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf²⁷. And despite Chinese law does not foresee yet a specific offence on piracy, Chinese courts could, if necessary, convict pirates by applying provisions related to robbery and homicide.

Looking then at procedural cooperation, treaties have been signed with several states participating in OBOR. With regard to “mutual judicial assistance in civil and criminal matters” China has concluded treaties with Poland (1988), Romania (1991), Russia (1992), Ukraine (1992), Turkey (1992), Brazil (1992), Kazakhstan (1993), Greece (1994), Egypt (1994), Kyrgyzstan (1996), Tajikistan (1996), Uzbekistan (1997), Vietnam (1998), and Lao (1999). Moreover China has signed more specific treaties focusing on “mutual judicial assistance in criminal matters” with Canada (1994), Colombia (1999), Indonesia (2000), Korea (2000), the Philippines (2000), the US (2000), Thailand (2003), Brazil (2004), Mexico (2004), Peru (2005), France (2005), Spain (2005), Portugal (2005), Australia (2006), New Zealand (2006), Japan (2007), Venezuela (2008), Italy (2010), Argentina (2012), and the UK (2013).

Extradition treaties are in force already with Russia (1995), Kazakhstan, (1996), Mongolia (1997), Kyrgyzstan (1998), Lao (2002), Pakistan (2003), Spain (2005), Portugal (2007) and France (2007). No treaties are yet in place with Vietnam, India, or Myanmar and this could be a challenge to OBOR if not addressed.

These negotiating efforts have not always been successful and China has not yet signed extradition treaties with the US, Canada and Australia and with several developing countries. However, should extradition needs arise in countries along OBOR which do not have an extradition treaty in place with Beijing, China could pursue other paths to obtain the same results. Beyond the possibilities offered by specific provisions in UNTOC and UNCAC - allowing the repatriation of suspects also in those cases when there is no extradition agreement in place - China could, in the presence or even in the absence of a Mutual Legal Assistance Agreement (MLAA): 1) request the repatriation bilaterally and through the assistance of Interpol; or, 2) seek the conviction of criminals there where they have fled.

Regarding the establishment and participation in regional and international organizations China has also been very active. To respond to terrorism it has created the Shanghai Cooperation Organization (SCO) with its Regional Anti-Terrorist Structure (RATS) in Uzbekistan, the Conference on Interactions and Confidence Building Measures in Asia (CICA), and the ASEAN Regional Forum (ARF). To prevent corruption it launched in Beijing in 2006 the International Association of Anti-Corruption Authorities (IAACA). With regard to money laundering, China is a full-fledged member of the Financial Action Task Force (FATF)²⁸ on Anti-Money Laundering and is also a founding member of a FATF-style regional body

26 Ratified on 15 May 1996.

27 Ratified on 1 March 1993.

28 The Financial Action Task Force (FATF) is an inter-governmental body created in 1989 to develop and promote national and international policies to combat money laundering and terrorist financing.

known as the Euro-Asian Group on Combating Money Laundering (EAG).

The above impressive array of substantive and procedural laws, and organizations, has however not spared China criticism. Critics say that Beijing's aim behind these many initiatives is to achieve top priorities in its domestic agenda and that this *reservatio mentis* hinders the efficacy of these treaties.²⁹ This may be true, but it remains a fact that in the space of 30 years China has conspicuously enlarged her arsenal of legal measures and cross-border cooperation tools to prevent and suppress crime within its borders and beyond, and this arsenal can now well serve China in mitigating negative consequences from non-traditional security threats arising as a result of OBOR interconnectivity.

3.2 Non-legal measures

As well important China can count on additional measures, this time neither of legal or judicial nature nor of international cooperation, but apt to promptly address problems on the ground. Here, and until the day it decides to deploy its PLA troops outside China³⁰ and out of the framework of the UN peacekeeping missions, it has two options. It can either use private security contractors³¹, or outsource the defence of project sites and personnel to foreign armies. Both options are ideal to protect the kind of infrastructure OBOR entails: roads, railroads, pipelines, power plants and power lines.

In the first scenario we witness an increase in the involvement of private security contractors, both Chinese and foreigners. The former are many, approximately 5,800 companies, but with little if any experience under fire and mostly active in the territory of the PRC. The most experienced of them are those with personnel previously deployed in Iraq and Syria to protect Chinese embassies, consulates and major state owned companies. As under Chinese law private security personnel cannot be armed, they usually work with and train local staff and focus on logistics and planning. In some countries, where attacks by insurgents or terrorists are a serious threat, Chinese firms stipulate joint ventures with those local security companies with links to the armed forces to ensure the availability of firepower when necessary. The latter are fewer, but staffed with battle-hardened veterans from the special forces who participated in the wars the US waged after September 11th, 2001. Some of these contractors operate already in Africa on behalf of the Chinese government and one has even been allowed to settle down in China³². These foreign contractors will also be unarmed – at least within the territory of the PRC - and will focus on helping those companies involved in border areas overcome operational and logistic obstacles. The fact that the Chinese government has gone as far as inviting foreign private security contractors is very

29 A good example of this approach is the participation in the United Nations Convention against Corruption (UNCAC) whereby China wants to obtain the repatriation of its corrupt officials and their ill-gotten gains only, rather than offering full-fledged cooperation to other countries going after their economic crime suspects and criminals.

30 For emergencies or routine escorts on the seas it has already mobilized the PLA Navy which is deployed in the Horn of Africa to suppress piracy and will probably expand its scope and range counting on its new port facilities: Gwadar and Djibuti.

31 Reuters, "Security firms to cash in protecting China's 'New Silk Road'", *South China Morning Post*, 24 April 2017, Available at: <http://www.scmp.com/news/china/diplomacy-defence/article/2090033/security-firms-cash-protecting-chinas-new-silk-road> (accessed on 26/05/2017).

32 This company has established one base in Xinjiang to protect OBOR North-West corridor directed towards Afghanistan and Pakistan from Uyghur militants' threats, and one in Yunnan to secure the southern corridor towards Myanmar from rebel movements active there.

telling of the threats looming over OBOR and of the state of readiness of its own contractors.

In the second scenario, China could replicate what is already practicing in Pakistan where the Peshawar government has agreed to deploy 15,000 troops for the protection of the China-Pakistan Economic Corridor³³. This decision to ask for help by a foreign army is motivated not only by the obvious need to ensure effective protection in a war-torn region³⁴, but by the consideration that the army is an institution that survives governments' crisis, events that would make China lose the local government support to OBOR. In other words, China needs long-term commitments for the undertakings it has in mind - or already underway - and only historically strong and stable institutions can provide this kind of guarantee. Besides, armies such as that of Pakistan provide services which go much beyond military capabilities being equipped and staffed in such way that they can be involved also in construction works. In this way, should a government with which China has an agreement to build infrastructures suddenly change, the army may continue construction works at least until a better solution is identified.

4. Remedial actions needed

In a period of weak global economic growth and uncertainty all should wish that OBOR succeed and bring benefits to all countries involved. Such an increase in opportunities for populations still left out of economic and social progress could also diminish the inclination of many unemployed young people to commit crimes or radicalize into terrorism, and finally impede new large migration movements from East and South towards Europe and North America. However, before that ideal development stage is reached – if it is ever reached - OBOR will provide also opportunities for criminals to expand their operations and launch new ones unless action is taken now.

China itself has the will and the tools to respond to threats coming from transnational crime in all its manifestations, or keep them in check at least. There where its legal means, body of international treaties and network of regional organizations and agreements will fail, the Communist Party of China (CPC) can revert, as seen above, to a series of additional measures from private security to other countries' armies. China could also finally decide to employ the People's Liberation Army (PLA) abroad and expand the mission's scope of is Navy from anti-piracy and cargo escort to a combat-ready force capable of deterring aggression against Chinese interest in other countries and, eventually, engaging in local conflicts that endanger OBOR realization or functioning, with unprecedented long term geostrategic consequences.

However, even this impressive arsenal of weapons, men and financial resources cannot fully protect China, let alone smaller countries. Today's threats – mainly terrorism, violent drug cartels, nuclear proliferation, as well as disease and climate change – cannot be fully ad-

33 F. Bokhari, L.Hornby, C. Shepherd, "China urges Pakistan to give army lead role in Silk Road project", *Financial Times*, 21 July 2016, Available at:<https://www.ft.com/content/5eea66c0-4ef9-11e6-8172-e39ecd3b86fc> (accessed on 22/08/2016).

34 This case of "outsourcing" military capabilities to Pakistan is not the only one. In Afghanistan, in fact, China has asked Nato to stay on, recognizing that stability there is key to its Xinjiang province and beyond in the region where China plans OBOR-related projects.

dressed by military or para-military solutions, nor can they be tackled by any one country alone. They require effective collective vision and action, and thus, willing and committed partners. More is needed and it is very unlikely that we shall see it happening anytime soon. Until then, other specific actions must be swiftly taken.

On the side of China it is auspicious that it now expand its international cooperation engagement with a more open-minded, truly global approach and in particular:

1. Sign and ratify outstanding treaties in the legal field, the Protocol on Smuggling of Migrants, the Firearms Protocol, and the two outstanding counter-terrorism conventions, *in primis*.
2. Complete the process of adaptation of its domestic laws to comply with the treaties in force in the PRC, and in particular UNTOC and UNCAC.
3. Achieve progress in guaranteeing reciprocity in handling mutual legal assistance (MLA) and extradition requests.
4. Expand the scope of its extradition requests to cover not only economic crime suspects, but also those responsible for perpetrating other crimes.
5. Negotiate MLA and extradition treaties with those OBOR-concerned countries with which she has no such agreements (Vietnam and Philippines to start with).
6. Revise foreign investment policies. Firstly, negotiate new investment treaties³⁵ with countries along OBOR to enable a switch from strategies based on exporting cheap goods and importing precious raw materials to a more sustainable approach.³⁶ Secondly, cooperate more with private local companies rather than only with governments. Finally, adopt legislation on joint projects to allow the involvement of third country companies beyond Chinese and local ones. Such new approach would create a fairer business environment thus decreasing opportunities for labor disputes and corruption and the possibility of mounting anti-Chinese sentiment which may then turn into more direct threats against Chinese businesses and citizens.

In such a context characterized by a China in a dominant position not only in the economic field, but also in the security realm, the ones whose security and development is at higher risk are the OBOR-concerned countries, especially developing ones. They must not be left alone in upgrading their legal systems and in finally completing the process of state building and nation building. Logically, it should be China as the main investor to take on this delicate job, but besides reluctance to be seen interfering in the internal affairs of other countries, the PRC does not yet possess neither the required rule of law credentials, nor the capacity to execute such a delicate technical advise mission. It is then up to the international community, especially the major ODA providers - regardless of the serious doubts they harbour about the new Silk Road - to provide assistance to upgrade legal and judicial systems of OBOR recipient countries including through the following activities:

1. Review and revise their legislation, in particular dispute resolution, to address the issue of investment disagreements.

35 V. Bath, "One Belt, one Road and Chinese investment", *Legal Studies Research Paper No.16/98*, Sydney law School., Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2866169 (accessed on 20/11/2018).

36 A. Jadesimi, "How China's \$60 billion for Africa will drive global prosperity", *Forbes*, 14 March 2017, Available at: <https://www.forbes.com/sites/amyjadesimi/2017/03/14/how-chinas-60-billion-for-africa-will-drive-global-prosperity/#6668befd638a3>, (accessed on: 08/11/2017).

2. Drafting new extradition and MLA treaties.
3. Raise awareness on the importance to ratify and implement outstanding relevant treaties in the field of transnational organized crime, drugs, corruption and terrorism.
4. Assist national policy makers and legislators in reviewing and drafting new legislation.
5. Provide capacity-building training for criminal justice and law enforcement officials for the effective implementation of the ratified instruments.
6. Improve their border management capabilities by: a) providing training and capacity building for border personnel to maintain a clearing process capable to be at the same time fast and able to detect illicit cargoes (including chemical, biological, radiological and nuclear materials); b) exploring viability, and eventually expand, initiatives such as port intelligence units, port control units and border liaison officers (BLO).
7. Advise them on how to allocate funds in such a way that they support not only national development objectives, but also the attainment of human security objectives.

5. Conclusions

OBOR, if transparently and fairly implemented, could not only be a decisive step towards bringing the benefits of global free trade to the many who have been left out, but also an historical opportunity to look finally at crime, drugs, corruption and terrorism with one global vision and the collective will to tackle them once for all. This lead to a key question: who will take the initiative?

China will surely continue working to address what she perceives as flaws to the plan that may affect her interests, but, as seen, will not venture into considering the fate of partner countries unless forced to by a sudden significant deterioration of the situation on the ground.

The EU, logically interested not only on security within its borders, but also outside throughout Eurasia and the Mediterranean, is still pondering about the geostrategic drivers of the initiatives and entangled in internal affairs from quantitative easing to internal reforms. As such, the organization seems not at present in a position to undertake the required bold actions outside its borders.

The United Nations (UN) which by 2030 should reach its 17 Sustainable Development Goals (SDGs)³⁷ should link the new agenda to OBOR because the new Silk Road will serve as an accelerator for the implementation of the SDGs. Besides, a cornerstone of this new agenda is a widespread understanding that sustainable development and rule of law must go hand in hand. The UN could then play a meaningful role as a provider of technical skills if conceived and implemented in a different way from the past. A UN which intervenes on the ground by providing technical advise as one organization, rather than many underfunded and understaffed agencies, would surely make a positive and tangible contribution.

Overall, however, it is disconcerting to see that outside China, in the Old World and in

³⁷ The 2030 Agenda for Sustainable Development, and its 17 Sustainable Development Goals, was adopted by UN Member States on 25 September 2015. It provides a comprehensive and universal framework for development over the next 15 years.

America, there is a complete absence of leadership and vision, and that all attention is concentrated on domestic and short-term issues. It really seems that we have entered a period characterized by little faith in multilateralism and in an international liberal order. A rise in nationalism, the diminishing faith in regional organizations such as the EU or NATO, or international such as the UN, the delays and doubts accompanying important initiatives such as the Transatlantic Trade and Investment Partnership (TTIP), the Trans-Pacific Partnership (TPP) or the nuclear deal with Iran, seem to be influencing negatively the negotiation and implementation of agreements aiming at curbing crime, drugs, corruption and terrorism. Unless urgent, concerted and firm action is taken now, smaller, more vulnerable and less developed countries will have to fend off for themselves and thus inevitably lose in this grandiose new Silk Road plan, probably their last development opportunity.

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Ђовани Никотера

Предвиђање и одговарање на нетрадиционалне безбедносне претње на Новом путу свиле

Апстракт

Циљ овог рада је да прикаже нетрадиционалне безбедносне ризике са којима се суочавају земље и региони заинтересовани за пројекат Један појас, један пут. Нови пут свиле прелази преко и повезује земље и регионе који су већ изложени неким претњама од транснационалног криминала до тероризма. Повећана међусобна повезаност и олакшано путовање, уколико им се не одговори брзо, могу повећати одређене изазове. Иако је Кина на неки начин спремна да одговори на нетрадиционалне безбедносне претње, друге земље нису. Акције морају бити предузете одмах, али остају отворена озбиљна питања да ли ће неко икада предузети акцију и ко би требало да преузме вођство.

Кључне речи: нетрадиционалне безбедносне претње, безбедносна анализа ризика, ОБОР, УНОДЦ, транснационални организовани криминал, тероризам, корупција.

Srdjan M. Perisic*

Energy Strategy of Russia and Serbia**

Abstract

The author analyzes Russia's modern energy strategy with the focus on oil and gas. Russia's energy strategy is viewed in the conditions of geopolitical confrontation with the United States. The energy and economic situation of Serbia is analyzed in conditions of the non-existence of a transit energy network in the Balkans. The first part deals with four sectors of Russia's national energy policy. The issue of the Energy Charter and relations with the EU is analyzed in particular. The second part of the paper looks at the importance of building new Russian oil and gas pipelines and bilateral energy agreements. The third part of the paper is consisted of analytical clarification, from the geopolitical point of view, of what it meant to Serbia the suspension of the construction of the South Stream gas pipeline. The paper also raises a question – does Serbia's interest lay in linking its energy policy with Russia's energy strategy? The Russian resource strategy is aimed at building new economic alliances with the countries of Eurasia and at preventing Russia's geopolitical restraint by the US. On the other hand, Serbia quickly has to begin with economic and geopolitical consideration of the importance of connecting with the energy strategy of Russia. This is the only strategy that can answer to the question of further Serbian economic development.

Key words: geopolitics, energy, strategy, oil, gas, Russia, Serbia, Europe, Asia, the Balkans.

1. Introduction

Russia, as early as the Soviet Union, was not allowed by the United States to sell its oil and gas on the world market. After long negotiations with Germany, Austria and Italy, gas found its way to Europe but not before 1973.¹ However, the disappearance of the Soviet Union made Russia to cut oil sales by two-thirds.² Alongside this, the world globalization proved to be unstoppable. Globalization did not wait for Russia to come out of the general crisis of Yeltsin's era. In most areas, globalization was directed towards the domination of the West. One of the characteristics of globalization in international politics is that not only countries, but also transnational corporations appear as entities. Thus, the process of globalization in the field of energy, information, technology, finance has reached an unprecedented scale.

Under such circumstances Moscow, starting from 2001, has begun feverishly to consider

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1 Srecko Djukic, *Ruski gas u Evropi*, *Sluzbeni glasnik*, Beograd, 2011, pp. 10–13.

2 „Graph of Top Oil Producing Countries 1960-2006, including Russia“, *US Energy Information Administration EIA*, Available at: <http://www.tokenian.com/unleashing-the-oil-weapon-against-russia/> (accessed on 6/2018).

possible options for Russia's development. Vladimir Putin and his associates started reforming government itself, transforming all policies and geopolitical goals. To achieve this, the Kremlin begins also with redefining national energy strategy by building strategy resources policy in relations with consumer states in Europe and with the countries in Central Asia that have their own resource deposits. The most significant parts of Russia's energy strategy are main gas and oil pipelines.

However, within geopolitical confrontation of the US and Russia in the region of Eurasia, precisely Russia is the one facing undeclared war in Ukraine: economic, media, political and military war. Geopolitical confrontation and pressure exerted by the West against Russia have been additionally intensified also by disruption of its energy connection with European, and especially with the Balkan countries through the major transit of gas and oil from Asia to Europe. Every economic and energy arrangement between Russia and the Balkan countries is viewed by the US as "Russian occupation" that has to be stopped.

Serbia lies in the region of the Balkans, which in terms of energy is a completely neglected region. There are no main gas pipelines in the Balkans. It is the only European region in this position. It is a geopolitical absurdity because precisely the Balkans is a travel, communication region between Europe and Asia. Why is that so? Why Balkan countries, including Serbia, cannot be able to use their geographical position? Without a gas pipeline there is no economic development. Gasification of the country "is nothing but electrification of economy and society in the 21st century"³. Is it possible under the conditions of non-existence of gas economy in Serbia to secure its development in the 21st century?

Our research question is this - how, in the conditions of energy development in the world, as well as the geopolitical confrontation between the West and Russia in the Balkans, Serbia should behave in terms of energy? Is it in the interest of Serbia to link its energy policy with Russia's energy strategy?

2. Russia's energy strategy

In spite of the weakened foreign policy position of Russia at the beginning of the 21st century, global demand for energy has helped Russia to make a major step towards a more successful geopolitical positioning. Economic growth in Russia after 2000 is the result of political changes in the new leadership, but also a huge increase in revenues from energy exports. Between 1999 and 2008 annual growth was on average 6.8%, and between 2010 and 2014 the growth stood between 1.3 and 4.5%. According to GDP growth projections for the period between 2014 and 2019, a trend of moderate growth was underlined⁴. Energy resources have become the basis of Russia's performance on geopolitical stages of Europe and Asia.

Russia has around 60 billion barrels of proven oil reserves. In 2012, the production was

³ Srećko Djukić, „Gasovi tako blizu Balkana a tako daleko“, Available at: <http://evrozajinfo.rs/dr-srecko-djukic-gasovodi-tako-blizu-balkanaa-tako-daleko/> (accessed on 5/2018.).

⁴ Goran Nikolić, „Pozicija Rusije u globalnoj ekonomiji“, *Nacionalni interes*, 6p. 3/2014, Institut za političke studije, Beograd, 2014, pp. 202–204.

10 million barrels a day, and in 2014 with the production of 10 million 730 thousands of barrels a day it became the world's largest. With 9.5 million Saudi Arabia comes second, and the U.S. with 9 million comes third.⁵ Russia has the world's largest land gas resources. Its annual production exceeds 600 billion of cubic meters⁶ of gas while the proven reserves amount to 50.000 billion of cubic meters. Annual export (for 2015) was 174 billion of cubic meters.⁷ Russian gas company Gazprom is a leading domestic company in exploitation and gas sales with the participation of 94% out of total production. Globally, the company owns 25% of proven gas reserves and 16% of world production. This company, in line with the federal laws, is the only one entitled to export gas. Also, all gas pipelines leading from the Caspian region are in its hands allowing it to have a total monopoly over energy transport to Europe. The importance of this company for Russia lies in the fact that it fills up about 20% of the federal budget revenue.⁸

Russia implements national energy strategy in several sectors.

The first sector of Russian energy strategy was completed during the first and second Putin's presidential term. Namely, the state has taken strict control over domestic resources. *Globalization management* in economic sector has taken place. One of the basic missions to accomplish and the one that became a priority were to form Russian super-corporations: oil-energy, gold-diamond, aero-cosmic and military-industrial. This matches the structure of the USSR branch ministries. All Russian oil and gas corporation should become the core of oil-energy super-corporations which can later on be united with similar companies in the world, above all with the Iranian.⁹ Furthermore, the issue of economic policy should be divided between the state and these super-corporations, and the state must participate both in capital and in the super-corporation management bodies.

The state managed to establish control over the oil industry after the case with the company Yukos, which under a suspicious privatization, during Yeltsin's reign, came under control of Russian oligarch Mikhail Khodorkovsky. When Vladimir Putin took office in 2000 energy sector was in the hands of powerful oligarchs and mafia, who were guided by the logic of the market and did not care at all for national, Russian interests.¹⁰ They used to connect with big American and British oil companies and that was against this new orientation of Russian leadership to create national energy strategy.

The second sector of national energy strategy is also completed. Namely, the Kremlin terminated the *Production Sharing Agreement*. This law, adopted in 1995, refers to the fact that, when there are no funds to support research and exploitation of resources, the state gives foreign companies certain parts of the territory for research and exploitation. Howev-

5 „Najveci izvoznici nafte u svetu“, *Nafta Business*, Available at: http://www.vizijadanas.com/svet_nafte.html (accessed on 6/2017)

6 Massimo Nikolaci, „Moc nafte“, *Limes plus*, 6p.1/2005, Beograd, pp. 87; Ana Sekulovic, *Regionalna ekonomija Rusije*, Megatrend, Beograd, 2006, pp. 40.

