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GEOSTRATEGIC PULSE

Motto:"Opinions are free, but not mandatory" I.L.Caragiale

NATO and Emerging Security Challenges

European Defence Cooperation in Times of Crisis

"The EU budget is a symbol of solidarity and common interests and it benefits every single Member State"

"The EU's own history shows that economic and political cooperation across borders can promote peace and prosperity"

"At this point, Maia Sandu cannot completely change the substance of the bilateral dialogue with Russia, however, she can steer it in the right direction"

EDITORIAL

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EDITORIAL

A Promising Start

Constantin IACOBIȚĂ

President Joe Biden's first foreign engagements seem promising, even if they are limited to the online environment because of the restrictions imposed by a pandemic whose causes, manifestations, effects, and duration are yet to be entirely known.

During his online appearances at the G7 Summit and the Munich Security Conference that took place late last week, the new American president emphatically stated that the USA was returning as a global leader, and as a trusted partner for its allies.

Joe Biden's messages probably included everything the allies of the USA have been waiting for four years – he reconfirmed the transatlantic link and the USA's commitment to NATO, the values of democracy, as well as the economic, security and environment cooperation. In short, America's return to multilateralism.

The new American president also announced a change in Washington's approach and attitude with regard to Russia (which he called a destabilizing factor on an international level), in contrast with his predecessor, Donald Trump; however, he also indicated a certain continuity as far as China was concerned.

Beyond their reassuring nature, though, the messages of the new US President should be viewed from a realistic point of view.

Thus, on one hand, the intention to reposition America as a global leader and to recommit it as a multilateral player was announced, last week as well, through two relevant actions:

- The Munich Security Conference was also used as an opportunity by the Biden Administration to announce the US rejoining the Paris Agreement.

- Three days before, an official with the Health Department announced that the USA was to transition from observer, to member of the COVAX Council, an initiative co-chaired by the World Health Organization whose objective was the distribution of the COVID-19 vaccines globally (the USA has allotted 4 billion USD worth of funds for this global effort).

On the other hand, it remains to be seen to what extent America will succeed in being what its president committed to.

And the most edifying tests in this respect could be two of the issues the Biden Administration has already voiced about. The first is climate change, where a position and especially a collective commitment to countering them internationally are very difficult to imagine without the cooperation of America's adversaries – China (most of all, since this country is the number one producer of carbon monoxide in the world) and Russia.

The second is represented by the Iranian nuclear programme. Secretary of state Antony Blinken suggested, the day before the two international events mentioned above, that the USA would return to the negotiating table on the Iranian nuclear programme; however, according to the official transcripts of the phone call President Joe Biden had (the very same day) with Prime Minister Benjamin Netanyahu, the terms of the US' re-engagement in the process would also depend on Israel.

INTERNATIONAL SITUATION

NATO and Emerging Security Challenges

Michael RÜHLE

In 1948, some of the brightest minds in the US, Canada, and Western Europe got together to create a novel transatlantic defence pact. Their goal was to draft a treaty so simple and clear that even "a milkman in Omaha" would understand it. The diplomats succeeded. The Washington Treaty, signed on 4 April 1949, required only 14 articles to outline a transatlantic defence community that was entirely different from the short-lived alliances of convenience that had been the curse of European history. The Treaty, which soon turned into a fully-fledged organization called NATO, described a community of destiny between two continents – a community that would last much longer than its founding fathers ever dared to dream.

However, over seven decades of successful transatlantic defence cooperation say little about NATO's future. After all, the Washington Treaty was written at a time when security was largely understood as state-centric, focused on the defence of borders and territory against an aggression by another state. Today, these traditional notions of security are increasingly giving way to a complex mix of military and non-military threats that can affect societies also from within. These range from targeted manmade threats, such as cyberattacks or the proliferation of weapons of mass destruction, to broader phenomena, such as climate change or resource scarcity. For NATO, which is based on traditional notions of defence against an "armed attack", who's founding Treaty even defines the specific territory that is eligible for collective protection, this rise of "de-territorialized", non-kinetic threats create a whole series of challenges. How well NATO addresses them will determine its future as an effective security provider for almost one billion citizens.

The Interaction of Traditional and Non-Traditional Security Challenges

The return of great power competition, notably Russia's revisionism and China's more assertive foreign policy, is a stark reminder that the increase of non-traditional threats does not spell the obsolescence of traditional security challenges, such as inter-state wars. On the contrary, traditional and non-traditional threats increasingly interact. Cyberattacks, for example, have long been a tool for industrial espionage, yet they also have become an integral part of any military campaign. Similarly, while the effect of politically motivated terrorist attacks against critical energy infrastructure may be largely symbolic, state-sponsored attacks can also have the goal to undermine a country's ability to build up a coherent conventional military defence. Disinformation can be used as a tool to de-stabilize a state, yet it can also be part of a "hybrid warfare" approach, intended to prepare for (and then mask) a direct military aggression against a neighbouring state. Climate change, in turn, can increase the number and scale of natural disasters, with the military often being the "first responder", but it can also aggravate conflicts between states or generate new migration pressures. While it appears unlikely that the future will see "resource wars", as propounded by some sensationalist authors, it is clear that oil, gas and other natural resources (e.g., "rare earths") will affect international security policy: an oil discovery in a region claimed by two states; a dam project in a water-scarce region that further limits the scarce supply of water to a neighbouring country – such scenarios are not only imaginable but likely. Finally, the number of "virtual" nuclear weapons states is not only growing due to more countries mastering the full nuclear fuel cycle, it is also growing due to the commercialisation of proliferation, for example through the emergence of a "black market" for sensitive technologies.

www.nato.int/cps/en/natohq/topics_78170.htm

The Need to Adapt

This emerging security landscape challenges

NATO on several levels. On the institutional level, the new threats challenge the centrality of NATO, as many of them are non-military in nature and thus do not lend themselves to purely military responses. On the political level, the fact that these threats offer little or no early warning, are often anonymous as well as ambiguous, and, above all, non-existential, creates dilemmas of attribution as well as of solidarity and collective responses. Consequently, NATO needs to not only grasp the specific character of such non-traditional challenges, but also define its role in each of them. At the same time, NATO needs to develop trustful ties with the broader community of stakeholders.

NATO had been addressing a range of emerging threats for quite some time, yet it had done so in a compartmentalised way, without clear-cut political guidance or thorough conceptual underpinning. The 2010 Strategic Concept, which gave considerable prominence to emerging challenges, signalled a change, however, as it provided NATO with a wide-ranging mandate to address these challenges in a more systematic way. Moreover, the creation of the Emerging Security Challenges Division in NATO's International Staff, which happened in conjunction with the release of the Strategic Concept, created a bureaucratic foothold for non-traditional challenges within the Organization, thus facilitating more coherent policy development and implementation in these areas.

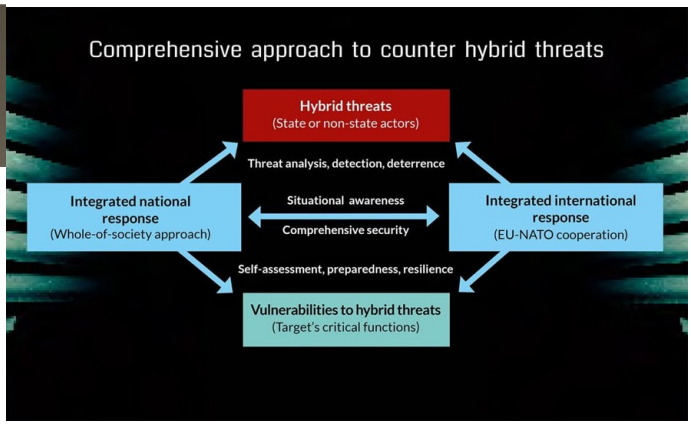
www.nato.int/cps/en/natohq/news

Improving Situational Awareness

By bringing together over 60 intelligence services, NATO provides a unique forum for discussing current and future threats, including non-traditional ones. Intelligence-sharing in NATO includes all developments that are relevant to allied security, ranging from regional conflicts to new developments in attacks on critical energy infrastructure. To further enhance situational awareness, NATO stood up an Intelligence Security Division in its International Staff, including a unit that analyses hybrid threats, while at the same time expanding its in-house analytical capabilities to deal with strategic analysis and foresight. In contrast to intelligence-sharing, strategic analysis allows for a more forward looking, and sometimes more provocative, open-source approach towards emerging challenges, ranging from then security implications of Artificial Intelligence to the strategic consequences of Bitcoins.

Countering Hybrid Challenges

Russia's use of hybrid tools in its assault on Ukraine in 2014 forced NATO to not only re-emphasise its core task of collective defence, but also to examine responses to hybrid threats. This is all the more urgent as hybrid campaigns could undermine NATO's collective defence preparations in a crisis, notably along NATO's Eastern flank. Consequently, NATO is systematically enlarging its counter hybrid toolbox, which now encompasses, *inter alia*, enhanced intelligence sharing, a stronger focus on national resilience, the creation of specific tools (such as Counter Hybrid Support Teams), more responsive public diplomacy efforts, specifically tailored exercises, and closer relations with the European Union. In addition, more analysis is devoted to the hybrid approaches of specific actors, such as Russia and China, and to deterring hybrid threats, notably to the unique role of the military in a predominantly non-kinetic context. Even the difficult problem of attributing certain hybrid attacks to specific state or non-state actors, which is essentially a national prerogative, is being discussed – as well as exercised – in a NATO context. If the threat of attribution is supposed to act as a deterrent, one must seek to attribute collectively.



www.nato.int/docu/review/articles/2018/11/23/cooperating-to-counter-hybrid-threats

Enhancing Training, Education and Exercises

The growing importance of non-traditional challenges is making them a permanent fixture in NATO's education and training programmes, as well as in its exercises. Diplomats and military leaders alike must be given the opportunity to develop a better understanding of cyber, energy, climate change and similar challenges as drivers of future security developments. To this end, dedicated

courses have been set up at NATO's training facilities as well as the NATO Centres of Excellence, and existing courses are being augmented with appropriate elements. The challenge of coping with non-traditional threats is also being increasingly reflected in NATO's exercises. Even a "traditional" military conflict today will include numerous cyber elements, the targeting of energy and other critical infrastructure, and massive amounts of disinformation. Hence, it is only through exercises that one can gain a thorough understanding of how these non-traditional threats affect a military campaign.

Enhancing Allied Resilience

If one must assume that certain types of attacks, such as cyber or terrorist, will happen and cannot be deterred, the focus needs to shift towards resilience. Again, cyber provides a case in point. Since cyberattacks are happening all the time, the emphasis must be placed on upgrading cyber defences, so that one's networks will continue to operate even in a degraded environment. Similarly, the effects of attacks on energy infrastructure can be minimised if that infrastructure can be repaired quickly. Such resilience measures are largely a national responsibility. However, NATO can assist nations in conducting self-assessments that help identify gaps that need addressing. This new focus on resilience is also important for NATO's traditional collective defence: an opponent seeking to undermine NATO's collective defence preparations will do so first and foremost by non-traditional, non-kinetic means, such as cyberattacks or energy supply disruptions.

Reaching Out to Other International Organisations

The nature of non-traditional security challenges makes NATO's success increasingly dependent on how well it cooperates with others. Consequently, NATO needs to be much better connected to the broader international community. This is true for its relations with other security stakeholders such as the European Union and the United Nations, but also with respect to non-governmental organizations (NGOs). Hence, enhancing NATO's "connectivity"' (former NATO Secretary General Rasmussen) is a precondition for its future as viable security provider. The NATO-EU relationship, which is perhaps the most important of all, has seen considerable progress, yet still remains nervous and incomplete. While certain national sensitivities of NATO Allies and EU members must be respected, the urgency for closer coordination and cooperation between both organizations is greater than ever. Many of the new challenges are both internal and external in nature. For example, terrorism can be home grown or imported, protecting cyber and energy infrastructures against hybrid threats are essentially national responsibilities, and a pandemic requires the early coordination of responses. This poses entirely new challenges for all actors involved. A stronger NATO–EU relationship would be a major step toward overcoming such challenges.

www.atlanticcouncil.org

Developing Links with the Private Sector

Another part of an adapted NATO is a sustained relationship with the private sector. Just as the urgency to enhance NATO's cyber defence capabilities is leading to closer ties with the software companies, the need to develop a more coherent approach to energy security will require NATO to reach out to energy companies. With most energy and cyber networks in private hands, it will be crucial to build public-private partnerships. The goal should be to establish "communities of trust" in which different stakeholders can share confidential information, for example on cyberattacks. Creating such new relationships will be challenging, since national business interests and collective security interests may sometimes prove to be irreconcilable. Still, the nature of many emerging security challenges makes the established compartmentalisation of responsibilities between the public and private sectors appear increasingly anachronistic.

Understanding Emerging Disruptive Technologies

NATO is also making a greater effort to get a firm grasp on new technologies and their implications.

Artificial intelligence, "big data" analysis, or block chain technologies may offer huge security benefits, yet they can also empower adversaries, enabling them to orchestrate smarter and stealthier attacks. Moreover, like autonomous vehicles, these Emerging and Disruptive Technologies also raise legal and moral issues that need to be thoroughly examined. Today, with many new technologies being driven by the private sector rather than the military, and with many more actors gaining access to them, NATO's erstwhile technological dominance can no longer be taken for granted. Consequently, the Allies need to turn NATO into a facilitator for robust innovation. At the same time, Allies need to discuss how to design new arms control mechanisms that capture the speed of technological change, as well as how to set new norms of behaviour in new domains, such as space, and in new "virtual" domains, such as cyberspace. In short, NATO needs to prepare for an entirely new era of how conflicts will be fought.

www.nato.int/cps/en/natohq/news

Improving Collective Decision-Taking

Another obvious challenge pertains to the speed of the necessary response and, consequently, the question of political control. Cyberattacks offer the most glaring example: they simply do not leave one with enough time to engage in lengthy deliberations, let alone with the opportunity to seek parliamentary approval of a response. While this challenge is already significant on the national level, it is even more severe in a multinational context. To overcome it, nations have to agree on rules of engagement, or pre-delegate authority to certain entities. This quasi-automaticity runs counter to the natural instinct of governments to retain political control over each and every aspect of their collective response; yet the slow, deliberative nature of consensus-building may turn out to be ill-suited for the challenges at hand. The consensus needs to be built before the actual event occurs. Consequently, NATO is constantly reviewing its decision-taking procedures, and seeks to adapt them to the unique circumstances imposed by non-traditional security challenges, such as cyberattacks or hybrid warfare.

Fostering a new Culture of Debate

Finally, Allies must use NATO as a forum for a sustained political dialogue about broader security developments. While NATO is engaged on several continents, its collective "mind-set" is still largely Eurocentric and reactive. As a result, many NATO members approach discussions on potential future security issues only hesitantly, worrying that NATO's image as an operations-driven alliance will create the impression that any such debate was only the precursor to military engagement. While such misperceptions can never be ruled out entirely, Allies should nevertheless resist making themselves hostage to the risk of a few false press reports about NATO's allegedly sinister military intentions. Indeed, the true risk for NATO lies in the opposite direction: by refusing to look ahead and debate political and military options in meeting emerging challenges, the Allies would condemn themselves to an entirely reactive approach, thus foregoing opportunities for a pro-active policy.

Such a culture of debate is all the more important as many new security challenges do not affect all Allies in quite the same way. A terrorist assault or a cyberattack against just one Ally will not necessarily generate the collective sense of moral outrage and political solidarity that one could witness after the terrorist attacks of "9/11", for example. Consequently, political solidarity and collective responses may be far more difficult to generate. Admitting this is not fatalism. It is simply a reminder that the new threats can be divisive rather than unifying if Allies do not make a determined effort to address them collectively. On a positive note, there are some indications that this cultural change in NATO has finally begun, as Allies have become more willing to discuss potentially controversial issues in a brainstorming mode. This welcome development must now be sustained by beefing up NATO's analytical capabilities, including improved intelligence sharing and longer-range forecasting. Over time, these developments should lead to a shift in NATO's "culture" toward becoming a more forward-looking organization.

Achievements and Challenges

Given the many structural differences between traditional and non-traditional security challenges, it should not come as a surprise that NATO's forays into addressing the latter category have been difficult. However, since the 2010 Strategic Concept

set the stage, much has been achieved. This is particularly true for cyber defence, which has seen the fastest progress, including the development of an agreed NATO policy, the definition of cyber as a distinct operational domain, and its mention in the context of the Article 5 collective self-defence clause. While nations are still reluctant to share information beyond the very small trusted communities in which their intelligence services and private-public partnerships operate, the need for NATO to meet the cyber challenge has been fully acknowledged. As pointed out earlier, the attribution challenge remains difficult to meet in a collective framework, yet Allies have demonstrated the political will to "name and shame" a country that they consider the perpetrator of cyberattacks or the use of chemical/biological weapons.

Non-traditional challenges have also been a convenient venue for some partner countries to move closer to NATO. Moreover, several of NATO's about two dozen Centres of Excellence have proven to be invaluable analytical resources, as have the two Strategic Commands in Mons and Norfolk. NATO's support for scientific research also focuses on non-traditional challenges, including climate and water security, and NATO has built ties to the scientific community to discuss these and other issues. Allies have also increased their work on – and understanding of – hybrid threats, notably in cooperation with the European Union. In short, NATO has become a serious interlocutor on non-traditional challenges.

All this is not to say that NATO has entirely mastered the difficult terrain of non-traditional security challenges. There are still areas where the gap between expectations and reality remains wide. For example, while the 2010 Strategic Concept refers to climate change as a potential threat multiplier, Allies are only now starting to develop a visible collective approach to dealing with this phenomenon. The same holds true for resource scarcity and similar issues: while NATO should not "militarise" what are essentially economic matters, the lack of interest in such topics could lead to all kinds of unwelcome surprises. By the same token, despite a variety of forecasting efforts by NATO as well as by individual Allies, NATO as a collective has not yet fully embraced this methodology.

A New Concept of Security

Dealing with non-traditional challenges requires a paradigm shift away from deterrence and toward resilience – an enormous challenge both for individual states as well as for alliances. A security policy that accepts that certain threats cannot be prevented through deterrence, and that, some damage will inevitably occur, will be difficult to explain to populations that have become used to near-perfect security. Thus, such a policy will be charged as being fatalistic or scaremongering, while others will interpret it as an alibi by governments to better control their citizens, or simply as an excuse for increasing defence budgets. And yet the governments of modern industrial societies have no choice but to admit to their citizens that in an era marked by hybrid conflict, climate change, proliferation, terrorism, and resource scarcity neither the individual state nor an alliance can still offer near-perfect protection. Hence, the notion of defence will increasingly have to be understood as "total defence", as practised for instance by Nordic European countries, which includes many non-military elements such as civil defence (including counter-disinformation), civil emergency planning, or medical stockpiling.

www.nato.int/cps/en/natohq/topics

Conclusion

NATO was born at a time when the "Omaha milkman" delivered his bottles in a small van from door to door. Soon, however, the refrigerator will order the milk autonomously via the Internet, and the product may be delivered by a drone. Such a world has little in common with the world of 1949. Neither can its security challenges be met with the means of the past. If all Allies understand and embrace this fundamental fact, they will be able to transform their Alliance into a true 21st century security provider. NATO's founding fathers surely would approve of this.

NB: Michael RÜHLE heads the Hybrid Challenges and Energy Security Section in NATO's Emerging Security Challenges Division. He writes in a personal capacity.

A New Wave of Investment Protectionism: Characteristics, Determinants and Country Experiences

Iulia Monica OEHLER-ȘINCAI

Introduction

The present synthesis[1] highlights a number of new features of the international relations system and reveals restrictive measures taken by both developed and developing/emerging countries in the field of foreign direct investment (FDI), before the COVID-19 pandemic and also under its influence.

Since 2018, there has been remarked a strong trend towards stricter FDI control regimes, especially in terms of investment in strategic industries and critical infrastructure, in response to Chinese investments, closely linked to national security motivations. The COVID-19 crisis has once again emphasized the inclination towards ***economic nationalism*** and even the goal of ***achieving strategic economic autonomy***, not only in developed countries but also in developing ones (of particular interest in this regard are case studies on China and India).

The propensity for economic nationalism and strategic autonomy in many parts of the world falls into the category of "harmful protectionism", in contrast to the restrictive measures imposed in order to enforce necessary environmental, social and governance standards associated with "good protectionism". Most developing/emerging countries continue to liberalize their FDI regime in certain sectors that do not affect national security, as FDI represents their main source of capital. But starting from a higher level of restrictions, developing countries continue to be more protectionist than the developed ones. The uncertainty regarding the economic recovery after the COVID-19 crisis is also reflected in the field of the FDI regimes, the protectionist tendencies becoming more and more prominent, although their negative effect is obvious.

Determinants of the Current Protectionist Trends

Experts from the United Nations Conference on Trade and Development (UNCTAD), the World Trade Organization (WTO) and the International Monetary Fund (IMF), in their reports on the state of the world economy, trade and international investment, point to a worrying inclination towards interventionism, protectionism and the transition from a multilateral regulatory model to regional and bilateral frameworks (UNCTAD, 2020a; WTO, 2020; IMF, 2020).

The literature reflects that, during a serious crisis, many governments resort to protectionist measures in order to defend national interests. In such circumstances, the probability of a "copycat" protectionist behaviour rises (Evenett, 2019). But the ***US-initiated trade war against China***, even in the absence of an international crisis, has had similar ***domino effects of protectionist measures***, over which the COVID-19 crisis has overlapped.

The various facets of the US-China trade war point out that trade disputes and tensions between the two world leaders do not take the form of a simple trade war, but are associated with an ideological one and one for global domination, not limited to trade but including also economy at large, technology, investments, security and political values. Barriers to FDI flows are not only related to regulations, measures and restrictive rules, which protect certain sectors of the national/ regional economy, but also to ***geopolitical motivations***. At the same time, in the field of ***industrial policies***, there is a major change worldwide, from the "laissez-faire" approach, to the increase of interventionism and the role of the state. The ***digital economy*** is also threatened by protectionism, with countries participating in the international debate on the taxation of digital services being far from a consensus, with the US withdrawing from the negotiations under the auspices of the Organization for Economic Cooperation and Development (OECD) in June 2020. At the same time, ***the COVID-19 pandemic*** is accompanied by new protectionist tendencies, which are not limited to trade in medicines, medical devices and sanitary materials. All these factors will be addressed in the following sections.