7 „Rusija povecala svoje prognoze za izvoz nafte i gasa“, *Energyobserver*, Available at: <http://www.energyobserver.com/vesti.php?lang=1&ID=46844> (accessed on 7/2018)

8 Mitar Kovac, Milan Popovic, „Evropska energetska bezbednosti i Rusija“, *Vojno delo*, 4/2013, Beograd, pp. 36.

9 Aleksandar Ignatov, „Tri puta za Rusiju“, *Geopolitika*, N.5, Beograd, 2001, pp. 16–17.

10 Zoran Petrovic Pirocanac, *Geopolitika energije*, Institut za političke studije, Beograd, 2010, pp. 204.

er, the law was so flawed that the damage was enormous. In this regard the *Royal Dutch Shell* company, which had operated under such a law at the Sakhalin 2 deposits in the Far East, lost concession because the state suffered damage by the 1997 contract according to which no Russian participation¹¹ had been foreseen in the first place, and the value of reserves of oil and gas at this site alone was estimated at \$50-100 billion (estimated in 2000).¹²

The third sector is concerned with the conceptual level on the basis of which the realization of energy ambitions and goals is planned and monitored. Thus, the government of Russia has elaborated the energy policy, adopting the document *The Energy Strategy of Russia* until 2020, and in 2009 it drafted a new document *Energy Strategy of Russia to 2030*. The strategy defines Russia's primary goal as the maximum use of natural energy resources and energy sector potentials in order to ensure a stable growth of the economy, increase the quality of life of citizens and to strengthen the foreign economic position. Russia's energy security, according to the strategy, is one of the most important parts of the country's national security.¹³

The strategy divides energy policy in three stages. In the first stage until 2015 the focus is on exiting the crisis and forming the basis of a new economy. The second stage is a transition towards innovative development and formation of the infrastructure of the new economy. The third stage is the development of the innovation economy.

The fourth sector of Russia's national energy strategy is the issue of *Energy Charter*. Namely, by failing to ratify the *Energy Charter*, Russia seeks to prevent foreign companies from accessing its energy sources and energy products transport. Namely, *Energy Charter*, which entered into legal force in 1998, it covers 5 large areas: investment in the energy sectors, free trade in materials, products and equipment in line with the rules of the World Trade Organization, free transport through a distributive network, reduction of the negative impact on the environment, the increase in energy efficiency and the contractual dispute settlement between the countries and investors.¹⁴ However, the essence of the Charter is that the signatories to the Charter have to give away their energy markets, at the stage of production and distribution, to foreign companies. This would reduce the role of energy exporting countries in determining energy prices. Therefore, it does not suit Russia for foreign companies to go through its territory to make a direct purchase of energy from other Central Asian and Caspian producers. This would mean that Russia cannot take advantage of its own geographical position through the energy re-exports.

The biggest disagreements over the non-ratification of the *Energy Charter* are with the European Union, which for the most part meets its energy demands through imports from

11 Ljiljana Nedeljkovic, „Mac ruske energetike“, *Nova srpska politicka misao*, Beograd, 2007, Available at: http://starisajt.nspm.rs/koment2006/2007_nin_nedeljkovic1.htm (accessed on 7/ 2017.)

12 Rajko Bukvic, „Sudbina ruskih prirodnih nalazista za vreme tranzicije“, *Nova srpska politicka misao*, Beograd, 2006, Available at: http://starisajt.nspm.rs/ekonomskapolitika/2006_bukvic1.htm (accessed on 8/ 2017.)

13 Энергетическая стратегия России на период до 2030 года, Available at: <https://minenergo.gov.ru/node/1026> (accessed on 7/ 2018.).

14 The Energy Charter Treaty, Available at: <https://energycharter.org/process/energy-charter-treaty-1994/energy-charter-treaty/> (accessed on 6/ 2018.)

Russia.¹⁵ Not all the EU countries have signed the Charter, neither the U.S. nor Canada, so there are major disagreements within the EU with a single energy policy which for these reasons also seeks to force Russia to ratify and to annul bilateral agreements between some EU members and Russia. Namely, certain countries, such as Germany and Italy, the problem of energy supply have solved bilaterally, and it refers above all to gas supply. Based on these agreements, for example, Russian gas is transported from the Baltic Sea to Germany, thus reducing the energy dependence on Ukraine and Poland. By the means of bilateral agreement Italy has provided access to Russian energy market for its companies until 2035. These contracts show that old EU members, like Germany, do not want sensitive energy issues to be transferred to the Union, but they solve their energy demands in contacts with Russia, and they also prevent new members such as Poland from dictating EU energy policies.

Aside that, by accepting the provisions of the *Energy Charter* with the EU, Russia would have to limit its export to the East Asia and the Pacific region, above all China and India. China and India do not mind Russia's state control over the resources and transport, and they already signed long-term contracts that include also joint ventures.¹⁶ President Putin described this EU policy as "energy egoism" that deals with the safety of consumers in terms of secure oil and gas supply, but does not deal with the safety of producers in terms of stable and reliable demand, as well as the fact that "energy egoism" is useful only to a small group of the most developed countries, e.g. Anglo-American corporations which under the Energy Charter are only allowed to take part in the transport of energy. Russia has offered to all countries the conclusion of bilateral agreements that include delivery by Russia, but at the same time, the investment of these countries in the projects. In addition, Russia has entered into agreements with other gas-producing countries to coordinate its market entry strategy, with Kazakhstan, Turkmenistan and Uzbekistan. The agreements deal with the purchase of energy products from these countries by Russia, but also with joint processing and development.

3. The strategy of building the pipeline

The Russian energy strategy is best seen through the strategy of building new oil and gas pipelines. The focus of their construction in the last few years has been directed towards the circumvention of those countries that came under political dependence on the U. S. and through which territories the pipelines built during the Soviet Union pass through.

The first Russian gas pipeline that avoided a country under the US control was the *Blue River* linking Russia and Turkey. It is built in 2002 at the bottom of the Black Sea and it bypasses Georgia in which the influence and control of the United States at the time had grown rapidly. Gas transport through this pipeline doubled in 2013 comparing to 2006.¹⁷

¹⁵ Jelena Radoman „Sekuratizacija energije kao uvod u energetsku bezbednosnu dilemu“, *Bezbednost Zapadnog Balkana*, No.4, Beogradska skola za studije bezbednosti, Beograd, 2007, pp. 36–44.

¹⁶ Ljiljana Nedeljkovic, „Moc ruske energetike“, op.cit.

¹⁷ Gazprom, Available at: <http://www.gazprom.com/projects/blue-stream/> (accessed on 7/2018.).

With Germany a gas pipeline was built the *Nord Stream* beneath the Baltic Sea 1,200 kilometers in length, from Vyborg near Saint Petersburg (Russia) to Greifswald (Germany). A joint consortium was formed, with Russian Gazprom's share of 51%, and two German companies 24, 5% each. The cost was EUR 5.7 billion. The capacity 55 billion of cubic meters a year. The gas pipeline was put into operation in 2010.¹⁸ The market that this gas pipeline covers is in Western Europe (Germany, Denmark, France, and Great Britain). The *Nord Stream* bypasses Poland and the Baltic countries as the exponents of the American policy in Europe.

The *Nord Stream gas pipeline* was planned to be enhanced with a new pipeline named *Nord Stream 2*, of the capacity of 55 cubic meters of gas. The building of this gas pipeline begun in 2016 and the completion is planned for 2020. The biggest opponents of this gas pipeline are the U.S. along with Poland, Estonia, Lithuania, Latvia and Ukraine.

Russia began construction of the *South Stream* gas pipeline in 2013, designed not only to bypass the unstable Ukraine, but also to help those countries with no gas infrastructure in the region of Southeastern Europe and the Balkans, in their economic development. In practice, this meant a causal relationship between Russia and the Balkan countries: economic rise of Russia through its gas strategy affects also economic development of the Balkan countries, therefore of Serbia, and of course the other way around.

The northern leg of the *South Stream* was envisaged to pass through Serbia, Hungary and Austria, and the southwestern part of this gas pipeline through Greece and further to Italy.¹⁹ The Gazprom made agreements with all the countries on the route of the gas pipeline in a similar way as in case of the *Nord Stream* that was constructed before with Germany. With the pipeline, these countries would achieve stable energy supply and economic boost (tax revenue).²⁰

The *South Stream* had its rival in the U.S. project *Nabucco*. But that was an illusory project because there was no gas for *Nabucco*. The gas from Turkmenistan that was to supply the planned *Nabucco* pipeline, under the agreement between Moscow and Ashgabat, was rerouted through Russia. In addition, the Azerbaijan gas supplier, *Shah Deniz*, who was also planned to be a gas supplier to *Nabucco* from the Caspian region through Azerbaijan to Turkey, gave up *Nabucco* in 2013 - because there was not enough gas. Simply, the US plans and promises, with which they put pressure on the Balkan countries, have no guarantees, because they are unprofitable and uneconomic. The gas pipelines several thousand kilometers long with a capacity below 30 billion cubic meters of gas per year cannot be profitable.²¹ So, the fictional *Nabucco* project tells us that it is only about the form of US

18 Viljem Endgal, „Energestki rat“, *Geopolitika*, No.20, Beograd, 2006, pp. 18.

19 Dusan prorokovic, Milorad perovic; „Strateski koridori i cevovodi i njihov uticaj na geoekonomski položaj balkanskih zemalja“, *Nacionalni interes*, No.3/2013, Institut za političke studije, Beograd, 2013, pp. 119–120.

20 Blocked gas pipeline *South Stream*: Capacity - 63 billion m³ per year. Length - 2380 km. Number of compressor stations - 8 (2 in Serbia). Project budget - 16 billion euros. Seafarers: 50% Russia (Gasprom), 20% Germany (Wintershall), 15% Italy (ENI), 15% France (EDF). Shareholders in Serbia: 51% Russia (Gasprom), 49% Serbia (Srbijagas). Following the cancellation of further construction of the pipeline operations of Germany, Italy and France, in the seaside of *South Stream*, Gazprom bought it at the end of 2014 and became the 100% owner of the sea section.

21 Srecko Djukic, „Gasovi tako blizu Balkana a tako daleko“, Available at: <http://evroazijainfo.rs/dr-srecko-djukic-gasovodi-ta->

pressure and about disabling Russia to implement exclusively economic projects, together with the Balkan countries.

Nevertheless, the U.S. in 2014 managed, through Brussels (the EU) and Bulgaria to prevent further construction of the *South Stream* with Brussels and Sofia putting conditions before Gazprom and Russia to retroactively accept the *EU Third Energy Package*. According to that document, that EU adopted in 2009 and went into force in 2011, it is compulsory to separate operators of the gas transport from the gas producer/supplier. That would mean that Gazprom cannot be at the same time gas supplier and one of the gas pipeline owners. Before the adoption of the *EU Third Energy Package* Russia reached agreements with the countries on the route of the gas pipeline on the *South Stream*. Nevertheless, in May 2014 the EU Commission requested from all EU members taking part in the *South Stream* gas pipeline, first of all from Bulgaria, to stop the construction of the pipeline until the *South Stream* is adjusted to the rules of the EU. Bulgaria was threatened openly with sanctions unless it stops the construction of the gas pipeline, and at the time European energy commissioner Günther Oettinger emphasized that the Gazprom business adjustment to the rules of the EU must last at least three years.²²

After years of pressure exerted by the United States on Bulgaria and blackmail and obstruction of the European Commission, Vladimir Putin publicly announced on December 1, 2014 that he would give up the construction of the gas pipeline. So, the reason was the obstruction by the EU. Washington and the EU with their anti-Russian politics foster even stronger bond between Russia, China, Iran, and Turkey.²³

As a Russian reply, Moscow made agreement with Ankara to reroute construction of the gas pipeline towards the Turkish part of the territory in Europe. Namely, in Turkey near the border with Greece, i.e. the EU, as agreed there is a plan to build underground warehouse to which the gas pipeline (*Turkish Stream*), from the European side, should be financed by the EU itself if it wants gas.

Turkey, which did not introduce sanctions against Russia in 2014, by building *Turkish Stream*, has become additional partner to Russia, which most certainly has implications to the interests of the U.S. Making agreement with Turkey Russia bypasses Ukraine which the West persistently tries to detach from Russian world, thus losing its significance in the energy blackmail of Russia. This raises the question of whether the EU has the means to build a new gas pipeline to the Greek-Turkish border.

Regarding the Russian energy strategy in the Far East, Russia began negotiations with China in 2004 on an energy agreement in gas supplies, the construction of a new gas pipeline. Negotiations lasted 10 years and an agreement was reached in May 2014, by signing an energy agreement for 30 years. This agreement also has its geopolitical dimension like the *North* and the *South Stream*. Namely, in the heyday of the confrontation with the US and

ko-blizu-balkanaa-tako-daleko/ (accessed on 5/2018.).

22 „EK trazi zamrzavanje Jznog toka“, Available at: <http://www.energetika-net.com/vijesti/plin/ek-trazi-zamrzavanje-juznog-toka-18944> (accessed on 7/2017).

23 Viljem Endgal, „Poseta Srbiji me duboko dirnula“, *Geopolitika*, No.82, Beograd, 2015, pp.14.

the EU during the Ukrainian crisis, Russia finds it very important to reduce the dependence of gas sales to customers in Europe. It is necessary to diversify energy supplies and free itself from being blackmailed. Secondly, the energy agreement with China consolidates the ties and the alliance of these two powers in the Eurasian territory, thus exacerbating or decreasing the influence of the United States. For years now, Moscow and Beijing have been making economic and military agreements, and the energy deal is the largest model of rapprochement of this country.

Decrease the influence of the US in Central Asia is seen also in relations between Russia and China in the Shanghai Cooperation Organization (SCO).²⁴ In the field of energy, that geopolitical cooperation means that gas and oil export from Uzbekistan, Kazakhstan and Turkmenistan (which is not SCO member) toward China, goes with the mediation of Russia.²⁵

Otherwise, the energy agreement with China is worth US \$ 400 billion with a price of \$ 360 - \$ 390 per 1,000 cubic meters of gas. The pipeline is to have two legs: the *Siberia Power (Eastern Stream)*, which runs from Irkutsk to Siberia to Vladivostok with its legs to China, and the *Altai (Western Stream)* gas pipeline, that runs from the Western Siberia to the Chinese province of Sindhing. The construction deadline for both pipelines is 2019. The annual flow capacity of the *East Stream* is 38 billion cubic meters of gas, with a possibility for an increase after 2018 to 100 billion. The capacity of the *Western Stream* is 30 billion cubic meters of gas per year.

This agreement with China is also important in that the first payments will be made in Chinese yuan. However, the first and most significant effect of an energy agreement with China is that Russia gets a secure market in the next 30 years, which can grow to hundreds of billions of cubic meters of gas. Secondly, looking at the map of future gas pipelines to China (*Altai and the Power of Siberia*), Russia will merge the entire gas infrastructure in Siberia with gas fields in Sakhalin (Far East), which can lead Russia to the countries of East Asia and the countries of Europe, regardless of where the gas comes from, what region. Thanks to that, gas exploitation does not only get cheaper but allows Moscow to negotiate with Europe in entirely different conditions – without being blackmailed by Brussels. Thirdly, Russia with the construction of energy infrastructure in Siberia boosts economically the Russian Far East which has been neglected for 20 years.

Russia and China achieved strategic agreement dealing on gas export from Uzbekistan in the period 2003 - 2015. Namely, China agreed that the gas export from Uzbekistan should be under control of Gazprom neft. So, Russia and China do not clash with energy strategies in Central Asia, but have cooperation. That is in accordance with their geopolitical cooperation.²⁶

24 About the Shanghai Cooperation Organization (SCO) read the texts: Dragana Mitrovic, „Sangajska organizacija za saradnju – nastanak, ciljevi i dometi nove bezbednosno-ekonomske strukture (Centralne) Azije“, *Srpska politicka misao*, br. 1-2, Beograd, Institut za politicke studije, Beograd, 200, str. 219-242. Srdjan Perisic, *Nova geopolitika Rusije*, Odrbrana, Beograd, 2015, pp. 258.

25 Dragana Mitrovic, Dragan Trailovic, „Geopoliticke posledice kineske energetske strategije u Centralnoj Aziji“, u zborniku *Srbija i evroazijski geopoliticki prostor*, (priredio Milomir Stepic), Institut za politicke studije, Beograd, 2013, pp. 177-194.

26 Dragana Mitrovic, Dragan Trailovic, „Geopolitika kineske energetske strategije u Centralnoj Aziji“, *Srpska politicka misao*, 2/2014, Institut za politicke studije, Beograd, pp.145.

In 2009, Russia put into operation the first part of the Siberian oil pipeline *East Siberia - the Pacific Ocean (VSTO-1)*, from Tayshet to Skovorodino on the Chinese border. The second part of the oil pipeline (VSTO-2) was put into operation in 2012, from Skovorodino to Kozmin, in the Nakhodka Bay of the Sea of Japan, in Russian Far East. The total length is 4,780 km. Annual flow is 30 million tons, with a possibility of an increase to 80 million tons. The capacity of the leg from Skovorodino towards Chinese Dacin is 15 million tons. The total cost of construction of the oil pipeline and oil terminal in the port of Kozmino was US 24 billion, which was repaid for one year of operation of the pipeline.

The significance of this pipeline is that it gives Russia the ability to choose to whom it will sell the oil, to European consumers or consumers in the Pacific. In any case, the possibility of blackmailing Russia in the purchase of oil has been blocked. On the other hand, the Asia-Pacific region has been a growing economic and energy market for the last two decades and gives Russia the opportunity to join in. Also, the pipeline allows for the development of the Russian Far East, which was completely neglected since 1990.

This pipeline does not go through any country. It depends neither on transit countries nor the customers. Thus, in 2012 the oil ESPO (*Eastern Siberia Pacific Ocean*) which runs through this oil pipeline was sold by the following percentage: The US — 27%; Japan— 19%; China — 18%, South Korea — 13%; Philippines — 9%; Thailand — 7%; Singapore — 4%; Peru, India, Indonesia — 1% each.²⁷

In Europe, Russia soon after the entry of Baltic states into NATO built a new harbor on the Baltic Sea coast (in 2006 in Primorsk in the Gulf of Finland) and almost entire oil supply, which until then went through these countries towards central Europe, directed to Primorsk, by constructing a new oil pipeline to it (*The Baltic Pipeline System BTS*). Further, oil is shipped on tankers to Germany. The value of Primorsk is US 2.2 billion with the capacity of 1.3 million barrels of oil per day. Likewise, in 2012 new port in the Gulf of Finland was put into operation Ust-Luga, as well as the oil pipeline to it (*The Baltic Pipeline System 2, BTS-2*). The oil pipeline capacity to the Primorsk port is 75 million tons, and of the oil pipeline to the port in Ust-Luga 50 million tons a year.

With the construction of these oil pipelines Russia has excluded from its oil pipeline system the ports in the Baltic countries (Latvia and Lithuania), as well as the port Gdansk in Poland, through which Russian oil went. Poland's Gdansk in effect was left without oil in 2012. By bypassing Poland with the gas pipeline *Nord Stream*, as well as with the exclusion of the Gdansk port from Russian oil transport, Russia has stopped Polish blackmail policy that is directly related to the U.S. geopolitical interests. It is similar with the Baltic countries. Being an exponent of the U.S. geopolitics in Eastern Europe Poland has suffered a huge economic damage. Polish economists and experts know that. Nevertheless, Polish Government does not seem to grasp that fact, which is illustrated by its interference in Ukraine, that Russia is not an enemy but possible partner through which Poland might achieve significant economic and political gains.

²⁷ David Jonathan, Andrew Held, "China's Energetic Obsession", Available at: <https://tesi.luiss.it/11308/1/salerno-tesi-2013.pdf> (accessed on 2012/2013.).

In the area of Southeast Europe, Russia had in the first decade of the 21st century plans to build an oil pipeline from the harbor of Burgas (Bulgaria) to the port of Alexandroupolis (Greece), bypassing thus the Bosphorus (*Trans-Balkan oil pipeline*). It was envisaged that Russia had 51.7% of shares in the consortium, while Bulgaria and Greece 24.15% each. Under the agreement of the three governments in 2007 the oil pipeline was to be built by 2010. However, in accordance with its strategy to geopolitically disable Russia, Washington put a lot of pressure on the Bulgarian government led at the time by Boris Stoykov. Thus in 2012 Bulgaria cancelled the agreement and paid EUR 4.7 million to exit the project under the pretext that the pipeline does not meet environmental standards and it is not economically justified.²⁸

4. Serbia's energy position

Following the fragmentation of Yugoslavia in the early nineties, small and weak states were formed in its territory instead. Wars, globalization processes, economic crises in the world and domination of the West caused Balkan countries to lag even more behind the rest of Europe on economy. The economic collapse also affected the EU member countries: Bulgaria, Greece, and Romania. Balkan countries tried to implement gasification with the help of Russia, the same thing as Germany, France, the Benelux countries, Italy did. However, this attempt failed. As we can see, the U.S., with the help of Brussels (EU), has blocked the construction of the gas pipeline in the Balkans. The blockade fits fully into the old US geopolitical strategy. It is "sanitary cordon" strategy, that is, the process of forming a *New Europe* covering area from the Baltics to the Balkans that must have no strategic ties with Russia. Meaning, neither political, nor security and economic ties. By exerting control over these countries, Russia is not allowed to implement its economic projects, regardless of the fact that it would be economic impetus for the impoverished Balkan countries.²⁹

Washington, in return for Russian gas pipelines, offered the alternative *Nabucco* project to the Balkan countries. We have seen that the capacity of this gas pipeline is unprofitable because it predicted only half of the capacity of the *South Stream's*. Also, *Nabucco* would completely bypass Serbia. After that, on the table was American liquid gas with terminals in Croatia, which was, judging by the prices, a complete utopia. So, in return for quite logical transits of Russian gas from the East, and what Germany and France already did, the U.S. offered impossible and unsuccessful projects. Serbia is not in a position to buy liquefied gas, nor is it able to participate in funding such gas installations.

Unfortunately, Serbia and other Balkan countries have not resisted American pressures. Having in mind that they did not resist Washington and Brussels the Balkan countries found themselves in a position of enormous energy and economic instability. *The South Stream*

28 ИТАР – ТАСС и Ведомости, „България виплатила Транснефти 4,7 млн евро в свъзис с выходом из проекта Бургас-Александруполис“, 8.2.2012. године, Available at: http://www.vedomosti.ru/companies/news/1497760/bolgariya_vyplatila_transnefti_dolg_v_47 mln_evro_v_svyazi_s (accessed on 8/2018.).

29 Srdjan perisic, „Savremeno geopoliticko suceljavanje Rusije i Zapada – da li je na pomolu (novi) raskol izmedju Evrope i Rusije?“, *Vojno delo*, 4/2005, Beograd, 2005, pp. 54–74; Donald Rumsfeld, *Secretary Rumsfeld Briefs at the Foreign Press Center*, January 22, 2003. Available at: <http://archive.defense.gov/Transcripts/Transcript.aspx?TranscriptID=1330> (accessed on 1/2018)

is the first energy project to bring Balkan into the modern economic world through transit routes. The project was blocked by the U.S. *The South Stream* would connect the Balkan countries to the energy development of other European countries. Why European countries are entitled to Russian gas, and Balkan countries are not? Why should Serbia and Balkan countries have to pay that price? Do they in turn have an alternative way to develop its economy? No, they don't. Gasification is what electrification was at the beginning of the 20st century. A condition for economic development.

The South Stream, if had taken place would have realized bioenergy and economic projects of regional significance, that would have a strong impact on the strengthening of economies in the Balkans. It would direct Balkan countries to mutual cooperation, not only in the energy sector. It would act as an investment in transport, a lever to boost road infrastructure, technology, and other areas as well. *The South Stream* would give a strong impulse to the development of the Balkan countries because their economies would be interconnected. In such a way, the Balkan economies of the region would economically connect the EU with the Eurasian Economic Union (EEU). Instead of adjoining all Balkan states to this project, instead of strong performance and demands of Serbia towards the EU and towards Bulgaria, in favor of the *South Stream*, Serbia and the Balkan countries are becoming dependent on the West, both economically and politically.

For the time being, the energy sector has remained the only geopolitical area through which Serbia could balance the influence of big powers and open up its space not only for economic and investment strengthening, but also to strengthen its foreign policy and negotiating position in many issues, such as Kosovo. Without Russian influence in the area of energy, Serbia cannot provide for itself an investment inflow, nor set its economy in motion. The feature of its economy is the constant reduction of industrial production in GDP, resulting in continuous borrowing and foreign trade deficit. Connecting Serbian energy to future Russian energy plans is the only chance for the negative trend in the Serbian economy to decrease and ultimately to stop. In this regard, the moves of Serbia around the *South Stream* were weak and incomprehensible. Also, Serbia would be an indirect source of gas to other Balkan countries, which are not on the route of the Russian gas pipeline (BiH, Croatia, Montenegro), what would boost its importance in the region, economically and politically.

Likewise, the pipeline would certainly influence political tension reduction among the Balkan countries, which are still of a fragile political order. Failure to connect Serbian energy policy with the Russian energy strategy brings Serbia, but other Balkan countries as well, into the political and security crisis in the long run, which has been implied slowly by the events in Macedonia and BiH. Otherwise, this connection would give Serbia a safe-country status, even without membership in military-political alliances. Namely, in order to ensure the smooth operation of the gas pipeline, Russia would act politically and militarily as a guarantor of peace and security. Those countries in Europe that are the end gas consumers (Hungary, Austria, Italy) would put an effort to secure constant and safe inflow of energy through Serbia, since their economies depend on it. In this regard, they would not get along either with instability in Serbia and the Balkans - they would see it as a threat to their national interests.

5. Conclusion

Oil, gas and other energy sources are deeply rooted in Russia's geopolitics. It is aimed at fostering new economic alliances with the Eurasian countries and preventing geopolitical limitation of Russia by the U.S. and the EU. Energy strategy participates in geopolitical positioning of Russia, but it is also a direct geopolitical prevention of the U.S. to put under geopolitical control Eurasian continent through energy corporations and the politics of destabilization of different countries (the Balkans, Central Asia).

Russia's energy strategy is entirely in line with the interests of Serbia and other Balkan countries. The Balkans is energy-neglected part of Europe. Many causes contributed to it, but today the U.S. and the EU have the biggest role in the obstruction of the Balkan energy development. Serbia has to use its geographical position, which in a natural way connects, via transit energy corridor, Russia as a producer and Europe as energy consumer. With its natural geographical position Serbia may also become one of the hubs for the expansion and distribution of gas, but also the oil to other Balkan countries (BiH, Montenegro, Croatia) and Central Europe countries (Hungary, Austria, Slovenia). Therefore, the position of Serbia seems to act as a structure and it has to form the basis for its energy efforts. The blockage of the *South Stream* warns Serbia inexorably. Unless Serbia and Balkan countries resist U.S. politics pressure, their energy and economic development will be shaken for a long time. So, it is quite clear that Serbia's interest is to connect its energy policy with the energy strategy of Russia. Serbia would thus become a stable country from the aspect of economy, investments, politics and security with a prosperous economic development ahead.

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Срђан М. Перишић

Енергетска стратегија Русије и Србије

Апстракт

Аутор анализира енергетску стратегију Русије са фокусом на нафту и гас. Руска енергетска стратегија се посматра у условима геополитичке конфронтације са Сједињеним Државама. Енергетска и економска ситуација Србије анализирана је у условима непостојања транзитне енергетске мреже на Балкану. Први део се бави секторима руске националне енергетске политике. Питање Енергетске повеље и односа са ЕУ анализирано је посебно. Други део рада разматра важност изградње нових руских нафтовода и гасовода и билатералних енергетских споразума. Трећи дио рада састоји се од аналитичког појашњења, са геополитичке тачке гледишта, о томе шта је значило Србији суспензија изградње гасовода Јужни ток. У чланку се поставља и питање - да ли је интерес Србије у повезивању своје енергетске политике са енергетском стратегијом Русије? Стратегија руских ресурса има за циљ изградњу нових економских савеза са земљама Евроазије и спречавање геополитичког ограничавања Русије од стране САД. Са друге стране, Србија мора почети са економским и геополитичким разматрањем важности повезивања са енергетском стратегијом Русије. Ово је једина стратегија која може одговорити на питање даљег економског развоја Србије.

Кључне речи: геополитика, енергија, стратегија, нафта, гас, Русија, Србија, Европа, Азија, Балкан.

Li Jianjun*

Chinese Cultural Promotion in Serbia**

Abstract

Chinese cultural promotion in Serbia is mainly realized through work of two Confucius Institutes, Culture Office of the Chinese embassy, "Chinese Language Teaching" project under the Education Board of the Chinese embassy, Sino-Serbian Cultural Exchange Association, various friendship associations and individual contributions. The scope and content of promotion activities undertaken by these institutions is dated and does not correspond to expanding cultural influence of contemporary China. At present, there are many challenges in modernizing Chinese language lectures and curriculum as well as in the perception and understanding of cultural promotion itself. Based on the field research the author has conducted in Serbia, the aim of this article is to give suggestions for more efficient Chinese cultural promotion in Serbia.

Key words: Chinese culture, Serbia, cultural promotion

Serbia, a small country in Southeast Europe, is a home to a more than 5000 Chinese businessmen. Despite friendly and cordial bilateral relations between the two countries, Chinese businessmen can still encounter unwelcoming reception or even a boycott by Serbians. Notwithstanding the fact that these are mostly isolated cases, this attitude is also showing inadequacies in foregrounding "going out" policies espoused by the Chinese government.¹ In Serbia, just like in other parts of the world, the understanding and acceptance of Chinese culture is not directly related with the pace of Chinese global economic expansion; instead, there is a certain gap or time lag between marching economic expansion and tottering cultural acceptance. At present, Chinese cultural impact on global market is still far to match Japan and South Korea, while the gap between China's present contribution to the world's cultural life and its "responsibility to contribute" is becoming very evident.² Therefore, in order to enhance Sino-Serbian cooperation, especially in the light of Belt and Road Initiative and 16+1 Cooperation, it is necessary to tackle Chinese cultural promotion in Serbia.

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1 Set of policies intending to strengthen Chinese cultural promotion abroad, also called "Cultural going out" (文化走出去) policies are launched by The Third Plenary Session of the 18th CPC Central Committee in November 2013. For details, see: Ma Xiaodai: Zhongguo Wenhua "Zouchuqu" de Zhanglvce Sikao [Reflecting on Chinese "Cultural going out" strategies], *People's Forum*, Beijing 2017, no.2; Guo Qi, Hong Xiaonan: "Zouchuqu" de Zhanglvce Yanjiu [Research on Chinese "Cultural going out" strategies], *Culture Journal*, no.9, Beijing, 2016.

2 Lei Xingchang, Liu Wenyu, "Strategic assessment of Chinese cultural products on world's market", *Economic Science Press*, Beijing, 2015, p. 3.

1. Chinese cultural promotion in Serbia

1.1 Cultural promotion activities under Ministry of Education and Office of Chinese Language Council (Hanban)

Currently, there are two Confucius Institutes in Serbia: the Confucius Institute of the University of Belgrade and the Confucius Institute of the University of Novi Sad. Confucius Institute in Belgrade was founded in 2006, under University of Belgrade with Nanjing Normal University as supporting institution (and Communication University of China after 2009). The Confucius Institute of the University of Novi Sad was established in 2014 under cooperation agreement between the University of Novi Sad and Zhejiang Agricultural and Forestry University. By the end of 2017, Confucius Institute in Belgrade had set up six Chinese teaching sites and one Confucius School, while Confucius Institute in Novi Sad had created sixteen Chinese teaching sites and one Confucius School. Both institutes provide cultural and educational activities to local communities, such as: language courses, calligraphy, cooking, painting, martial arts, qigong and Tai Chi classes. In cooperation with the Chinese embassy, relevant departments of the Serbian government, local cultural and educational institutions and organizations, these two institutes are also engaged in the field of cultural promotion. They have launched a number of cultural activities, such as "China Film Week", "Happy Spring Festival", "China Cooking Day", "China Music Show Week", "Month of Chinese Martial Arts".³

Belgrade Confucius Institute is comparatively bigger institute, has more local teachers and pays more attention on their academic development and scientific research. Among academic activities organized by Belgrade institute are: two international Sinology conferences (2008-2012), first training course for native Chinese teachers in Serbia (2014) and Chinese language textbook development seminar for Serbian teachers (2014). Moreover, the institute in Belgrade has its own journal, "The Journal of Confucius Institute in Belgrade" which by the end of 2017 had its 14th issue. It is the only professional journal in Serbia for Sino-Serbian cultural cooperation and sinology. Other publications also include: "Tang Yan Zhenqing's Regular Script", "The Introduction to Chinese Cooking" and "A Guide for Transliteration of Chinese Names into Serbian"⁴.

Confucius Institute of Novi Sad has very intensive activities in cultural promotion of China. In the past three years, the institute organized more than 200 events promoting cultural cooperation and exchanges. Comparing to its Belgrade counterpart, the institute in Novi Sad is more closely integrated with local Chinese business circles and local government. The institute directly benefits from a close cooperation with the Chinese Business Federation of Serbia, the Chinese Business Federation of Vojvodina, the Lishui Chamber of Commerce, the provincial government of Vojvodina and the city government of Novi Sad.

³ For details, see: http://www.hanban.edu.cn/confuciusinstitutes/node_6713.htm and <http://wsc.zafu.edu.cn/kzxy.htm> (accessed on 10/01/2018)

⁴ In Chinese: "Tangyan Zhenqing Kaishufa" (《唐颜真卿楷书技法》), "Zhongguo Pengtiao Rumen" (《中国烹调入门》), "Hanyu Zhuanming Saiyu Yiyin Zhinan" (《汉语专名塞语译音指南》)

1.2 Cultural promotion activities organized by the Culture Office of the Chinese embassy

In September 2008, Chinese and Serbian Ministry of Culture signed the Implementation Plan for Cultural Cooperation for 2008-2012 period. In May 2013, both ministries signed the Cultural Cooperation Plan for 2013-2016 period, which includes the exchange and cooperation projects in various fields, such as cultural festivals, literature, art, publishing, books, museums, archaeology, archives, radio, television, film and so on.

These plans served as a framework for the Culture Office in conducting cultural promotion activities. On Serbian side, participating institutions include: The University of Belgrade, the University of John Nesbitt, the Open University of Subotica, the Belgrade City Library, the Serbian Film Archives Museum and the Yugoslav Museum of History. Culture Office with Serbian partners every year organize "China Film Week" and invite various art delegations from China to perform in Serbia, including the Chinese Central Ethnic Song and Dance Orchestra, the Chinese Broadcasting Arts Orchestra Ethnic Orchestra, the Gansu Opera House Art Orchestra, the Beijing Symphony Orchestra. So far, partnering institutions have organized several art exhibitions, displaying ancient Chinese bronzes, Chinese graphic design artefacts, Sichuan earthquake relief photos, traditional woodblock paintings, contemporary ink and wash painting, etc. Culture Office also promotes cultural activities through platforms and programs of Serbian partner institutions. For instance, in April 2008, on the 1130th anniversary of the founding of Belgrade, Cultural Office organized "Chinese Day", Fujian Christian Choir participated on the third Exit Music Festival in Novi Sad. Book donations for primary and secondary schools and city libraries have also been organized. Also, important events organized by Culture Office have been reported by RTS, Serbian state-owned television, Pink TV, Prva 1, Tanjug, Belgrade Radio, Danas, China Central Television, Xinhua News Agency, China National Radio and other media.⁵

2. "Chinese Language Teaching" project under the Education Board of the Chinese embassy

In March 2012, the Education Board has launched a Chinese teaching project in primary and secondary schools. The Chinese Ambassador to Serbia, Zhang Wanxue, and the Minister of Education and Science of Serbia, have officially signed a memorandum on the implementation of the pilot project "Chinese language courses in Serbian primary and secondary schools". The project has received support by Hanban Council and the embassy in sending teachers and volunteers. Until 2018, 18 volunteers and 2 Chinese teachers have been sent to 11 different places in Serbia. In terms of teaching materials, Confucius Institute and Hanban Council jointly provided textbooks for primary and secondary school students: "Chinese Playground" and "Happy Chinese" primary schools, and "Learn Chinese with Me" for the secondary school students. At present, there are 64 Chinese teaching points in Serbian primary and secondary schools.

⁵ For details, see: <http://rs.chineseembassy.org/chn/zsgx/whj/> (accessed on 12/12/2017)

2.1 Activities organized by the Sino-Serbian Cultural Exchange Association

The Sino-Serbian Cultural Exchange Association was established in 2013 by Guo Xiao, chairman of the Chinese business association of Serbia. The intention to found the Association came from Chinese businessmen in Serbia who believed that business cooperation must be based on cultural understanding. From 2015, the Association regularly organized activities, such as, "Chinese Culture Week", every year in May-June period in Beli Dvor (old royal palace). This activity includes Chinese tea ceremonies, film releases, art exhibitions, acupuncture lessons, singing, dancing and Tai Chi performances, food tasting, etc. Every year, the culture week received donations from about 10-15 local Serbian private enterprises, each contributing with 1,000 EUR. Also, the Association supports and participates in the International Dragon Boat race and organized fund raisers for big floods in Serbia. A total of 55,000 euros and over one million dinars in goods and materials were donated to the people affected by the flood that occurred in 2015. The Association also supported charity and education promoting activities by the former First Lady and its activities are usually attended by important officials and have local media coverage.

3. Other institutions in charge of Chinese cultural promotion

In addition to the above-mentioned institutions and projects, the Chinese Department of Belgrade University, the Serbian non-governmental friendship organization "House of Orient" (Kuća Oriјenta) and the Sino-Serbian Association for Educational Exchange among others are also active in promotion of Chinese culture and Sino-Serbian people-to-people exchanges.

4. Some problems and challenges in Chinese cultural promotion

Chinese culture promoting activities in Serbia have achieved certain success in deepening the understanding of Chinese culture among local population and enhancing the social influence of Confucius institutes, Sino-Serbian Cultural Exchange Association and other relevant institutions. However, some problems and challenges are still present.

First, Chinese language as a course in high schools and colleges has not yet obtained the credit status. Currently, only Niš University and Novi Sad University have Chinese included in credit system. In secondary education, Chinese course has credit status only in Belgrade Language Middle School and Sremski Karlovci Language Middle School. Therefore, it is very challenging for Chinese teachers and volunteers in more than 60 schools where Chinese language projects have been launched to attract students for taking and passing Chinese courses.

Second, general feedback on many of Chinese cultural activities is that they are somewhat superficial, formalist and without interaction. For example, various painting and calligraphy exhibitions organized by Culture Office usually only invite authors without inviting experts able to introduce the context and give an insight for understanding historical background of Chinese calligraphy and Chinese art. As a result, Serbian audience tends to have one-sid-

ed, fragmented and superficial understanding of Chinese art.

Third, cultural promotion activities are not in the same track with other (economic, political) activities. Sometimes it may seem that cultural promotion and economic cooperation are conducted completely unrelated to each other. For instance, after the launch of 16+1 Cooperation and Belt and Road Initiative, departments in charge of PR or local liaison offices haven't timely responded by issuing detailed and long-termed plans for follow up and coordination of (promoting) cultural cooperation.

Fourth, due to a small number of Chinese-speaking Serbians, Chinese works are often translated into Serbian from Russian, German or English, which as a result affects the accuracy of Serbian translations. For example, "Water Margin", a one of the Four Classic Novels of Chinese literature, has been classified not as a novel, but as an introduction to some roles and some plots, which distorts the understanding of the place this masterpiece has in Chinese literature.

Fifth, some communication 'hiccups' between Serbian institutions in charge of Chinese cultural promotion. Some typical examples include the (mis)coordination of the activities undertaken by the two Confucius institutes in Serbia; related institutions and scholars sometimes have opposing and conflicting ideas regarding the promotional activities, non-governmental Chinese culture associations complain for the lack of financial support from the Culture Office, etc. Due to insufficient coordination between the local institutions long-term systematic plans for cultural promotion tends to be neglected and financial resources are consumed to maintain some low-level activities.

Sixth, delays in establishment of cultural centers. Even though two countries in July 2010 officially signed the Memorandum on mutual establishment of cultural centers and President Xi Jinping during his visit to Belgrade in 2016 together with President Nikolic jointly laid the foundation for the future Chinese cultural center, according to the author's understanding, so far there was no any progress in this field. Possible explanation might be in defining the specific scope of activities which should be carried by the center, which, in Serbia, a small country with two existing Confucius institutes could be very challenging task to do.

5. Suggestions for improvement

First, conceptual reassessment of "going out" strategy. In the past ten years, Chinese culture has been "going out" of its low-profile position in Serbia. Today, "going out" in Chinese teaching can be witnessed through increasing number of primary and secondary schools in Serbia having set up Chinese as an optional course. It is, therefore, time to put more emphasis on the in-depth development of the strategic partnership between China and Serbia, which means to support policies that facilitate and enhance learning Chinese and understanding Chinese culture, among Serbian population. Also, it means to continue carrying out high-level cultural promotion activities to demonstrate that traditional Chinese culture as well as the values of contemporary Chinese society can actively contribute to Sino-Serbian friendship.

Second, keeping pace with (bilateral) economic cooperation. Institutions in charge of cultural promotion should follow closely developments in other fields of cooperation, timely respond to new trends in current Sino-CEEC cooperation platform, especially in Sino-Serbian relations. They should develop strategies and platforms for the main stakeholders in Sino-Serbian economic cooperation, organize economic forums and encourage bilateral visits and exchanges; in a word, actively promote the concept of “harmony is above all”, “responsibility for the world” and, finally, guiding bilateral cooperation so that it can reflect the focal points of “community of shared future”⁶ and showcase Chinese “way” in making cooperation initiatives and doing business.

Third, the role of non-governmental organizations is indispensable in the process of cultural promotion. NGO organizations and civil society can soften and vitalize more formalist and strict manners in conducting political relations and dispel possible tensions that could arouse due to communication issues. Chinese people living in Serbia are invaluable asset to their country in promoting bilateral cooperation and people-to-people exchanges. They are more familiar with Serbian society, can grasp better the local mentality and have learned shortcuts for efficient promotion of cooperation with Serbian people.

Fourth, focus on training of local teachers and experts in cultural promotion. Relying solely on Chinese teachers and volunteers to teach Chinese and promote Chinese culture cannot be sustainable long-term plan. In cooperation with local educational and cultural departments, it should be designed a plan for education of local Chinese teachers and cultural promoters. Hanban Council can set up projects that aim to scout local teachers and “cultural exchange envoys” and tap potential in local talents committed to promote Chinese culture in a “localized” way.

Fifth, pay attention and seek commonalities out of existing cultural differences. There is only one real cultural dialogue, the one that does not exclude cultural differences.⁷ Therefore, only by understanding and accepting mutual differences can start a true cultural dialogue between China and Serbia. With the economic and cultural globalization, the concepts of ecology, environmental protection, sustainability, harmony and win-win cooperation⁸ should be the guiding principles pursued by both sides.

Sixth, Chinese embassy should be in charge of guiding and coordinating Chinese cultural promotion. This means to more actively coordinate the activities of Culture Office, Education Board, Confucius institutes, encourage non-governmental cultural organizations to play more active roles and complement strength of all institutions in charge of cultural promotion.

6 These two Confucian concepts are increasingly gaining relevance in Chinese “going out” policies, reflecting the synthesis of traditional and contemporary traits in Chinese culture. See: Analects: Ch 1, LZYHWG: “He wei gui”, “Harmony is above all” (“和为贵”), Ch 1: YTXWJR: “Yi Tianxia wei ji ren” “responsibility for the world” (以天下为己任). “Community of a shared future” or “Community of shared destiny” (命运共同体) is a concept promoted by Chinese government to promote and sustain intercultural dialogue and people-to-people exchanges under Belt and Road Initiative..

7 Du Weiming (ed.), *From axis civilization to dialogue civilization: Songshan Forum Collection*. 2012, Guangming Daily Press, 2013.

8 “Harmonious development” (和谐发展) and “win-win cooperation” (互赢合作) are two signature concepts of Chinese government which laid foundation for Chinese cultural promotion abroad.

Overall, Chinese cultural promotion in Serbia has made some achievements, but has also revealed many practical problems and challenges.⁹ Just like all modern cultural institutions striving to make a full use of the advantages of global world, develop strategies for sustainable fusion and collision with different cultures, institutions in charge of Chinese cultural promotion should take an active part in renewing their concepts and strive to dig out the contents of Chinese culture that share the common values of mankind, explore commonalities with Serbian traditional and modern, Orthodox and civic culture and engage into real cultural dialogue with Serbian people.