Close Links between National Industrial Policies, Structural transformations in the World Economy and Protectionist Trends

Protectionist tendencies overlap with the ***deep***

structural changes in the world economy. These transformations reflect the fourth industrial revolution, based on both new technologies and the digitalization of economies and the fact that in total production costs, the importance of labour costs is declining. The competitive advantages of the manufacturing industry concentrated in low-cost labour areas have begun to diminish with the increasing presence of industrial robots, which has already led to a change in the configuration of global production networks (GPNs).

To this is added the increase in labour costs in emerging economies and the geopolitical risks on the rise, which creates solid preconditions for moving production activities to countries of origin. But developing/emerging countries, such as China, India, Brazil and Mexico, also have significant stocks of industrial robots, new technologies and digitalized economies. Multinational companies present in these countries may decide to stay, in order to continue to benefit from the workforce skills and to avoid the additional costs generated by the relocation of productive capacities. Although the trend of relocation of production (repatriation of production facilities to countries of origin or elsewhere) will intensify in the coming years, amid automation of international production and global value chains (GVCs), it will not impact all industries and countries uniformly, and technology-driven relocation will remain limited (UNCTAD, 2020a). Innovation is both a central element of companies' strategies and national economic growth and development strategies (Cornell University-INSEAD-WIPO, 2020). This is also reflected in the positioning of world economies in the international ranking taking into account the global innovation index (Table 1).

Notes to Table 1: Since 2011, Switzerland ranks 1. South Korea entered the top 10 for the first time in 2020. In 2020, China maintained its 14th position, in 2019 entering the top 15 for the first time. It is the only middle-income economy in top 30. Over the past seven years, China, the Philippines, India and Vietnam are the top 50 economies with the most significant advances in innovation. Although Brazil ranks only 62nd in the world ranking of economies according to the global innovation index for 2020 (up 4 positions from 2019), however it has a research and development intensity comparable to European countries (such as Spain and Portugal), has multinational companies in the field of research and development and hosts major clusters in the field of science and technology.

Given that ***international trade and investment revolve around global value chains***, through the circuit of inputs generated and received for export production, it is expected that any new wave of protectionism will generate significant costs, amplified by a number of factors: (1) hyperspecialization in tasks and production of parts and components, which involves multiplying costs along the GVCs; (2) protectionist measures directed against a country affect all GVC participants, including their initiators, having not only effects on countries directly targeted by the imposed barriers (for instance, China's exports to the US have significant added value from countries such as Japan, South Korea, the United States of America and Germany, while the US exports to China incorporate high added value from countries such

Table 1: Rankings of the top ten economies by income group according to the global innovation index[2] for 2020 (in parenthesis, the position occupied in the world ranking of the 131 economies analysed)

High-income economies (49 in total)	Upper-middle income economies (37 in total)	Lower-middle income economies (29 in total)	Low income economies (16 in total)
1. Switzerland (1)	1. China (14)	1. Vietnam (42)	1. United R. of Tanzania (88)
2. Sweden (2)	2. Malaysia (33)	2. Ukraine (45)	2. Rwanda (91)
3. United States of America (3)	3. Bulgaria (37)	3. India (48)	3. Nepal (95)
4. United Kingdom (4)	4. Thailand (44)	4. Philippines (50)	4. Tajikistan (109)
5. Netherlands (5)	5. Romania (46)	5. Mongolia (58)	5. Malawi (111)
6. Denmark (6)	6. Russia (47)	6. R. of Moldova (59)	6. Uganda (114)
7. Finland (7)	7. Montenegro (49)	7. Tunisia (65)	7. Madagascar (115)
8. Singapore (8)	8. Turky (51)	8. Morocco (75)	8. Burkina Faso (118)
9. Germany (9)	9. Mauritius (52)	9. Indonesia (85)	9. Mali (123)
10. Republic of Korea (10)	10. Serbia (53)	10. Kenya (86)	10. Mozambique (124)

Source: Cornell University-INSEAD-WIPO (2020)

as Canada, China, Japan, Mexico); (3) the uncertainty generated is reflected on the behaviour of the companies, reluctant in initiating new investments; (4) the remodelling of supply chains, through their reorganization (relocation, shortening, etc.), has direct effects on partner companies, including the impossibility of some of them to provide parts, components and services or to meet delivery deadlines; (5) the increase of transaction costs is accompanied by the decrease of trade flows, and the trade carried out through GVCs has a much higher effect on the economic growth and the labour market than that outside the GVCs; (6) the increase of production costs generates a price spike, the final consumers being directly affected (IBRD-WB, 2020).

In terms of ***industrial policies***, there is a major change, from the "laissez-faire" approach, to increasing interventionism and the role of the state, not only in developing but also developed countries. In the last decade, at least 110 countries have presented industrial development intentions or explicit policies, not only for reasons related to economic development and job creation, but also for poverty reduction, participation in the industrial revolution and the GVCs, and achieving sustainable development goals. To these objectives are added those of ***national security***, but also ***the competition for gaining the dominant position in advanced technologies and strategic GVCs***, with a strong protectionist touch (UNCTAD, 2020a). Recently, concerns about the situation of companies in strategic sectors that, weakened by the health crisis, could face the risk of being taken over by companies from other countries such as China (including state-owned or state-controlled enterprises) have worsened (Solís, 2020). ***Economic nationalism*** is therefore on the rise.

Developing countries fear premature deindustrialization, while developed ones envisage rebuilding the industrial base (through subsidies, fiscal incentives, public investment to increase domestic productive capacity), but especially strategic positioning in the field of advanced technologies. Special economic zones, focused on attracting FDI, continue to increase in number and diversify, currently being over 5,400 such zones in about 150 economies, compared to 4,000 in 2015. Many such special economic zones target the concentration of know-how and technology in capital and innovation intensive industries (in China and South Korea, exempli gratia, are clusters specializing in electronic components, batteries, semiconductors, in India clusters specializing in IT services). ***Such initiatives not only generate protectionist tendencies, but also measures to stimulate technology transfer and to modernize national productive capacities through trade and investment facilitation programs.*** The COVID-19 pandemic has led to new measures in key areas, highlighting the strategic importance of the pharmaceutical and medical equipment industries, for example (UNCTAD, 2020a).

Rising interventionism and protectionism in advanced countries means blocking access to technologies for developing/emerging countries, which stimulates South-South partnerships, but also national efforts of research, development and innovation, such underscored by China. A trend that could accelerate in the coming years is the intensification of regional, bilateral and even ad hoc economic integration efforts, to the detriment of international economic cooperation (UNCTAD, 2020a).

Concomitant Changes at Multiple Levels

Reconfiguration of international production. International production, under the impact of new technologies, economic policies and stricter environmental, social and governance standards (the acronym ESG in English), may have several trajectories: (1) Relocation from host countries to countries of origin, leading to shorter and less fragmented value-added chains, as well as a higher geographical concentration of added value. The most affected are technology-intensive industries, export-oriented economies and those participating in global value chains. Relocation means the withdrawal of investment from the host country, for some economies this implies the need for reindustrialization or counteracting the effects of premature deindustrialization. (2) Diversification leads to a greater distribution of economic activities, increases opportunities for new entrants (economies and companies) in the direction of participation in global value chains. Digitalizing supply chains requires both high-quality hardware and software infrastructure. (3) Regionalization contributes to the reduction of the length of supply chains, but not the decrease of their fragmentation, meaning a transition from global efficiency-seeking investment to regional market-seeking investment. It requires cooperation with neighbours in industrial development, trade and investment. (4) Replication means the transition from investment in large-scale industrial activities to more geographically distributed manufacturing and shorter value-added

chains, with the production of goods being as close as possible to where they are used and according to the customers' exigency. This requires a digital network of decentralized production sites, in several locations, connected by digital technology. On-demand production means flexibility and rapid adaptation to customer demands, in contrast to mass production of goods (UNCTAD, 2020a).

Changing development strategies. The recent general trend in international production indicates shorter GVCs, a higher concentration of added value and a decrease in international investment in productive physical assets. All of these are accompanied by major challenges for developing countries. For decades, their development and industrialization strategies have depended on attracting FDI, increasing participation and capturing as much value as possible in the GVCs, technological advancement and digitalizing the economy. The deep transformations in terms of international production are long term and require a change in development strategies (UNCTAD, 2020a).

On this basis, it is necessary to rebalance towards growth based on domestic and regional demand and to promote investments in infrastructure and domestic services, taking into account the Sustainable Development Goals. Investors are no longer looking for opportunities associated with manufacturing projects, but aim instead value-added projects in infrastructure, renewable energy, water and sanitation, food and agriculture and health care, taking into account priorities induced by: the new industrial revolution, digitalization of the economy, sustainable development, but also the intensification of economic nationalism (UNCTAD, 2020a). ***The COVID-19 crisis is manifesting itself in a period of profound changes and transformations in the world economy, contributing to their amplification and acceleration.***

Figure 1: Priority sectors for investment nowadays

Source: Based on the literature review

Against the background of simultaneous demand and supply shocks and their adverse effects, it has been revealed once again how interconnected are international trade and investment flows, various countries rethinking their economic policy strategies to reduce vulnerability to global economic shocks (Seric, Hauge, 2020a; 2020b; Coveri et al., 2020). Moreover, ***the outlook has become even more uncertain under the impact of the COVID-19 pandemic***. This has been accompanied by new restrictions, with some countries tightening investment regulations and introducing temporary measures to prevent foreign takeovers during the crisis (Seric, Hauge, 2020a; UNCTAD, 2020a).

The more prominent the challenges and risks from the outside, the stronger the temptation to resort to measures to protect companies and sectors of the national economy. It is clear that protectionist measures in one area affect other sectors (for instance, those related to trade also affect FDI flows), as these measures discourage the activities of global production networks, in which the free movement of goods and services between companies from different countries is vital (Görg, Labonte, 2011). Given that the evolution of the world economy is uncertain at the moment, under the impact of the COVID-19 crisis, on this also depend the decisions of the economic actors to continue investing or, on the contrary, to disinvest or wait for a more favourable period to launch new investment projects.

"America First" and the Pursuit of National Interest

At the 2018 World Economic Forum in Davos, Donald Trump stressed in his speech that the US would take into account the national interest, urging other countries to do the same. But which may be the result if the national interest of a major player on the international stage violates the rights of other states? In the US relations with the EU, to the frictions generated by factors such as subsidies in the aeronautics and agriculture industry, others have recently been added, such as the digital services taxation, among the big companies affected by such measures being GAFA (Google, Amazon, Facebook and Apple). Moreover, during the COVID-19 pandemic, the US and the EU took positions diametrically opposed to the new risks induced by the new coronavirus, the US being accused even of acts of "piracy" in its actions to obtain sanitary materials and equipment, needed by the American population, to the detriment of European partners, which raised a number of questions about how much confidence remained in bilateral relations.

The comparison of the two current trade wars, the one between the USA and China, on the one hand, and the one between the USA and the EU, on the other hand (which will probably be tempered and even abandoned by the new US

administration), indicates two relevant aspects of international relations.

(1) Despite differences of opinion, developed countries are working together to strengthen international rules governing key areas such as subsidies and forced technology transfers. Currently, the only emerging country that has the capacity to catch up with developed countries is China.

(2) Unlike the US-China trade war, that between the US and the EU is more like a war of declarations and threats, each party being cautious when it comes to implementing *de facto* protectionist measures. At the same time, the US' measures do not appear to have affected EU exports of goods. The US' trade deficit with the EU in terms of trade in goods continued to grow between 2017 and 2019, despite the intensification of economic nationalism during Donald Trump's term and unprecedented trade restrictions, reflected by the intense recourse by the US President to Section 301 of the Trade Act of 1974 (referring to "unjustifiable acts, policies or practices, defined as incompatible with US international law and burdening or restricting US trade") and Section 232 of the Trade Act of 1962 (concerning national security). Statistical data show how interdependent the two economies are, an undeniable evidence in this regard being the share of over 30% of EU-US FDI stocks in the EU total inward and outward FDI stocks (Eurostat, 2020). Bilateral relations are "the largest and most complex" in the world (USTR, 2020), but the elimination of uncertainty is a sine qua non condition for further strengthening them.

The trade and investment policies of the key actors in the field of international relations were marked by an obvious amplification of the protectionist tendencies, even before the manifestation of the COVID-19 pandemic. Many restrictive measures have directly targeted China, which is and continues to be considered by international organizations as a developing country, and under this status is exempted from certain obligations, which gives it a competitive advantage over competitors, both among developed and developing countries.

The recent period has been dominated by the US-China confrontation, the growing constraint on international cooperation in science and technology and new forms of investment barriers for reasons of national security.

From 2018 onwards, one can remark a new wave of protectionism, fuelled by tensions between the United States and China, given their significant share in international trade flows. In 2018, the two countries imposed each other, successively, increased customs duties, covering more than half of their bilateral trade (about 70% of US exports to China and almost half of the US imports from China). The US imports of intermediate goods from China are expected to fall by more than 40% in the long run, a much sharper decline than that of imports of consumer goods (9%) and capital goods (26%). The US has also imposed additional tariffs on other countries (on various products, such as solar panels, washing machines, steel and aluminum), causing retaliation from affected trading partners (IBRD-WB, 2020).

The Effects of the COVID-19 Pandemic

International experts consider that while temporary national protectionism can serve a country's urgent interests and stimulate domestic production, there is a danger of slipping into uncontrolled nationalism, with long-term repercussions on international trade and investment and, implicitly, on relations between nations (World Economic Forum, 2020). We are therefore far from a "capitalism of stakeholders" [3] that takes into account the interests of states, companies and society alike, given a set of environmental, social and governance objectives.

The intensification of protectionist tendencies in international trade and investment has become all the more evident during the COVID-19 pandemic, and consequently the term ***deglobalization*** is increasingly used. However, while ***the process of "physical" deglobalization has been accelerated by the current crisis, on the contrary, the online, digital globalization has been markedly stimulated.***

The COVID-19 epidemic turned into a pandemic (confirmed by the World Health Organization on March 11, 2020), considered by IMF experts "a rare disaster" (Gopinath, 2020). The world has changed radically in just a few months. As countries have implemented the necessary quarantine and social distancing measures to prevent the spread of the pandemic, the world has reached a "Great Isolation" and the world economy has entered a recession (IMF, 2020). The economic situation has changed and continues to change profoundly around the world, necessitating the direct involvement of the state and central banks in the economy. The IMF has confirmed that the current crisis is the worst since the Great Depression of 1929-1933, far exceeding the

international financial crisis of 2008-2009.

An important aspect to consider is ***the behaviour of consumers and companies*** during the COVID-19 pandemic: consumers choose to save rather than spend, and a significant share of investors chooses to postpone planned investments, which keeps inflation low. At the same time, broad fiscal measures to stimulate the economy, estimated at over USD 11 trillion at the G20 level, accompanied by rising fiscal deficits (17% of GDP in OECD countries) and an average public debt of 140% of GDP in developed countries, associated with a new role of central banks (that of supporting massive packages to stimulate national economies) induce risks, but not of the nature of a sovereign debt crisis (EIU, 2020).

Strategic Autonomy, a Solution?

Economic autonomy is not a new concept. This term was frequently used in the social field, but had a sporadic presence in the theory of international economic relations. In the first case, it is considered to be a "product of capitalism", because "the market and not the state generates opportunities to earn a living", in terms of the economic independence of the population, as a guarantor of the capacity to exercise democratic rights (McMann, 2012). In the second case, economic autonomy is defined as "the ability of companies and states to make independent decisions about their economic future" (Sarooshi, 2004). The need for economic autonomy has been perceived as more and more stringent together with the countries' increasing economic dependence on China and energy dependence on Russia, but the peak has been reached during the COVID-19 pandemic, by the *temporary interruption of the supply along the global production chains*.

In recent decades, global value chains have increased in both length and complexity as companies have expanded around the world. Since 2000, the value of intermediate goods traded globally has tripled, reaching over USD 10,000 billion annually. But multinational companies have not only benefited from efficiency, reduced production costs and proximity to major markets. They also have faced risks, the most serious being the disruption of supply chains. Companies can expect such outages, with an average duration of one month or more, to occur every 3.7 years, with the worst such events having a major financial impact on them (McKinsey Global Institute, 2020).

Recent reports from international organizations indicate a clear trend towards the increase of the focus of G20 Member States on safeguarding key national security interests from 2018 onwards. These include access to sensitive personal data and the acquisition of advanced dual-use technologies, civilian and military. Between October 2018 and May 2019, France, Germany, Italy, the USA, the EU adopted new policies or tightened existing legislation (except for the EU, the other economies already had FDI monitoring policies) (OECD-WTO -UNCTAD, 2019a). Reviewing the cases of restrictive measures adopted between 2018 and 2020, [4] it is worth noting: ***(1) the adoption of protectionist policies – in the first instance by developed countries, then by developing/emerging countries and (2) the intensification of protectionist measures during the COVID-19 pandemic, both at the level of developed and developing/emerging countries, either in the direction of FDI monitoring to avoid the takeover of strategic assets by foreign companies, or in that of obtaining strategic economic autonomy*** (OECD -WTO-UNCTAD, 2019b; 2019c; UNCTAD, 2020b).

The path to strategic autonomy is seen by ***China*** as a normal response and a form of defence against decoupling from the United States, although this is to its disadvantage. In turn, ***India*** announced the ***Self-reliant India Mission*** (Atma-Nirbhar Bharat Abhiyan), in the context of the COVID-19 pandemic and excessive dependence on certain categories of imports.

Once the devastating effects of COVID-19 became apparent, Prime Minister Narendra Modi resorted to a program of firm measures to revive the Indian economy. It relies on the ***support of the local manufacturing industry and local supply chains***, in the wider context of India's excessive dependence on certain categories of imports[5] and the objective of ensuring the country's strategic autonomy. His speech on May 12, 2020 was a strong nationalist one, based on the slogan ***"Vocal for Local"***. The Prime Minister announced ***Self-reliant India Mission***[6] (Atma-Nirbhar Bharat Abhiyan), ***accompanied by a package of economic stimulus measures worth 20,000 billion rupees (about 265 billion dollars), representing 10% of India's GDP***.

The ***five pillars of the Mission*** are: rapid economic transition, not gradual changes; world-class infrastructure, representing modern India; a system based on modern technology; dynamic demographics and demand that contribute to the use of the power of demand and supply to its full potential. ***The reform measures*** to achieve India's

economic independence include: reform of agricultural supply chains, a rational tax system, simple and clear laws, capable human resources (labour market reform) and a strong financial system. ***For the military industry***, the aim is, among others, to reduce imports and stimulate foreign companies to produce in India, but also to encourage public procurement from domestic sources.

However the country's economic independence is difficult to achieve, as production costs are much higher in India than in neighbouring countries (China, for example). On the other hand, supporting the local manufacturing industry and local supply chains is a long, complex and difficult process, given not only domestic but also regional and international challenges.

As for *China*, its reaction to the protectionist measures adopted by key partners has been to lean towards strategic autonomy. A statement summarizing the main directions of action that will be included in China's 14th Five-Year Plan for 2021 -2025 shows that innovation is the key to modern development, "making technological self-reliance a strategic support for national development". Chinese leadership sees dependence on foreign technologies, such as semiconductors, as a major weakness, especially following the expansion of the US export control policies (Price *et al.*, 2020). This is all the more so since the USA, during the Trump administration, expressed its intention to "decoupling" of the Chinese economy. The aim is to reduce dependence on foreign suppliers for strategic products such as food, energy and semiconductors. The path to strategic autonomy is seen by China as a form of defence against decoupling by the US and its allies, although Chinese experts believe it would be to China's advantage not to resort to this path (McDonald, 2020).

But *the economic independence of a country is difficult to achieve*, given: (1) the deep interdependencies between the world's economies, at least regionally; (2) the prospect of giving up the advantages of internationalization, taking into account the reasons that have led over time to increased international trade and investment flows (comparative and competitive advantages in terms of labour, purchasing power and demand, technological advancement, level of infrastructure development, connectivity, knowledge economy, legislative framework, progress of reforms, political stability, etc.); (3) national constraints, existing even in the absence of the COVID-19 pandemic; (4) new synchronized challenges: the reduction of private consumption, productive investments, trade and investment flows, in parallel with the increase of the unemployment rate, the fiscal deficit and the public debt, with the entry into recession and the need to adopt anti-crisis measures.

Major Determinants of the FDI Protectionist Trends

The motivations for restricting FDI are various, from protecting advanced technologies, maintaining jobs and encouraging local production (through local content requirements), to maintaining control over national companies and stimulating technology transfer at the national level, with ***developing countries generally more protectionist than developed ones*** (De Bolle, Zettelmeyer, 2019).

The international financial crisis of 2007-2008 generated ***a wave of protectionist and interventionist tendencies, a gradual decrease in the FDI rate of return and a shift from multilateral to regional and bilateral negotiating frameworks*** (UNCTAD, 2020a). But other studies show that until 2016-2017, there is no trend of abrupt intensification of protectionism, which appeared only in 2018 (Evenett, 2019). The UNCTAD Report on FDI Policies in 2009 shows that measures to promote FDI coexist with those of discrimination against foreign investors, including through hidden actions (referring to public procurement with a high local content, especially in the case of public infrastructure projects, preventing banks from granting loans to foreign economic agents, invoking exceptions for reasons related to national security, etc.). The Report also mentions fears about the takeover of "national champions" by foreign investors (UNCTAD, 2009). It should be emphasized that this dichotomy, liberalization-promotion of investments versus the intensification of FDI regulation in order to achieve economic policy objectives is noticeable in all countries of the world, in some more pronounced, in others less intensely. The UNCTAD Report with analyses for 2016 shows that 80% of the measures adopted globally are in favour of FDI liberalization and only 20% restrict FDI (UNCTAD, 2017).

Especially since 2017-2018, after a wave of Chinese investment led Chinese players to take control of foreign high-tech companies and other strategic assets, there has been a growing concern among countries (especially developed, led by the USA) on the effects of these takeovers in terms of

national competitiveness and the protection of national interests.[7]

Developed countries are the ones that "set the tone" for the new wave of protectionism in the field of FDI, being worth mentioning the measures to monitor foreign investment in EU member states, but also in the US and Japan. Although they are considered by countries that adopt them as ways to eliminate "harmful" FDI, it is difficult to draw a precise line between simple protection of the economy and forms of protectionism aimed at blocking the access of investors from other countries to strategic assets, to slow down their technological advancement.

In the Communication from the European Commission, *Welcoming Foreign Direct Investment while Protecting Essential Interests* (European Commission, 2017), it is highlighted that "Foreign direct investment is an important source of growth, jobs and innovation. It has brought significant benefits to the EU as to the rest of the world. This is why the EU wants to maintain an open investment environment. At the same time, the reflection paper on Harnessing Globalization recognised increasing concerns about strategic acquisitions of European companies with key technologies by foreign investors, especially state-owned enterprises." Internationally, the EU's investment regime is among the most open ones, but as new investment trends emerge (including in terms of the role played by some emerging economies as suppliers of FDI, such as China, but also by private companies that have access to financing or other state support measures, which allow them to be more competitive than others, the risk is that "in individual cases foreign investors may seek to acquire control or influence in European undertakings whose activities have repercussions on critical technologies, infrastructure, inputs, or sensitive information").

This Communication must be linked to the "EU-China - A Strategic Outlook" of March 2019, which highlights that "China's economic power and political influence have grown with unprecedented scale and speed, reflecting its ambitions to become a leading global power. China can no longer be regarded as a developing country. It is a key global actor and leading technological power. Its increasing presence in the world, including in Europe, should be accompanied by greater responsibilities for upholding the rules-based international order, as well as greater reciprocity, non-discrimination and openness of its system".

The ***EU Regulation 452/2019 of the European Parliament and of the Council of 19 March 2019*** establishing a framework for the screening of FDI into the Union (applied from 11 October 2020) lays down the general framework for the examination of FDI from the perspective of security or public order. FDI will be analysed from the perspective of their impact on: "(a) critical infrastructure, whether physical or virtual, including infrastructure in the fields of energy, transport, water, health, communications, media, data processing or storage, aerospace, defence, electoral or financial infrastructure, and sensitive facilities, as well as land and real estate crucial for the use of such infrastructure; (b) critical technologies and dual-use items as defined in Article 2 (1) of Regulation (EC) No 428/2009, including artificial intelligence, robotics, semiconductors, cybersecurity, aerospace, defence, energy storage, quantum and nuclear technologies, as well as nanotechnologies and biotechnologies; (c) supply of critical inputs, including energy or raw materials, as well as food security; (d) access to sensitive information, including personal data, or the ability to control such information; or (e) the freedom and pluralism of the media". The first criterion taken into account in determining whether an investment may affect security and public order is related to the control of the investor "directly or indirectly by the government, including state bodies or armed forces, of a third country, including through ownership structure or significant funding". The control exerted by the EU authorities over FDI in each Member State will be exercised by the annual reporting on the FDI carried out on their territory by 31st of March.

Romania, as an EU member state, has prepared a draft Emergency Ordinance (OUG), which modifies the current mechanism for examining FDI, so as to apply the provisions of EU Regulation 452/2019. In this sense, it is envisaged to set up a Commission for the Examination of Foreign Direct Investment (CEISD), attached to the Romanian Government, composed of representatives of: the Prime Minister's Office, the Presidential Administration, the Ministry of Economy, Energy and Business Environment, the Ministry of Public Finance, the Ministry of Foreign Affairs, the Ministry of National Defence, the Ministry of Justice, the Ministry of Internal Affairs, the Romanian Intelligence Service, the Foreign Intelligence Service and the Competition Council. The normative act also provides for requesting the approval of the Cyber Security Operational Council

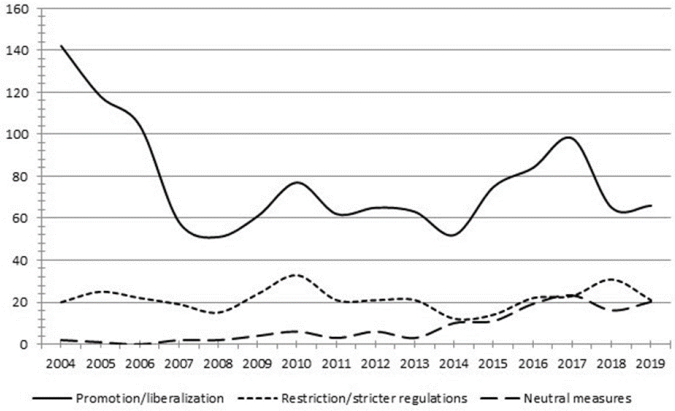
(COSC), in the situation where FDI targets or involves IT technologies that may affect or harm the security or public order of Romania. If it is considered that there are major security risks, the opinion of the Supreme Council of National Defence will be sought. Foreign investors from outside the EU (individuals or companies) must notify the intention regarding FDI (in areas such as energy, transport, agriculture, and communications, military) to the Romanian authorities. CEISD will issue an opinion based on the information received, the decisions being taken unanimously, after which the Government will issue a decision authorizing or rejecting the investment. The entities directly involved can challenge the government's decision in court. Failure to notify such an investment or the transmission of false/incomplete information is punishable by fines of 1-5% of the investor's turnover.[8]

Although China is not explicitly mentioned in the Regulation 452/2019, it is clear that Chinese investment in infrastructure, energy, technology and other sensitive areas at the EU level will be hampered. This is even in the light of the adoption in the near future of the EU-China Comprehensive Agreement on Investment (although the agreement in principle was reached on 30 December 2020, its text needs to be finalized, signed by the Member States and ratified by the European Parliament).

Since 2018, there is a strong and growing trend towards adopting stricter FDI control regimes, especially in terms of foreign investment in strategic industries and critical infrastructure. ***Many countries, most of them developed (but also emerging, such as India), have resorted to protectionist measures, with the main objective of protecting their national security, many of them representing reactions to Chinese investment, and more recently to the COVID-19 pandemic*** (UNCTAD, 2020a). Although, statistically, the year 2018 appears to be the "peak" of FDI restriction measures in the recent period (Chart 1), an analysis of the attitude of world countries towards FDI, especially in sectors considered to be sensitive, shows that the protectionist trend continues and it even intensifies.

The COVID-19 pandemic has exacerbated fears about the plight of companies in strategic sectors that, weakened by the health crisis, could face the risk of being taken over by countries such as China (Solís, 2020). The current crisis and uncertainty about the duration and intensity of the shock (IMF, 2020) also affect FDI, given the evolution of

Chart 1: The number of measures adopted in the field of FDI, Three main categories, 2004-2019



Source: UNCTAD (2020a)

demand, the possibility of supply disruption and uncertain revenues. Exacerbation of export restrictions has become a reality since March 2020, not only for medicines and protective equipment, but also for food (Espitia, Rocha, Ruta, 2020).

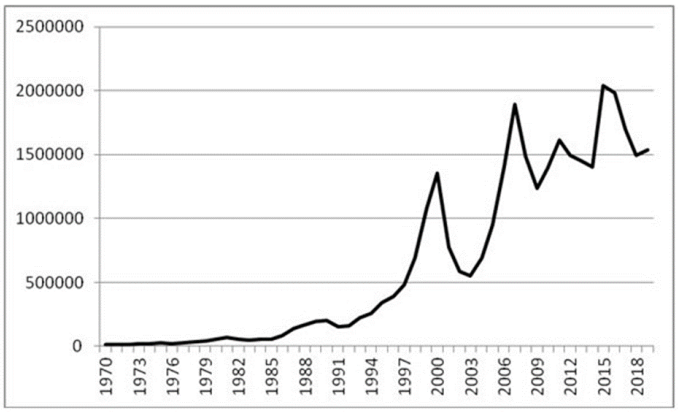
New investment restrictions and regulations in recent years reflect the concerns of some countries around the world about national security and the scenario of excessive takeover of high-tech firms, strategic assets, land or natural resources by foreign investors. Several countries have tightened control over FDI or are considering new investment review procedures. National security arguments are now widely used to protect national interests, core technologies and know-how, which are considered essential for national competitiveness (UNCTAD, 2020a). But this term is not clearly defined (Ufimtseva, 2020), so that under its "shield", discriminatory restrictions can be imposed, to the detriment of free competition. In the coming years, intellectual property in certain industries, such as financial services, telecommunications, electronics, biotechnology and even agriculture, is expected to be increasingly protected, which may lead to new investment restrictions (UNCTAD, 2020a).

Although measures to promote FDI outnumber those of restraint or additional regulation, their evolution indicates a firm inclination towards protectionism (Chart 1).

These data must also be correlated with the evolution of FDI flows worldwide. According to the OECD and UNCTAD, the value of total FDI flows worldwide has fallen by 40% for the whole of 2020, falling to below USD 1 trillion for the first time since 2005 (compared to USD 1,540 billion in 2019 and the highest level in 2015, of about USD

2.042 billion) (Chart 2). For 2021, a new decrease of 5-10% is forecasted, and for 2022, a gradual recovery. In 2022, a return to the pre-COVID-19 pandemic is possible, but only in the optimistic scenario (OECD-WTO-UNCTAD, 2020).

Chart 2: Inward FDI flows, 1970-2019 (USD million, current prices)



Source: UNCTAD (2020c)

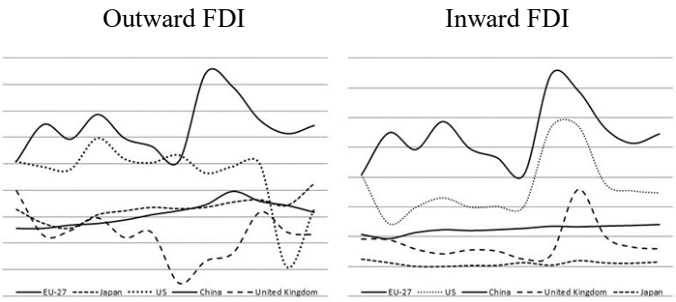
In the first half of 2020, total FDI flows worldwide decreased by 49% compared to the same period in 2019, amid the COVID-19 pandemic and the restrictions that were imposed. Developed economies were the worst affected (-75%), with the decline in developing economies being moderate (-16% overall, -12% in Asia, -28% in Africa and -25% in Latin America and the Caribbean), even lower than initially forecasted (UNCTAD, 2020d).

UNCTAD data show that between 1970 and 2019, the longest period of uninterrupted growth in FDI flows received worldwide was 1992-2000, followed by a new beneficial period between 2004 and 2007, succeeded by ups and downs and ***an obvious downward trend between 2016 and 2018***. It is worth noting that in 2016, China marked the highest value of its global FDI flows generated, with nearly USD 200 billion, ranking second globally, after the USA, but in the following period the value of these flows decreased from year to year, one of the main determinants being the restrictions imposed by the advanced economies. In contrast, the financial crisis of 2007-2008 did not discourage China's FDI flows, with an increasing trend until 2016.

Chart 3 shows the evolution of the FDI flows received and generated by the USA, China, Japan, the EU-27 and the United Kingdom in the period 2008-2019.

We consider that the growth of international production, interrelated with that of FDI in the first

Chart 3: Inward and outward FDI flows, US, China, Japan, EU-27 and United Kingdom between 2008 and 2019 (USD million, current prices)



Source: UNCTAD (2020c)

two decades of the third millennium, was stimulated by four main categories of factors: (1) economic policies (trade liberalization initiatives and measures associated with export growth, investment, but also boosting demand); (2) opportunities outlined in the field of economic transactions (decrease of production costs and also of other costs associated with international business); (3) technological advancement (factor with a major role in decreasing costs of transport, communication, management, coordination of supply chain activities); and (4) the progress made in terms of the human development index (from a dual perspective, the quality of the workforce and new trends in terms of demand, given the increase in digital literacy of the population, the acceleration of financial inclusion, the change in consumption habits, increasing interest in new technologies, the driving force of young people of generations X, Y and Z).

In 2019, Asian developing countries continued to be leaders in the number of new investment policy measures, being even more active than in 2018 (50 measures, compared to 42 in 2018). These were followed by African countries (17 measures, but decreasing compared to the 27 measures adopted in 2018). However, the nature of the measures adopted is different in developing regions compared to those developed. Of the measures adopted in 2019 in developing economies, 52 were to liberalize, promote and facilitate investments and only 11 were to restrict them. In contrast, in developed countries, more than half of the measures adopted in 2019 were restrictive. ***The different approach to FDI is explained by the fact that they remain the main source of capital for developing countries (UNCTAD, 2020a; 2019). But another explanation lies in the regime with a higher degree of openness to investment in developed countries, compared to those in***

developing/emerging countries, the continuation of openness in an already more permissive economy being more difficult to achieve compared to a more protected economy (Mixture and Roulet, 2019).

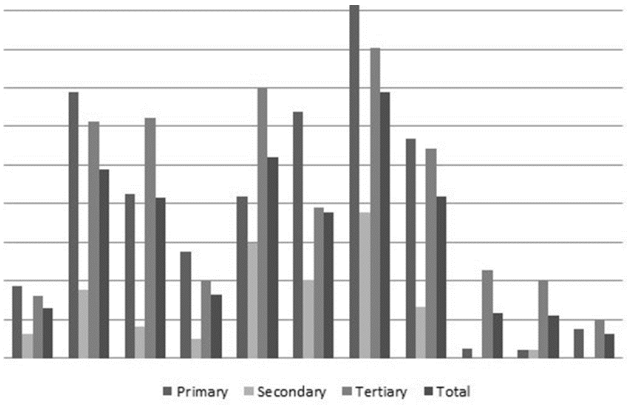
But beyond the reactions of developed countries (the USA, Australia, Japan, but also at EU level) and several emerging economies (India) to the intensification of China's acquisition of state-of-the -art critical technologies, beyond the general trends towards deglobalization manifested under the Trump administration and the new fears that accompany the COVID-19 pandemic, ***there is a need for businesses to adhere to strict environmental, social, and governance standards***. The ESG approach, which must also be interpreted from the perspective of the 17 Sustainable Development Goals, is accompanied by new investments in infrastructure and services, as well as in the green and blue economy (in sectors such as renewable energy, water and sanitation, health), new ways financing (project financing, not traditional FDI) and attracting new categories of investors, not just from the category of multinational enterprises. A distinction must therefore be made between "good protectionism" (in terms of compliance with the necessary environmental, social and governance standards) and "harmful protectionism", but this complex issue may form the basis of another research paper.

The Amplitude of FDI Protectionism According to the Regulatory Restrictiveness Index

The FDI regulatory restrictiveness index, calculated by the OECD experts, measures FDI restrictions for 22 economic sectors in 69 countries (including OECD and G20 countries). Four categories of restrictions are taken into account: (1) foreign equity limitations; (2) screening or approval mechanisms that are discriminatory; (3) restrictions on the employment of foreigners as key personnel; (4) other operational restrictions, such as those on capital repatriation or land ownership. Restrictions are rated on a scale from 0 (open economies) to 1 (closed economies). Although the FDI regulatory framework plays a significant role in investor decision-making, a number of other determinants are also taken into account: ease of doing business, quality of governance, quality of infrastructure, macroeconomic environment, quality of education and human resources, efficiency and market size, stage of technological development, etc.

Chart 4 shows the FDI regulatory restrictiveness index in ten developing/emerging G20 countries (China, India, Brazil, Russia, Mexico, Indonesia, Saudi Arabia, Turkey, Argentina and South Africa), with two main groups: the protectionist one (above the OECD average - Indonesia, Russia, China, India, Saudi Arabia, Mexico) and the open one (South Africa, Turkey and Argentina), Brazil having a level similar to the OECD average.

Chart 4: FDI regulatory restrictiveness index in 2019 – OECD average as compared to ten developing/emerging countries, members of the G20



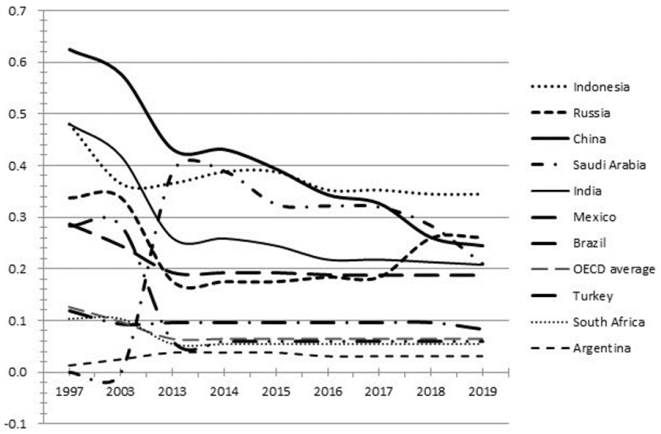
Source: OECD (2020).
Note: Mexico and Turkey are members of both the OECD and G20

At the level of the three main sectors of activity (primary, secondary and tertiary), in Indonesia, China, Mexico, Saudi Arabia and Brazil, the primary sector is the most heavily protected, while in Russia, India, Turkey, South Africa and Argentina, the tertiary sector is the most severely restricted, with notable differences between the primary and tertiary sectors being particularly noticeable in the case of: India, Russia, Mexico, Indonesia, Turkey and South Africa. The secondary sector is less protected compared to the other two, and among the countries analyzed, Indonesia, Russia, Mexico, China and Saudi Arabia have the secondary sector more protected than the other countries included in the analysis.

Mistura and Roulet (2019) show that countries such as China, India, Indonesia, Russia and Turkey have made substantial progress towards reducing FDI restrictions over the period 1997-2017. Progress by countries with a higher level of protection is possible at a faster pace. In contrast, countries with a low level of restrictions mark a slower pace of liberalization reforms, as there are fewer barriers to remove and, moreover, restrictions that were easier to remove were among the first to be removed, but restrictions supported by some

major actors persist. Chart 5 shows the positive developments in the liberalization of the FDI regime in nine of the ten countries analysed, with the exception of Argentina (which already has the lowest level of restrictions among the ten).

Chart 5: FDI regulatory restrictiveness index in 1997, 2003, 2013-2019 – OECD average as compared to ten developing/emerging countries, members of the G20



Source: OECD (2020)

According to OECD data, in 2019, the countries with the highest rate of FDI regulatory restrictiveness index were: Indonesia, Russia, China, Saudi Arabia, India and Mexico, despite reforms adopted to liberalize their FDI regime.

OECD data do not go beyond 2019, but it should be noted that the new wave of protectionist measures adopted at the level of advanced economies has also "inspired" developing/emerging economies. The protectionist measures implemented by the latter can be classified into several major categories: related to national security (South Africa, Russian Federation, but also China); restricting FDI received from neighbouring countries (India); support for local producers (Indonesia); control of relations with "unreliable entities" (China). Although not as detailed as those adopted at the EU level, for instance (through the FDI screening framework, regulated by the European Commission, which can decide when an investment is considered a threat to the overall interests of the EU), their effects are equally strong on relations with trade and investment partners.

China. On 19 September 2020, China published the provisions on the "Unreliable Entity List", which entered into force on the same date. However, the Chinese government did not provide a list of names or a timetable for its implementation. A foreign entity or natural person may be designated as a "non-trustworthy entity", which involves, inter alia, the restriction or prohibition of engaging in import or export activities from/to China and investments in China. The main actions taken by a "foreign entity" (an enterprise, another organization or a person from a foreign country) are primarily concerned with: jeopardizing China's national sovereignty, security or development interests; suspension of normal transactions with a Chinese company, organization or individual; the application of discriminatory measures against a Chinese company, organization or individual, which violates the normal principles of market transactions and seriously harms the rights and legitimate interests of Chinese economic operators (Global Trade Alert, 2020).

China has made progress on investment liberalization through the ***Foreign Investment Law***, which entered into force on 1st of January 2020, providing a much shorter "negative list" of protected sectors. However, Articles 6 and 35 include provisions related to national security and national interest, which may lead to unexpected restrictions on investor access to certain sectors (UNCTAD, 2020b). At the same time, through the ***corporate social credit system*** (SCS) only trusted companies have access to the Chinese market. The behaviour of companies becomes the key element taken into account in the process of further liberalization. The screening process is a complex system, with corporate ratings, sanctions and reward mechanisms that have a direct impact on market access and the activities of companies active in China: (1) higher scores can mean lower tax rates, better access to credit, easier market access and more public procurement opportunities for companies; (2) lower scores, on the other hand, lead to limited access and even blacklisting; and (3) market access for unreliable and blacklisted entities will be limited and even banned (European Chamber-Sinolytics, 2019).

India. On 17 April 2020, the Government of India revised its foreign direct investment policy to discourage takeovers/acquisitions of Indian companies "for opportunistic purposes" amid the current COVID-19 pandemic and decided to introduce the so-called "governmental route" to all investments originating in countries that have common borders with India. This means that all foreign investment originating from Afghanistan, Bangladesh, Bhutan, China, Nepal and Pakistan requires the prior approval of the government.

Indonesia. On 19 May 2020, the Ministry of

Trade issued a new regulation, MOT 50/2020, taking effect on 19 November 2020, requiring e-commerce actors to support government programs by prioritizing locally produced goods and services, increasing the competitiveness of local goods and services and, in particular, for national e-commerce service operators, providing space for the promotion of locally produced goods and services.

Russia. On 11 August 2020, an amendment to the Federal Law on Foreign Investment Procedures in Business Entities of Strategic Importance for national defence and state security entered into force. Its purpose is to subject even the temporary foreign acquisitions of voting stakes in strategic companies to FDI screening procedures.

South Africa. The competition regime was significantly changed on February 14, 2019, with the introduction of the FDI screening mechanism. The new law requires the establishment of a special committee responsible for assessing mergers involving a foreign company, from the perspective of the effect that the merger may have on national security interests. The opinion of the committee shall then be forwarded to the Minister for Trade and Industry, who shall, within 30 days, publish a notification of the decision to authorize, grant authorization or prohibit the implementation of a merger. As of 12 July 2019, the amendments to the South African Competition Law give the President the power to establish a list of national security interests and to set up a committee to monitor FDI to protect the country's key security interests.

Such measures highlight the inclination towards economic nationalism and protectionism, to the detriment of liberalization and cooperation on a multilateral basis. Protectionist trends affect both trade and all four major types of FDI: horizontal (market-seeking), vertical (efficiency-seeking, involving active *trade in intermediate inputs* between different subsidiaries of the multinational enterprises), resource-focused investments, and strategic asset-oriented investments.