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⁹ Yang Zi wrote, "How can globalization bring Chinese culture?", Interview with Wang Meng, *Southern Weekend*, November 22, 2001 edition.

Ли Ђијанђун

Културна промоција Кине у Србији

Апстракт

Културна промоција Кине у Србији се остварује кроз рад Конфућијевог института, Одељења за културу при амбасади НРК, програма учења кинеског језика под секцијом за просвету при амбасади НРК, Удружења за културну сарадњу између Кине и Србије, радом организација српско-кинеског пријатељства те индивидуалним доприносима. Међутим, потребно је истакнути како опсег и садржај промотивних активности не одговара развоју кинеског културног утицаја у свету. Тренутно предстоје многи изазови у модернизацији учења кинеског језика као и промени разумевања циљева културне промоције. На темељу спроведеног теренског истраживања у Србији, ауторка даје сугестије за побољшање кинеске културне промоције у Србији.

Кључне речи: Кинеска култура, Србија, културна промоција

Dragan Trailović*

Economic Development and Ethnic Conflicts: Evidence from Xinjiang, PR China**

Abstract

Since the end of the Cold War the number of intra-state conflicts has increased, especially those who have been ethnically motivated. The new wave of ethno-political movements have re-emerged in almost all parts of the world since the nineties. As ethno-national conflicts have become one of the most common forms of the use of violence posing a threat to the international order they also have become of increasing significance and have drawn the attention of many scholars who have sought to explain the reasons for their outbreak. Among these explanations, economic factors as potential cause of ethnic conflict are gaining a significant attention. Since China was not an exception to this trend, bearing in mind the existence of ethnic conflicts on its territory, it was important to look at what are the factors of ethnic conflict in the People's Republic of China. Based on that, the aim of this paper is to describe, on the case of Xinjiang, the impact of economic factors, more precise economic development, on ethnic relations in China. The main question is whether the Chinese state has managed to solve problems in ethnic relations with economic development as intended or has further deepened the existing social and ethnic cleavages. We argue that the opposite happened of what the state planned - economic development which is carried out by the central authorities is stated as one of the reasons for ethnic conflict in these region so it is placed in the context of ethnic discrimination by the part of the Uyghur community.

Key words: *Economic Development, Ethnic Conflict, Xinjiang, PR China*

1. Introduction

Conflicts between different ethnic groups, both non-violent and those who manifest themselves through the widespread use of violence, have been a major subject of research in many scientific disciplines for a long time. As the form of interethnic relations, violent and non-violent conflicts are one of the very important areas of scientific interest of political science, sociology, anthropology, and other disciplines and scientific fields. Within these scientific disciplines, new arguments and explanations are being developed that deal with the causes of ethnic conflicts as well as the ways of preventing them.

There are a large number of possible explanations why different ethnic groups come into conflict. For example, there are the explanations that "ancient hatreds" between groups produce conflict, that ethnic conflict is a product of a clash of different cultures, that the process of modernization is the cause of ethnic conflicts, that "security dilemma" can cause ethnic conflict and many others.¹ There are also explanations according to which the design

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of political institutions is an important factor for the existence or non-existence of conflicts in a multiethnic society. Different ways of organizing key political institutions such as, for example, unitary or federal arrangement of the state structure, a majority or proportional electoral system, and similar factors are important in explaining the emergence of ethnic conflicts.

Usually there are four groups of factors that can be identified in the literature dealing with internal conflicts: structural factors ("weak" states, internal security problems, geographical distribution of ethnic groups), political (discriminatory political institutions and others), cultural factors (patterns of cultural discrimination and others) and economic / social factors (discriminatory economic systems, modernization).² All these different explanations can be divided into two groups, those that derive from primordial argumentation and the (structural) which are based on socio-political argumentation.

When it comes to the relation between economic growth and ethnic conflict most research shows that economic growth and wealth reduces the likelihood of conflict between different ethnic groups within society.³ Many argue since global wealth is rising we should expect to see a fall in the amount of conflict in the world.⁴ We are witnessing that even though some countries have become much richer, the number of conflicts, especially ethnic ones, has grown. Generally speaking, the rise of global economic development has not led to a decline in number of conflicts.

The question is whether it is possible that economic growth can be harmful to ethnic relations and to encourage ethnic conflicts and how?

There are a lot of arguments why economic development may drive people to come into conflict. For example, economic development may produce a radical re-organization of political and economic structures that may in turn provide opportunities for conflict. Another argument is that limited resources which are necessary for economic development may create the need of one ethnic group to have more direct control over them in order to maintain economic growth and because of that the group can come into conflict with other groups who want the same.⁵ This is very important because the socio-economic differences may coincide with ethnic differences and social class stratification may overlaps with ethnic stratification. The cause of conflict between ethnic groups can be the unequal benefits from economic development that these groups are appropriating, which further gives the group that benefited more an advantage in the competition for better positions in society.

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1 Donald L. Horowitz, "Structure and Strategy in Ethnic Conflict", *Paper prepared for the Annual World Bank Conference on Development Economics*, 1998, pp. 5-13, Available at: <http://siteresources.worldbank.org/DEC/Resources/84797-1251813753820/6415739-1251813951236/horowitz.pdf> (accessed on 10/10/2018)

2 Michael E. Brown (Ed.), *The International Dimensions of Internal Conflict*, MIT Press, 1996, p.14.

3 Macartan Humphreys, *Economics and Violent Conflict*, UNICEF, 2003, p. 2, Available at: https://www.unicef.org/socialpolicy/files/Economics_and_Violent_Conflict.pdf (accessed on 12/10/2018)

4 Ibid, p. 3.

5 Patrick Barron, "How do conflicts and economic growth go together in Asia?", *Deutsche Welle*, 2014, Available at: <https://p.dw.com/p/1Crlc> (accessed on 12/10/2018)

Based on that, the aim of this paper is to analyze, on the case of Xinjiang, the impact of economic development on ethnic conflicts in China. The basic research question of this paper is whether the economic development of the region has influenced the region to be more peaceful or produced additional causes for the minority ethnic groups' grievance?

2. Consequences of economic development on ethnic relations in Xinjiang

The People's Republic of China is a multiethnic country with 56 officially recognized ethnic minorities, which according to the official ethnic policy of the Chinese authorities together make a unified Chinese nation. The Chinese central government is striving to show that 55 ethnic groups in China live in harmony with the dominant Han Chinese majority. However, the complexity of many problems in ethnic relations between different ethnic minorities pose a serious threat to Chinese national unity. China has been facing increasing demand for greater autonomy or independence for the past several decades in Xinjiang. The roots of this lie deeply in the long history of this area but only in the past twenty years the riots in Xinjiang are intensifying and Uyghur national feelings are strengthening. Referring to differences in culture, religion, language and claiming that the political structure of the Chinese state prevents the practice of basic elements of the Uyghur identity, a part of the Uyghur community organizes separatist and terrorist groups in order to achieve their national goals.⁶

The political and economic reforms that took place in China after 1949, also took place in Xinjiang as an integral part of the Chinese state. The most important consequence of the new Chinese policy in this area was the change of traditional socio-economic and political structure, as well as the demolition of traditional local political and religious authorities. Also, an important feature of these changes was the relocation of the center of economic and political power from Kashgar, where traditionally this power was concentrated, to Urumqi. In this part of its territory the People's Republic of China faces deep ethnic, religious, cultural, socio-economic and other social divisions between the two ethnic groups (Uyghurs and Han Chinese). The first level of cleavage is on the center (Beijing, Urumqi – Han Chinese) - periphery (Kashgar - Uyghurs) line, based on a split over the way of internal organization of the state institutions. This cleavage is also manifested through the confrontation such as: unitarists (Han Chinese) – autonomists/independentists (Uyghurs). The second level of social cleavage is based on an ideological and cultural split and on different ideas of socio-cultural identities. On this part of its territory, Chinese society is divided along lines: the dominant Han culture – Uyghur subculture, modernists (Han Chinese) – traditionalists (Uyghurs), secularists (Han Chinese) and believers (Uyghurs – Islam). The third level is determined by a socio-economic cleavage based on a split between those who advocate for more market allocation of resources (Uyghurs) and those who advocate for state redistribution (Han Chinese).⁷

Prior to the founding of Peoples Republic of China, Xinjiang was an economically underde-

⁶ From the beginning of the nineties conflicts are intensifying. The first incident that pushed the Xinjiang region into instability was the uprising in the city of Baren in April 1990. There was a mass uprising, calling for jihad and the establishment of the Republic of East Turkestan. One of the biggest incidents in Xinjiang occurred in 2009 in Urumqi. During this escalation of violence, 197 people were killed, while more than 1,600 were injured. In the period 2013-2016 there was another wave of Uyghur terrorist activities.

⁷ Драган Траиловић, „Социјални расцепи и захтеви за сецесијом у НР Кини: Случај Синђанга“, *Политичка ревија*, Институт за политичке студије, Београд, 4/2012, стр. 269.

veloped region. The industry almost did not exist, while the economy rested on traditional agriculture. Since then, especially since the period of “reform and opening up”, the nineties and after year 2000 Xinjiang is experiencing rapid economic development and progress. The Chinese state launches investment programs for the development of its border areas, and in time, Xinjiang has become one of the priority regions. Large investments are allocated for the development of infrastructure, the construction of railways, roads and bridges, as well as for the initiation of industrial production and the development of services and tourism. A significant part of the investments went to the construction of oil pipelines and gas pipelines.

The economy of Xinjiang began to develop since the 1990s when Central Asian republics gained independence and when cross-border trade with them started, but the real economic development of the region began in year 2000 when the Chinese state launched the “Great Western Development Strategy” or the “Open Up the West Program” in order to accelerate economic development and to attract direct investment to this region. In response to the deadliest riots in the capital of Xinjiang in July 2009, the Chinese Communist Party leadership convened the First Xinjiang Work Forum in Beijing in May 2010 to assess and amend the center’s economic strategy toward the Uyghur region. The second Xinjiang Work Forum was held in 2014, within a week of a deadly explosion in Urumqi that killed 31 people and injured 94.⁸ After this Forum, the economic development remains a top priority as the main principle of the central government’s ethnic policy.

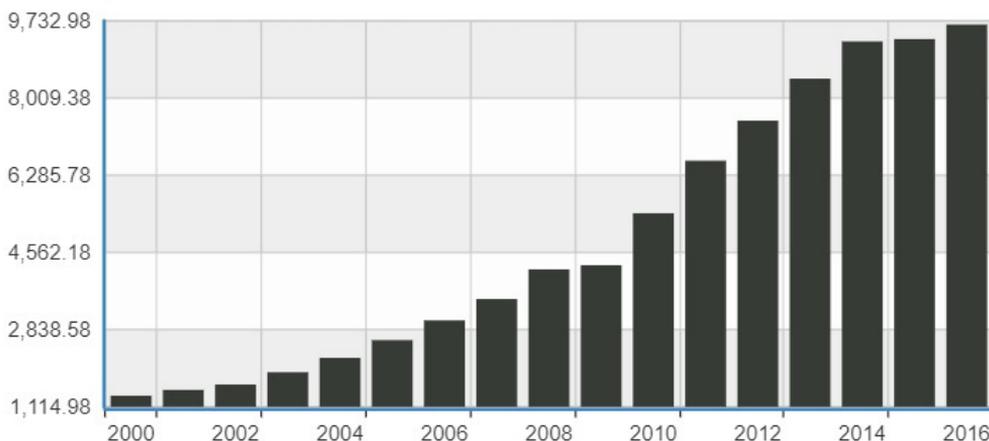
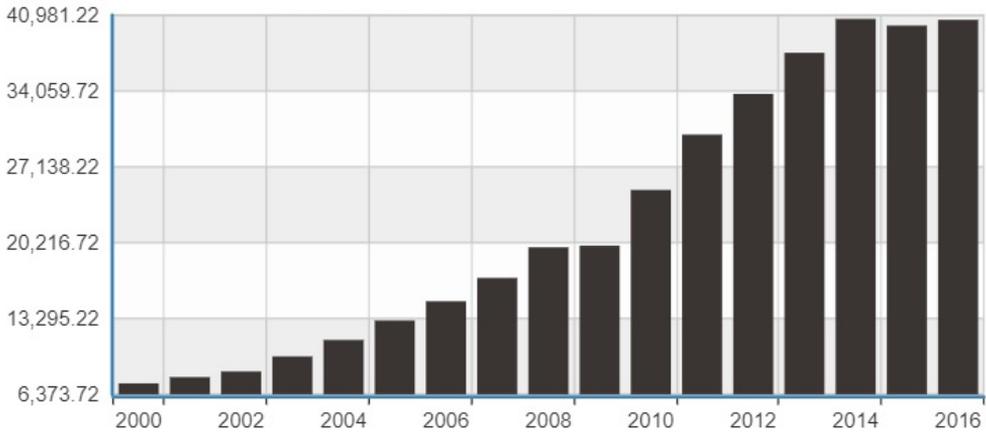


Figure 1. Regional Gross Product (100 million yuan)

Source: National Bureau of Statistics of China, *National Data*, Available at: <http://data.stats.gov.cn/english/easyquery.htm?cn=E0103> (accessed on 15/10/2018)

8 Debasish Chaudhuri, “Second Xinjiang Work Forum: Old Policies in New Language”, *Analysis*, No. 17, Institute of Chinese Studies, Delhi, 2014, pp. 1-5.

Figure 2. Per Capita Regional Gross Product (yuan/person)



Source: National Bureau of Statistics of China, *National Data*, Available at: <http://data.stats.gov.cn/english/easyquery.htm?cn=E0103> (accessed on 15/10/2018)

Recognizing that these region is economically underdeveloped and considering that poverty and poor living conditions are the biggest problem and therefore the cause of dissatisfaction of ethnic minorities, the Chinese state started the rounds of investments in agriculture, industrial production, and infrastructure. However, economic development and modernization did not produce the desired outcomes for the minorities. The Chinese state considered that the economic development of Western regions would automatically contribute to the reduction of economic differences between ethnic minorities and thus to the reduction of conflict. In spite of that, the disaffection of minority ethnic groups, especially Uyghurs, continues to exist in the region, as well as sporadic conflicts and outbreaks of violence. It just happened the opposite of what the state planned - economic development which is carried out by the Chinese authorities is stated as one of the reasons for ethnic conflict in these region and it is perceived as a threat to traditional economic activities, to the environment, Uyghur culture and other elements of ethnicity, so it is placed in the context of ethnic discrimination.

Members of the Uyghur ethnic group believe that the Chinese state draws natural resources from their territory and in return minority people have no benefit from it. They point out that there is a great disparity between the distribution of economic wealth between Han Chinese and other ethnic groups in favor of Han Chinese.⁹

Han Chinese mostly inhabit areas that are economically more developed as well as areas that are highly industrialized, such as the larger cities, while the Uyghur population is mainly settled in poor and rural areas. In practice Han Chinese are employed in places that are paid more, while Uyghurs are mostly engaged in agriculture and livestock breeding. Developing industries in the region tend to exclude much of the Uyghur population in favor

⁹ Uyghur Human Rights Project, *End of the Road: One Belt, One Road and the Cumulative Economic Marginalization of the Uyghurs*, 2016, pp. 28-29, Available at: <http://uhrp.org/docs/End-of-the-Road.pdf> (accessed on 15/10/2018)

of Han Chinese. The Xinjiang Production and Construction Corps employs upwards of 2.7 million people, though Uyghurs make up only seven percent of its workforce.¹⁰

With constraints such as poor Mandarin language skills, which is the official language, and because of the lower level of education, Uyghur people, regardless of the economic development of the region, remain poorer than the Han Chinese.¹¹

By launching a strategy for the development of Western regions, the Chinese state also stimulated inter provincial migrations to the western parts of China. However, the population that migrated to the western provinces, populated by many ethnic groups, was mostly ethnic Han, which significantly influenced the demographic and ethnic structure of these regions, and opened a series of new social and political issues. The influx of the Han people additionally increased competition for political, economic and other positions in these areas. Given that they are a majority nation, and often due to a large number of other factors, Han people has the advantage in competing for better positions in society, better education and better economic status.¹²

Table 1. Percentage of Uyghur and Han population in Xinjiang (1949 and 2010)

	1949.*	2010.**
Uyghur	≈ 75%	≈50%
Han	≈ 5%	≈40%

Source: * Michael Dillon, *Xinjiang – China`s Muslim far NorthWest*, Routledge Curzon, London, 2004, p. 75; ** Emile Kok-Kheng Yeoh, "Frontier China: Ethnoregional Disparity, Ethnoterritoriality and Peripheral Nationalism" in Emile Kok-Kheng Yeoh (ed.), *China: Developmental Model, State- Civil Societal Interplay and Foreign Relations*, Institute of China Studies, University of Malaya, Kuala Lumpur, 2013, p. 522.

Some authors argue that in order to implement developmental policies Chinese state used strong focus on centralizing power and gave an emphasis on creating a dominant national culture and identity.¹³ The official documents of the Chinese authorities highlight the importance of the unity of all ethnic groups for the prevention of conflicts between ethnic groups and for its social stability. According to the *White Paper on National Minorities Policy and Its Practice* in China only such unity can stabilize and harmonize society, facilitate the lives of people and guarantee long-term peace and stability of the country.¹⁴ Supporters of the "second generation" of ethnic policies in China point out that the cornerstone of the "Chinese dream" is the integration of all the people of China into one unified nation.¹⁵ However,

10 2016 Human Rights Situation in East Turkestan, World Uyghur Congress, 2017, p. 22, Available at: http://www.uyghurcongress.org/en/wp-content/uploads/dlm_uploads/2017/05/WUC-Human-Rights-in-East-Turkestan-2017.pdf (accessed on 15/10/2018)

11 Ibid, pp. 21-22.

12 Uyghur Human Rights Project, *End of the Road: One Belt, One Road and the Cumulative Economic Marginalization of the Uyghurs*, op.cit, p. 24.

13 Jessica Koch, "Economic Development and Ethnic Separatism in Western China: A New Model of Peripheral Nationalism", Working Paper No.134, Asia Research Centre, Perth, 2006, pp. 13-17.

14 *White Paper on National Minorities Policy and Its Practice in China*, Information Office of the State Council of the People's Republic of China, 2009, Beijing, available on: http://www.china.org.cn/government/whitepaper/2009-09/27/content_18610362.htm (accessed on 25/10/2018)

15 Mark Elliott, "The Case of the Missing Indigene: Debate Over a 'Second-Generation' Ethnic Policy", *China Journal*, no. 73, University of Chicago Press, 2015, p. 195.

the Uyghur people resist Han culture, considering it as materialistic threat to their traditional values, particularly when it comes to religion. According to Uyghur Human Rights Project "Development as it is understood in East Turkestan was an instrument with which to assimilate the Uyghurs and determine loyalty to the center-led vision for the region"¹⁶

Also, there are authors who point out that economic and developmental initiative of the Chinese state was imposed rather than negotiated, and designed to benefit the center rather than the region, and as a result failed to engage the periphery group.¹⁷

James Leibold believes that, while the economic development remains the backbone of ethnic policy, "the new generation of Party leaders understands that money alone will not mollify ethnic and religious tensions..."¹⁸ He points out that party leadership puts emphasis on interethnic fusion now "by calling for the establishment of a mutually embedded social structure and social environment."¹⁹

3. Conclusion

Although the Chinese central authorities managed to develop the region of Xinjiang economically and in any other way, as evidenced by numerous indicators, dissatisfaction of the part of Uyghur population is still ongoing. The economic development of the region, that is evident, has not given the desired outcome when it comes to the position of ethnic minorities. In spite of the preferential policies of the state in relation to ethnic minorities, they remain in a more unfavorable social position than the majority nation.

The region's economic development policy was such that favored modernization, but it was not sensitive to ethnic differences and failed to engage peripheral groups (ethnic minorities). Why is it so? In the case of Xinjiang, it turned out that economic development could not do much because it was opposed by individuals and groups with their own choices and decisions based on different cultural, religious and ethnic values. This has produced conflicts because, in different historical circumstances, these social and cultural patterns differed from those advocated and promoted by the Chinese state. For these reasons, new party leadership puts a strong emphasis on the reduction of ethnic differences as well as on building a shared national identity of Chinese citizens from different ethnic groups.

16 Uyghur Human Rights Project, *End of the Road: One Belt, One Road and the Cumulative Economic Marginalization of the Uyghurs*, op.cit, p. 30.

17 Jessica Koch, "Economic Development and Ethnic Separatism in Western China: A New Model of Peripheral Nationalism", op.cit.

18 James Leibold, "Xinjiang Work Forum Marks New Policy of 'Ethnic Mingling'", *China Brief*, Volume XIV, Issue 12, 2014, p. 3.

19 Ibid, p. 5.

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Драган Траиловић

Економски развој и етнички сукоби: случај Синђанга, НР Кина

Апстракт

Од краја хладног рата број унутардржавних сукоба се повећава, посебно број оних који су етнички мотивисани. Од деведесетих година, нови талас етнополитичких покрета поново се појавио у готово свим деловима света. С обзиром да су етнонационални сукоби постали један од најчешћих облика употребе насиља који представља претњу међународном поретку, они постају све значајнији и привлаче пажњу многих научника који покушавају да објасне разлоге за њихово избијање. Међу овим објашњењима, економски фактори као потенцијални узрок етничког сукоба добијају значајну пажњу. С обзиром да Кина није изузетак од овог тренда, имајући у виду постојање етничких сукоба на њеној територији, важно је сагледати и који су то фактори етничких сукоба у њој. На основу тога, циљ овог рада је да на примеру Синђанга опише утицај економских фактора, тачније утицаје економског развоја на етничке односе у Кини. Главно питање је да ли је кинеска држава успела да реши проблеме у етничким односима економским развојем, како је то намеравано, или је тиме додатно продубила постојеће друштвене и етничке расцепа. Аргументујемо да се десило супротно од онога што је држава планирала - економски развој који се спроводи од стране централних власти наводи се као један од разлога за етнички сукоб на овим просторима, тако да је стављен у контекст етничке дискриминације од дела ујгурске заједнице.