Conclusions

Two completely new and unexpected factors have severely affected the system of international relations recently: (1) the "Trump factor", associated with a tough confrontation between the US and China, the decisions, actions and options of the two powers being the determinants with the widest consequences internationally, including from the perspective of trade and investment, and (2) the COVID-19 pandemic, which highlighted and exacerbated many of the older economic challenges, aggravated by the intensifying withdrawal of the world's nations from international cooperation, and the general slowdown in the growth of global production and international trade.

Compared to the US-China trade war, the COVID -19 pandemic is an even deeper shock to international relations. This leads to a reconfiguration of production and supply chains around the world, as states and multinational companies alike seek to reduce their dependence on certain foreign suppliers (especially for single sources of supply) and increase their own capacity and resources in the strategic industries.

Analyzing the restrictive measures from 2018-2020, one can remark: (1) the adoption of protectionist policies in the first instance mainly by developed countries, after which developing/ emerging countries have followed their example; and (2) the intensification of protectionist measures during the COVID-19 pandemic, both at the level of developed and developing/emerging countries, either in the direction of FDI monitoring in order to avoid the takeover of their strategic assets, or in that of obtaining a strategic economic autonomy.

Therefore, the new wave of protectionist measures adopted at the level of advanced economies has led developing/emerging economies to adopt a series of similar retaliatory measures. These can be classified into several major categories: related to national security (South Africa, Russia, China); restricting FDI received from neighbouring countries (India); support for local producers (Indonesia); control of relations with "unreliable entities" (China).

The COVID-19 crisis underscored the inclination towards economic nationalism and even the ambitious goal of obtaining strategic economic autonomy, not only in the case of developed countries, but also in developing ones. For instance, the path to strategic autonomy is seen by China as a normal response and a form of defence against decoupling from the US and its allies, although this is to its disadvantage. For its part, India announced the Self-reliant India Mission (Atma-Nirbhar Bharat Abhiyan), in the context of the COVID-19 pandemic and excessive dependence on certain categories of imports.

Transatlantic relations will remain a key element of the world order, despite obstacles that are difficult to overcome. The economic policies promoted by President Trump, starting from the "America first" strategy, have stimulated protectionism, unilateralism and economic

nationalism and have severely affected the EU's confidence in its most important strategic partner. The mission of the new president, Joe Biden, to return to multilateralism, will be able to lead to regaining the trust of the partners in the USA, but it will be a lengthy process. The European Union, with a *geopolitical Commission* and its major goal of enhancing the EU's role internationally, is ready to take initiatives without US approval. The adoption of the EU-China Comprehensive Agreement on Investment at the end of 2020 (even if its text is not final and will have to be signed by the Member States and ratified by the European Parliament), is an example in this regard. China, which has already proven its ability to react quickly to the crisis, is consolidating its position as a key global player. Russia continues to be severely affected by the sharp drop in oil prices and the repeated extension of sanctions by hitherto "strategic" partners, such as the United States and the EU. These factors will also be reflected in the evolution of FDI in the coming years.

The system of international relations is at a crossroads, and the choice of the path of deglobalization, economic nationalism and strategic economic autonomy would have far-reaching negative consequences for both developed and developing/emerging countries. A possible return of the US to a more balanced attitude, in support of multilateralism, would be a necessary impetus for a reorientation towards cooperation and the rejection of an international economic order of rivalries and confrontations.

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FOOTNOTES

[1] Synthesis of the author's contribution to the study "Reconfiguring the priorities of the emerging economies under the impact of new international trade and investment policies", Oehler-Şincai, I.M. (2020) (coordinator), Institute for World Economy, Romanian Academy, November, 156 pages.

[2] The main pillars of the global innovation index are: institutions, human capital and research, infrastructure, market and business sophistication, knowledge and technology outcomes and creative industry outputs.

[3] The founder and executive chairman of the World Economic Forum, Klaus Schwab, defines three types of capitalism: (1) "shareholder capitalism", supported by most Western companies, whose main objective is to maximize profits; (2) "state capitalism", which entrusts the government with the task of establishing the direction of the national economy and which is not only present in China but in many other world economies; and (3) "stakeholder capitalism", recommended by the founder of the World Economic Forum since 50 years ago. (Schwab, 2019).

[4] Related to: critical infrastructure (energy, transport, water, health, communications, media, data processing or storage, aerospace and defence, electoral or financial infrastructure and sensitive facilities); dual-use critical technologies (artificial intelligence, robotics, semiconductors, cybersecurity, aerospace and defence technology, energy storage technology, quantum and nuclear technology, nanotechnology and biotechnology, and health, medical, and pharmaceutical technology); providing critical resources, including energy or raw materials, food security, medical and protective equipment; access to or control of

sensitive information, including personal data; media freedom and pluralism, etc.

[5] For instance, in the electronics industry, India imports most of its core components, including printed circuit boards. About 88 percent of mobile phone components are imported from countries such as China, according to the Confederation of Indian Industry. The solar energy industry is heavily dependent on the import of photovoltaic cells and modules, the electric vehicle industry on the import of chemicals for batteries, and the paint and dye industry on imported raw materials. At the same time, over 60% of the medical equipment is imported. Even the pharmaceutical industry, although well developed, imports certain active pharmaceutical ingredients for antibiotics and vitamins.

[6] Please consult: https://indianexpress.com/article/explained/narendra-modi-coronavirus-economic-package-india-self-reliance-6406939/. https://indianexpress.com/article/explained/self-reliant-india-which-are-the-sectors-dependent-on-imports-which-are-not-6408407/. https://www.oneindia.com/india/the-five-pillars-for-a-self-reliant-india-3087682.html. https://www.narendramodi.in/what-are-the-five-pillars-of-a-self-reliant-india-read-to-find-out-more-549630. https://economictimes.indiatimes.com/news/defence/view-modis-mission-self-reliance-can-go-a-long-way-in-making-india-a-major-hub-for-defence-manufacturing/articleshow/75813584.cms. https://pib.gov.in/PressReleasePage.aspx?PRID=1624661.

[7] Led by the US, Western countries have stepped up monitoring of Chinese investors, leading to the cancellation or blocking of 21 Chinese acquisitions, totaling about $ 25 billion in 2018, up 28% from 2017. Please consult: https://www.fxstreet.com/analysis/china-five-facts-about-outward-direct-investment-and-their-implication-for-future-trend-201903210827.

[8] Please consult: https://financialintelligence.ro/proiect-de-oug-se-modifica-actualul-mecanism-national-de-examinare-al-investitiilor-straine-directe/, https://www.profit.ro/stiri/politic/statul-va-putea-obliga-investitorii-straini-non-ue-considerati-periculosi-pentru-securitatea-nationala-sa-si-vanda-afacerile-din-romania-focus-special-pe-mass-media-19483864, https://www.g4media.ro/exclusiv-marile-investitii-economice-din-afara-ue-trebuie-sa-treaca-de-un-nou-filtru-administrativ-format-din-guvern-presedintie-servicii-secrete-proiect-de-transpunere-a-legislatiei-europene-provo.html.

THE EUROPEAN UNION

European Defence Cooperation in Times of Crisis

Jiří Šedivý

This pandemic is not behind us yet and the full scale of its repercussions still unpredictable. Yet, there are lessons to be learned already now as Europe must adjust to a new post-COVID reality. Defence is no exception. The budgetary shockwave caused by the pandemic may heavily weigh on some Member States' ability to sustain existing national defence programmes, let alone launch new ones. Which in turn threatens to further curtail Europe's security and defence clout.

There could be a plus side to the crisis as well, though: some of its effects might help speed up the process towards genuine EU defence cooperation. Looked at from this angle, this emergency offers a unique and unexpected opportunity for making collaborative capability development the new norm in Europe. Rather than weakening national defence forces one by one, the new reality imposed by Covid-19 could advance the Europe of Defence as a whole.

The follow-up costs of the pandemic are likely to squeeze national public spending across the board and for years to come, including on defence. What's more, the budgetary downturn hits at a time when Europe needs to invest more and better in its security and defence. The many good reasons that led the EU and its Member States to raise the Union's level of ambition on defence in 2016 and to work towards European strategic autonomy as a long-term goal, are still valid. To drop or even lower this ambition is not an option, even under today's exceptional circumstances, as this would seriously undermine Europe's security role in the world.

How to square this circle?

Defence cooperation is the answer. Europe needs more joint defence planning and capability development. The call for pooling and sharing of resources and capabilities is not new, but it has become more pressing today. When defence budgets come under pressure, the smartest way for Member States to safeguard or even increase their military resilience is to plan, develop, procure, maintain and operate their defence equipment together. Multinational capability development – be it under PESCO, EDA or any other format involving several EU countries – is more cost-efficient and impactful than national solo efforts done in isolation. Money saved through EU cooperation can compensate for expected cuts in defence spending, at least in the long run. Beyond the financial benefits, cooperation also pays off thanks to increased operational effectiveness and interoperability, for the benefit of EU, NATO or other multinational operations. Joining forces will allow those Member States under budgetary strains to do more, for their own defence and that of Europe.

The other good news is that we don't have to start from scratch. All instruments and processes needed to enable and manage EU defence cooperation are already in place and ready to be used: updated European Capability Development Priorities, the Coordinated Annual Review on Defence (CARD), the Permanent Structured Cooperation (PESCO) and the European Defence Fund. And not only the instruments are there, but also plenty of very concrete opportunities for cooperation. The first CARD, carried out last year under the auspices of the European Defence Agency, has identified no less than 55 European collaborative opportunities throughout the whole capability spectrum, considered to be the most promising, most needed or most pressing ones, also in terms of operational value. Based on this catalogue of identified opportunities, Member States are recommended to concentrate their efforts on the following six specific 'focus areas' where the prospects for cooperation are also looking particularly good (encouraging number of interested Member States, national programmes already underway or in the pipeline), namely: Main Battle Tanks (MBT), Soldier Systems, Patrol Class Surface Ships, Counter Unmanned Aerial Systems, Defence applications in Space and Military Mobility.

If Member States don't use the EU defence instruments and the identified cooperation opportunities now, when will they then?

The same applies to the European Defence Agency, the EU hub for collaborative research and capability development which currently hosts more than 110 research and capability programmes as well as some 200 other activities. Here too, Member States have still some leeway available if they want to use the Agency's expertise and

potential to the full extent.

The COVID-19 pandemic has also brought to light, indirectly of course, the enormous disruptive potential of biological substances. Although Chemical, Biological, Radiological and Nuclear (CBRN) threats have been on our radars for some time – the European Capability Development Priorities reviewed in 2018 under EDA guidance explicitly refer to the need to strengthen European capabilities in the CBRN domain – this crisis has nevertheless highlighted the urgent need to do more in order to be better prepared and equipped to deal with these kind of threats in the future. This is another important lesson to be learned from this dramatic experience. Given the magnitude of the challenge, it can only be mastered together, i.e. through cooperation.

Finally, and this is a third lesson, COVID-19 has shown the importance of maintaining strategic local production capacities able to provide critical material of high quality and in sufficient quantities when crises hit – from relatively basic commodities such as masks or other protection utilities to live-saving COVID-19 vaccines. This has served as a reminder to all of us, also in the defence sector, that European strategic autonomy cannot only refer to high-tech, high-end military capabilities but also industrial expertise and production capacities. Maintaining critical industrial production capacities in Europe is thus a crucial prerequisite for building a Europe of defence and moving towards strategic autonomy. Here too, cooperation is the way forward as Europe's key strategic activities can only be sustained together.

NOTE: Jiří Šedivý is the Chief Executive of the European Defence Agency (EDA).

"The EU budget is a symbol of solidarity and common interests and it benefits every single Member State"

MEP Monika HOHLMEIER, Chair of the Committee on Budgetary Control and a member of the Committee on Budget, analysed the perspectives and challenges related to the management of the EU investment budget for the future Europe, in the context of the crisis caused by the COVID-19 pandemic, in the interview offered to *Geostrategic Pulse* Magazine.

Geostrategic Pulse: We are currently trying to identify and understand the new challenges posed by Brexit. What are, as of now, the main prospects and challenges regarding the post Brexit global strategic prediction of the EU?

Monika Hohlmeier: Well, we lost one of the economically strongest and politically outspoken members of the EU. The UK has also been the most prominent defender of open markets, a point of view that many member states do not share and which will be reflected in the EU's trade policy. I assume we might also see changes in the financial sector, which is not yet covered by an agreement, while in the meantime there is a transition of most euro-denominated assets out of the UK, increasing the activities in Paris and Frankfurt. The impact of Brexit is so profound that we will only see the consequences in the next weeks and months, maybe even years. Nonetheless, the UK depends on the EU and likewise, we need the UK. Finding an agreement was the only alternative we had and we must build upon this to ensure that we remain competitive, focused, and ready for the challenges of the 21st century.

Articulating the EU budget continues to represent a particular stake. What are the most sensitive issues regarding the financing of investments in the EU? Where does the EU need

to adjust its budget and actions?

The EU budget for 2021 is 163.5 billion euro, for the next seven years the EU budget totals almost 1.1 trillion Euro of which almost 94% are used for investments. I am not aware of any other budget that can claim the same. The EU budget is a symbol of solidarity and common interests and it benefits every single member state. I believe it is important to underline how many countries, businesses and individuals benefit from it. EU funding finances cohesion policies, supports farmers and students, enables excellent research and innovation, provides funding for border control and police forces, funds EU sky and space activities, and supports small and medium-sized enterprises from Helsinki to Porto. The major deficit of EU investment might actually be that the EU often does not properly display, announce or visibly label what it finances. Therefore, others can claim they are responsible or even worse, no one knows that something was made possible by EU funding. However, I do see some other issues that we need to address at EU level. There are still too many cases of fraud, corruption and misallocations. While some oligarchs and other already very wealthy families accumulate vast amounts of money and push for a concentration of land via conglomerates as witnessed for example in the Czech Republic with Presidents Babiš' Agrofert empire, small farmers and business often do not get their fair share. This means we must review and improve agriculture-land distribution and talk about how we can better support small farmers. This is something I believe, also concerns Romania.

We must also improve our ability to track and trace EU money flows down to the financial beneficiaries to gain an accurate overview of the true distribution and concentration of EU funds with a possibility to quickly react and stop such transactions. I am currently fighting for a mandatory digital IT reporting, monitoring and audit system, which is interoperable with the different systems in use in member states and would provide us with such an overview. Unfortunately, some member states are fiercely opposing this in the Council and have so far blocked or watered down all constructive proposals for modernising and digitalising the European reporting and audit, because they benefit from a lack of transparency.

To what extent does the Multiannual Financial Framework and the recovery instrument Next Generation EU set the ground for overcoming the economic, social and political challenges that the EU is currently facing?

If we go back by one or two years, when Corona was unknown to all of us, the idea of having a 750 billion Euro recovery fund to help the EU and in particular, the most affected member states to overcome the challenges inflicted by this pandemic would be something theoretical just for political scholars and Think Tanks in Brussels. We made a leap of such massive scale in European integration and solidarity that it will take us some time to understand what actually happened. While some of the decisions surrounding the proposal can be contested, in particular the exclusion of the European Parliament (EP) from the decision-making process, I think Germany and France made the right proposal for Europe and have shown that we need a Union that sticks together and faces a challenge such as COVID-19 united. The economic and social consequences are so far-reaching that no member state will be able to recover by itself. The RRF (Recovery and Resilience Facility), which encompasses 672.5 billion Euro out of the 750 billion Euro package, will not just finance a list of wishes of the heads of state and governments. There are clear provisions that the money must be used inter alia for the green and digital transition, sustainable and inclusive growth, and policies for the next generation. This is the direct result of the EP's continuous efforts to secure clear allocation criteria for the recovery fund. My Romanian colleague Siegfried Mureşan, who was part of Parliament's negotiation team, played an important role in achieving this. Unfortunately, the member states included some loopholes in the final agreement to give them room to manoeuvre. The European Parliament must be very careful now to ensure that the money goes where it creates the biggest benefit for our societies. While the European Parliament fought for a direct participation in co-deciding the funding allocation for each member state to guarantee that RRF-funds do not finance recurring national expenses, we can only check the national reform plans and track milestones. But do not doubt for a minute, we will be loud if we detect any inconsistencies or misappropriations.

To what extent have the current European mechanisms enabled cooperation, coordination and a quick response? Have the actions taken by the EU contributed to reducing the consequences of the economic and social crises in the Member States?

Absolutely. The best example to illustrate this is the European Support Instrument (ESI), which was

introduced within a few weeks by the European Commission right after everything shut down in early 2020. The instrument helps Member States to address the coronavirus pandemic. It became clear that the needs could best be addressed in a strategic, coordinated manner at European level rather than every capital undertaking its own efforts. Basically, ESI allows the EU budget to step in to provide emergency support. The money financed the development of the Corona-vaccines, create strategic medical stockpiles all over Europe, bring back thousands of stranded tourists to the Member States, and transfer patients as well as medical personnel and mobile medical teams among countries.

If we look at the bigger macroeconomic picture, the launch of SURE (The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency) has introduced the possibility to provide financial assistance up to 100 billion Euro in the form of loans from the EU to affected members. The money is supposed to address sudden increases in public expenditure for the preservation of employment, for example by financing short-time work schemes. As of today, 18 Member States have requested 90.3 billion Euro in financial support via SURE, which is a clear sign of member state cooperation and solidarity to me.

On a global level, what measures has the EU adopted, and intends to adopt, to help vulnerable regions and communities?

Development, neighbourhood and international cooperation remains a core pillar of the EU budget. The long-term budget (MFF 2021-2027) of the EU foresees 98.4 billion Euro for cooperation with third countries. A lot of the development funding in 2020 was re-directed as part of the EU's efforts to combat the consequences of Covid-19 in countries outside of the EU. The focus of EU action is going to shift a bit, as European actions will address more and more the Western Balkans, the EU's wider Neighbourhood and Sub-Saharan Africa. While we want to help stabilise our neighbourhood countries in the South and East to decrease refugee flows and offer people a perspective in their home country, we also have an interest that the countries become reliable and stable political allies. I have very much supported the initiative of a Marshall Plan with Africa, because having two neighbouring continents differing to such an extent will simply not work. The pandemic response and mid-to-long term development activities need to go hand in hand. The Western Balkans on the other hand might have a perspective of joining the EU in the next decade. This of course assumes that they will fulfil the Copenhagen Criteria and all other requirements, which means additional efforts on their part, in particular in the area of rule of law, fight against corruption, institutional stability, and economic coherence.

How is the debate regarding the scenarios for Europe by 2025 articulated, in your opinion? To what extent do the Member States have the energy and desire to redefine the future of the European construction?

I believe that the European Union has always been most successful whenever single states bundled their resources because they saw that individually they only had limited impact. Trade policy, consumer rights, agriculture, these are just three areas in which EU member states managed to find consensus and it has generated great benefits for everyone. I am convinced we will see more trade agreements, new rules to deepen the single market and the enhancement of excellence in research and development just to name a few areas where real EU-added value is created. We might very likely also see the European Border and Coast Guard Agency taking more control over the management of external borders and increased cooperation in security and judicial matters because citizens expect the EU to close the gap between promise and delivery. Improved healthcare access and related research activities will also be high on the European agenda as the Corona pandemic revealed shortcomings. Moreover, we need fast and binding decision-making in foreign and security matters at EU level. Otherwise, European decisions end up being insignificant.

However, I think that fundamental tasks concerning social policies, taxes, industry policies, and education will remain rightfully member state responsibilities. We must be careful to avoid stretching the debate of European integration too much. The EU is not supposed to replace member states, but serve as a very effective coordination and harmonisation tool.

NOTE: Monika Hohlmeier was elected as a Member of the European Parliament in 2009. She is the current chair of the Committee on Budgetary Control (CONT) and serves additionally as a member of the Committee on Budget (BUDG) as well as a substitute member of the Committee on Civil Liberties, Justice and Home Affairs (LIBE). She was Co -rapporteur for the Special Committee on Terrorism until 2018. Before joining the European Parliament, Monika Hohlmeier served as State Secretary in the Bavarian Ministry for Education and Culture between 1993 and 1998 followed by her announcement as Bavarian Minister for Education and Culture between 1998 and 2005.

"The EU's own history shows that economic and political cooperation across borders can promote peace and prosperity"

Professor Dr. Achim HURRELMANN (Professor of Political Science; Co-Director – with Joan DeBardeleben – of the Centre for European Studies, a Carleton University Research Centre focused on European affairs; cross-appointed to the Institute of European, Russian and Eurasian Studies) has offered his views on Brexit, its ramifications and implications from a European and transatlantic perspective, in the interview given to *Geostrategic Pulse* Magazine.

Professor Achim Hurrelmann (© Photo Carleton University Research Centre, Institute of European, Russian and Eurasian Studies)

Geostrategic Pulse: Professor Achim Hurrelmann, the United Kingdom of Great Britain and Northern Ireland leaving the EU brings back under discussion the future of the European Union. What is the lesson the EU is learning from Brexit?

Achim Hurrelmann: There are at least two key lessons from Brexit. The first is that Euroscepticism has to be taken seriously as a political force. The UK always stood out among the member states because Euroscepticism was deeply rooted in the mainstream parties, not just the fringes. But Eurosceptic positions exist in other member states as well, we only need to look to Italy for instance, and I think it took Brexit for many European politicians to realize that they must make a much more sustained effort to respond to them. The second lesson is more positive; it derives from the Brexit negotiations with the UK. Here, what we have seen is that, with the right strategy and leadership, the EU can remain united even on issues where the member states' interests are not necessarily aligned. In this sense, the Brexit negotiations were a success for the EU, and chief negotiator Michel Barnier deserves a lot of credit for this.

How will the EU define itself in the post-Brexit horizon? Will we have more or less Europe? Or, on the contrary, a multiple-speed Europe?

In the long term, I think there is no alternative to a multi-speed Europe. The EU is simply too large, and too diverse, to get all member states to agree on all contentious issues. The issue of refugee policy is the most visible illustration at the moment. We have of course already seen a lot of flexible integration in past decades, including the Euro, Schengen and recently the Permanent Structured Cooperation (PESCO) on security and defence policy – all of these have been adopted only by a subset of member states. But up to now, such flexible integration initiatives have always come about on an ad-hoc basis. I think the EU needs a more fundamental, conceptual debate about when to use flexible mechanisms, and how they can be used in a way that does not undermine the benefits of European integration.

Against the background of Brexit, the crisis created by the COVID-19 pandemic, as well as the prospect of elections that will take place this year in several EU member states, can we expect a more integrated, united and supportive Union, or conversely, more division? What are the main prospects and challenges related to the EU identity projection in a post-Brexit context?

The European integration process has never developed in big shifts, but always incrementally. That will remain to be the case. The EU has been fairly successful in 2020 on a number of fronts, not only in the Brexit negotiations but also in bringing about an agreement on the next long-term budget and the COVID recovery fund, for instance. But

COVID has also shown that, in a crisis situation, the member states' first instinct is to act unilaterally, rather than consulting the European partners. So the picture is mixed, and I think it will remain mixed. European identities are getting stronger, but only slowly and only in parts of the population. I don't expect the EU to develop in the direction of a United States of Europe. It will need to chart its own course and find a governance model that continues to build strongly on the member states.

What are the prospects for the EU enlargement in the Balkans? What about Scotland joining the EU?

EU enlargement in the Balkans is proceeding, but progress is slow. It is not really a priority for the EU, which is something that I personally regret. The recent Bulgarian veto against the opening of accession talks with North Macedonia illustrates how individual member states are playing politics with the issue, rather than working in the EU context to develop a coherent and forward-looking strategy. Scotland for now remains an internal issue of the UK. Should there be another independence referendum and Scotland votes to leave the UK, I am sure the EU would welcome it with open arms.

What can you tell us about the way Brexit will influence the EU's Common Security and Defence Policy (CSDP)?

The effects will be less dramatic than some people predicted. While it was a member state, the UK played a double role in the CSDP, on the one hand it was one of the EU's most capable military powers that had helped launch the policy, but on the other hand it strongly resisted initiatives that would have moved the CSDP into a more supranational direction. Initially after Brexit, some observers thought that, without the UK, there would be a major push to develop the CSDP. But that hasn't really happened, despite PESCO. And with Donald Trump's election loss, the argument that Europe must become more independent from the US has become somewhat less pressing, even though it remains correct in the long term.

The European Union can become a global actor if it continues to maintain, even under the current circumstances, a high degree of involvement in the economic development, at regional and global levels. However, in order to become more influential, it needs to improve in certain fields. What are the areas where the EU is still weak but that can improve vis-à-vis the other global actors?

You are right that the EU, at present, is a superpower mainly in economic terms. And even here, the picture is mixed. As a regulatory power, for instance in establishing new rules for data protection with a global reach, it is unmatched in the world. But if you look at the global players in digital industries, these tend to be American or Chinese, not European. In terms of security, the EU is even weaker, as we just discussed. Personally, I don't think the EU's ambition for the future should be to play the superpower game. It should build on its existing strengths in the economic realm, continue to make trade and investment agreements, enhance its regional policies particularly vis-à-vis Africa, and promote multilateral cooperation.

What is the best course for the EU to navigate in order to ensure its citizens' security and prosperity, amid competition from Russia, China and even the US?

In my view, the right approach is to keep channels of communication open with all of these powers, even if means holding your nose and dealing with regimes which one dislikes. As I said, the EU is not in a position to enter into a superpower competition. This is not the purpose for which it was set up, and it is not institutionally equipped for such an approach. But one thing that the EU's own history shows is that economic and political cooperation across borders can promote peace and prosperity. I think the most credible approach for the EU to take is to project this insight into the global sphere.

What about the way Washington will see and approach the overall transatlantic relationship during Joe Biden's mandate, in the light of Brexit and of Europeans promoting the concept of strategic autonomy?

Biden is a friend of the EU. Transatlantic relations will improve under his administration. That does not mean that all disagreements will disappear. The issue of burden-sharing within NATO will remain an area of contention. But there will be more cooperation on climate change issues, and a much smaller risk that disagreements on trade will escalate into a full-scale "trade war". Regarding strategic autonomy, I think this will remain a buzzword in Europe, but with Trump gone, advocates of this approach will find it much harder to convince governments to put their money where their mouth is, and to make actual investments in strategic capabilities.

Decisive Moments in Romania's History

Dr. Ion I. Jinga

I believe that the knowledge of the past facilitates the understanding of the present and helps anticipate the future. As a teenager, one of the books that fascinated me was *"Decisive Moments in History"* (1927), by Stefan Zweig, a widely translated and most popular writer in the world in the first half of the 20th century.

Indeed, there are decisive moments in the evolution of nations, which mark their destiny and remain a landmark for generations to come. 24 January 1859 is one such crucial moment in Romania's history. If Romanians have always been very proud of the Union of the Principalities of Wallachia and Moldova achieved on 24 January 1859, it is undoubtedly due to the sense of *"ownership"* that they assumed in its making, and to the great spirit of solidarity that made the union possible 162 years ago.

After the defeat of the 1848 revolutions in Europe, the Romanian revolutionaries in exile became *"diplomats of the Union"* and defended the national aspirations of their people, in the complex geopolitical calculations and diplomatic compromises of the Great Powers.

Then, in July 1853 Russian troops invaded the Romanian Principalities of Wallachia and Moldova *(the Danube Principalities),* both of which were at that time under the Ottoman Empire's suzerainty, but not part of it. In October 1853 the Ottomans responded by declaring war on Russia, and in November the Russian fleet destroyed a Turkish naval force in the Battle of Sinop (Turkey). This was the beginning of the Crimean War. In March 1854 France, along with Britain, declared war on Russia due to its refusal to withdraw from the Romanian principalities. The war ended in February 1856 with the defeat of Russia.

Romanians made use of this moment to begin an active campaign for the union of the Danube Principalities. The movement enjoyed the support of France, not least because many Romanian revolutionaries had taken refuge there after 1848 and lobbied Emperor Napoleon III to press for unification. Austria and Turkey opposed the unification effort, while Britain was neutral. In March 1856, the Paris Congress found a compromise among the Great Powers: the two principalities were to be allowed to take the name of *"The United Principalities of Moldova and Wallachia",* but were to maintain separate rulers, governments and legislative assemblies.

But this solution did not match the determination of the Romanian unionists. After the Elective Assembly of Moldova unanimously chose, on 5th January 1859, Colonel Alexandru Ioan Cuza, the candidate of the National Party, as Ruling Prince, on January 24th the Elective Assembly of Wallachia voted, again unanimously, for the same person, thus creating *de facto* the *United Romanian Principalities*. The Great Powers yielded to *a fait accompli* and accepted unification.

Source: https://ro.wikipedia.org/

Source: https://ro.wikipedia.org/wiki/

Then, in January 1862, the first single Government and Parliament of Romania became operational in Bucharest. In his inaugural speech to Parliament, Prince Alexandru Ioan Cuza solemnly declared: *"A new day is starting today for Romania, as it is finally entering the path that will lead to the*

fulfillment of its destiny".

The union of the two Romanian principalities would not have been possible without France's support, Emperor Napoleon III being one of Romania's greatest allies. Therefore, it was not surprising that the French political system inspired Romanian lawmakers in their efforts to consolidate the newly formed state, and Romanians continue to pay homage to the last French emperor for his support in 1859. During my term as ambassador to the Court of St James's, I was invited to attend ceremonies organized at St Michael's Abbey in Farnborough, Hampshire, where Napoleon III rests in an impressive mausoleum (I have the privilege to count among my French friends, members of the Bonaparte family).

The unification of Walachia and Moldova marked an essential step towards the accomplishment of one the most important political goals of Romanians: the union of all historical provinces where they were the majority. Sometimes mentioned by historians as *"The Small Union"*, this political act was the result of a long process of national consciousness consolidation, whose first spark was kindled by the union of Wallachia, Transylvania and Moldova in 1600, under the reign of Prince Michael the Brave, and culminated with *"The Great Union"* of 1st December 1918.

The Union of 1859 has also been the beginning of an extraordinary process of modernization and reforms undertaken by Alexandru Ioan Cuza, from the remake of the justice and fiscal systems, to an agrarian reform which gave land to 400,000 peasant families. A law on the adoption of the **metric system** of measurements and weights, and a **Civil Code** modeled after the French one were passed. A new **administrative organization** was introduced, establishing communes and counties. County tribunals, appeal courts and the Court of Cassation were also created during Prince Cuza's rule.

In 1864, the **electoral law** expanded the base of voters, and ensured a wider participation from among the peasantry and the middle-class. The University of Iași was established in 1860, and the University of Bucharest in 1864. A **"public instruction"** law was passed, stipulating that primary school education is compulsory and free, and introducing a unique curriculum, for both urban and rural schools.

Alexandru Ioan Cuza was forced to abdicate in 1866 and the path of development continued under King Carol I. In the first year of his reign, Romania adopted one of the most modern constitutions in Europe. Then, on 9 May 1877, in the wake of a new Russian-Turkish war, the parliament in Bucharest declared the independence of Romania, and the country joined the war against Turkey. After several Romanian victories won south of the Danube, the European powers recognized Romania's independence within the 1878 Treaty of Berlin. At the end of the First World War, Romania became a key player in Central and Eastern Europe.

The Great Union of 1918, when, based on the principle of peoples' right to self-determination, proclaimed by the US President Woodrow Wilson, the inhabitants of the other historical Romanian provinces - Bessarabia, Bukovina, Banat, Crișana, Maramureș and Transylvania - also decided, through their freely expressed will, to unite with Romania, was the coronation of this journey.

Thus, *"The Small Union"* of 24 January 1859 represents more than just a stage in the process of fulfilling the Romanians' dream of national unity: it laid the foundations of the Romanian modern state and stands, therefore, as one of those decisive moments which mark a nation's destiny.

***NOTE**: The opinions expressed in this article do not bind the official position of the author.*

Romania and the System of Treaties of Versailles

Dr. Alexandru GHIŞA

The year 1918, from spring until winter, was for the Romanians a year of major political activities. At that time the Romanians lived in three different countries – the Kingdom of Romania, the Austro-Hungarian Empire and the Russian Empire, the classical example of a divided nation. The young Romanian state, that had witnessed the union between Moldavia and Wallachia, when – in Iași (5th of January 1859) and Bucharest (24th of January 1859) – Alexandru Ioan Cuza was elected the ruler of the two, proved it had intellectuals capable of taking political actions in the interest of their country. Placed on the banks of the Danube River, Romania came to be as a state also due to the fact that the Europeans developed an interest in the Danube and the Black Sea, and it could guarantee free passage at the River's mouth – as stipulated by the Treaty of Paris, in 1856, following the Crimean War (1853-1856). Even if it remained under Ottoman suzerainty, according to the provisions of the Treaty, Romania was out of Russia's exclusive guarantee and entered under that of the seven signatory countries – England, France, Austria, Prussia, Russia, Sardinia and the Empire of the Sultans.

In his seven year rule, Alexandru Ioan I managed to really unite the two Romanian Principalities and lay the foundations of modern Romania. The newly formed Romanian state would become an attraction point for all the Romanians residing in the Austro-Hungarian Empire – Transylvania, Banat, Crișana, Maramureș, and Bukovina, but also those from the Russian Empire, in Bessarabia. The Romanians outside Romania would now have a country to cling to.

The events in 1866 – Alexandru Ioan's removal from power, and his replacement with a foreign prince, from the Hohenzollern-Sigmaringen dynasty, Charles I, were seen by the Romanian intellectuals outside Romania as a step forward towards the Romania they were aspiring to. Romania's change of status by gaining its independence and separating from the Ottoman Empire, on the battlefields in Bulgaria, following the Russian-Romanian-Ottoman War between 1877 and 1878, its international recognition as an independent, sovereign country, at the Berlin Congress in 1878, followed by the proclamation of the kingdom in 1881, had a positive echo among the Romanians outside its borders, who now felt they had a "mother land" they could turn to in case of need.

The sentiment of identity affiliation of the Romanians in the Austro-Hungarian Empire went beyond Transylvanian borders – in its broader sense, with Banat, Crișana, and Maramureș there – ever since the occurrence of the bilateral compromise between Austria and Hungary, as dominant nations. The phrase uttered by Ioan Slavici in the first Romanian newspaper, *Tribuna* (the *Tribune*), issued in 1884, in Sibiu, that "the sun rises for Romanians in Bucharest", indicated the fact that this sentiment of affiliation went beyond regional borders, and the Romanians saw themselves as a whole. This feeling of national belonging to the entire Romanian land defined, in 1918, the Romanians in Transylvania, Bukovina, Bessarabia, as well as those in the Kingdom of Romania. The Romanians proved in 1918 that they had a national consciousness and that they were a political nation, fully capable of building their own unified national state.

Once World War I started, in the summer of 1914, Romania set as main political objective, the accomplishment of the national ideal - the union of all territories inhabited by Romanians. The obligations of the Treaty with the Triple Alliance (the Austro-Hungarian Empire, Germany and Italy) in 1883 were no longer justified when the war started, as the Austro-Hungarian Empire had not been attacked but instead decided to declare war on Serbia without informing its ally in Bucharest. Romania and Italy reached an understanding – they both had claims over Austro-Hungarian territories inhabited by their co-ethnics – so they declared their neutrality (an agreement signed between the Italian and Romanian Prime Ministers, Antonio Salandra and Ion I.C. Brătianu, in Bucharest, on the 23rd of September 1914). The conundrum of the government in Bucharest was setting their priorities straight – freeing the territories occupied by the Austrian-Hungarian Empire (Transylvania and Bukovina), or those under Russian rule (Bessarabia). The first territorial proposals for Romania came from Russia, which asked Romania to join the war, in exchange for the recognition of the right to unite with the territories in the Austro-Hungarian Empire, inhabited by Romanians,

Semigradia (the name the Russians used for Transylvania), and South Bukovina. The diplomatic exchange on the 1st of October 1914, between the Russian foreign minister, Sergei Dmitrievich Sazonov, and the Romanian ambassador in Saint Petersburg, Constantin Diamandy, served as a Romanian-Russian Agreement. With it, the Prime Minister, Ion I.C. Brătianu obtained, in exchange for a "welcoming" neutrality, an accord for the union, at the opportune moment, between Romania and the territories in the Austro-Hungarian Empire, inhabited by Romanians. The Agreement was kept secret, even if King Charles I, who died shortly after (10th of October 1914), had agreed to it. The heir to the throne, King Ferdinand I, proved to be more flexible in his relations with the Entente and in supporting the endeavours to unite with the territories from the neighbouring empires, inhabited by Romanians.

The evolution of the military situation during the first two years of the war, that generally favoured the Central Powers, made the Entente pressure Romania to cooperate. Firstly, France lobbied in Saint Petersburg and London so that they agreed to the terms of the Romanian government. Ion I.C Brătianu's diplomatic campaign ended on the 17th of August 1916, when the political Convention between Romania and the Entente (France, England, Italy and Russia) was signed in Bucharest, with regard to Romania's territorial integrity and its border, following the war. The Convention recognized (Art. 3) Romania's right to annex the territories of the Austrian-Hungarian Monarchy – Bukovina, Transylvania, and Banat. The decision of the Brătianu Government was approved by the Crown Council, convened by King Ferdinand I. To achieve its national objective, Romania joined the war alongside the Entente, on the 16th of August 1916, when it handed to the Cabinet in Vienna the only declaration of war. This document represents the expression of the Romanian national claims, mustered with all the determination and dignity that international protocol entailed.

Therefore, in August 1916, the priority of the government in Bucharest was to free the Romanians in the Austro-Hungarian Empire. As for Bessarabia, it could only have been recovered hypothetically by Romania joining the war alongside the Central Powers and against Russia. The national and international context did not favour such an option for Romania, at that time.

Under the circumstances in which Romania's military action in Transylvania failed and led to Bucharest being occupied by the German and Austro-Hungarian troops, followed by the withdrawal of the Romanian royals, military and state administration to Iași, one could not have even conceived the union with Bessarabia, Bukovina, and Transylvania by use of military force. Under these circumstances, the intellectual elites and the political structures representing the Romanians in Transylvania, Bukovina and Bessarabia took independent actions in order to achieve that national ideal.

The Bolshevik slippage in Saint Petersburg (1917-1918) and the start of the revolution within the ranks of the czarist army, allowed Bessarabia to separate from the Russian Empire. On the 2nd of December 1917, Bessarabia declared its autonomy, and on the 24th of January 1918 proclaimed its independence, and named itself the "Moldavian Democratic Republic". Taken the fact that in Bessarabia, in the beginning of the war, there were deployed around one million Czarist Russian troops, under the influence of the chaotic Bolshevik revolution, the atmosphere there became anti-Russian and anti-Bolshevik. When the new authorities in Chișinău asked, between the 10th and 23rd of January 1918, the Romanian army entered Bessarabia with a declared purpose of restoring and maintaining order. Thus, on the 27th of March/9th of April, the Moldovan Parliament assembled in Chișinău and decided the union of the "Moldavian Democratic Republic" – lying from the Rivers Prut, Dniester, and the Black Sea, to the old borders of the Habsburg Empire, and to the Kingdom of Romania. Hence, Bessarabia was the first province that freed itself from foreign occupation and united with Romania.

The defeat of the Austrian-Hungarian armies in Italy, and the Armistice in Padua (3rd of November 1918) led to the implosion of the Empire through devolution (the transfer of power from the centre to the national constituent communities). The national councils of the Germans-Austrians, Hungarians, Polish, Italians, Czechs and Slovakians, Serbians, Croatians and Slovenians, of the Romanians in Bukovina and Transylvania, once they took over the power, stopped accepting the reformation of the Empire through federalization and proceeded to establishing independent countries or uniting the territories inhabited by them with co-ethnic countries. Consequently, on the 14th/27th of October 1918, the Romanians in Bukovina organized in Cernăuți, a Constituent Assembly, which would decide the formation of a National Council consisting of 50 members and of an Executive

Committee, led by Iancu Flondor. After several confrontations with Ukrainian paramilitary forces that threatened the security of the Romanian National Council, the Romanian army intervened (the 8th Division led by the General Iacob Zadic), and restored order in Cernăuți. Under these circumstances between the 15th and the 28th of November 1918, the General Congress of Bukovina met in the Metropolitan Palace, and unanimously voted the union of Bukovina – stretching from Ceremuș and Colacin to the River Dniester – with the Kingdom of Romania.

The union of the Romanian nation as a country was finalized through the decision adopted in Alba Iulia, on the 1st of December 1918. The National Assembly in Alba Iulia took place on a free land, unoccupied by the armies of the Entente, nor by the withdrawing German troops. The Romanian troops were deployed at the time of the proclamation, at the Transylvanian border on the Reghin-Târgu Mureș line, and they did not head towards Alba Iulia, but towards Brașov. The Central National Romanian Council, the governing body representing the Romanians in Transylvania, Banat, Crișana and Maramureș convened on the 18th of November/1st of December 1918, in Alba Iulia the Great National Assembly. It consisted of 1228 elected representatives, coming from all rural and urban communities, envoys of the Romanian churches – Orthodox and Greek-Catholic – and representatives of other professional organisations. They represented all Romanians from the Hungarian region of the Austro-Hungarian Empire. Besides, the Assembly had almost 100.000 people present, coming from all over Transylvania, Banat, and the other western regions – Crișana and Maramureș. The Great National Assembly in Alba Iulia proclaimed the union of Transylvania, Banat, Crișana and Maramureș with the Kingdom of Romania. Pending the complete union with the Kingdom of Romania, the High National Council of Transylvania was established, which had a legislative role and answered to the Parliament in Bucharest, and the Directory Council of Transylvania, which had an executive role, and answered to the Romanian Government.

Still under the shock of the events in Alba Iulia which the Hungarians did not attend, the Hungarian National Council (the Government of the self-proclaimed Republic of Hungary, unrecognised by the international community) discussed for the first time, on the 18th of December 1918, the issue of establishing and defending a purely ethnic Hungary; however, the Hungarian society in its entirety proved it was not ready to give up the medieval idea of a historic Hungary. As such, on the 21st of March 1919, the government led by Mihály Károly resigned and ensured the peaceful transfer of power to the far left, and thus was established the first Hungarian communist government, led by Bèla Kun. It proclaimed, in Budapest, the Republic of Councils in Hungary (or the Hungarian Soviet Republic), established along the lines of Vladimir Ilich Lenin's Bolshevik regime in Russia. As far as his foreign policy was concerned, Bèla Kun intended to keep old Hungary's borders and issued threats against Czechoslovakia and Romania.

East of Romania, the Bolshevik Red Army intended to get back Bessarabia and institute the communist regime all over the Romanian territory. On the 31st of December 1917/13th of January 1918, the Romanian Minister Plenipotentiary in Saint Petersburg, Constantin Diamandy was arrested by the newly installed Russian regime, however, he was released two days later, when the entire diplomatic corps in the city intervened; he was forced to leave Soviet Russia. Moreover, on the 13th of January 1918, the Council of People's Commissars (led by V.I. Lenin) decided to break all ties with the Romanian diplomats and expel from Russia all the representatives of the Romanian government.

Consequently, the decisions of Bessarabia, Bukovina and Transylvania to unite with the Kingdom of Romania were being directly threatened by two countries with communist regimes – Soviet Russia in the East and the Hungarian Soviet Republic, in the West, which made use of armed forces and state terrorism to do that. This turn of events forced Romania to take military actions under combat conditions, all through 1919, to defend its own territory and implement the decisions taken in Chișinău, Cernăuți and Alba Iulia the year before. At the same time, the decisions adopted in Chișinău, Cernăuți and Alba Iulia had to receive international recognition during the Paris Peace Conference that took place during 1919 and 1920.