Кључне речи: економски развој, етнички сукоби, Синђанг, НР Кина

Slobodan Popović*

The role of the Shanghai Cooperation Organization in the China`s New Security Concept**

Abstract

Using the methods of content analyses we will anatomize the position of the Shanghai Cooperation Organization (SCO), within China`s New Security Concept and multilateralism based on it. Introducing the new way of security perception is a confirmation that official Beijing becomes more active and constructive in creating supportive environment with the aim to realize national goals. The first part of this paper will tackle the changes that occurred in Chinese understanding of the security concept. This will help us to understand the reasons why People`s Republic of China (China) besides bilateral diplomacy, started to pursue the multilateral channels of communication. Simultaneously, those changes show us how China perceives position within the international order and relations with other states. The second part of this paper will be dedicated to the institutional development of the SCO. Analyzing institutional, logistical and personnel enlargement of the SCO, we will see what kind of goals, not only China, but as well other member states wanted to achieve. In the same part of this paper we will analyze the concrete movements that China triggered through or supported by this Organization with aim to create stable security architecture in Central Asian region. Stable environment is needed from both levels, economic and political.

Key words: *New Security Concept, economy, Shanghai Cooperation Organization, Multilateralism, Central Asia, China, National interests;*

1. Introduction

The end of the Cold War brought many uncertainties for the international security architecture. Many countries probed themselves what kind of strategies, ways of thinking and policies are the best choices to protect their own territory, economy, society and other aspects of national security. China was no exception. She also faced all these questions after the collapse of the Soviet Union. Geopolitical, diplomatic, geo-economic and military strength and power of China, in that moment was just the shadow of China that we know in the contemporary world.

Dissolution of the USSR resulted with new independent states on the world globe. More precisely all the states which were the part of the USSR, became independent. That was the way of modification of the geographical map of Central Asian space. Kazakhstan, Tajikistan, Kyrgyzstan, Uzbekistan and Turkmenistan were pushed to pursue independent

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foreign and security policies, creating new institutions. Emerging of all these new states brought unfamiliar and blur dynamism to China`s security. Instead of one neighbor, USSR, China faced four of them - Russia, Tajikistan, Kazakhstan and Kyrgyzstan. At the same time China was frightened by the possibility that Xinjiang Autonomous Province could reinforce requests for creating "East Turkestan" independent state. Reasons for fear of that kind stem from objective reality and subjective Chinese strategic thinking. The first of them was that Uighurs could use this kind of situation to trigger secessionism and to boost it by terrorist attacks. The second reason was that Uighurs could use non-demarcated borders as a heritage of Sino-Soviet relations, which can question Chinese sovereignty. China`s point of view of sovereignty is very sensitive, because during the past had to sign `unequal treaties` and that was the beginning of century of humiliation in Chinese history.¹ The third reason was the cultural one. Namely, Xinjiang in cultural and linguistic way was more familiar with Central Asian states than with Han majority of Chinese population. Moreover, official Beijing expected that America will use the victory in the Cold War to shape the international security architecture. From Chinese point of view, was logic that America will use NATO and expanding of democracy to position itself in Central Asia.² This, from Chinese point of view, can help America not just to contain Russia and China, but also to prevent any possibility of creating axis of convenience between these two countries.

China was, and still is, burdened by both traditional and non-traditional set of security challenges. This was confirmed by official documents and statements. Namely, in *Full text of Hu Jintao`s report at 18th Party Congress* we can read that "China is faced with interwoven problems affecting its survival and development security as well as traditional and non-traditional security threats"³ Also in Xi Jinping`s remarks known as *New Asian Security Concept For New Progress in Security Cooperation*, we can read that "Asia`s security challenges are extremely complicated, which include both hotspot and sensitive issues and ethnic and religious problems. The challenges brought by terrorism, transnational crimes, environmental security, cyber security, energy and resource security and major natural disasters are clearly on the rise. Traditional and non-traditional security threats are interwoven. Security is a growing issue in both scope and implication."⁴ Important non-traditional security challenge, but which can reinforce traditional security concerns is energy security. For China this kind of security and concerns which follow it, is highly ranked in domestic

1 More detailed on unequal treaties in, Dragana Mitrović, *Kineska reforma i svet*, Institut za ekonomiku i finansije, Beograd, 1995.

2 That was done when America started with Central Asian countries to create Partnerships for Peace. In 1994, Uzbekistan, Kazakhstan, Kyrgyzstan and Russia as well became members of NATO`s Partnership for Peace. More detailed on this in, Bates Gill, *Rising Star – China`s New Security Diplomacy*, Brookings Institution Press, Washington D.C., 2007.

3 *Full text of Hu Jintao`s report at 18th Party Congress*, Embassy of the People`s Republic of China in the United States of America, Available at: http://www.china-embassy.org/eng/zl/18th_CPC_National_Congress_Eng/1992917.htm (accessed on 23/10/2018)

4 Xi Jinping, *New Asian Security Concept for New Progress in Security Cooperation*, Ministry of Foreign Affairs of China, Available at: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1159951.shtml, (accessed on 23/10/2018) Also, Ambassador Shen Guofang argued that "Non-traditional security threats have become more striking. A variety of new issues, global and transnational, have developed continuously. We cannot be optimistic about the international security situation, what with the surge in energy prices, global warming, ecological crisis, the gap between the rich and the poor, cross-national crime, and frequent outbreaks of major epidemics." Shen Guofang, "Zhongguo Xin Waijiao de Linian yu Shijian" [The Concept and Practice of China`s New Diplomacy], *Shijie Zhishi* [World Affairs], No. 13, 2007, PP. 42-44, in, Evan S. Medeiros, *China`s Foreign Policy – Activism, Opportunism and Diversification*, RAND Corporation, USA, 2009, p. 37 The same situation has been confirmed, again, in the latest, 13th Five Year Plan, "Geopolitical competition is growing fiercer in some regions, traditional and non-traditional security threats have become intertwined, and international relations are more complicated than ever. With factors causing instability and uncertainty in China`s external environment growing markedly, greater risks and challenges will be faced in our country`s development." *The 13th Five Year Plan for Economic and Social Development of the People`s Republic of China*, Available at: <http://en.ndrc.gov.cn/newsrelease/201612/P020161207645765233498.pdf>, (accessed on 21/10/2018)

and foreign policy. According to now already very noticeable facts, during 1993, China became net oil importer, and in 2010, she became, in absolute terms, the largest consumer of energy. The question of energy security, in big measure, shapes Chinese diplomacy and foreign policy behavior. Without stable energy sources, prices and routes, we are not able to speak about economic development of one country. China`s need for energy grew parallel to the economic development. Although China was exporter of oil very turbulent and unexpected economic development showed that China “was not well prepared for the nation`s accelerating growth and growing energy intensity. This situation resulted in shortages in oil, coal, and electricity and prolonged power shortages in many provinces. This demand surge and the corresponding shortages thrust energy security onto China`s foreign policy agenda, as Chinese companies made a mad dash to secure access to energy supplies.”⁵ According to British Petroleum, “energy consumption rose by 3.1% in China. China was the largest growth market for energy for the 17th consecutive year. Natural gas consumption rose by 96 billion cubic meters (bcm), or 3%, the fastest since 2010. Consumption growth was driven by China (31 bcm), the Middle East (28 bcm) and Europe (26 bcm). Consumption in the US fell by 1.2%, or 11 bcm. Global natural gas production increased by 131 bcm, or 4%, almost double the 10-year average growth rate. Russian growth was the largest at 46 bcm, followed by Iran (21 bcm).”⁶ These facts are in line with Chinese position which she has been creating since 1993 onward. Based on that, “energy security in China is the perception that the Chinese economy is highly dependent on a stable supply of energy and cannot tolerate the slightest interruption or shortfall.”⁷ This could be very convenient tool for Western super power and its “alliance octopus” to shape, to constrain or stereotype Chinese development. In that sense, “energy must be thought of in a strategic manner because it is directly related to national security.”⁸ Diversification of routes, energy sources and creating of strategic energy reserves was much more than needed.

It is quite obvious that there are myriad of reasons that China had to change understanding of security and to become more proactive, but constructive as well. From the new Security Concept (新安全观 - xīn ānquán guān), towards multilateralism, official Beijing boosted confidence in securing the stability in Asia. Later, this became a big part of the vision of Asian security. According to Chinese Minister of Foreign Affairs Wang Yi, “the vision of Asian security has added a new dimension to China`s underlying thinking on security, enhanced the global influence of China`s thinking on security, and provided new guidelines for maintaining security and stability of both Asia and the world.”⁹

Creating this new position for China within the international order, followed by constant military modernization and great number of Chinese soldiers who are participating in UN

5 Evan. S. Medeiros, *China`s Foreign Policy – Activism, Opportunism and Diversification*, RAND Corporation, USA, 2009, p. 32

6 *BP Statistical Review of World Energy*, 67th edition, British Petroleum, June, 2018, Available at: <https://www.bp.com/content/dam/bp/en/corporate/pdf/energy-economics/statistical-review/bp-stats-review-2018-full-report.pdf>, (accessed on 13/10/2018)

7 Zha Daojing, “Energy Interdependence”, *China Security*, World Security Institute, Washington D.C. Summer, 2006, p. 2. Also, see in, Zha Daojing, *China`s Energy Security and its International Relations*, paper presented at the Third IISS Global Strategy Review, Geneva, Sept. 16-18, 2005, Available at: https://www.peacepalacelibrary.nl/ebooks/files/Zha-Daojing_Chinas-Energy-Security.pdf, (accessed on 23/10/2018)

8 Li Xing and Chen Junqi, “China`s Changing Energy Mix: An Interview with Fan Bi”, *Cornerstone, The Official Journal of the World Coal Industry*, Available at: <http://cornerstonemag.net/chinas-changing-energy-mix-an-interview-with-fan-bi/>, (accessed on 16/10/2018)

9 *Full Text of Foreign Minister Wang Yi`s Speech on China`s Diplomacy in 2014*, Consulate General of People`s Republic of China in the United States of America, Available at: <http://newyork.china-consulate.org/eng/xw/t1223262.htm>, (accessed on 23/10/2018)

Peacekeeping Missions¹⁰ is confirmation that China wants to be creator of international relations "rules". Simultaneously, this imposes the question about Chinese self-confidence and nationalism.

2. New Security Concept and Chinese Multilateralism

Introduction of the New Security Concept and leaning towards proactive and constructive multilateralism, cannot be considered as a "kind of *ad hoc*, short-term reaction to outside stimulus. It also reflects its overall assessment of the nature and trends of the international system and the international environment, its evolving concepts of national security, and its deepening understanding of the function of multilateral diplomacy under new circumstances."¹¹ The New Security Concept was promulgated by Chinese Foreign Minister, Qian Qichen, during the speech on the ASEAN Regional Forum (ARF) Summit in 1996. His speech was designation and formulation of the previously created praxis. China pointed the finger towards the zero sum way of thinking in international relations and obsolete Cold War mentality, obviously from strategic reasons. Qian Qichen during that speech "made a call for the abandonment of the "Cold War mentality" and for introduction of a "new security concept" that is based "neither on military build-up nor on military alliances", but is grounded on in "mutual trust and common interests".¹² This concept was accepted by third Communist generation run by Jiang Zemin, and it was incorporated in official document White Paper on China National Defense from 1998. It was embedded in first part of Document - the International Security Situation.¹³ If policy makers and foreign policy strategists put this concept within this kind of official document that represents China`s evolving understanding international security situation, trends within it and what kind of role she could have. In 2002, China released document China`s Position Paper on the New Security Concept. Within this document China gave more precise meaning of this concept, but again is just a reformulation of a previously perpetuated praxis. Namely, "in China`s view, the core of such new security concept should include mutual trust, mutual benefit, equality and coordination."¹⁴ Regarding the objective of this paper, we will focus our research on Chinese pursuing the New Security Concept among Central Asian states. We hereby question whether the China`s view of interest is the same as its neighbors? What part of this New Security Concept will be for promotion of China`s interests and what part will be for promotion of neighbors` interests? Xi Jinping in *Diplomacy with Neighboring Countries Characterized by Friendship, Sincerity, Reciprocity and Inclusiveness* speech accentuated "the China`s diplomacy in this area [neighborhood] is driven by and must serve the Two Centenary Goals and our national rejuvenation. To achieve these strategic aims, we must... maintain and make best use of the strategic opportunities we now enjoy, and safeguard

10 More detailed on this in UN Peacekeeping Missions – China, Available at: <https://peacekeeping.un.org/en/china>, (accessed on 26/10/2018)

11 Jianwei Wang, "China`s Multilateral Diplomacy in the New Millennium", in Y. Dong and F. Wang (eds.), *China Rising – Power and Motivation in Chinese Foreign Policy*, ROWMAN & LITTLEFIELD PUBLISHERS, INC, New York, 2005, p. 160.

12 Opening statement by H.E. Qian Qichen, vice premier and minister of foreign affairs of the People`s Republic of China, ASEAN Regional Forum, Subang Jaya, July 27, 1997., in Jianwei Wang, "China`s Multilateral Diplomacy in the new Millennium", y Yong Deng, Fei-ling Wang (eds.), *China Rising – power and motivation in Chinese foreign policy*, ROWMAN & LITTLEFIELD PUBLISHERS, New York, 2005, p. 175.

13 *White Paper on China`s National Defense - The International Security Situation*, Available at: <http://www.china.org.cn/e-white/5/5.1.htm>, (accessed on 02/10/2018)

14 *China`s Position Paper on New Security Concept*, Ministry of Foreign AFFAIRS OF People`s Republic of China, Available at: <https://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm>, (accessed on 11/10/2018)

China`s state sovereignty, national security, and development interests.”¹⁵ Chinese president during the speech on Peripheral Working Diplomacy Conference, underlined once again the strategic importance of neighboring countries. According to him, official Beijing has to make these “countries kinder and more intimate to China and meanwhile more recognize and support China, thereby increasing China`s affinity and influence.”¹⁶ We can see that stable neighborhood is strategic necessity for China, if wants to pursue economic development plans.

Besides bilateral relations that China stipulated and then developed with new neighbors, she also wanted to promote multilateralism. Facing China Threat Theory, China Collapse Theory and many other discourses which emphasized negative impacts of Chinese development, was the alarm that China must improve its international image, status, position and place regarding the global power distribution. Professor Dragana Mitrović says that the „opposition from Washington obstructed this power sharing and China was pushed toward creating parallel paths and mechanisms for global governance, while pursuing reform of the existing situation from within.”¹⁷ A significant part in this process was played by the dominant and creative personality of Xi Jinping, the new Chinese president and CCP Central Committee`s general secretary.”¹⁸ China knew that if not change its understanding of security and if not take proactive stance regarding multilateral diplomacy and multipolarity, she will be contained within the framework of regional state. For the purpose of this paper we will use Alexander Dugin`s definition of a regional state. He says that “regional state is a contemporary geopolitical category, with features of big and developed country, but which interests are limited just on surrounding areas or own territory.”¹⁹ According to him, regional state although have influence on its vicinity, it is weaker than super power and contained by it. Chinese policy and strategy makers, but analysts as well, suspected that *pax Americana* reinforced by American unilateralism and global military dominance will jeopardize further Chinese development. In that sense, one of the Chinese concerns is the development of the “‘Asian NATO’ (亚洲版的北约). This concept is occasionally used in the context of PRC media and academic discussion suggesting that a U.S. goal is to link its allies and partners together into a NATO-like structure targeted at China.”²⁰ This was

15 Xi Jinping, “Diplomacy with Neighboring Countries Characterized by Friendship, Sincerity, Reciprocity and Inclusiveness”, October 24, 2013, *Xi Jinping – The Governance of China*, Foreign Language PRESS, p. 326.

16 *Important Speech of Xi Jinping at Peripheral Diplomacy Work Conference*, China Council for International Cooperation on Environment and Development, Available at: http://www.cciced.net/cciceden/NEWSCENTER/LatestEnvironmentalandDevelopment-News/201310/t20131030_82626.html, accessed on (23/10/2018)

17 Regarding Chinese reforms of international institutions on this place we accentuate the Memorandum of Understanding which China Exim Bank signed with the World Bank in 2007. According to Chris Alden and Ana Cristina Alves, “Beijing has been pushing the institution to accept new operational norms in co-financed loan packages. This new development is to a large degree the result of China`s emergence as a co-donor with the World Bank and its growing financial clout in developing regions, which combined have positioned China`s relationship with the World Bank on a more equal footing. The weakening of Western leadership and Bretton Woods` institutions in the aftermath of the 2008 financial crisis has opened a window for China to become more assertive in pushing forward its preferred norms and practices in recent years. While continuing to selectively internalise global norms, China has started to imprint some of its alternative norms to these institutions, a process that Chin calls ‘two-way socialisation.’” Chris Alden and Ana Cristina Alves, “China`s Regional Forum Diplomacy in Developing World: Socialisation and the `Sinosphere`”, *Journal of Contemporary china*, Vol. 26, Issue. 113, 2017, p. 4;

18 Dragana Mitrovic, “China`s Belt and Road Initiative: Connecting and Transforming Initiative”, in, Y. Cheng et al (eds.), *The Belt and Road Initiative in the Global Arena*, Palgrave Macmillan, London, 2018, p. 19.

19 Александр Дугин, *Основы геополитике – књига 1*, Екопрес, Зрењанин, 2004, p. 176.

20 Joel Wuthnow, “U.S. `Minilateralism` in Asia and China`s Responses: A New Security Dilemma”, *Journal of Contemporary China*, Published online on July 17, 2018, p. 11; Also about this to see in, Dragana Mitrović, *Strategijsko-bezbednosna pozicija Kine posle 11.septembra 2001. godine*, Beogradski centar za bezbednosnu politiku, Beograd, p. 1, Available at: <http://www.bezbednost.org/>

reinforced after September 11, 2001. Namely, USA after declaring the War on terrorism, used this to promote and spread NATO in Asia, up to Chinese borders. In that way America wanted to promote national arrangements that have with Asian allies. Xing Guangcheng, has emphasized China's reasons for opposing NATO geopolitical and military infiltration and penetration of region. He gives four reasons, "First, NATO's increased presence will generate an arms race. Second, closer military ties between NATO and the Central Asian states will not promote the elimination of "hot spots" in the region, but rather aggravate military confrontation. Third, NATO's constant military exercises cannot help but cause concern and alarm in China. Fourth, some NATO members have provided secret support to nationalist separatist activities in the Chinese region of Xinjiang, which directly threatens China's security and stability."²¹ Firstly, we have to accentuate that China didn't create and pursue regionalization of Central Asia as a response towards American aggressive presence. As we will discuss in next part of paper the Shanghai Cooperation Organization was created for other purposes. Simultaneously, it is not excluded that China will not use the SCO to prevent American further geopolitical, military, ideational and economic influence within Central Asian Region. Secondly, China sees this as continuation of the Cold War mentality, which demonstrate White Papers on China's Defense. For example the official Beijing statement says that the "the world is at a critical stage, moving toward multi-polarity. Progress is expected in addressing the serious imbalances in the international strategic alignment. Hegemonism and power politics remain key factors undermining international security. A revolution in military affairs is developing in depth worldwide. The United States is accelerating its realignment of military deployment to enhance its military capability."²² In another official document of the same category we can read that "Hegemonism and power politics still exist, regional turmoil keeps spilling over, hot-spot issues are increasing, and local conflicts and wars keep emerging. International military competition is becoming increasingly intense, and the world wide revolution in military affairs (RMA) is reaching a new stage of development. Some major powers are realigning their security and military strategies, increasing their defense investment, speeding up the transformation of armed forces, and developing advanced military technology, weapons and equipment."²³ At the same time, China knows and as objective facts show, the position of America in contemporary world is not strong as it was.²⁴ We can then suppose, that although China underlines

upload/document/mitrovi_2005_strategijsko-bezbednosna_pozicija_kin.pdf, 戴旭: 中国应给美国围堵行为划红线' (Dài xù: Zhōngguó yīng gěi měiguó wéi dǔ xíngwéi huà hóngxiàn - Dai Xu: China Should Draw a Red Line against U.S. Containment Behavior'), the article has been published 2 August 2010, Available at: <http://world.people.com.cn/GB/12317779.html>, (accessed on 24/10/2018); Wang Xiaonan, "Internal division and historical wariness mean 'Asian NATO' not on cards", *Global Times*, the article has been published on October 31, 2013, Available at: <http://www.globaltimes.cn/content/821760.shtml>, (accessed on 24/10/2018)

21 Xing Guangcheng, "China's Foreign Policy Towards Kazakhstan", pp.110-111, in P. Pham, "Beijing's Great Game: Understanding Chinese Strategy in Central Eurasia", *American Foreign Policy Interests*, Vol. 28, Issue, 1, 2006.

22 China's *National Defense in 2006*, Information Office of the State Council of the People's Republic of China, Available at: <https://fas.org/nuke/guide/china/doctrine/wp2006.html#2>, (accessed on 11/10/2018)

23 China's *National Defense in 2008*, Information Office of the State Council of the People's Republic of China, Available at: https://fas.org/programs/ssp/nukes/2008DefenseWhitePaper_Jan2009.pdf, accessed on 11/10/2018.

24 Xi Jinping emphasized that today's world is changing. It is a world in which new opportunities and new challenges keep emerging, a world in which the international system and international order are going through deep adjustment and a world in which the relative international forces are in profound shift in favor of peace and development. We must continue to pursue both an independent foreign policy of peace and peaceful development, uphold international justice, work for greater democracy in international relations, promote mutual benefit, advance economic diplomacy, jointly address multiple global challenges, promote the progress of human civilization and continue to open up new horizon in China's diplomatic. *The Central Conference on Work Relating to Foreign Affairs was Held in Beijing*, Ministry of Foreign Affairs of People's Republic of China, Available at: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1215680.shtml, (accessed on 24/10/2018)

that hegemonism still exists, because America is striving to maintain position which inherited from the Cold War victory, multilateralism and multi-polarity are irreversible processes within the international order. The official document *China`s Defense in 2010* says that "The progress toward economic globalization and a multi-polar world is irreversible, as is the advance toward informationization of society."²⁵ The same way of thinking about trend of multi-polarity on both regional and international level is confirmed within the first *China`s Military Strategy*, especially in the following paragraphs "profound changes are taking place in the international situation, as manifested in the historic changes in the balance of power, global governance structure."²⁶ We can see that multi-polarity and in mind with that multilateralism is increasing while the post-Cold War unilateralism, although that kind of mind according to Chinese official still exists, is decreasing. Taking the more proactive posture towards security challenges China on November 2013 created National Security Commission of the Communist Party of China. At the same time "the slow development of multipolarity—and specifically the U.S. ability to maintain its position of global predominance and its perceived preference for unilateral use of military force to advance its interests—has been a long-standing source of concern for many Chinese policymakers and strategists."²⁷ Chinese officials in that way expressed its concerns about unipolarity and hegemony that USA wanted to pursue on global level. Chinese policy makers and analysts were aware that through multilateralism they could soften American strength, but at the same time not to wake up concerns among American politicians, strategist and analysts. This is very important because, China does not fit into American matrix and prism of democracy, so any attempt of China to implement its own values was challenged by America. In that sense, "Huang Renwei, characterized U.S. policy this way: the United States has been trying to "regulate" and confine China`s international behavior with the international rules and regulations that have been set under its dominance, with a view to slowing down China`s development as well as to guarding against and doing away with the latent threat of China`s challenge to US hegemony. . . . The United States has been attempting to raise the "democracy criteria" that bar China from access to the international system, and to infiltrate China with Western values, with a view to transforming China from a country of "different nature and different category" into one of the "same nature and same category." At the same time, by encroaching upon national sovereignty through the international system, the US and Western force is exerting greater and greater influence on China`s internal evolution process."²⁸ As we can see China needed to start to think about its own soft power vision, because America wanted to see China as a responsible international state, but under Western political thought, vision and rules.