The armistices with the losing parties, Austro-Hungary (in Padua on the 3rd of November 1918) and Germany (in Compiegne, on the 11th of November 1918) allowed the Allies to start getting ready and opening the Peace Conference. With this armistice, Germany saw the obsoleteness of the Treaty of Buftea/Bucharest (24th of April/7th of May 1918) that Romania was forced to conclude with

the Central Powers, after the Russian "malfunction" in Brest-Litovsk (22nd of November/5th of December 1917) that ended Russia's participation in the war. Concurrently, a French military analysis referring to the Armistice in Padua included a reference to Romania, highlighting the fact that the text of the armistice did not cover the issues regarding Transylvania and Bukovina, and the withdrawal from Wallachia was implied. According to the analysis, Romania, even if at that time it was no longer an ally, it could have become once more and then the text of truce with Austro-Hungary would have had to include facts regarding the evacuation of the Romanian territories claimed by this country. The fact that Romania was mentioned was related to the endeavours of the French Military Command to reopen a Romanian front. Romania re-joining the war alongside the allies was enough to alert Budapest due to the imminence of a military action in Transylvania. Consequently, the Hungarian National Council, acting as the executive, led by Mihály Károly, tried to reach an agreement with the Commander in Chief of the Allied Army of the Orient, general Franchet d'Esperey, to obtain from the Allies some sort of guarantee with regard to Hungary's borders. The negotiations ended when they signed, in Belgrade (13th of November 1918) a document somewhat similar to the one in Padua, called "The Military Convention between the Allies and Hungary". At that point Hungary found itself at an advantage, for at least four reasons: it took part for the first time in an international convention and it had its status recognised; it obtained a clear delimitation of its Eastern and Southern borders, through the line stretching from: the upper valley of the River Someș, Bistrița, Mureș-Sat, the valley of the River Mureș, all the way to the Tisa River, Subotița, Baja, Pecs, up to where Drava meets the Slovenian-Croatian border; it eliminated the word "provisional" from Art. 6 of the Armistice in Padua and replaced it with "the civil administration will remain in the hands of the current government"; it managed to stop, through Art. 17 "the interference in matters pertaining to domestic issues". The Armistice of Belgrade would be declared null by the French only two weeks after, without having been denounced. On the 1st of December 1918, the French Ministry of Foreign Affairs informed the representatives of the Allies in Paris that the treaty signed with the Hungarian government could not be interpreted as a recognition of the country, and that the Armistice in Belgrade should have been seen as a "local understanding with a local authority"; Art. 17 of the Armistice, which kept the entire Hungarian administration within the borders of old Hungary could not have been agreed upon, because on its grounds, Mihály Károly sent troops to conquer Slovakia (Czechoslovakia), a recognised country, allied to the Entente. Moreover, the border line set by this Armistice did not take into account Romania's claims, so its validity was contested by the Romanian Government in Bucharest and by the Romanian National Council in Arad that eventually managed to gradually move it to the West.

France takes a final decision regarding Romania's participation to the Peace Conference only by the end of December 1918. The decision stipulated that the allied governments should see Romania as an ally as it re-joined the war, and, as far as the Treaty of Bucharest, from the 4/17th of August 1916 was concerned, it was considered null and void, amended through the Treaty signed on the 24th of April/7th of May 1918 in Buftea/Bucharest. The French government suggested the Allies drew up another declaration, taking into account the Treaty in 1916, in order to look into Romania's claims and considering the union of Bessarabia with Romania and the general and particular interests of the Allies. In the beginning of January 1919, England announced that it agreed with the French government regarding Romania taking part in the Peace Conference as an ally, however, it proposed they should postpone the communique regarding the dismissal of the Treaty of Bucharest, from the 4th/17th of August 1916. These attitudes raise the objections of the Romanian government with the Allies, regarding their decision not to recognise the Treaty of alliance signed on the 4th/17th of August 1916. Under these circumstances, was carried out the activity of Romanian delegation at the Peace Conference for almost two years (1919-1920), which was aimed at obtaining the international recognition of the decisions regarding the union with the Kingdom of Romania, taken in Chișinău, Cernăuți and Alba Iulia. The Romanian delegation left for Paris on the 10th of January and arrived on the 13th of January 1919, led by Ion I.C. Brătianu, the head of the government. He was accompanied by Constantin Brătianu, the Secretary General of the delegation, Colonel Toma Dumitrescu and I. Plessia. During those two years, the members of the delegation changed, due to the changes in the government, and due to the fact that they acquired new members from the historical provinces that united with Romania in 1918. Here are the members who represented Romania at the Paris Peace Conference: plenipotentiary delegates - Ion

I.C. Brătianu (first delegate), Nicolae Mișu (second delegate), General Constantin Coandă, Nicolae Titulescu, Dr. Ioan Cantacuzino, Dr. Alexandru Vaida-Voevod, Victor Antonescu, Constantin Diamandy, Ioan Pelivan, George Danielopol, etc. The delegation also included consultants and experts: P. Zahariade and S. Rosenthal, advisors, Eftimie Antonescu, Constantin Antoniade and Mircea Djuvara – legal experts, Col. Toma Dumitrescu – military affairs, G. Caracostea, C.D. Creangă, Ermil Pangrati, George Crișan, Neagoe Flondor, D. Gheorghiu, D. Marinescu, Ioan Mocsoni, Gheorghe Moroianu, Ludovic Mrazec, Eugen Neculcea, Mihail Șerban, George Popescu, Nicolae Ștefănescu, Ion Tănăsescu – economic and financial affairs, Caius Brediceanu, Ioan Coltor, Arhip Roșca, Vasile Vitenco, Alexandru Lapedatu, Traian Vuia – ethnographical and geographical affairs, Aurel Vasiliu și I. Plessia – attachés to the president of the delegation.

The key task of Paris Peace Forum was to enable the international recognition of the newly formed/ rebuilt states, following the disappearance of the German, Austrian-Hungarian, Ottoman and Russian Empires. The proceedings were opened on the 18th of January 1919 and over 10,000 delegates were present – politicians, diplomats, militaries, consultants and experts from 32 countries. Ever since the beginning, the Peace Conference chose a double standard policy, based on seniority. The countries were divided into two categories – great powers that had unlimited interests and small powers that had limited interests. The first category included the United States of America, France, Great Britain, Italy and Japan (it did not play an active role and was called the *silent partner*). Romania was part of the smaller countries, and so were Poland, Czechoslovakia, or the Kingdom of Serbia-Croatia-Slovenia (the future Yugoslavia). Compared to the latter, recognised and accepted as allies, Romania had more difficulties to overcome.

The operating body of the conference was the Council of Ten, comprised of heads of state, prime ministers and foreign ministers from France, England, the USA, Italy and Japan – George Clemenceau and Stephen Pichon, David Lloyd George and Arthur James Balfour, Thomas Woodrow Wilson and Robert Lansing, Vittorio Orlando and Baron Sidney Sonnino, Marquis Kimmachi Saionji and Baron Makino. In March 1919, the Council of Ten become the Council of Four (the Supreme Council) comprising of the heads of state or prime ministers from France, England, the USA and Italy (the Japanese Prime Minister took part only in discussing and taking decisions regarding matters related to his country) and the Council of Five, comprising of the ministers of foreign affairs of the five great powers. The Conference Bureau was comprised of the president – George Clemenceau; vice-presidents: Robert Lansing, David Lloyd George, Vittorio Orlando, and Marquis Saionji. The Secretary General was Paul Eugène Dutasta (France), who had three assistants, coming from countries known as great powers. 17 commissions and committees were established for various issues. The Society of Nations, war and sanctions, war reparations, financial issues, economic issues, territorial issues, with four sub-commissions regarding Czechoslovakian, Polish, Romanian, South-Slavic (Yugoslavian), Belgian and Danish issues, inter-allies military and naval matters, etc. The Supreme Council clearly stated where it stood regarding Romania, allowing it to take part in the conference with only two delegates, while Serbia, which had never surrendered, was allowed three delegates. Moreover, the Great Powers gave Romania only seven places in the 17 commissions assigned to investigate the various matters at hand and to draw up reports related thereto, for the decision-makers of the Peace Conference. However, in order to elude a Romanian interference, the Romanian experts were excluded from two commissions – those responsible for borders and minorities.

Astonished by the hostility he was confronted with from the western allies, Ion I.C Brătianu ardently pleaded Romania's cause. Therefore, on the 31st of January 1919, when he faced the Supreme Council, I.I.C. Brătianu refused to make any compromise regarding Romania's territorial claims. He demanded the whole of Banat, according to the terms of the Treaty from 1916, evoking history and ethnic statistics to justify his claim, and opposed the division of the region. Those present were not impressed, even if Brătianu argued the fact that the death of 335,000 Romanian troops was reason enough for Romania to stake its claim. The next day, on the 1st of February 1919 he continued his exposé, arguing that Romania should have the entire territory it was promised in 1916, as a just reward for the support it offered the Entente, and rejected the Supreme Council's proposals to organise referendums in the disputed territories – Bessarabia, Bukovina and Transylvania, where the unions with Romania had been achieved by popular vote the year before – 1918. In his exposé, Brătianu even made an offer – should Romania's claims be met, and should the allies allow it to further

advance to the west, towards Hungary, the Romanian army would eradicate Bolshevism, "a serious and contagious disease" that quickly spread from Russia to Hungary and Central Europe. The answer of the Supreme Council was far from what Brătianu expected – it voted for the establishment of a Romanian Territorial Commission, whose task was to analyse the legitimacy of Romania's claims.

During the Peace Conference, territorial issues mixed with others – the decision taken by the "Big Four" was to have a European peace that would defend their own interests, the rights of the minorities in the successor states in general, and in Romania in particular, and the threat of Bolshevik expansion in Central Europe. Consequently, the priority of the Peace Conference, imposed by France the host nation was to have peace with Germany. The issue was settled on the 28th of June 1919 with the Treaty of Versailles. With it, the interests of the Big Four – the USA, France, England and Italy – were satisfied. Romania, Poland, Czechoslovakia, the Kingdom of Serbia-Croatia-Slovenia were among the signatories, and recognised as allied states and confirmed as subjects of international law. According to the Treaty of Versailles, Germany lost all its colonies. It gave back to France – Alsace and Lorraine, to Belgium – Eupen, Malmédy and Moresnet, to Poland, recognised as independent – Poznania and some of Upper Silesia, and to Denmark – North Schleswig. According to the military chapter in the Treaty, Germany abolished conscription, the number of troops were downsized to 100,000 people, the Rhyne valley was demilitarised and forced to pay for war damages, whose amount was settled later on. Through Art. 116 Germany was obliged to recognise "the independence of all territories separated from the former Russian Empire", and through Art. 117, they had to recognise the validity of the treaties signed with "the countries that were part or would be established on the entire or on some of the territory belonging to the former Russian Empire". Moreover, they signed the Covenant of the League of Nations that represented the first in a series of peace treaties signed with all former enemies, as well as the statute of the International Labor Organization that represented the 13th part of the Treaty with Germany, and of the other peace treaties.

There are three matters that concern Romania in the Treaty of Versailles with Germany: 1) the war damages – Art. 224, annex 7 stipulates the cessation of all rights, titles and privileges over the cable Constanța –Istanbul, which passed over to Romania; 2) Art. 259, Paragraph 6, Germany was obliged to sign away the Treaty of Buftea-Bucharest from the 24th of April/7th of May 1918, and Art. 292, it relinquished all treaties, conventions and agreements signed with Romania "before the 1st of August 1914 or henceforth, until the enforcement of that treaty". Likewise, with Art. 232, Germany was obliged to pay for "all the damages it inflicted on the civil population in all allied countries"; 3) With regard to the Danube, the Treaty kept to maintaining the European Commission of the Danube, located in Galați, which managed the navigating segment from Brăila to Sulina, and to establishing an International Danube Commission, for the Brăila-Ulm segment; a dedicated conference later decide the Danube's political and legal status. With reference to this latter matter, on the 26th of June 1919, Ion I.C. Brătianu submitted a memo to the Supreme Council, concerning Romania's situation generated by the management of the Danube by the Great Powers. It requested that the navigation system at the mouths of the Danube be the same as before the war, and that Romania be returned its ships, captured by the enemies and taken into their territorial waters, and were in the temporary possession of the allied armies. It also requested that the French, British and US military missions on the Danube, be limited to supplying the allied armies. The memo demanded that representatives of Czechoslovakia, the Kingdom of Serbia-Croatia-Slovenia, and Romania be included in the International Danube Commission. On the 23rd of August 1919, the Supreme Council told the Romanian delegation that it agreed to the inclusion of the representatives, however, it rejected all the other claims in the memo.

Germany's ally from the Central Powers, the Austro-Hungarian Empire had broken apart during the last months of 1918. Partners for dialogue were being looked for and they could only be those responsible for starting the World War, the dominant countries from the dual-state, the Austrians and the Hungarians. The two nations formed countries of their own – Austria and Hungary. They were losing countries and they were the object of separate peace treaties. The Versailles Peace Treaty clearly stipulates, in art. 80 that "Germany acknowledges and will firmly respect the independence of Austria", however, it does not mention Hungary. On the 29th of May 1919 the delegations of Romania, Poland, Yugoslavia, Czechoslovakia and Greece were informed with

regard to the main clauses of the draft of the Peace Treaty with Austria and with regard to a special treaty referring to minorities. In the last draft, Art. 5 stipulated the right of the Great Powers to adopt the measures they saw fit in order "to protect" the interests of the minorities in Romania. Moreover, the text of the Treaty with Austria referred to Romania's obligation to take over some of the debts of the former Austro-Hungarian Monarchy. Under those circumstances, Ion I.C. Brătianu acted in the name of the medium and small allied countries and asked and got from the President of the Conference a 48 hour-break to study the text of the Treaty. He tried to make all small and medium countries interested in the Treaty with Austria join in and raise objections against the fact that they have not been consulted when the clauses were drawn. Since he was not able to, the Romanian delegation stood alone when they started a long and fierce dispute with the Great Powers, in order to have some of the amendments improved and some modified, as they were a threat to the independence and sovereignty of the country.

To the Romanian delegation the most important territorial problem at the Peace Conference was related to Transylvania. There, the difficulties lied with the border along the River Mureș in Central Transylvania established by the "Military Convention between the Allies and Hungary", in Belgrade, on the 13th of November 1918. The Romanians ignored the Convention and their troops kept on advancing, despite the restrictions of the Supreme Council. On the 24th of February 1919, Alexandru Vaida-Voevod, a member of the Romanian delegation forwarded a note to the Supreme War Council in Versailles that contested the validity of the provisions of the Armistice of Belgrade, since the Hungarians could no longer speak for the Romanian territories from the former empire. He demanded Romania be treated the same as Czechoslovakia, which had been authorized to disregard the provisions of the above-mentioned Armistice, and allow the Romanian troops to advance to the limit of the Romanian territories.

Consequently, on the 26th of February 1919, the Supreme War Council set a new dividing line, along the railway that stretched from Satu Mare, via Oradea, all the way to Arad. The three cities remained outside Romanian territories, under French occupation. In order to prevent further hostilities, the Council created a neutral zone between the Romanian army and the Hungarian one, west of the dividing line. The interested parties were made aware of the decision regarding the new dividing line between Hungary and Romania on the 20th of March 1919. The Hungarian government was notified by Lt. Col. Fernand Vix, from the Allied Mission in Budapest. The "Vix Note" led to a political crisis in Hungary, the "interim president", Mihály Károly, resigned and a newly formed communist/left socialist government came to power, led by Béla Kun, who proclaimed the Soviet Republic of Hungary on the 21st of March 1919. The victory of Bolshevism in Budapest had a strong influence on Bavaria and Austria, which determined the Paris Peace Conference to see the Soviet Republic of Hungary as a threat and decide, starting with the 28th of March 1919 to impose an economic blockade. The new Hungarian regime-maintained relationships with Austria and Soviet Russia only. The latter immediately acknowledged the soviet regime in Budapest and agreed to the proposal of its communist leader to form an alliance between the Hungarian proletariat and the soviet government.

As far as the relationship with the neighbours went, Béla Kun kept the Yugoslavians at a distance, threatening only Czechoslovakia and Romania. Even if his discourse was Bolshevik, he acted solely in Hungary's interest. He was in favour of the Military Convention in Belgrade, and asked the Allies to make the Romanian Army withdraw east from the Mureș line. Under these circumstances, the Directory Council in Sibiu, led by Iuliu Maniu sent a memo to the Romanian Government where he asked for the protection of the Romanian population in Transylvania, because in the areas occupied by the Hungarian army, Romanians were abused and tortured. In Bucharest, King Ferdinand approved the decision taken by the Council of Ministers, on the 11th of April 1919, and ordered the army to occupy the territories in Transylvania established by the Supreme War Council in Versailles, included in the "Vix Note". To the Romanian King, who was the commander of the army, entering Transylvania was an absolute necessity, both as far as his foreign policy was concerned, as well as his domestic one. A Hungarian attack in the Apuseni Mountains, made the Romanian Army fight back – the night between the 15th and 16th of April – and advance all the way to the Tisza River. It stopped there in the beginning of May 1919.

In Paris the Allies asked the head of the Romanian delegation, Ion I.C. Brătianu, to have the Romanian Army withdraw from the line of the Tisza River, on the line set by the Supreme War Council, but he refused. The stalemate between the Allies and

Brătianu regarding the borders reached a standstill because of Romania's policy concerning the minorities. Convinced that he could not achieve anything else in Paris, at least at that time, on the 2nd of July 1919 Ion I.C. Brătianu left the Peace Conference. Back home, on the 9th of July 1919, Brătianu delivers an ample report regarding the activity of the Romanian delegation in Paris, during a meeting with the Council of Ministers, also attended by King Ferdinand and by Iuliu Maniu, the president of the Directory Council of Transylvania. The Council approved the activity of the Romanian delegation and decided not to sign the Peace Treaty with Austria. This resistance policy led, from July to December, to a genuine "war of notes" between the Romanian government and the Supreme War Council. Romania's resistance policy was seconded by its military actions in Hungary. Even though the Supreme War Council in Paris decided, on the 11th of July 1919 that the military troops of the Entente should occupy Hungary, they did not take any action. According to the Allies, an anti-Bolshevik crusade was impossible to achieve. A French project that required a coordinated French-Romanian-Yugoslavian counter offensive failed, due to lack of personnel. To France, at least, Romania seemed to be the only force capable of taking immediate action in Central Europe. The suggestion of a quick intervention in the region came from Marshal Foch, approved by the French Prime Minister, Clemenceau.

Under these circumstances, Romania was forced to solve the Hungarian issue by itself. After the Hungarian troops attack the Romanian ones situated east of the Tisza River (20th-30th of July), the Romanian troops launched a counterattack (24th of July), crossed the Tisza River (27th of July) and entered Budapest on the 3rd of August 1919. The Romanian intervention in Budapest and the removal of Béla Kun were not received well by the authorities in Paris, and the Supreme War Council asked Romania to evacuate Hungary immediately. As a consequence, only a day after Hungary surrendered, the Supreme War Council established a commission, made of four generals: French, British, American and Italian, also known as the "Commission of the Generals", and their mission was to represent the Allies in Budapest and negotiate with the Hungarians and the Romanians. Between August and November 1919, the Romanian troops stationed in Budapest helped reorganise the administration and supply the Hungarian population with food and fuel, revived the industry and restarted the activity of state institutions.

During all that time the Romanian army worked on recovering war machines and equipment, and the railways that the German and Austro-Hungarian armies took from Romania during the occupation and stored in the area surrounding the Hungarian capital. The relationship between Romania and the Allies became more complicated when the government led by István Friederich came to power in Budapest, and when the Archduke Joseph of Habsburg assumed the leadership of the country. The British expert Frank Rattigan addressed a note to his foreign minister Arthur James Balfour, where he defended Romania's policy against the criticism of the Peace Conference, claiming the following: the Supreme Council forbade Romania to occupy Budapest once the city had been taken; the Allies had asked for Romania's cooperation in the march for Budapest; the Romanians had acted in self-defence; the accusations of brutality had been spread by the Hungarian newspapers; the Hungarian troops had not been wearing a uniform, so they could not have been distinguished from the civilians; the Habsburgs had not come to power aided by Brătianu. In the fall of 1919, the Allies had entrusted the settlement of the issues between the Romanians and the Hungarians to the British diplomat George Clerk, minister plenipotentiary of Great Britain to Prague. Clerk's mission was to institute a liberal parliamentary democracy in Budapest and make the Romanian army withdraw from Hungary.

In the meanwhile, the Great Powers through pressure and concessions seek to make the Romanian government sign the Peace Treaty with Austria as well as Minority Treaty. On the 8th of September 1919 the Supreme Council warned the Romanian government that if they did not sign the two documents, Romania would not be allowed to sign the Treaty with Bulgaria either. The Peace Treaty with Austria was signed in Saint Germaine-en-Laye, on the 10th of September 1919; none of the Romanian delegates attended the ceremony. This Treaty recognised Austria's independence and that of all its neighbours, including those which were established on the former territories of the Austro-Hungarian Empire. Austria gave Italy South Tirol, Trieste and Zadar, the Istria peninsula and Carniola. The Treaty obliged it to have only 30,000 troops and pay for war damages. A special article forbade the annexation of Austria to Germany. Art. 59 obliged Austria to recognise the union of Bukovina with Romania and Art. 87 recognised the borders of the countries that were formed or were to

be established on the territories that were once part of the former Russian Empire. Art. 60 of the Treaty imposes Romania clauses regarding the minority regime, transit and trade (established by a special treaty), and Art. 61 makes Romania take over some of the debts of the former monarchy.

Ion I.C. Brătianu's intransigence not only did it not acquire the desired results, but it even endangered Romania's interests at the Peace Conference. Two days after the Treaty in Saint-Germain was signed with Austria, a government crisis occurred in Bucharest, which resulted with the resignation of Brătianu and his cabinet. The crisis ended on the 27th of September 1919 when a new government was formed with militaries and experts, led by General Arthur Văitoianu, and under the influence of I.I.C. Brătianu. The new prime minister neglected the foreign relations and declared that he was not at liberty to sign the Peace Treaty with Austria, the Romanian delegation emphasizing once more the reasons it could not sign. Even if it decided to evacuate Budapest in four stages, on the 14th of November 1919, the attitude of General Arthur Văitoianu, determined the Supreme Council in Paris, on the 15th of November, to issue another ultimatum, which requested the Romanian government to meet the following conditions, "unreservedly and unconditionally": completely evacuate Hungarian soil, withdrawing within the borders established by the Conference, accept the establishment of the Inter-allied Commission, which stopped, controlled and assessed the Hungarian requisitions since the beginning of the Romanian occupation, ever since its inception; sign the Peace Treaty with Austria and the Minority Treaty under the conditions referred to by the Supreme Council. The Romanian government was summoned to answer within eight days, otherwise the Romanian delegation was forced to leave the Peace Conference, and the Member States of the Supreme Council would cease all diplomatic relations with Romania. The note was sent to the Romanian government in Bucharest, on the evening of the 24th of November, and they had to answer by the 2nd of December 1919. Under these extreme circumstances, the government led by Văitoianu refused to give in and resigned on the 28th of November 1919. After several consultations, King Ferdinand assigned Alexandru Vaida-Voevod, the vice-president of the Romanian National Party in Transylvania, to form a new government. The New government led by Vaida-Voevod was sworn in on the 1st of December 1919. The new Prime Minister, who was also the minister of foreign relations decided to accept the terms of the Supreme Council so as not to endanger the victories already achieved in Paris and restore all good relations with the West. Consequently, on the 10th of December 1919, the government led by Alexandru Vaida-Voevod signed, through its delegates in the Peace Conference – General Constantin Coandă and Ion Pelivan, the Peace Treaty with Austria in Saint Germain-en-Laye, the Minority Treaty and the Peace Treaty with Bulgaria, in Neuilly-sur-Seine. This last Treaty (signed on the 24th of November 1919) establishes that the border between Romania and Bulgaria was as "it had been on the 1st of August 1914".

To the Romanian delegation in the Peace Conference there were three more important territorial issues left on the agenda – Banat, Bessarabia and Transylvania, whose solutions would be put off until 1920. The issue regarding Banat was resolved rather favourably. After Ion I.C.Brătianu insisted that the region should be a part of Romania in its entirety, taking into account economic, geographical and social unity (600,000 Romanians, compared to 400,000 Germans and 300,000 Serbians), the Supreme Council drew a rather ethnic border between Romania and the newly established Yugoslavia – the Romanians received two thirds of the region and the Serbians one third. The Serbian army that had occupied most of Banat, including the city of Timișoara, left a region in the hands of the French army, who later turned it to the Romanian army, in July 1920, thus avoiding an armed conflict between the Romanians and the Serbians.

The issue of regaining Bessarabia proved to be more difficult. It had been discussed in front of the Romanian Territorial Commission ever since the 22nd of February 1919, however, the arguments of the Prime Minister Ion I.C. Brătianu that the population in Bessarabia was 70% Romanian and that the union with Romania had been free, accomplished by a legal assembly, the Moldovan Parliament, did not convince the allies. The US State Secretary, Robert Lansing asked the Romanian Prime Minister to organize a referendum in Bessarabia. Brătianu answered that he had no doubts regarding its result, and that he did not approve the withdrawal of the Romanian army from the region because it would have exposed the population to "Bolshevik anarchy". The issue of Bessarabia was set aside, with other pending issues regarding the Allies and Romania and was put off for most of the year 1920. In the beginning of that year, the Romanian Prime Minister, Alexandru

Vaida-Voevod went to Paris and London and settled with the Allies in matters regarding the withdrawal from Hungary. Nevertheless, the Council of Ambassadors that had been established during the Peace Conference, after the heads of state and governments left Paris, declared that they would not sign the Treaty regarding Bessarabia, unless Romania signed a final Peace treaty with Hungary.

This last matter was left unsolved in Central Europe – bringing Hungary to the Paris Peace Conference. The matter was assigned to the Clerk Mission. Following several contacts he had in Budapest and Bucharest, Sir George Clerk convinces the Romanian political and military authorities to withdraw the Romanian army from Hungary. All that remained was a new government in Budapest, capable of upholding law and order, recognised following free elections and a universal vote, a government that would sign a peace treaty with the Allies. Likewise, the Commission of the Generals made the Arch-duke Joseph of Habsburg resign from his position as the head of state, however, István Friederich, who became the President-Minister of Hungary was not accepted by the Supreme Council. The same day the Hungarian capital was cleared of all Romanian troops, on the 14th of November 1919, under the close watch of the armies of the Entente, Admiral Miklós Horthy entered Budapest, leading an army of 2000 men. The following days, the delegate of the Allies, Sir George Clerk, consulted with the Hungarian political parties and managed to establish, on the 24th of November 1919 a union government, led by Károly Huszár, who agreed to the conditions of the Supreme War Council and signed the Peace Treaty. A Hungarian delegation, led by Count Albert Apponyi arrived in Paris on the 7th of January 1920, and the provisions of the Peace Treaty were handed to him on the 15th of January. The Supreme Allied Council had their first debate on the issue on the 16th of January. The Hungarian delegation defended in Paris the integrity of historical Hungary and tried to exonerate it from the burden of the war. When the session ended, Georges Clemenceau made the head of the delegation aware of the fact that decisions could not be taken "based on the declarations of only one of the parties", and gave Romania two weeks to come up with an answer. The Hungarian delegation submitted to the Secretariat of the Peace Conference a series of "preliminary notes", regarding their position vis-a-vis the Treaty, however they did not manage to change the original text.

On the 20th of February the Romanian delegation forwarded a memo to the Peace Conference, a comeback to the Hungarian action regarding the borders, and on the 24th of February, a similar document was forwarded by the Romanian, Serbian, Croatian, Slovenian and Czechoslovakian delegations. This last joint action of the three delegations resulted in speeding the proceedings of the Conference. The Supreme Council met in London on the 3rd of March 1920 and debated mostly on the Treaty with Hungary, and on the 8th of March, the Council of Foreign Ministers and Ambassadors dealt with this issue again and decided to stop revising the territorial, military, financial, and transit clauses in the Treaty with Hungary. Moreover, the two reunions decided to dismiss all Hungarian claims, with one exception – a referendum was allowed in Burgenland, a territory that was to be given to Austria, where the city of Sopron voted to remain in Hungary. These last decisions caused a change in the government in Budapest – the cabinet led by Károly Huszár was replaced on the 15th of March 1920 by another, led by Sándor Simonyi-Semadan, who took responsibility for signing the Peace Treaty. The Supreme Council answered the objections of the Hungarians to the territorial issues with the "Millerand Letter", that is its decision to change none of the clauses stipulated in the draft of the treaty. Instead of answering that letter, the head of the Hungarian delegation, Albert Apponyi, announced, on the 16th of May, his and his colleagues' resignation. As a consequence, on the 4th of June 1920, the Supreme Council announced the signing of the Treaty and asked Hungary to assign representatives with full powers to sign it. The event took place at the proposed date in the Grand Trianon, at the Palace of Versailles.

The Trianon Peace Treaty was signed on the 4th of June 1920 by 17 allied countries and Hungary. The preamble was dedicated to the dissolution of the Austro-Hungarian Empire, and the text of the Treaty used the phrase "the territories that once belonged to the former Austro-Hungarian monarchy", which confirmed the disappearance of the empire, not that of a Hungarian country. Besides, Art.73 recognised Hungary as an independent and sovereign country. Consequently, the Treaty of Trianon was Hungary's act of birth, as a modern country, a subject of international law. Moreover, by Art. 73, Hungary was obliged to renounce that status, in order to prevent any future "personal union" with another country. The Armistice of Belgrade from the 13th of November

1918, never approved, but cited constantly, was annulled by this Treaty. At the same time, Art. 193 denounces the Treaty of Buftea/Bucharest, from the 7th of May 1918 imposed on Romania by the Central Powers, according to which Hungary, as part of the Austro-Hungarian Empire had territorial benefits as well as of a different nature. It also stipulated that once the treaty came into effect, all state of war ended and the Allies could establish official relations with Hungary. Art. 27 established the borders between Hungary and Austria, the Kingdom of Serbia-Croatia-Slovenia, Czechoslovakia and Romania. The provisions of this article legalised the separation from Austro-Hungary and the territories inhabited by Romanians (Transylvania, Banat, Crișana and Maramureș), by Slovakians (Slovakia), by Ruthenians (Ruthenia, incorporated in Czechoslovakia) and by the Southern Slavs (Croatia-Slavonia).

According to Art. 46, a commission comprising of seven members (five designated by the Allies and one by Romania and Hungary) went on site to draw the borders. Important Hungarian communities, minorities, remained in these territories and were integrated in their new countries. The Treaty stipulated that the persons indigenous to a territory, who are of different nationality and language than the majority of the population had the right to opt for the citizenship they desired, within a period of six months. In order to find a solution to potential misunderstandings mixed arbitration tribunals were established. Articles 54 to 60 obliged Hungary to ensure the protection of the minorities that remained in its territory, and the provisions were identical to those imposed on the other countries from the former Austro-Hungarian Empire, including Austria. On behalf of Hungary, the Treaty was signed by Gaston de Bénard (Benard Agoston), the Minister of Labour and Social Welfare and by Alfred Drasche-Lázár de Thorda, envoy extraordinary and minister plenipotentiary. On behalf of Romania, the Treaty was signed by Nicolae Titulescu, a former minister, and Dr. Ion Cantacuzino, Minister of State. The Treaty of Trianon was ratified by the Romanian Parliament following heated, but well-balanced debates, which started on the 11th of August 1920 and ended on the 17th of August (in the Senate) and on the 26th of August (in the Chamber of Deputies).

The Hungarian Parliament ratified the Treaty only after the Great Powers that signed it sent Budapest an ultimatum. As a consequence, they decided not to discuss the Treaty of Trianon but accepted as a result of maximum pressure. They agreed that the document should be signed by 60 deputies, randomly chosen so as none of the members of the Hungarian National Assembly could be accused, or held responsible for the ratification. The actual vote was held on the 15th of November 1920, in a gloomy atmosphere. The instruments of the ratification were sent to the French Ministry of Foreign Affairs (where the treaties were stored) – by the Romanian government on the 4th of September 1920, and by the Hungarian government, on the 23rd of March 1921. The Peace Treaty with Hungary came into force on the 26th of July 1921, after it had been previously ratified by the other signatories. Practically, legally speaking, according to the provisions of this Treaty, World War I ended on the 26th of July 1921.

Still, Romania had to solve the issue of Bessarabia. Only on the 3rd of March 1920 did the Supreme Council addressed a note to the Romanian government, signed by David Lloyd George, where he informed them of the decision adopted by the Peace Conference to recognise the union of Bessarabia with Romania. Based on this address, on the 28th of October 1920 a treaty was signed in Paris, where the Allies – Great Britain, France, Italy and Japan recognised Romania's sovereignty over the territory of Bessarabia, situated between the Rivers Prut and Dniester. The Treaty was ratified by Great Britain on the 14th of April 1922, by Romania on the 19th of May 1922, by France on the 24th of April 1924 and by Italy on the 23rd of May 1927, however, it was not ratified by Japan.

Practically, only by the fall of 1920 were all of Romania's territorial gains recognised internationally. Today, 100 years since the legal recognition of the Great Union, there still is the issue of the name we use – do we call it Greater Romania or Romania Made Whole? The territorial losses of 1940 – Bessarabia, Bukovina, the Hertza region, Northern Transylvania and Southern Dobrudja were only partially recovered in 1944, and attested by the Peace Treaty with Romania, Paris 1947 (for North Transylvania). The consequences of the Ribentropp-Molotov Pact from the 23rd of August 1939 are still present in Romania's case. Greater Romania was the highlight of Romanian statehood. In 1918, Transylvania, Banat, Maramureș, and Bukovina brought the riches of the land and of the deep – gold, coal, salt, secular woods and plenty of industry, Bessarabia its rich soil and oak woods, and the Old Kingdom of Romania had the Danube, the Mouth of the Danube and the economic respiratory gate of the Black Sea – the Port of Constanța, the Great Danube plain, the

whole of Bărăgan and the Meadows of Siret. The biggest gain were the people – Romania's population grew from 7.5 million inhabitants (the size of the Old Kingdom) to 14,669,841 inhabitants in 1919, only to reach, in 1930, 18 million people. The size of the country grew as well, from 137,000 km², to 295,049 km². And because those one hundred years that have passed – since Greater Romania was recognised by the system of Treaties of Versailles and up until today, in 2021 – are already history, we can also use the concept of "historical" Romania.

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THE BLACK SEA

"At this point, Maia Sandu cannot completely change the substance of the bilateral dialogue with Russia, however, she can steer it in the right direction"

PhD. Angela GRĂMADĂ (President of the Association "Experts for Security and Global Affairs", Romania) has offered us her insight on the current challenges facing the Republic of Moldova, in the interview given the *Geostrategic Pulse* Magazine.

Geostrategic Pulse: After her victory in the presidential elections, Maia Sandu stated that she "will make every effort so that the Republic of Moldova should have good relations with the East, as well as with the West". Is this main foreign policy objective of the Republic of Moldova a feasible one? Or, on the contrary, the Republic of Moldova should choose between East and West?

Angela Grămadă: The phrase "good relations with both the East and the West" has become a political satire, during Igor Dodon's presidency. Every president of the Republic of Moldova should be preoccupied with implementing the foreign policy agenda of the country, as stipulated by the Constitution, as well as with multiplying the opportunities that the citizens outside the country could benefit from. Maia Sandu will have a very difficult mandate. She will have to strengthen her domestic position, prove herself powerful and capable, demonstrate that she deserves the support of citizens, and, at the same time she will have to deal with the pending issues inherited from Igor Dodon. This implies discussions with both the East - where there are national interests prejudiced by particular interests of some political players, and with the West, intending to regain the trust and the time lost in advancing projects of strategic interest to the Republic of Moldova. We should get rid of the dilemma "between East and West". We need to move on and implement what we have pledged to deliver through various documents and international treaties.

Abandoning a foreign policy dependent on the Russian Federation inevitably implies rethinking the relationship with the regime in Kremlin. To what extent does Vladimir Putin acknowledge the political change in Chișinău? Will the Russian Federation reduce, or intensify its influence in the Republic of Moldova?

During the past four years, the relation with the Russian Federation has rather been one of "vassalage" and not necessarily of the citizens of Republic of Moldova. It was the subordination to Kremlin of a very small group of political players in the Republic of Moldova, while the Moldovan citizens were served a strategic partnership that was ineffective and that was advantageous only to a few.

Vladimir Putin has accepted the change of the leader in Chișinău with calm. However, we must understand that Moscow's attitude towards the Republic of Moldova will not change. Russia is very present in Moldovan politics and economy, and can still influence many processes. It is enough to look at the interests of some politicians or businessmen, who support various economic agendas, to see that the political change in Chișinău – the country's president so far – could only mean intensifying the fight to secure gains and opportunities. Of course, we are interested in seeing how the relationship between the ex-president Igor Dodon and his Moscow partners will change, but

also, who will Moscow try and discuss in Chișinău, besides the socialists, what will happen in the negotiation format of the conflict in Transnistria, how will the energetic and economic dialogue evolve, and what legislation serving the interests of Moscow's foreign policy will the deputies in Chișinău promote? At this point, Maia Sandu cannot completely change the substance of the bilateral dialogue with Russia, however, she can steer it in the right direction. Moscow must find out that the Republic of Moldova has defined national interests and objectives.

What are the challenges in front of Republic of Moldova's endeavour to develop pragmatic and productive dialogue and relations with its Western and European partners, as well as in the region?

It was Igor Dodon who was isolated abroad. The Republic of Moldova has kept on benefitting from financial support, or technical assistance from its European partners. There had indeed been missed opportunities when the financial assistance was stopped and conditioned by accomplishments in the anti-corruption reforms or the overcoming of domestic political crises, but that was only because Moldova's partners needed stability and continuity. Changing governments and political leaders are ordinary processes in democratic countries. However, a minimum degree of predictability is needed when it comes to undertaking commitments, just as openness to a sustained and credible domestic dialogue is needed when it comes to the country's development direction. There are multiple challenges, and they are related to diplomatic guidelines that have been disregarded (i.e. the scandal involving some of the Moldovan embassies abroad), to rebuilding the image of the Republic of Moldova as a country that supports the territorial integrity of its neighbour, to promoting a firm intention to find a solution to the conflict in Transnistria, to the domestic political fighting affecting institutional resilience, as well as to the ability to promote the economic interests abroad. The agenda of the Republic of Moldova is very substantial when it comes to challenges. Nevertheless, we have bigger problems when it comes to solutions and the ability to promote these solutions for the benefit of our citizens.

To what extent does the Republic of Moldova have the necessary external credibility to develop strong partnerships with the USA and the EU?

Both the European Union and the United States of America have promoted and supported the Republic of Moldova becoming a coherent player that has its interests. Of course, there were many times when we could question the ability of the authorities in Chișinău to seize the potential of the bilateral or multilateral dialogue.

At present, I believe that the image Maia Sandu promotes – that of an honest politician, who is not involved in schemes and corruption scandals – supports the credibility of the partnerships with the EU and the USA. Hence, we can foresee that we will witness a transfer of credibility from the person to the country. However, we should not forget that the Chișinău's political scene will soon face an increasing political crisis and/or early parliamentary elections, which could dishearten those wishing to build partnerships with us.

What are the perspectives regarding the opening of a NATO office in Chișinău? Do you see a possible change of attitude from Maia Sandu as opposed to Igor Dodon's reluctance?

So far, establishing a NATO Office in Chișinău was not mentioned in Maia Sandu's public appearances. And I am strictly referring to the period following her investiture. We need to understand that her current public speech covers many domestic priorities, and focuses on organizing early parliamentary elections. Anyway, without strong support from the Government or the Parliament, any initiative coming from the president of the country will not be possible to be put into practice, and her activity could be blocked.

President Klaus Iohannis' visit to the Republic of Moldova brought back into the spotlight the issue of strategic relations with the neighbours. In short, what are the courses of action and the areas where the two countries could enhance their cooperation?

I believe that any political dialogue could bear fruits if it is based on sustained and effective economic cooperation. The roadmap signed in the fall of 2019 includes a list of priorities and bilateral projects that Romania and the Republic of Moldova have committed to. This roadmap is very generous concerning the objectives assumed on the political front, on economic and energy infrastructure, as well as on social and cultural cooperation. Not in the least, I believe that Romania enjoys support within the EU to assume more responsibility towards the Republic of Moldova. We have priorities and objectives set, there is a new government in Bucharest, and there is support in the Romanian Parliament for a sustained dialogue with Chișinău. Only one challenge remains: finding our "true grit".

Crimea Platform: Ukraine's Initiative to Raise the Costs of Russia's Occupation

Vladimir SOCOR

President Volodymyr Zelenskyy and the Ukrainian government are preparing to host a summit of heads of state and government, aiming to mobilize a more effective international response to Russia's seizure of Crimea from Ukraine. The summit is planned to inaugurate the "Crimea Platform," a multi-level framework for devising actions that would raise the costs of Russia's occupation and contradict Moscow's thesis about the irreversibility of its hold on the peninsula. The summit event is set for August 23, back-to-back with (but distinct from) the 30th anniversary of Ukraine's national independence on August 24, in Kyiv, in the presence of world leaders.

The United States government became the first to endorse the Crimea Platform initiative and proselytize for it, without awaiting the outcome of the Joseph Biden administration's Ukraine policy review. Addressing the United Nations Security Council's February 11 session, dedicated to Ukraine (see below), the US mission's political coordinator, Rodney Hunter, stated, "We welcome Ukraine's Crimea Platform initiative and hope that like-minded partners will consider joining it" (Ukrinform, February 11).

The UN Security Council's session, called at Russia's request, marked the sixth anniversary of the signing of the Minsk Two "agreement," an agenda that, by definition, excluded debating any Crimea-related issues.

Seven years after Russia's seizure of Crimea from Ukraine, no international forum is mandated to discuss this act of state-on-state aggression, nor the current political and military situation on the peninsula. Russia deems these issues closed and non-negotiable. On this basis, Moscow has also ruled out any discussion about Crimea from the agenda of the "Normandy" forum (Ukraine, Russia, France, Germany). In that format, Berlin and Paris have maintained all along that adding Crimea would "clutter" the Normandy agenda and impede "progress" toward conflict-resolution in Donbas (see EDM, February 8).

Kyiv has, therefore, moved in recent months to initiate an international Crimea Platform that should continuously address these unremedied problems. Ukraine aims to sharpen the focus of international attention to Russia's occupation of the peninsula and broaden the scope of countermeasures to the occupation. Kyiv seeks international support in order to:

- sustain the existing Crimea-related sanctions and raise their costs to Russia, with further sanctions for continuing unlawful actions;
- maintain intact Ukraine's titles of sovereignty to the peninsula and the corresponding Ukrainian exclusive maritime economic zone;
- uphold freedom of international navigation in the Black Sea and Azov Sea;
- draw attention to Russia's militarization of Crimea; and
- support the maintenance of threatened cultural and religious identities of local Ukrainians and Crimean Tatars.

In his recent interview with the US-based news outlet *Axios*, Ukrainian President Volodymyr Zelenskyy stated, "I asked my partners and Russia: Name the platform where Crimea is on the agenda. Are you saying that we should give up on Crimea? As president, I cannot afford this and do not want to and will never accept this" (President.gov.ua, February 1).

Zelenskyy had aired a preliminary version of his idea when addressing last September's UN General Assembly session. On that occasion, he suggested creating an international diplomatic platform aimed at protecting the rights of Crimean inhabitants and, ultimately, the de-occupation of the peninsula (Ukrinform, September 23, 2020).

Kyiv envisions the Crimea Platform as a consultative and coordinating framework among those countries and international institutions that are willing to respond more effectively to Russia's occupation, with the ultimate goal of de-

occupation. The current proposal is for the platform to hold meetings periodically at several levels: heads of state and government, ministers of foreign affairs, the inter-parliamentary level, as well as involving expert communities. All this suggests institutionalizing the Crimea Platform for a continuous, long-haul effort by governments and international organizations willing to participate.

The Ukrainian government has approached a number of countries and international organizations with requests to join the proposed Platform and attend this year's summit in Kyiv. Such requests usually take the form of public announcements from Ukraine's Ministry of Foreign Affairs following official meetings and visits. First Deputy Foreign Minister Emine Dzhaparova is in charge of coordinating this outreach. The addressees have generally responded with a wait-and-see attitude thus far.

President Zelenskyy asked German Chancellor Angela Merkel to endorse the Crimea Platform, according to the Ukrainian readout of their latest telephone conversation. The readout of the Chancellor's Office, however, did not mention this matter at all (President.gov.ua, Bundeskanzlerin.de, January 15).

The French ambassador in Kyiv, Etienne de Poncins, said (when queried) that Ukrainian diplomats have discussed this issue with him several times, but he and Paris need more clarity about the actual purposes of the proposed Platform (Interfax-Ukraine, February 1).

The Organization for Security and Cooperation in Europe's (OSCE) current chair, Ann Linde of Sweden, has also demurred by asking for "more information about this platform" when questioned (Ukraiynska Pravda, January 20). She did not mention the near-certainty of Russia using its right of veto against OSCE's participation in the Crimea Platform.