Chinese security position was additionally complicated by energy security, i.e. China became energy dependent country from foreign resources. Absence of strong "blue military navy", with American control of the sea lines of communication and invasion on Iraq reinforced by military and geopolitical control over Middle East and due to the instability

25 *China`s National Defense in 2010*, Ministry of National Defense of the People`s Republic of China, Available at: http://eng.mod.gov.cn/publications/2017-04/11/content_4778206.htm, (accessed on 12/10/2018)

26 *China`s Military Strategy ,2015*, Ministry of Nation Defense of the People`s Republic of China, Available at: <http://eng.mod.gov.cn/Database/WhitePapers/>, (accessed on 12/10/2018)

27 Evan. S. Medeiros, *China`s Foreign Policy – Activism, Opportunism and Diversification*, RAND Corporation, USA, 2009, p. 328.

28 Evan. S. Medeiros, *China`s Foreign Policy – Activism, Opportunism and Diversification*, RAND Corporation, USA, 2009, p. 32.

of Malacca strait, challenged China to diversify the sources and routes of energy. China had had to reassess its position in the region and its role in shaping the security. Due to this geostrategic situation, Central Asian region emerged as geographically, geopolitically and geo-economic logic choice of diversification routes and sources of energy security. Diversification of energy supply is in accordance with Chinese attempts to create strategic reserves.²⁹ China, also, showed more intense interest for Central Asian abundant natural resources when "Japan tried to persuade Moscow in late 2002 to extend the pipeline to the Pacific coast instead. Japanese Prime Minister Junichiro Koizumi reaffirmed these intentions on his first official visit to Russia in January 2003 when the two parties signed a six-point "action plan" calling for cooperation in economics, energy and international diplomacy. The offer Japan provided was a financial package worth US\$7 billion, including a US\$5 billion investment for pipeline construction and US\$2 billion in loans for the development of Siberian oilfields."³⁰ Zealous Chinese energy diplomacy, was enriched by some changes in the legal system and administration as well.³¹ Promulgating those changes China opened market for foreign direct investments.

Introducing the New Security Concept was motivated by traditional security concerns and indirect consequences triggered by the end of the Cold War. One of that was the heritage of unresolved, on the first glance, territorial disputes that China had with Soviet Union. As we can see one of indirect consequences that affected China was opening new territorial disputes on western border. In that kind of situation unresolved territorial disputes could produce, not just big challenges, but also a real danger, to Chinese state sovereignty and social security, creating fertile ground for social uprisings and riots. Official Beijing was concerned about future Xinjiang intentions and about the role of Central Asian states regarding the Xinjiang position, because their identity, language and culture belong to turcofone group. At the very begging of the new age in Chinese relations with Central Asian states, China requested big part of territory. According to Sebastian Peyrouse, "China questioned 22 percent of the total surface area of Central Asia: it laid claim to a territory stretching from Semirechie to Lake Balkhash in Kazakhstan, almost all of Kyrgyzstan, and some 28,000

29 Namely, "Chinese officials raised the possibility of building a national strategic petroleum reserve (SPR) in 1993 and codified the proposal in China's Tenth Five Year Plan (2001-2005). This program was in progress by 2004; the first of these facilities, located in Zhenhai, was completed in August 2006, with a capacity to store 32 mbl of oil. The second, at Zhoushan (25mbl) was completed in March 2007; the third and fourth, at Huangdao (25 mbl) and Dalian (25 mbl), were completed ahead of schedule, in December 2007. These form the first project's three phases, the final goal of which is to provide ninety days' oil supply by 2020." Bernard D. Cole, *China's Quest for Great Power*, Naval Institute Press, Maryland, 2016, p. 146.

30 Xuanli Liao, "Central Asia and China's Energy Security", *China Eurasia Forum Quarterly*, Vol. 4, No. 4, Central Asia – Caucasus Institute Silk Road Studies Program, p. 64.

31 For example, changes in the Chinese legal system were confirmed by document China's Energy Policy 2012, "the legal system of energy-related laws has been strengthened, and a number of laws and regulations have been amended and published in the past few years, including the Energy Conservation Law, Renewable Energy Law, Circular Economy Promotion Law, Law on the Protection of Oil and Natural Gas Pipelines, Regulations on Energy Conservation in Civil Buildings, and Regulations on Energy Conservation by Public Institutions. China upholds a policy of opening to the rest of the world in the field of energy. To provide a favorable environment for foreign investment and protect the legitimate rights and interests of investors, it has promulgated a series of laws and regulations in succession, like the Law on Sino-foreign Equity Joint Ventures, Law on Sino-foreign Cooperative Joint Ventures and Law on Foreign Investment Enterprises, and framed such policy documents as the Catalogue of Industries for Guiding Foreign Investment and the Catalogue of Advantageous Industries for Foreign Investment in the Central and Western Regions. The Chinese government encourages foreign investment to engage in the exploration and development of oil, natural gas and unconventional oil and gas resources, such as shale gas and coal-bed gas, by way of cooperation; invites foreign investment in the building of new-energy power stations, hydroelectric power stations, clean-combustion power stations, and nuclear power stations as long as the Chinese partners have control; and supports multinational energy corporations to set up R&D centers in China." *China's Energy Policy 2012*, The State Council of the People's Republic of China, Available at: http://english.gov.cn/archive/white_paper/2014/09/09/content_281474986284499.htm, (accessed on 12/10/2018)

km² in the Pamir region of Tajikistan. However, with the opening of negotiations, the Chinese authorities toned down their claims and opted for a “good neighborhood” strategy with the new independent states. They agreed to reduce their territorial claims to “only” 34,000 km², chiefly out of a desire to secure allies in Central Asia.³² Further negotiations were organized on “fifty-fifty” formula.³³ As we can see China realized that those requests, before she changed them, are not in line with new security thinking, good neighborhood vision and could produce sinophobia effect among Central Asian political elites and societies. With aim to avoid spill-over effects of unresolved borders on Uighurs actions, was the initial spark of creating the SCO. Apart from these reasons, according to Taylor Fravel one state can change territorial claims due to crucial strategic and security objectives. He gives seven reasons why one state might follow diplomacy of “trade territorial concessions for direct assistance in crushing the uprising, such as (1) sealing borders; (2) attacking rebel bases; (3) denying refuge or material support to rebels; (4) extraditing rebel leaders; (5) minimizing inadvertent escalation during hot pursuit; (6) providing assurances not to intervene; or (7) affirming their state’s sovereignty over the region of unrest.”³⁴ Regarding the position of Xinjiang we can see that obtaining the support for all of these seven factors is a great diplomatic, but also geopolitical victory for China. On the other hand, resolving border disputes without using military tools, i.e. through diplomatic channels is also important for economic reasons. Instead of wasting resources, both material and human, China adopted cooperative security to realize national interests, but at the same time to create supportive environment for its further economic development. According to professor Dragana Mitrović, “above all was the need of removal of the military threat as an obstacle to the Chinese strategic orientation towards the non-military economic development, which could give space to the reduction of the Chinese army and the military budget.”³⁵ We can see that China did not want to restart military confrontation to resolve “west threat” to sovereignty, instead official Beijing started to promulgate multilateralism, cooperation and geo-economic ways for realizing national security. We can see that formulation of strategic decisions as a pathway of foreign policy compromises “four areas: 1) military-security; 2) political-diplomacy; 3) economic-development; 4) cultural status.”³⁶

3. New Security Concept in praxis – the Shanghai Cooperation Organization

In the document China`s Position Paper on the New Security Concept we find information that the Shanghai Cooperation Organization (SCO) is “a successful case of the new security concept.”³⁷ The SCO stems from Chinese efforts to stabilize border areas with new neighborhoods. The former Sino-Soviet border experienced dramatic changes. Ge-

32 S. Peyrouse, “Discussing China: Sinophilia and Sinophobia in Central Asia”, *Journal of Eurasian Studies*, 7 (2016), p. 14.

33 More detailed on this see in, Iwashita Akihiro, “The Shanghai Cooperation Organization: Beyond a Miscalculation on Power Games”, in, Christopher Len et al (eds.), *Japan`s Silk Road Diplomacy – Paving the Road Ahead*, Central Asia – Caucasus Institute Silk Road Studies Program, USA, 2008.

34 Taylor Fravel, “Regime Insecurity and International Cooperation – Explaining China`s Compromises in Territorial Disputes”, *International Security*, Vol. 30, No. 2, 2015, p. 53.

35 Dragana Mitrović, “PR China`s Border Issues within the Framework of Modernization and Opening Up”, *LiCCOSEC*, Vol. 17, Research Institute for World Languages, Osaka University, Japan, 2011, p. 79.

36 Timur Dadabaev “Chinese and Japanese foreign policies towards central Asia a comparative perspective”, *The Pacific Review*, Vol. 27, No. 1, 2014, p. 126, pp. 123–145.

37 *China`s Position Paper on the New Security Concept*, Ministry of Foreign Affairs of the People`s Republic of China, Available at: <https://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm>, (accessed on 12/10/2018)

ographic map was changed, because “the western part was divided into four sections – the 50-kilometer Russo-Chinese border, the 1700- kilometer Kazakh-Chinese border, the 1000-kilometer Kyrgyz-Chinese border, and the 430-kilometer Tajik-Chinese border, while the eastern part was totally succeeded by the Russo-Chinese border.”³⁸ In order to avoid challenges and to use possibilities created by new balance of power, i.e. by collapse of Soviet Union, China started to negotiate with new neighbors. At the very beginning of negotiations, China was on one side, while three Central Asian states plus Russia were on the other. Although, as is quite obvious China initiated this process, three Central Asian states wanted Russia as a guarantee that China will not use their weak position, as it was when China requested very big parts of territory. In that moment the newly created states in sense of independence in Central Asian region “agreed to sit at a table to discuss it through the mediation of Russia. The “4 (Russia + three Central Asian states) + 1 (China)” negotiation formula was created by the Russo-Chinese “partnership” in due observance of the Russo-Chinese border agreements. After 1993, the “4+1” formula served for two regular committees, for confidence-building and arms reduction and for joint boundary demarcation, which later became the bodies of the so-called “Shanghai Five”.³⁹ China welcomed participation of Russia, as one of the stakeholder of this process, because she could, additionally, reinforce the trust with “shaft carriage” of the former Soviet Union. The first fruit born by the negotiation committees was the multilateral arrangement which aim was to stabilize border areas through reduction of military troops. In line with that China, Russia, Tajikistan, Kazakhstan and Kyrgyzstan signed, in Shanghai in 1996, Agreement on Confidence Building in Military Sphere in the Border Areas. That was the start of the new type of cooperation, but first of all, multilateral one initiated by China. The importance of this multilateral gathering and signing Agreement of this kind has enormous notability for Chinese side. According to Michael Yahuda “thus it was only in 1996 (forty-seven years after the establishment of the PRC) that China signed its first multilateral security agreement.”⁴⁰

During the next summit which took place in Moscow on April 24 1997, representatives, i.e. presidents, of five states signed Treaty on Reduction of Military Forces in Border Regions. We can see that “all concerned states agreed to stabilize their border areas by establishing non-military zones and promising the exchange of military information.”⁴¹ Each subsequent summit of the Shanghai Five mechanism was dedicated to analyzing regional security situation and the ways for upgrading it. When it comes to the issue of deepening regional security cooperation, we would like to accentuate the Dushanbe summit. This gathering of presidents of the member states of the Shanghai Five was held on July 5 2000. Namely, “on that summit Uzbekistan took for the first time a position as a country observer.”⁴² Also,

38 Iwashita Akihiro, *The Shanghai Cooperation Organization and its Implication for Eurasian Security: A New Dimension of “Partnership” after the Post-Cold War Period*, Slavic-Eurasian Research Center, p. 262, Available at: http://src-h.slav.hokudai.ac.jp/coe21/publish/no2_ses/4-1_iwashita.pdf, (accessed on 12/10/2018)

39 Iwashita Akihiro, *The Shanghai Cooperation Organization and its Implication for Eurasian Security: A New Dimension of “Partnership” after the Post-Cold War Period*, Slavic-Eurasian Research Center, p. 262, Available at: http://src-h.slav.hokudai.ac.jp/coe21/publish/no2_ses/4-1_iwashita.pdf, (accessed on 12/10/2018)

40 Michael Yahuda, “Chinese dilemmas in thinking about regional security architecture”, *The Pacific Review*, Vol. 16, No. 12, 2003, p. 198.

41 Iwashita Akihiro, *The Shanghai Cooperation Organization and its Implication for Eurasian Security: A New Dimension of “Partnership” after the Post-Cold War Period*, Slavic-Eurasian Research Center, p. 262, Available at: http://src-h.slav.hokudai.ac.jp/coe21/publish/no2_ses/4-1_iwashita.pdf, (accessed on 12/10/2018)

42 Драгана Митровић, Шангајска организација за сарадњу – настанак, циљеви и дometri нове безбедносно-еконсомке

in July of the same year member states organized the Council of Ministers of Foreign Affairs. On the next summit which took place in Shanghai on June 14-16 2001, Uzbekistan became the full member of this Mechanism. On this place we would like to draw attention to date of founding of the SCO. Namely, we can see that is not correct to say that the SCO was created as a Chinese response towards American war on terror. But, we cannot also say that China will not use Organization to ease American presence among western neighbors. Astana summit from 2005, confirms this. According to Declaration of this summit "given the completion of the active military phase of the antiterrorist operation in Afghanistan, the member states of the Shanghai Cooperation Organization deem it necessary for the relevant participating states of the antiterrorist coalition to set a deadline for the temporary use of said infrastructure and presence of their military contingents in the territory of the SCO member states."⁴³ As professor Dragana Mitrović notices, "the awareness of self-responsibility has been activated, as well as a self-esteem about problem resolving by own means and potentials."⁴⁴ After that the role of the SCO-Afghanistan contact group has been accentuated. According to Xi Jinping "it is for the people of Asia to run the affairs of Asia, solve the problems of Asia and uphold the security of Asia. The people of Asia have the capability and wisdom to achieve peace and stability in the region through enhanced cooperation."⁴⁵

The accession of Uzbekistan was the confirmation that countries in Central Asian region started to realize the potential of this platform for cooperation. Also, six member states China, Russia, Kazakhstan, Tajikistan, Kyrgyzstan and Uzbekistan signed the Shanghai Declaration on the Establishment of the SCO. The Secretariat of the SCO is based in Beijing. Shanghai besides geographic meaning, by establishing the SCO got another– discursive one. Namely, the SCO is guided by `Shanghai Spirit`. According to the Declaration on the Establishment of the SCO the Shanghai spirit represents "mutual trust, mutual benefit, equality, joint consultations, respect for cultural diversity and aspiration for collective development."⁴⁶ Shanghai spirit and the New Security Concept as we can see are based on identical set of norms as a part of Chinese efforts to create stable neighborhood. China was accused that through `Shanghai spirit` is reinforcing authoritarian regimes and that she is not respecting human rights and western democratic principles. That was quite expecting because China has the value system based on different parameters and tradition. Thomas Ambrosio argues that "the `Shanghai Spirit` - the set of principles underlying the SCO – is inherently conservative and designed to preserve the autocratic regimes in the region. While not an alliance in the traditional sense, the SCO represents a formidable challenge to the ideas of universal democracy and human rights through its *de facto* legitimization of authoritarianism and by establishing itself as a counterweight to external democratic norms."⁴⁷

структуре Азије, Српска политичка мисао, број 1-2, Институт за политичке студије, Београд, стр. 224.

43 Declaration by the Heads of the Member States of the Shanghai Cooperation Organization, Astana, July 5, 2005, retrieved from: <http://eng.sectsc.org/documents/>, (accessed: 12.10.2018)

44 Драгана Митровић, „ШОС – проблеми и перспективе развоја“, Српска политичка мисао, број 3-4, Институт за политичке студије, Београд, стр. 136.

45 Xi Jinping, *New Asian Security Concept for New Progress in Security Cooperation*, Ministry of Foreign Affairs of China, Available at: https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/11159951.shtml, accessed on 23/10/2018

46 Declaration on the Establishment of the SCO, Available at: <http://eng.sectsc.org/documents/>, (accessed on 12/10/2018)

47 Thomas Ambrosio, "Catching the `Shanghai Spirit` : How the Shanghai Cooperation Organization Promotes Authoritarian Norms in

On the same summit, 2001, six member states signed the Shanghai Convention on Combating Terrorism, Separatism and Extremism.⁴⁸ The SCO started to reshape the security architecture of Central Asia regarding these non-traditional security challenges, before American war against terrorism. The SCO was the first international organization, which had fighting “three evils” – terrorism, separatism and religious extremism stated as the main objective and purpose of the Organization. The SCO does not tackle “three evils” just on ideational and discursive level, but on the practical one too. In line with that Regional Antiterrorism Structure (RATS) was created in Bishkek. Many scholars, then, accused the SCO that is becoming military organization. Uighurs’ pretensions boosted by terrorist attacks with aim to create “East Turkestan” were diminished and Chinese fight against “three evils” obtained a new momentum. This new momentum was also reaffirmed by joint military exercises. From confidence building measures in military affairs to prevent future clashes, member states of the SCO started to conduct military exercises. This represents tremendous step in securing domestic, regional and international security, boosting regionalism, establishing new security architecture and maturation of Chinese multilateral diplomacy. China organizes military exercises with western neighbors and with Russia, on both bilateral and multilateral level. At the same time “China pioneered a joint military exercise among SCO members. The Chinese troops conducted joint military exercise with the Kyrgyz forces in October 2002. At the Moscow summit in May 2003, pushed by the SCO leaders, SCO defense ministers signed a memorandum on joint military exercises to be carried out in autumn 2003.”⁴⁹ Based on this decisions all “5 member states, except Uzbekistan, are taking part in “Cooperation 2003”, two-phases anti-terrorist drill, with participation of 1000 representatives of five armies on territories of Kazakhstan and China, respectively.”⁵⁰ Regarding, up to then Chinese point of view about military presence on territory, this military exercise is going far away from the SCO framework. Namely, “it is the first large scale multilateral anti-terrorist exercise that the Chinese army has participated in, and it is also the first time that China has invited foreign armies into its territory.”⁵¹ During April in 2006, ministers of defense of the SCO members decided to conduct another anti-terrorist military exercise in 2007.⁵² The name of drill was “Peace Mission 2007. Uzbekistan wanted to take part in this

Central Asia”, *Europe-Asia Studies*, Vol. 60, No. 8, October 2008, p. 1322.

48 Supplementary to the Shanghai Convention on Combating Terrorism, Separatism and Extremism, the member states of the SCO signed more documents regarding this issue. They signed the following documents: *Agreement on Cooperation in Combating Illicit Trafficking in Arms, Ammunition and Explosives between the Governments of the member states of the SCO*; *Convention of the Shanghai Cooperation Organization against Terrorism*; *Agreement on Cooperation in Combating Crime between the Governments of the member states of the SCO*; *Statement by the heads of the member states of the SCO on joint counteraction to international terrorism*.

49 Jianwei Wang, “China’s Multilateral Diplomacy in the New Millennium”, in Y. Dong and F. Wang (eds.), *China Rising – Power and Motivation in Chinese Foreign Policy*, ROWMAN & LITTLEFIELD PUBLISHERS, INC, New York, 2005, p. 181.

50 Драгана Митровић, Шангајска организација за сарадњу – настанак, циљеви и дometи нове безбедносно-економске структуре Азије, Српска политичка мисао, број 1-2, Институт за политичке студије, Београд.

51 Jianwei Wang, “China’s Multilateral Diplomacy in the New Millennium”, in Y. Dong and F. Wang (eds.), *China Rising – Power and Motivation in Chinese Foreign Policy*, ROWMAN & LITTLEFIELD PUBLISHERS, INC, New York, 2005, p. 181

52 The latest 15th Shanghai Cooperation Organization’s Defence Ministers Meeting, was held in Beijing, from 23-24 April, 2018. “During the meeting, the heads of defence agencies had a friendly and open discussion, exchanging views on international and regional security matters, the further strengthening of defence and security cooperation, and other issues of shared interest. The participants in the meeting reaffirmed their commitment to enhancing trust among SCO member states on military matters, and working together to counter new challenges and threats, as well as ensuring that peace, stability and security in the region remain priorities for SCO member states. Another important development on the meeting’s agenda was Uzbekistan’s accession to the Cooperation Agreement among SCO Defence Ministries dated 15 May 2008. The Defence Minister of Uzbekistan signed the agreement at the meeting. The heads of defence agencies praised the Chinese Defence Ministry for preparing the meeting and expressed thanks for the hospitality. Following the meeting, the SCO

anti-terrorist training. Besides that, the city of Kashgar, Xinjiang, hosted joint anti-terrorism drills "Tianshan-2-2011" of the special services and law enforcement agencies of the SCO from 5 to 8 May 2011, "in the framework of the SCO RATS Council decision of 23 September 2010."⁵³ The latest "Peace Mission 2018" initiated on August 24 at Chebarkul, Russia. This anti-terrorist maneuver "will provide an opportunity to military contingents **of the all eight SCO member nations** (bolded by the author) participating in this exercise, to train in counter terrorism operations in urban scenario in a multinational and joint environment. The scope of the exercise includes professional interaction, mutual understanding of drills & procedures, establishment of joint command and control structures and elimination of terrorist threat in urban counter terrorist scenario. The Russian Army has the major participation of 1700 personnel followed by China with 700 & India with 200 personnel. The SCO Peace Mission Exercise is one of the major defense cooperation initiatives amongst SCO nations and will be a landmark event in the history of SCO defense cooperation."⁵⁴

As we can see the latest anti-terroristic military drill included 8 participants as the member states. That is the result of the SCO, geopolitical, geographical, diplomatic, cultural and strategic enlargement which ushered Organization in new period of security challenges and opportunities. Namely, last year, 2017, India and Pakistan became the full member states of this prestigious Organization. The opinions about this are contradictor and controversial. However, "the SCO is showing openness towards other countries that have a stake in "common interests" with the SCO."⁵⁵ This is in line with the Shanghai Declaration on the Establishment of the SCO which emphasizes that "the Shanghai Cooperation Organization is not an alliance directed against other states and regions, and it adheres to the principle of openness."⁵⁶ The creating of partnerships with other countries was once again underlined by Dushanbe Declaration from 2008.⁵⁷ We can also see this as Chinese attempts to widen its support for gigantic and pretentious project known as the Belt and Road Initiative (BRI).⁵⁸ Anyway is this a fruitful choice, regarding Indian position. In the latest Press release on the SCO Council of Foreign Ministers meeting Indian support of the BRI was missing. Besides the following lines "the foreign ministers of Kazakhstan, Kyrgyzstan, Pakistan, Russia, Ta-

Defence Ministers signed the Meeting Minutes and a Joint Communiqué. The meeting participants agreed to hold the next SCO Defence Ministers Meeting in Kyrgyzstan in 2019. Press Release on the 15th Shanghai Cooperation Organization's Defence Ministers Meeting, SCO-China, Ministry of Foreign Affairs of People's Republic of China, Available at: <http://scochina.mfa.gov.cn/eng/dtxw/t1565935.htm>, (accessed on 18/10/2018)

53 Anatoliy A. Rozanov, "The Issue of Security in the SCO", in Anatoliy A. Rozanov (ed.), *The Shanghai Cooperation Organization and Central Asia's Security Challenges*, The Geneva Center for Democratic Control of Armed Forces, Geneva, May, 2013, p. 44. Also see in, Wang Huazhong, "SCO Members brace for terrorist threat", *China Daily*, the article has been published on May 9, 2011, Available at: http://usa.chinadaily.com.cn/epaper/2011-05/09/content_12470514.htm, (accessed on 16/10/2018)

54 *Opening Ceremony Exercise SCO Peace Mission 2018*, Press Information Bureau, Government of India, Ministry of Defence, Available at: <http://pib.nic.in/newsite/PrintRelease.aspx?relid=183039>, (accessed on 12/10/2018)

55 Iwashita Akihiro, *The Shanghai Cooperation Organization and its Implication for Eurasian Security: A New Dimension of "Partnership" after the Post-Cold War Period*, Slavic-Eurasian Research Center, p. 276, Available at: http://src-h.slav.hokudai.ac.jp/coe21/publish/no2_ses/4-1_lwashita.pdf, (accessed on 12/10/2018)

56 *The Shanghai Declaration on the Establishment of the SCO*, Available at: <http://eng.sectsc.org/documents/>, (accessed on 13/10/2018)

57 According to this Declaration, "the dynamic development of the Organization will contribute to strengthening strategic stability, maintaining peace and security. The SCO member states will continue making joint efforts aimed at establishing close cooperation with other interested countries, international and regional organizations in order to create a broad partner network." *Dushanbe Declaration*, 2008, retrieved from: <http://eng.sectsc.org/documents/>, (accessed on 24.10.2018)

58 *How will the Belt and Road Initiative advance China's interests?* Available at: <https://chinapower.csis.org/china-belt-and-road-initiative/>, (accessed on 24/10/2018)

Uzbekistan and Uzbekistan reaffirmed their support for China's Belt and Road initiative and called for using the capabilities of regional states, international organizations and multi-lateral bodies to build a broad, inclusive, mutually beneficial and equal partnership within the SCO⁵⁹, any further explanation was not provided. Maybe the main reason is the China-Pakistan Economic Corridor for which Indian authorities say that is passing through large part of Kashmir, by Pakistan occupied territory.⁶⁰ However, with India as a member nation the democratic capacity of the SCO has another dimension, because India is the biggest democracy on the world, regarding the number of population.

When we take a look on the changed membership – China, Russia, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan, Indian, Pakistan - of the SCO, firstly we can notice that the only country of the Central Asian region which is not the member of the Organization is Turkmenistan. That is the result of Turkmenistan policy of neutrality, also confirmed by UN. Simultaneously we can notice asymmetry regarding economy, diplomatic, geopolitical and military power, diversity of tradition, but also and asymmetry in energy resources. China is building its position among Central Asian states regarding this issue, as a part of changed energy diplomacy and leaning towards diversification of routes and energy sources and creating strategic energy reserves. Cooperation in energy security, firstly in oil and in gas, between China and Central Asian states started to develop after Jiang Zemin's visit of Uzbekistan, Kyrgyzstan and Kazakhstan in 1996. Former Chinese president expressed desire "to explore new channels of cooperation with these countries. Soon afterwards, the China National Petroleum Company (CNPC) won a tender to develop two oil fields in Akhtubinsk and an oilfield in Uzen in competition with Texaco, Amoco and Russia's Yuzhymost. The deal entailed a significant US\$4.3 billion investment spanning over 20 years, and an agreement to build a 2,800km cross-border oil pipeline from Kazakhstan to China was also reached."⁶¹ One part of proposed cross-border oil pipeline with length of 962.2 km is operational since 2006. It starts from Alatau in Kazakhstan and finishes in Xinjiang autonomous province.⁶² Xinjiang through domestic pipeline infrastructure will reach the rest of the Chinese territory, especially eastern parts. The import of gas started, when Central-Asia-China pipeline became operative. This pipeline is composed by four lines, A, B, C and D. It starts in Geidam, the city on the Turkmenistan-Uzbekistan border, and finishes in Xinjiang. The route of pipeline is burdened by "various geographical features, such as uneven terrain including, for example, the soft riverbeds of the Ili and Syr Darya Rivers, which posed construction problems for engineers. To address this problem, contractors used di-

59 Press release on the Council of the Foreign Ministers meeting, Available at: <http://eng.sectsc.org/documents/>, (accessed on 13/10/2018.)

60 The one aspect of the OBOR that has caused the greatest concern in India, both in regard to its land and maritime implications, is the China-Pakistan Economic Corridor (CPEC). Finalised in April 2015 on the basis of 51 agreements, the CPEC consists of a series of highway, railway and energy projects, emanating from the newly developed port of Gwadar on the Arabian Sea, all of which taken together will be valued at 46 billion US dollars. These projects will generate 700,000 jobs in Pakistan and, when completed, add 2-2.5 per cent to the country's GDP. The CPEC has been described as a "flagship project" for the OBOR. Talmiz Ahmad, "Silk Road to (economic) heaven", *Herald*, the article has been published on Jun 18, 2016, Available at: <https://herald.dawn.com/news/1153432>, (accessed on 13/10/2018)

61 Xuanli Liao, "Central Asia and China's Energy Security", *China Eurasia Forum Quarterly*, Vol. 4, No. 4, Central Asia – Caucasus Institute Silk Road Studies Program, p. 63.

62 As we can see 962 km cross-border oil pipeline is "just the first phase of the, already, planned 3000 km oil pipeline, which value is 3 billion of US\$. Through this pipeline the crude oil will be exported to China from the Caspian sea. It will start in Atyrau, crossing Kenkyiak, to Kumkole, respectively, then to Atasau in Kazakhstan, reaching Alashankou, Xinjiang, the city near to Sino-Kazakhstan border. The pipeline is joint ownership of KazMunayGas and CNPC." Драгана Митровић, Драган Траиловић, „Геополитика кинеске енергетске стратегије у централној Азији“, Српска политичка мисао, број, 2, 2014, Институт за политичке студије, Београд, стр. 143.

rectional drilling-crossing technologies, placing 1.1km pipes 30m below the Ili riverbed without causing harm to the local environment. Line A and Line B, each measuring 1,833km in length. The diameter of the pipeline is 1,067mm, with walls of 15,9mm and 19.1mm.”⁶³ This gas pipeline transported 4,38 bcm of gas to China`s gas transportation grid in 2010. Section C is also operative since 2014,⁶⁴ and line D is the shortest one.⁶⁵

With aim to secure position in Central Asian region, regarding energy sector, Chinese companies or invested or purchased new assets, oil and gas fields. For example, in 2005 “CNPC bought for 5 billion US\$ from KazMunaiGas 8.33% of Kashnagan oilfields located in Caspian Sea.”⁶⁶ Also, “in September 2009 Xinjiang Guanghui Investment Company purchased Kazakhstan TBM`s 49% share to jointly develop Zaysan block in eastern Kazakhstan. The value of this project was 0.3 billion US\$. In April 2009 CNPC and KMG purchased 100% of MMG in Kazakhstan for 1.7 billion US\$. In 2004 Sinopec purchased petroleum assets of share 100% from First International Oil Corporation for 0.153 billion US\$.”⁶⁷ According to officials “China must join the regional geo-economic and geopolitical activities for our circumjacent security and oil supply security. The rivalry between the United States and Russia (in Central Asia) will soon become quite intense. China should not withdraw from the (great-power) competition in this region for the safety of China`s oil supply.”⁶⁸ So, purchases of assets and development of infrastructural projects are parts of Chinese strategies to secure its energy security and to prevent containment of further development.

China`s bilateral cooperation with Central Asian states is additionally reinforced by the SCO Energy Club.⁶⁹ We can regard this as the fact that energy security is highly ranked

63 Central Asia-China Gas Pipeline, Turkmenistan to China, *Hydrocarbons technology*, Available at: <https://www.hydrocarbons-technology.com/projects/centralasiachinagas/>, (accessed on 13/10/2018)

64 “In September 2011, CNPC and KazMunaiGas signed an agreement for construction of Line C of the pipeline in Uzbekistan. Construction of 1,840km long line C started in December 2011 and is expected to be completed by 2014. The Uzbekistan section of line C is 529km long and runs parallel to line A and B. It will have a capacity of 25bcm annually and will increase the total transmission capacity of the Central Asia-China pipeline to 55bcm annually.” Central Asia-China Gas Pipeline, Turkmenistan to China, *Hydrocarbons technology*, Available at: <https://www.hydrocarbons-technology.com/projects/centralasiachinagas/>, (accessed on 13/10/2018)

65 “Construction of a fourth pipeline, Line D, is currently underway. It will connect Beyneu on the eastern coast of the Caspian Sea to the central facility of Shymkent. From Shymkent the gas will be directed to Turpan in Xinjiang, China. Line D will provide China with an additional 15 billion cubic metres on top of the 55 billion it already imports from Turkmenistan.” “The Central Asian Gas Pipeline”, *South China Morning Post*, Available at: <http://multimedia.scmp.com/news/china/article/One-Belt-One-Road/gasPipeline.html>, (accessed on 13/10/2018) On section D, also, to see in, “Construction of Tajik section of Turkmenistan-China pipeline starts, says Tajik official”, *Media Group Tajikistan – Asia PLUS*, Available at: <https://www.news.tj/en/news/tajikistan/economic/20180131/construction-of-tajik-section-of-turkmenistan-china-gas-pipeline-starts-says-tajik-official>, (accessed on 13/10/2018)

66 Драгана Литровић, Драган Траиловић, „Геополитика кинеске енергетске стратегије у централној Азији”, *Српска политичка мисао*, број, 2, 2014, Институт за политичке студије, Београд, стр. 144.

67 Julie Jiang and Jonathan Sinton, *Information Paper – Overseas investments by Chinese national oil companies*, International Energy Agency, February, 2011, pp. 40-42. In this paper you can find more information on purchases that China did in Central Asian region.

68 Ni Jianmin ed., *National Energy Security Report*, p. 149, quoted according to, Guo Xuetang, “Whether China`s Energy Strategy towards Central Eurasia”, *China and Eurasia Forum Quarterly*, Vol. 4, No. 4, Central Asia-Caucasus Institute & Silk Road Studies Program, 2006, p. 132

69 Before the SCO Energy club was established, the question of energy was tackled during the summits of ministers of economy of the member states. According to Maryna V. Shavaliyova, “official contacts between the SCO member states in the field of energy began to develop in 2003, as a part of the working bodies of the SCO, which coordinated economic interests. The first document that regulated cooperation between the SCO nations in the economic sphere was the Programme for multilateral trade and economic cooperation of SCO member states, adopted on September 23, 2003. This document hardly mentions any cooperation in the energy sector. The Programme states: we will explore the potential for expanding mutually beneficial cooperation in the development of new deposits of hydrocarbons and their processing.” Maryna V. Shavaliyova, “Energy Cooperation and Competition within the SCO”, in Anatoliy A. Rozanov (ed.), *The Shanghai Cooperation Organization and Central Asia`s Security Challenges*, The Geneva Center for Democratic control of Armed Forces,

among SCO member states.⁷⁰

This Club was proposed by Russian president Vladimir Putin and welcomed by China's officials and strategists. For Russia establishment of this club is confirmation that she did not lose position in Central Asian region regarding energy sector and that she can still control the flow of oil and gas from this space. Furthermore, this can be understood as a new impetus to cordial and pragmatic relations between Moscow and Beijing, in sense that Beijing, still, admits Russian position as a dominant player in Central Asian region. For China, this club represents securing the routes of pipelines and sources in Central Asia. Namely, China in this way, additionally, secured existing, as well planned, pipelines from possible skirmishes among Central Asian states, as it was the case with the United Energy System of Central Asia. Although, China is trying, in partnership with Russia, to create stable security architecture, Central Asian states are divided in many lines.

Last year, 2017, Turkey chaired the SCO Energy club. This is big a diplomatic and geopolitical achievement of the SCO, because Turkey is one of the American choices in diminishing Russian energy leverage. For example, America is trying to develop Baku-Tbilisi-Ceyhan pipeline. From American point of view this pipeline represents multiple and multi-layered choices for regional countries.⁷¹ According to Zhou Bo, honorary fellow to PLA-Academy of Military Science, granting chairmanship of the SCO Energy club to Turkey, represents the "goodwill of the SCO, because Turkey is the first non-full member state to become a chairman of a club in organization...for some Russian [Turkey] mirrors NATO's eastern expansion and they see Turkey as just a Trojan horse of NATO inside SCO."⁷² Giving Turkey this priority can be considered as attempt to widen international cooperation of the SCO. Simultaneously, it can be analyzed as success of the New Security Concept, because Russia and Turkey, following the period of cooperation, had an incident of crushed Russian warplane.⁷³ However, establishment of the SCO Energy club is important geostrategic move, also from the colossal richness in energy resources. The SCO member states "cover some 36 percent of the world's electricity, 23 percent of natural gas, 20.8 percent of crude oil and 60.2 percent of coal production. They also consume some 28 percent of natural gas, 25.2 percent of crude oil and 65.1 percent of coal."⁷⁴

Geneva, May, 2013, p. 57. Furthermore, with foundation of the SCO Business Council, energy security obtained new priority. For development of the SCO Energy Club, Xi'an Initiative is very important. More detailed on the Xi'an Initiative see in, Avaz Youldoshev, "Xi'an Initiative adopted to accelerate launch of SCO energy club", *Media Group Tajikistan – Asia PLUS*, Available at: <https://www.news.tj/en/news/xi-initiative-adopted-accelerate-launch-sco-energy-club>, (accessed on 16/10/2018)

70 According to the Yekaterinburg Declaration of the Heads of State of the SCO signed on June 16, 2009, energy sector has the key role "in the successful economic development and creation of favorable preconditions for improving the living standards of their citizens, the SCO member states state their resolve to further advance mutually beneficial cooperation in this field on the basis of equality with the aim of ensuring effective, reliable and environmentally safe energy supplies." Yekaterinburg Declaration, 2009, Available at: <http://eng.sectsc.org/documents/>, (accessed on 11/10/2018)

71 More detailed on this in, Evan A. Feigenbaum, "Kazakhstan and the United States in a Changed World", *China and Eurasia Forum Quarterly*, Vol. 4, No. 4, 2006, Central Asia-Caucasus Institute, Silk Road Studies Program, p. 12.

72 Zhou Bo, "Could Turkey Serve as a Bridge Between NATO and SCO", *China-US Focus*, article has been published on December 19, 2006, Available at: <https://www.chinausfocus.com/peace-security/could-turkey-serve-as-a-bridge-between-nato-and-sco>, (accessed on 13/10/2018)

73 More detailed on this in, "Putin condemns Turkey after Russian warplane downed near Syrian border", *The Guardian*, article has been published on November 24 2015, Available at: <https://www.theguardian.com/world/2015/nov/24/turkey-shoots-down-jet-near-border-with-syria>, (accessed on 15/10/2018)

74 "Turkey to chair 2017 Energy Club of Shanghai Cooperation Organization", *Daily Sabah*, article has been published on November 23, 2016, Available at: <https://www.dailysabah.com/energy/2016/11/23/turkey-to-chair-2017-energy-club-of-shanghai-coopera>

As we noticed, the majority of projects, bilateral or multilateral, that China develops in partnership are crossing Xinjiang. Despite Xinjiang`s geographical position, this is very important to stabilize this province and to give it economic stimulus. Reduction poverty among Uighurs people, according to Chinas official, can stiffen the blade of terrorism, because the roots of terrorism China finds in economic poverty. We can see that Central Asian region possesses both economic and strategic significance for China.

Geo-economic power is obvious tool within Chinese foreign policy, because China possesses tremendous amount of foreign exchange reserves.

Figure 1. China Foreign Exchange Reserves



The source of chart is the official site *Trading Economics*.⁷⁵

This chart indicates that, although China`s foreign exchange reserves fell as the consequence of new dynamics within international order and domestic restructuring, official Beijing still has enough resources to be geo-economic super power. In that sense "China is often correctly described as the world`s leading practitioner of geo-economics. It is also the major reason regional and global power projection has become such an economic (opposed to military) exercise."⁷⁶ Besides big banks (The Bank of China, The Industrial & Commercial Bank, The China Construction Bank, The Agriculture Bank of China, The China Development Bank, The Export-import Bank of China),⁷⁷ China established new international funds, corridors and banks, as an element of going out strategy and creating supportive environment. China established Asian Infrastructure Investment Bank (AIIB). This bank is result of China`s immense financial reserves and wish to inject them in world-wide projects. Officially, the Bank was "launched in Beijing in June 2015. The AIIB`s potential

tion-organization, (accessed on 13/10/2018) This also, in line with official statement of the SCO Secretary General Bolat Nurgaliyev, "We do not want the Club to become a cartel, such as OPEC. This task is not set. The point is that given the important role played by the SCO states in the global energy balance, the potential role in energy security and reserves of the SCO countries (in terms of oil, gas, uranium and hydro resources), as well as the needs of the economic development of six states The initiative is quite natural." *Kazakhstan`s initiative of the Asian energy strategy does not contradict the idea of the SCO Energy Club – the Secretary General of the Shanghai Six*, ZAKON.KZ, Available at: <http://www.zakon.kz/99147-kazakhstanskaja-iniciativa-aziatskoj.html>, (accessed on 16/10/2018)

⁷⁵ *China Foreign Exchange Reserves*, Trading Economics, Available at: <https://tradingeconomics.com/china/foreign-exchange-reserves>, (accessed on 15/10/2018)

⁷⁶ James Reilly, "Goeconomics in Chinese Foreign Policy", in Robert D. Blackwill and Jennifer M. Harris, *War by Other Means – Geo-economics and Statecraft*, The Balknap Press of Harvard University Press, London, 2016, p. 93.

⁷⁷ More detailed on this banks in, J.B. Maverick, "The 4 Biggest Chinese Banks", *Investopedia*, Available at: <https://www.investopedia.com/articles/investing/082015/4-biggest-chinese-banks.asp>, (accessed on 15/10/2018)

strength is noteworthy in the face of U.S. opposition since close U.S. allies have joined the new bank, including South Korea, Australia and the United Kingdom. Indeed, Japan and the United States are the most notable nonmembers. Beijing announced an initial \$40 billion investment in the AIIB, with India, Russia, and Germany also contributing to the bank's initial capitalization. China apparently will control more than 25% of the bank's votes."⁷⁸ Implementing projects through the AIIB, China facilitates infrastructural development of Asia and collaboration with other international funds, banks and financial organizations. Beside this, China launched the New Development Bank, Silk Road Fund, Silk Road Chamber of International Commerce.

The structural organization of the SCO gives us insights that further economic development and support of projects is secured. This is done by establishing, in 2006, the SCO Business council and the SCO Interbank Consortium. The first one is "an independent entity authorized to make advisory decisions and provide expert evaluations of the most promising activities that could promote closer involvement of the SCO business communities in the trade, economic and investment cooperation within the Organization."⁷⁹ The SCO Interbank Consortium and the Silk Road Fund "signed the Memorandum of Understanding on the Basis of Partnership. According to the Memorandum, the Silk Road Fund and Interbank Consortium of SCO will jointly promote diversified investments in the SCO region to build an efficient and mutual beneficial framework for long-term cooperation."⁸⁰ We can see that the SCO has crucial importance for supporting BRI. Big impetus has been given to establishing of the SCO Development Bank. In 2010 China proposed creating the SCO Development Bank, as a first step towards the SCO free trade zone. Regarding the SCO Development Bank, although China pledge for it, no any spectacular progress has been made. For example, Liu Junmei, professor at the School of Economics, Fudan University, says that "Russia has always focused on security collaboration within the SCO. It doesn't want economic cooperation so much. And many member countries are worried that if a free trade zone were to be set up within the region, it could hurt their economic interests because their economic power is not strong as China's."⁸¹ We can see that China has to persuade, not to dissuade, its western neighbors that it will not represent the "yellow peril". Through policy and economic moves China has to demonstrate that the SCO, Shanghai spirit and the New Security Concept are in service for achieving economic development, social stability and that Central Asian states will be gateways, instead of shatterbelts.⁸²

Although economy is ranked very high on the SCO agenda which shows many signed documents on that subject, the SCO role in economic development has been questioned.⁸³ Namely, on May 8 2015, Chinese president Xi Jinping and his Russian counterpart Vladimir

78 More about gateways and shatter belts in, Bernard D. Cole, *China's Quest for Great Power*, Naval Institute Press, Maryland, 2016.

79 SCO Business council, Available at: <https://bcsc.org/en/sco-business-council>, accessed on 15/10/2018.

80 *Silk Road Fund and Interbank Consortium of the SCO Signed the Memorandum of Understanding on the Basis of Partnership*, Silk Road Fund, Available at: <http://www.silkroadfund.com.cn/enweb/23809/23812/35424/index.html>, (accessed on 15/10/2018)

81 *SCO Development Bank: Prospects of the SCO development bank*, CGTN, article has been published on June 6 2018, Available at: https://news.cgtn.com/news/7a517a4d32454464776c6d636a4e6e62684a4856/share_p.html, (accessed on 15/10/2018)

82 More detailed on these concepts to see in, Saul Bernard Cohen, *Geopolitics – The Geography of International Relations*, ROWMAN & LITTLEFIELD, New York, 2008.

83 For example during the summit in Qingdao, Heads of States signed *Joint Communiqué of the Heads of State of the Shanghai Cooperation Organization on Simplifying Trade Procedures*.

Putin had a very important meeting. During that meeting, Chinese and Russian presidents pledged to integrate the BRI and Eurasia Economic Union under the auspices of the SCO.⁸⁴ That could be strong signal that China is on the right way to create free trade zone, to boost further trade cooperation, to develop BRI and to enhance its economic position among Central Asian states. However, the primal plan has been changed. According to Anson Sidle, “with the recent conclusion of a free trade agreement between the EAEU and Beijing, Moscow and Beijing’s plans are finally translating into reality—but without the direction of the SCO. Now the SCO is neither a tight-knit security organization, nor a bridge between superpowers, but a glorified talk shop. Unwilling to let go of its dominance in Central Asia, but unable to compete with Beijing economically, Moscow behaved increasingly as spoiler, throwing a wrench in Beijing’s initiatives whenever possible. When Beijing pushed for an SCO development bank and a free-trade zone starting in 2010, Moscow flatly rejected the idea of a free-trade zone and scuttled plans for a joint development bank by proposing alternatives it knew Beijing would reject.”⁸⁵ Besides this central Asian States record trade deficit with China. The only exception of this trend is Turkmenistan. Little paradoxically, Turkmenistan, as we know, is not member nation of the SCO.⁸⁶

4. Conclusion

Creating this kind of organization, China followed “internationalization of domestic security and domestication of international security.”⁸⁷ China became more open, but at the same time more proactive in resolving international security issues, especially in recent time regarding cyber security. Simultaneously, official Beijing showed that economy, development and security are intertwined. China is aware of its new position in the international order acquired by tremendous financial reserves, proactive diplomacy and new thinking in security area. According to Yong Deng “a state’s power position in the international system defines its strategic situation and is in itself an integral part of the state’s strategic thinking.”⁸⁸ In line with that China triggered many foreign initiatives, and many economic corridors with BRI as umbrella project. This project questioned the strategy of containment because China became highly sophisticated state in terms of technology, economically integrated with international trends, additionally reinforced by size of its market and diplomatically assertive country.

Also China announced that “it will become a leader and supporter of the developing world. China’s vote in the United Nations will always belong to developing countries, and it will

84 More detailed on this in, “China, Russia agree to integrate the Belt initiative with EAEU construction”, *Xinhua news*, article has been published on May 9 2015, Available at: http://www.xinhuanet.com//english/2015-05/09/c_134222936_2.htm, (accessed on 15/10/2018)

85 Anson Sidle, “Why the Shanghai Cooperation Organization Fails”, *The National Interest*, the article has been published on September 2 2018, Available at: <https://nationalinterest.org/blog/buzz/why-shanghai-cooperation-organization-fails-30197>, (accessed on 10/04/2018)

86 About trade deficit of Central Asia with China in, *China`s Statistical Year Book 2017*, National Bureau of Statistics of China, Available at: <http://www.stats.gov.cn/tjsj/ndsj/2017/html/EN1105.jpg>, (accessed on 26/10/2018)

87 Stephen Blank, “Kazakhstan`s Border Relations with China”, Bruce A. Elleman, Stephen Kotkin, Clive Schofield, *Beijing`s Power and China`s Borders*, Armonk, New York, 2012, p. 100.

88 Yong Deng, “Hegemon on the Offensive: Chinese Perspectives on U.S. Global Strategy”, *Political Science Quarterly*, Vol. 116, No. 3, 2001, p. 343,

solemnly announce China's new initiatives to support the cause of the United Nations."⁸⁹ Launching the SCO, but as well many other foreign initiatives, China showed that it possesses the strategy towards developing world which is not merely "a part of a broader strategy toward the superpowers and the larger world."⁹⁰ Also China showed that possesses enough economic resources. Without financial reserves, China's international positioning would not be possible.

Although the officials of the SCO accentuate that this Organization is not anti-western bloc, at the same time we cannot say that is pro-western. It represents strategic thinking for obtaining leverage in creating stable security architecture. As Joel Wuthnow notices "U.S. officials have often downplayed the significance of these activities or even applauded China's willingness to shoulder more regional security burdens."⁹¹ From the reason that SCO stems from another system of values, it has been stereotyped as a "club of dictators", "Asian NATO", Organization that diminish the value of human rights, anti-American organization, Chinese charm offensive.⁹² However, the SCO is serving purpose, boosting trust and cooperation in trade, energy, technology, people-to-people, between China and Central Asian states and Russia. At the same time, the SCO is promoting international and mutual cooperation regarding security issues, development of multilateralism, diminishing post and Cold War mentality. China through the SCO is building national image not just in Central Asian region, as well on the international level. But, will China use this Organization and economic dependence of weaker states to request political concessions, as it did with Philippines, South Korea, etc.

At this moment, multilateralism is inseparable from new Chinese diplomacy. Gathering countries in clusters, without alliance obligations is confirmation that official Beijing is promoting open regionalism, based on the practical goals and purposes.

New Security Concept and its implementation through the SCO is multi-vector and multi-layered strategy. As we can see two main pillars are security and economy, but with including areas such as sport, health, people-to-people exchange, culture. Infrastructure is very important of Chinese positioning within Central Asian region. From Chinese point of view interconnectivity is the main feature for economic and social development of one state. Anyway trade is still in the process of increasing, and it is quite obvious that BRI is representing new possibilities. Furthermore, the importance of the SCO for the security architecture, trade relations, Silk Road Economic Belt, Xinjiang issue, preventing the spillover effects of the `Golden Crescent` and Chinese march towards west. We have to be very patient and to see what will be the role of the SCO, especially now when full members are India and

89 国防大学教授纪明葵：中国在国际社会彰显自信 (Ji Mingkui, a professor at the National Defense University: China shows confidence in the international community/Guófáng dàxué jiàoshòu Jì Míngkuí: Zhōngguó zài guójì shèhuì zhāngxi n zìxìn), the article has been published on October 4, 2015, Available at: http://www.cssn.cn/dzyx/dzyx_lsj/201510/t20151004_2483408.shtml, (accessed on 24.10.2018.)

90 Nathan, Andrew J., AND Andrew Scobell, *China's Search for Security*, New York, Columbian University Press, 2012, p. 14, in Andrew Scobell et al (eds.), *At the Dawn of Belt and Road*, RAND Corporation, Santa Monica, 2018, p. 12.

91 Joel Wuthnow, "U.S. `Minilateralism` in Asia and China's Responses: A New Security Dilemma", *Journal of Contemporary China*, Published online on July 17, 2018, p.5.

92 About naming of the SCO, see in, Драгана Митровић, „ШОС – проблеми и перспективе развоја“, *Српска политичка мисао*, број 3-4, Институт за политичке студије, Београд. Драгана Митровић, Шангајска организација за сарадњу – настанак, циљеви и дometи нове безбедносно-еконсомке структуре Азије, *Српска политичка мисао*, број 1-2, Институт за политичке студије, Београд.

Pakistan. "Can we expect new widening in format SCO + 3 (USA, EU, Japan)? Japanese scientist Iwashita Akihiro, to create ad hoc status at the summit, perhaps with a "Guest" status and in the framework of SCO; Pre-summit interactions: for example, establishing a "SCO Plus Alpha" format; from a "Guest" toward a "Partner." The framework could be laid out in the form of the SCO plus Three (EU, U.S., Japan), the SCO Regional Forum and so on."⁹³

However, we can see that the SCO is very important for domestic and foreign security of China. Simultaneously, the SCO has importance in Chinese attempts to create an image, geopolitical and geo-economic, in Central Asia as responsible power which offers myriad of possibilities.

93 Mirzokhid Rakhimov, "Central Asia and Japan: Bilateral and Multilateral Relations", *Journal of Eurasian Studies*, 5, 2014, p. 85. Also about this in, Iwashita Akihiro, "The Shanghai Cooperation Organization: Beyond a Miscalculation on Power Games", in, Christopher Len et al (eds.), *Japan`s Silk Road Diplomacy – Paving the Road Ahead*, Central Asia – Caucasus Institute Silk Road Studies Program, USA, 2008.

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China`s National Defense in 2008, Information Office of the State Council of the People`s Republic of China, Available at: https://fas.org/programs/ssp/nukes/2008Defense-WhitePaper_Jan2009.pdf;

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Слободан Поповић

Улога Шангајске организације за сарадњу у новом безбедносном концепту НР Кине

Апстракт

Методом анализе садржаја, ми ћемо истражити позицију Шангајске организације за сарадњу, у оквиру Новог концепта безбедности и мултилатерализма базираног на истом. Промовисање новог начина разумевања безбедности је потврда да званични Пекинг заузима активан, те и конструктиван став у креирању подстицајног окружења како би реализовао националне циљеве. Први део рада ће истраживати промене које су настале у кинеском разумевању појма безбедности. Ово ће нам бити од користи када будемо анализирали зашто је Народна Република Кина (Кина) кренула, поред билатералних, да практикује и мултилатералне канале комуницирања. Симултано, те промене нам указују како Кина схвата позицију у међународном систему и односе са другим државама. Други део рада ће бити посвећен институционалном развоју ШОС-а. Анализирајући институционално, логистичко и кадровско проширење Организације, ми ћемо увидети које су циљеве државе чланице желеле да реализују. У истом делу рада ми ћемо објективно представити конкретне стратешке потезе које је Кина учинила или подржала путем ШОС-а, са циљем стабилизације централноазијског простора. Стабилно окружење је преко потребно и из безбедносних и из економских разлога.

Кључне речи: Нови концепт безбедности, економија, Шангајска Организација за сарадњу, мултилатерализам, Централна Азија, Кина, национални интереси

Marko Tmusic*

***The EU in a Changing Global Order –
Challenges and Prospects,***
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and Shanghai Institute for European Studies, June 2018**

The European Union was originally created as European Coal and Steel Community ECSC (without the Netherlands), and later European Economic Community EEC with the overall goal to integrate the economies of the six member states: Belgium, France, Italy, Luxembourg, the Netherlands, and West Germany. That trading arrangement between those six countries has grown over 60 years. Today, the arrangement includes 27 very different countries, and some of them used to be communist countries.

European integration is primarily a political process, but its economic dimension is far more visible. Since it is essentially a political integration, EU has a number of important political institutions whose goal is decision-making, resolution of various disputes among its members, and Union's governance toward further integration and global positioning. However, the functioning of these institutions in practice is not satisfactory. There are some opinions according to which EU institutions do not have a clearly defined legitimate democratic basis. Lack of stable institutions and unified policies, are just some of the reasons why it has been facing a number of political, economic and social challenges lately.

Looking for answers to those challenges, Center for China-EU Relations, Fudan University and Shanghai Institute for European Studies prepared a book named "*The EU in a Changing Global Order – Challenges and Prospects*". Their starting point was that the EU is making difficult adjustments and reforms in order to adapt itself to the drastic internal and external changes and in the same time find a more appropriate road of integration. The intention of those "young scholars" from Shanghai was to sum-up those challenges that EU is facing. This book is divided into the four thematic units: At the EU's level, At Member State's level, At Transnational level, and At International Level. Each of these units consists of several papers related to those units. In the first one, named *At the EU's level*, are following papers: 1. Between Theory and Reality: The Limit of the EU as a Transformative Power; 2. The EU's Legitimacy Deficit: The Institutional Reform and its Future; 3. Challenges of European Integration: "Fiscal Unions" as a Case; 4. Challenges of Euro-skepticism: How the EU responds?; 5. Challenges of the Populist: How Extreme Political Parties Attack the EU?; 6. "Two Speed" or "Multi Speed"? The Quest for a Model of European Integration. The second chapter, named *At Member State's level*, consists of several following papers: 1. From Kosovo to Catalonia: The Logic of the EU's Attitudes toward Secessionism; 2. Multiculturalism in Eu-

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rope: the Dilemma and the Future; 3. Brexit Negotiation: How to Impact European Integration?; 4. "Rebels" of the EU? From Poland to Hungary. Third section named *At Transnational level* includes several following papers: 1. Dealing with Immigrants: Is German Leadership Effective?; 2. Homegrown Terrorism in Europe: Dynamics and Prospects?; 3. Clash of Civilization? When Christians Encountering Islamist; 4. Digital Governance of the EU: Progress and Challenges. The last section, named *At International Level*, is composed of following papers: 1. The EU's Eastward Road: Competing and Cooperation with Russia?; 2. The EU's Neighborhood Policy: Toward the Middle East and North Africa; 3. The EU in the Era of "Anti-globalization": Future of Liberal-democracy and Rules-based International Order?; 4. Disputes between Europe and the US: Transatlantic Relations Facing New Challenges. The book has a total of 157 pages. Given that there are a large number of quite different papers, which are subsumed to those thematic chapters in this book, this review will not analyze them individually, but will indicate the most important conclusions of each chapter. Future challenges and dilemmas of the EU are analyzed in the first chapter of the book (*At the EU's level*) through several key concepts or processes, such as: transformative power, legitimacy deficit, fiscal union, Euroscepticism, political populism and Eurointegration. Each of the abovementioned papers in this chapter starts from the same assumption, and that is the EU today faces new challenges and new reality in the sphere of politics, economics and social policy, which also requires new solutions and new mechanisms for fighting crisis situations in these spheres. The transformative power of the EU is dependent on the success of its economic and social model. However, there is no coherent regulatory regime and economic governance model, which results with legitimacy deficit – EU's decision making is institutionally extremely limited, therefore much weaker. Take, for example, an attempt to establish a fiscal union. Eurozone countries are working to introduce a fiscal union in order to overcome the debt crisis. This requires fiscal discipline, which requires amendments to the Lisbon Treaty. What fiscal unity means, the leading European countries interpret differently. France is playing a bigger role for the European Central Bank, which is unacceptable for Germany, which does not want to bear the burden of debts of indebted countries. The problem of inconsistency in making political and economic decisions results in the emergence of a growing Euroscepticism. In the sphere of politics, this can best be seen in the growing populist and nationalistic political attitudes. Populist European political parties used the public's dissatisfaction with the EU to gain political power. Overcoming the above problems, somewhat naively, is located in the European identity: Euroscepticism is "the poison", but European identity is "the recipe". We are deliberately stressing that this is a truly naive concept of Euroscepticism, because its causes do not concern European identity, as an abstract category, but can be found in the realistic political and economic activities of European institutions, which abound with pragmatism and "double standards". The inconsistency of politics and economic policy of the EU results in the absence of stable political and economic institutions. The impression is that in the form of conclusion this is what missing in this chapter, which is too descriptive.

Second chapter (*At Member state's level*) deals with the concepts such as secessionism, multiculturalism, Brexit and the "rebels" of the EU: from Poland to Hungary. In addition to multiculturalism, based on political correctness, as a deficient concept, special attention is drawn to the analysis dealing with secessionism – from Kosovo to Catalonia. For example,

it is stated that EU policy on Kosovo can in practice be understood as undertaking and developing economic and political issues without touching the still controversial issue of sovereignty. However, certain illogicalities can be observed at moments, so it is immediately stated that the EU is treating and cultivating Kosovo as an independent political and economic actor. On the other hand, it is clearly stated that the EU's attitudes towards secessionism in different regions vary from support to opposition. The explanation is, indeed, naive and extremely superficial and is found in the concept of "EU autonomy" - the EU's attitude toward secessionism depends first upon whether the country in which the secessionist region is located is EU member state. If it is a member state, then the European Union will certainly not support secessionism of the region. What is the conclusion? It is stated that Serbia is not a member state, and the EU does not hold a clear disagreement with secessionism in its region as it does with Spanish and British secessionism. Involving in the affairs of Balkans and recognizing the independence of Montenegro will help maintaining the stability of the Balkans. We cannot agree with these claims for several reasons, of which we will only hint at some: political sovereignty and territorial integrity as a constitutional category – for which there cannot and should not talk about be double legal norms and standards in practice; UN Resolution 1244 - which guarantees the territorial integrity and political sovereignty of Serbia and prevents the independence of Kosovo. We have not encountered such explanations and critical reviews in this paper. Regarding Brexit, it will definitely diminish the chances and opportunities of the EU towards greater integration. That standpoint is clearly engaged in this section. After the Brexit, Britain and the European Union will unintentionally become competitors to free trade. In particular, the United Kingdom will have regained the banner of free trade and reshaped the trade agreements with the European Union. It will have exerted pressure on EU members under the Customs Union and secretly encouraged the populist member states to follow the British model. After the Brexit came to the EU, the European Union's "rebels" Poland, Hungary, and also Czech Republic and Slovakia, jointly boycotted the EU's refugee quota allocation and the internal affairs and justice reforms of Poland and Hungary, which conflicts within EU value. Even if these countries are known as "good students" of the EU, the change in the behavior pattern of the new member states of the Visegrad Group in EU reflects the gradual emergence of the differences in the interests of EU member states and the EU itself, especially since Europe debt crisis, which is also analyzed in this section of the book.

The third chapter (*At Transnational level*) analyzes processes such as refugee crisis, terrorism in EU, encounter between Christianity and Islam in EU and digital governance in EU. So, as one can imagine, it is a rather diverse approach in analyzing the challenges and dilemmas of the EU at its transnational level. The impact of refugee crisis in the EU is the most lasting and prominent one. The main problem considers the refugee quotas. The large number of war refugees continued to flow into the EU, leaving Italy, Greece, Hungary and other countries to bear the brunt of the refugee crisis. The subject of the analysis in this section is the influence of Germany on the establishment of a system of refugee quotas – its effectiveness. One of the main conclusions is that given the differences in positions of the European Union on mandatory refugee quotas and the difficult implementation of refugee quotas, the promotion of a quota system under the leadership of Germany has had little effect. When weighing the advantages and disadvantages (increase in the unemployment

rate, increase in social destabilizing factors, etc.) and considering that the cost of implementation is greater than the benefits, the member states would rather accept punishment and refuse to implement the refugee quota system. Regarding the homegrown terrorism in EU, it is clearly stated that EU member states should take more effective measures on how to integrate Muslim communities into society. The EU's anti-terrorist actions must be lead by crisis-driven changes in institutionalization. A very interesting analysis in this section considers the Islam in the EU. More precisely, how Islam spreads on the European continent and encounters the dominant Christianity in a peaceful way. This is what we should be concerned about, according to the author of this paper. However, the analysis of this problem offered in this paper is too descriptive, which is very difficult to claim that changes ("Islamization", "De-christianization", migrants and refugees problems, etc.) in European society are further exacerbating the living environment of Muslim ethnic groups in Europe, and it is very likely that this round of encounter between Christianity and Islam will lead to an even worse situation in which the conflict will increase and religion extremism will aggravate. Such strong claims should be supported by some concrete data on which they are being made. This way unconfirmed and lightly presented, they remain only at the level of layman's assumption.

The last chapter (*At International level*) deals with the EU actions and policies at international level. Therefore, the key concepts of the analysis given in this chapter are: the EU's eastward enlargement – relationship with Russia, the EU's neighborhood policy toward Middle East and North Africa, disputes between the EU and USA, and the EU in the era of "Anti-globalization". The impression is that this is the most interesting chapter, and it seems to be best structured in relation to its title. The common idea that links the works in this chapter is the EU's attitude towards its neighbors, but also towards other countries, especially the United States. It is clearly stated that EU is trying to build and cultivate relations with European countries which are still outside the EU. It treats them differently: one is to change the unstable and backward status of the Western Balkan countries, which is the southeastern European Union's barrier, and to promote Western Balkan countries final integration into the EU. The EU tries to establish a stable and prosperous region along its eastern borders, promote economic integration and personnel mobility, and have more channels and multilateral cooperation in maintaining regional security and conflict resolution. But, the Ukrainian crisis (the end of 2014) has worsened relations between EU and Russia. In particular, its "Eastern Partnership" (EaP), as an initiative of the European External Active Service of the EU, governing its relationship with the post-Soviet states: Armenia, Azerbaijan, Moldova, Belarus, Georgia, and Ukraine. The "Eastern Partnership" program makes the EU's advancing to Russia's "spheres of influence" even the borders of Russia. Russia regards the EaP as a strict anti-Russian initiative and considers this to be coordination even a substitute for NATO's eastward expansion. Because of that, the EU had to postpone implementation of the association agreement with Ukraine to 2016 in order not to further infuriate Russia. This kind of agreement cannot be achieved without cooperation with Russia. Hence, this kind of initiative does not bring stability and security to EU. The EU must reconsider its decisions and moves in international political and economic relations, especially with Russia. Regarding the Middle East and North Africa and its relationship with the EU, it is clearly stated that EU cannot ignore the dramatic changes in these regions. The

EU overestimated its ability in promoting democratization in these regions, so it has taken a more pragmatic readjustment in its foreign policy, giving priority to fight against terrorism and deal with the refugee crisis. As for the EU and USA disputes, in this section it is clearly emphasized that the current transatlantic disputes reflect the contradiction between the EU's pursuit of international status and the US hegemony (leadership). Against the background of the deepening of global multipolarity, unless the EU completely follows the US's leadership and rules, transatlantic disputes are inevitable. At the end, analysis of the EU in the era of "Anti-globalization" is based on liberal democracy and rules-based international order concept. Because of the "double standards" in its internal and foreign policy, EU is facing with the growing challenge of anti-globalization, which additionally complicates one of its goals - Eurointegration. This concept of international order has been severely challenged under today's drastically changing international situation and accordingly, it is difficult to become a reality to be accepted universally.

After a brief overview of the contents of this book, we will point out several general characteristics. This book is quite an easy read, trying to introduce a lot of new information. It is presented as a survey of what EU is for and why we need to have an integrated Europe, both economically and politically. We would like to commend the efforts of researchers to tackle serious challenges and dilemmas of the EU today. It turns out that it was not an easy task for them. Such an impression arises from the fact that, in addition to the interesting conclusions and claims we have pointed out in the previous part of this review, one of the things we found interesting is the attitude on certain issues is completely upside down. One of the reasons for this can be in a broadly defined framework of research. The impression is that the analyzes in this book would be far more productive and better if the subject of the research was reduced to a few of the most important dilemmas, for example, only in the field of EU foreign policy. However, we believe that the main problem is methodological. The serious disadvantage of this book is the lack of precisely referenced sources on which the papers in this book are based. The author is responsible for the accuracy of the references. This is also one of the criteria on the basis of which the seriousness and scientific validity of the stated attitudes and the claims of each scientific work, and thus of this study, are assessed. Unfortunately, this book lacks this, which notably reduces its scientific significance and contribution.

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