According to official press releases, Turkey has hinted at its willingness to join the Platform following President Recep Tayyp Erdoğan's and Foreign Minister Mevlüt Çavuşoğlu's meetings with their Ukrainian counterparts, Zelenskyy and Dmytro Kuleba, respectively (Daily Sabah, October 16, 2020). Although Turkey has not adopted economic sanctions against Russia, the Turkish president and government have repeatedly declared that they do not recognize the annexation of Crimea, ruled out recognizing it in the future, and pledged to assist in maintaining the Crimean Tatar identity.

Russia initially took the position that "it would not rule out participating" in Platform meetings in the future. According to the foreign ministry's spokesperson, Maria Zakharova, Russia could participate provided that the agenda includes the resumption of water and electricity supplies from mainland Ukraine to Crimea and the unblocking of transportation routes to the peninsula (Segodnya, December 8, 2020; RFE/RL, February 7, 2021). Ukraine, however, takes the position that water, electricity and transportation issues could only be discussed after Russia's de-occupation of Crimea.

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"All major wars in the 19th, 20th, and 21st centuries have been generated by nationalism. On the global geopolitical level, nationalism was also the main tool for the transformation of the entire world, for the dissolution of large mercantilist empires and their transformation into a number of nation-states"

Professor Dr. Zlatko HADŽIDEDIĆ - the founder and director of the Center for Nationalism Studies in Sarajevo, Bosnia-Herzegovina - shared from his insight on nationalism as an ideology and its implementation in the Balkans, in the interview below.

Nationalism was at the heart of the Enlightenment notion of liberal democracy. Now, it is often viewed with a negative connotation and linked to concepts such as chauvinism, xenophobia, authoritarianism and even fascism. Why? What is your definition of nationalism for the current times?

Zlatko Hadžidedić: Interestingly, my professors at the London School of Economics and Political Science (LSE) were very strict in the denial of any link between nationalism and liberalism, when I submitted my PhD thesis on this very topic, some twenty years ago. Some of them even claimed that I must have been "crazy", since I saw a connection between these two. For, allegedly, liberalism was "absolutely individualistic", whereas nationalism was "absolutely collectivistic". However, in historical reality, nationalism is a discourse that was generated within the broader context of capitalism, that is, as part of capitalism's dominant ideology, liberalism. Liberalism's doctrine of self-determination of peoples served as a global umbrella under which particular nationalisms were developed in their respective targeted locations. By spreading the doctrine of self-determination of peoples, liberalism undermined and eventually dismantled both traditional feudal empires and their early capitalist mercantilist successors, so as to introduce free market capitalism around the world and, together with it, the nation-state as the form of state within which this model of capitalism was granted monopolistic status. So, a single global market practically existed since the decline of mercantilism and rise of liberalism. Or, in other words, since the death of traditional empires and birth of the nation-state. Therefore, the nation-state, together with nationalism, was a historical product of liberal ideology, accompanied with the principles of free market and democracy, implemented through a series of so-called bourgeois revolutions. As such, it served primarily specific interests of capitalist elites, to make capitalist society sustainable and long-lasting by creating a social glue between the rich and the poor, engaging the masses through the imagined community of the nation. Bridging that gap without actually changing the structure of society became the paramount task for the system in trying to preserve its mechanism for incessant exploitation of labour and limitless accumulation of capital. The system had to introduce a social glue tailored to conceal, but also to cement, the actual polarisation of society. This glue was designed as a concept of absolute social unity, based on the assumption that the entire population, both the exploiting and the exploited, was born with equal rights, common interests, and common identity. This concept of absolute social unity was assumed to form an entirely new entity, the nation. The nation has successfully played the designated role of social glue within the capitalist system until a couple of years ago. However, the neoliberal policy, from the 1980s onwards, widened the gap between the rich and the poor to such an extent that classical nationalism, connected to

democratic principles, could not conceal it anymore, so that the system itself has again become unsustainable. What was needed was nationalism in a new, more robust, authoritarian form, and its current resurgence is thus a direct social consequence of neoliberalism, as much as globalisation served as neoliberalism's acceptable public image. At the same time, the resurgence of nationalism in an authoritarian form is an announcement of a new phase in capitalism's development, the phase of hyper-capitalism, in which further, unlimited extraction of capital will be protected by radicalised nationalism articulated through authoritarian regimes and populist methods. In this context, chauvinism and xenophobia, authoritarianism, populism and fascism are all to be interpreted only as more robust forms of nationalism, rather than some inherently distinct phenomena.

Yoram Hazony, an Israeli philosopher, Bible scholar and political theorist, wrote in his book "The Virtue of Nationalism" that nationalism is a virtuous idea of the world, the middle ground between tribalism (the enemy of peace) and imperialism (the enemy of freedom) - an absolutely current model to oppose globalism. What do think of this statement?

This statement is totally a-historical. Tribalism, as a pre-modern form of social relations, clearly precedes capitalism, while imperialism – just like nationalism and globalism – is one of political forms in which capitalism was manifested in different periods. Also, tribalism is not an articulate political ideology, it is rather a structure of relations between social units in pre-modern, pre-capitalist societies. So, it cannot rightfully be compared to imperialism, globalism and nationalism, as three modern political ideologies which served as tools for promotion of global capitalist interests. Besides, as I have already said, globalism is a product of neoliberalism, and so is the contemporary, robust, authoritarian nationalism, whereas classical, 19th-century nationalism was a product of classical liberalism. So, I think that the author has missed so many points, historically and methodologically.

Can nationalism drive geopolitics and lead to wars or conflicts? Could it be the root cause of a conflict? Or does it simply play a role in exacerbating conflicts?

The former is one of nationalism's basic purposes. Just as nationalism makes capitalist society sustainable on the intra-state level, serving as a glue between the rich and the poor, while maintaining their hierarchical positions, on the inter-state level nationalism serves as a geopolitical instrument in the hands of global capitalist elites to generate conflicts wherever it turns out to be financially beneficial for them. It is easy to prove that all major wars in the 19th, 20th, and 21st centuries have been generated by nationalism. Of course, in the background, they have all been fought for interests of global capitalist elites, but on the public level they have always been interpreted as wars for 'national interests'. On the global geopolitical level, nationalism was also the main tool for transformation of the entire world, for dissolution of large mercantilist empires and their transformation into a number of nation-states. That was a perfect tool in the hands of the British Empire, to destroy all competing empires through 'national revolutions', without having fought real wars against them, imposing simultaneously the system of global free market.

Is there a relation, or a link, in your opinion, between nationalism and the concept of ethnically exclusive territories? How could the two key principles of international law - territorial integrity and self-determination - be reconciled?

The concept of ethnically exclusive territories would not exist without nationalism as its frame. This concept was simply irrelevant prior to the emergence of nationalism. In all pre-modern, pre-nationalist periods of history, legitimacy for conquest of particular territories was to be found in the power of the conquerors. With nationalism, creation of ethnically exclusive territories – depicted as 'national territories' – has become the ultimate source of legitimacy for both the creation of new states and conquests of other states' territories. Indeed, there are nationalisms which do not insist on ethnic exclusivity, but rather on homogeneity through multi-ethnic assimilation; however, even homogeneity achieved by assimilation leads to yet another form of exclusivity. As for the principles you mention, it should be noted that territorial integrity is a key principle of international law, whereas self-determination is rather a key principle of Anglo-American geopolitics; in other words, relies on arbitrary application of foreign policy influence. Take the Versailles Conference as a paradigm of this would-be conflict, a conflict on two totally different levels: it was totally against international

law that the victorious powers – Great Britain, the USA, and France – dismantle the defeated Austro-Hungarian Empire; however, as a bypass, they introduced the principle of 'self-determination of peoples' in order to dismantle the defeated state. Paradoxically, none of the newly created nation-states had ever fought an actual war for 'self-determination' – instead, they were 'self-determined' by these three victorious powers. Now, how can we speak of 'self-determination' as a principle of international law? It has been introduced as a principle to circumvent international law, and it has retained this quality.

What are the characteristics that nationalism assumes in the Balkans? Can it influence the current and future geopolitical perspectives of the Balkan states, with particular reference to multi-ethnic states, such as Macedonia and Bosnia-Herzegovina? Do you believe that the future of all Balkans states lies within the European Union*?*

In the Balkans, just as elsewhere, national identities are a product of geopolitical games of relevant powers, and these are commonly Great Britain and France, whose general 19th-century strategy was to dismantle the competing empires – instead of fighting wars against them – through nationalist movements and revolutions. At the beginning of the 19th century, this area was controlled by two empires, Habsburg Empire and Ottoman Empire, both of which were defined along the lines of their dominant religions – the Habsburg Empire was a de facto successor of the Catholic Holy Roman Empire, while the Ottoman Empire defined itself as a successor of the Islamic Caliphate. Britain and France, as their competitors and adversaries, realized that their strategy of instigating nationalist movements and revolutions would function best in the Balkans if nationalist movements against these two empires were to be defined along religious lines, as a religious insurgency of Orthodox Christians against the rule of an Islamic empire, in today's Serbia, Greece, and Bulgaria. Amongst South Slavs, Serbian national identity was thus derived from Orthodox Christianity; inversely, Orthodox Christians were identified as Serbs. The nascent Serbian state, as the main pillar of the Anglo-French influence in the Balkans, thus adopted a model of anti-Ottoman and anti-Habsburg expansion by assimilating Orthodox Christians in other parts of the Balkans into the Serbian nation, with a prospect of annexation of their territories into a Greater Serbian state. As we can see in the Greater Serbian programme, called "Načertanije", up to the 1860s Orthodox Christians and Catholics in Bosnia perceived themselves as Bosniaks, rather than Serbs and Croats. However, this programme sought to redefine the former as Serbs, and eventually bring them under control of the Serbian state. A similar pattern was applied to Montenegrins, who were also proclaimed Serbs, despite the fact that they had created their own state in the former Ottoman territory, parallel to the Serbian one. This has remained a problem in Montenegrin politics to the present day. The same happened to today's Macedonians, due to their Orthodox religion, although both Serbia and Bulgaria fought for decades to impose their respective national identities on Macedonians. Such attempts have not ceased within some Bulgarian nationalist circles, who still claim that Macedonians are in fact Bulgarians, and enjoy significant support in London and Paris to cede the eastern part of Macedonia to a Greater Bulgaria. This pattern of national identification on the basis of religious identity was spreading to other groups as well, so as to assimilate all Catholics into a Croatian national identity, and so on. According to the Greater Serbian programme, all Muslims in Bosnia, Serbia and Montenegro, were to be perceived as 'Turks' and were projected to be exterminated or expelled to Turkey. During the communist Yugoslavia, there were some efforts to assimilate them into either Serbian or Croatian national identity, but eventually they were recognized as a distinct ethnic group and have recently been named 'Bosniaks', which is, again, a historical fallacy because this name refers to the entire population of Bosnia, irrespectively of their religious identity. To put it briefly, the problem in Bosnia and Macedonia is not the existence of a multitude of ethnic groups – there are so many ethnic groups in the United States of America, and they still function as part of the American nation. The problem is the pattern of translation of religious identities into national ones, regardless of where the territories in which distinct religious groups live are actually located. For, nations, by definition, seek to establish their own states. Try to apply this pattern to any multi-religious country in the world, and it will quickly fall apart, probably in a civil war. This pattern does not permit formation of national identities and nation-states on the civic or cultural or historical grounds: a national identity is not permitted to develop within a particular territory despite its distinct history and culture, and even already-existing statehood; instead, territory and statehood

must be dissolved if there are different religious groups within, and new nation-states must be created so as to embrace respective religious groups in their entirety. This pattern therefore generates permanent instability, which is going to last until the pattern itself is dismantled. The perverse idea of attainment of a Greater Serbia, Greater Croatia, Greater Bulgaria, or Greater Albania, promoted and supported by the British diplomacy to the present moment, shall never create any degree of stability in the Balkans, but rather permanent instability and occasional bloodshed. And that is precisely what the British foreign policy has been trying to achieve in the Balkans since the beginning of the 19th century, labelling it 'Balkanization'. Since the European Union has never opposed these geopolitical designs and games, there are enough reasons to believe that the European Union does not want the Balkans to be its part and that, accordingly, the Balkan countries should not take the European Union as a desirable framework for their own future. The future for the Balkan countries lies in turning to their own interests, so as to promote stability and prosperity for their region. As long as we live in the world of nation-states, this is possible only through rejection of the pattern of religiously based nationalisms and development of civic national identities, as the least bad option.

NOTE: Interview republished with the permission of World Geostrategic Insights. Original Source: https://wgi.world/nationalism-capitalism-and-geopolitics-interview-with-zlatko-had-idedi/.

THE MIDDLE EAST

Interview with Christopher Davidson on the Current and Future State of the Middle East Politics

With a new US presidency, an increasingly assertive Saudi crown prince, unprecedented Arab-Israeli peace agreements, and a particularly complex Saudi-Iran dynamic, British author Christopher M. Davidson shares his views on the current and future state of Middle East politics in the interview offered to *Geostrategic Pulse* magazine.

Geostrategic Pulse: In the political geography of the Middle East, the regional and global evolutions following the Arab Spring have turned the "oil monarchies" from the Arabic-Persian Gulf into very dynamic and polymorphic strategic actors on the political, military and security stage of this region. From this point of view, to what extent can we ascertain the theory that in this part of the Middle East we are currently witnessing a shift in its identity paradigm and the establishment of a new and genuine pole of power and influence, equally important and challenging to the regional system and to its relationship to the outside world?

Christopher Davidson: To some extent, it's certainly true that the Gulf oil monarchies have become increasingly assertive international actors, willing to intervene in a range of conflicts, especially in the wake of the Arab Spring uprisings. They were concerned with the prospect of new regimes or even democracies forming in once friendly states; or in some cases saw the prospect of removing old enemies once and for all (Gaddafi in Libya, Assad in Syria). That said, for the most part their actions and interventions seem to have been undertaken with Western permission and assistance, most notably in Libya and Syria (and more recently in Yemen).

In "From Sheikhs to Sultanism" you approach "the reformist revival" which, notably in Saudi Arabia and the United Arab Emirates brings forth two new important icons - crown prince Muhammad Bin Salman (Saudi Arabia) in Riyadh and crown prince Muhammad Bin Zayed (the United Arab Emirates) in Abu Dhabi. Many commentators see in them archetypes of a reconfiguration – as far as the autocracy, individualism and despotism of the governing system. However, are the Saudi and Emirati societies ready and willing to agree to the dictatorial return to the former imamates, sheikhdoms and sultanates, even under the pretext of social, economic and moral modernization?

It definitely seems the case that the vast majority of Saudi and Emirati citizens (and in particular almost all young citizens) are fully supportive of the new autocracies. They see these regimes as the best bet of properly reforming oil dependent economic systems, and (in Saudi Arabia's case) challenging religious and traditional institutions that have historically restricted their social freedoms.

With specific reference to Saudi Arabia, it is well known that the birth and remanence of the Saudi state is based on the sacred pact signed two centuries ago between the Muslim Salafi Wahhabism and the leader of the Al-Sa'ud tribe. Since the Crown Prince Muhammad Bin Salman did not hesitate to take actions, to what extent do you believe that the price of "modernization" could actually mean the undermining of the very core fundaments of the monarchy and the Wahhabi state?

Time will tell, but there is no doubt that the Saudi crown prince has gone much further than any previous Saudi rulers in this respect. In the space of just a few years he has essentially stripped Saudi Arabia's most powerful clerics of their remaining powers, either by co-opting them or removing them. In turn, this has effectively brought to an end the centuries-old ruling pact between the Al-Saud and the descendants and followers of Al-Wahhab. Undoubtedly there will at some point be resistance, but it seems unlikely that at this stage many Saudi citizens would join forces with ultra-conservative traditionalists.

The 41st summit of the Gulf Cooperation Council that took place in January 2021, in the Saudi city of Al-Ula, ended the three-and-a-half-

year long expulsion of Qatar. It was accepted back into the organization, with the pledge that all countries "remain united to face any threats aimed at one or all of the members of the Gulf Cooperation Council".

To what extent may we venture to believe in a real reconciliation between the ruling families and in the willingness of the six member countries to jointly achieve something they have not been able in the 40 years of existence of the origination?

It's possible that there will be genuine progress in rebuilding and making the GCC even stronger, especially under Biden's presidency. However, Biden may only be in power for four years, and there is no guarantee that his successor would similarly promote reconciliation. In this scenario, future US presidents (perhaps Trump again, or someone similar such as Pence or Pompeo) might prefer to 'take sides' with individual GCC members such as Saudi Arabia and the UAE. More generally, it's also unclear to what extent Saudi Arabia and the UAE have fully 'forgiven' Qatar for its long-running support of Islamist organizations and—as they claim—more extremist organizations such as Al-Qaeda and the Islamic State.

The new American administration, led by the Democrat Joe Biden, was perceived in the Middle East in general and in the Gulf in particular with feelings ranging from hope to concern. With regard to this, and looking at the Middle-Eastern policies evolutions and expected changes, do you tend to see the glass half full or half empty, progress or disillusionment?

It's perhaps too early to predict, but so far the signs seem good. Biden has given strong signals that the destructive and long-running war in Yemen needs to come to an end, and he also seems keen to get Iran to return to the negotiating table. On the other hand, however, many of Biden's advisors and colleagues are the same as those who worked with Obama, and many regional governments will be distrustful of US officials who ostensibly backed the Muslim Brotherhood's government in Egypt and - so it seems - sponsored and facilitated a range of CIA 'shadow wars' stretching from North Africa to the Levant.

Two of the six Arab monarchies in the Gulf - The EAU and Bahrain - have joined the "Abraham Peace Process" to normalize bilateral relations with Israel, and the odds seem to be that this could go on, with the Saudi Kingdom joining in. Do you believe this could happen?

If Trump had been re-elected, I think it would have been almost certain that Saudi Arabia would have eventually joined in. With Biden in power, however, the crown prince is more likely to drag his heels, as there will probably be less pressure from the White House (this particular, economy-driven peace process was, after all, a Trump era initiative). Moreover, the crown prince will prefer not to risk antagonizing certain sections of his population at a time when he needs to initiate enormous and sweeping domestic economic and social reforms.

The Arab-Israeli relationship normalization is, in its legal basis, an issue of national sovereignty. At the same time, an equally old and influential concept continues to be used in the inventory of slogans and in the traditional rhetoric of the Arab regimes, even if only at the level of declarations of "good-will" - "Joint Arab Action". Saudi Arabia has been, ever since 2002, the patron of an "Arab Peace Initiative" that stipulates Arab recognition of the State of Israel and establishment of relations with the country, in exchange for the establishment of a Palestinian state within the borders in 1967 with Eastern Jerusalem as capital and the Israeli withdrawal from the occupied Arab territories. How feasible and realistic do you see a form of coordination among all six countries in the Gulf Cooperation Council, and with the other six Arab nations that have direct relations with Israel (the EAU, Bahrain, Morocco, Sudan, Egypt and Jordan) or those maintaining low profile contacts with the Israelis, with a view to unlock the Palestinian file and reach a positive solution to it? Even more so, since the Biden administration seems to be open to, and support the "two state solution".

I think it's certainly feasible, and under a Biden administration I think it's more likely that such a solution will be driven by diplomatic compromises rather than Trump-like economic incentives. Undoubtedly now, compared to 2002, there are a substantial number of Arab states that already have de facto diplomatic and economic relations with Israel, and on this basis there is much less reputational risk for Arab governments in formally recognizing Israel and moving forward with a two state solution.

Joe Biden has also inherited from the previous administration the Iranian "nuclear

file" (JCPOA), which is subject of a media frenzy with all sorts of pros and cons. On the 6th of January, the USA has decided to revoke the (Trump administration's) decision to include the Houthi rebels in Yemen on the list of foreign terrorist organizations. The decision was confirmed by the State Department only one day after President Trump stated that, out of humanitarian reasons, he no longer supported the campaign led by Saudi Arabia in its proxy wars against Iran and Yemen. How do you interpret these signals? Good-will gestures to soften the position of the Iranians considering the upcoming presidential elections? As a shift in the American approach of the cooperation policy with the Saudi monarchy, or just an act in a multiple act regional play?

Biden's Iran policy is undoubtedly complex, as on the one hand he needs to keep on board key US partners in the region (most notably Israel, Saudi Arabia, and the UAE), but on the other hand he is keen to rescue the Obama administration's key foreign policy achievement. In this context it is most likely that Biden will try to play at both ends, guaranteeing Saudi and UAE security (ie. safeguarding their territories from Houthi or Iranian missile attacks), while at the same time reviving the US' role in the JCPOA and ensuring that Saudi Arabia and the UAE withdraw and effectively concede Yemen to Iran-linked proxies. It's possible too, that Biden will try to find some sort of compromise agreement in Lebanon, where Iran-linked groups (most notably Hezbollah) currently hold the upper hand, while Saudi and Western-linked allies (most notably the Hariri family) are presently embattled.

On the 6th of February, during a media appearance, the secretary of state Antony Blinken stated that depending on regional evolutions, the USA might reconsider its (Donald Trump's) recognition of Israeli sovereignty over Golan Heights - "over time if the situation were to change in Syria, that's something we look at, but we are nowhere near that". To this, the Israeli Prime Minister Benjamin Netanyahu promptly and clearly responded that "Golan Heights will remain forever a part of the State of Israel."

Can this foretell clouds in the US-Israel relations, as during Obama's mandate?

It's certainly possible that the Biden administration might try to pressure Israel into conceding the Golan Heights, especially if they feel they can offer Tel Aviv an extremely comprehensive and potentially lasting agreement with the majority of Arab states, thus cutting off the support base for groups such as Hamas. On the other hand, however, it's also possible that this was an ill-judged media response and as such should not be interpreted as being a future Biden administration bargaining chip.

ABOUT THE AUTHORS

Michael RÜHLE is the Head of the Hybrid Challenges and Energy Security Section in NATO's Emerging Security Challenges Division. Previously he was Head, Speechwriting, in NATO's Political Affairs Division, and Senior Political Advisor in the NATO Secretary General's Policy Planning Unit. In these positions, he wrote speeches and articles for six Secretaries General.

Mr. Rühle has published widely on international security issues and is a frequent speaker on NATO affairs. He is an Honorary Ancien of the NATO Defense College and a recipient of the Star of Lithuanian Diplomacy and the Bene Merito Medal bestowed by the Republic of Poland.

Iulia Monica OEHLER-ŞINCAI has a PhD in economics, specialization international economic relations, scientific researcher at the Institute for World Economy of the Romanian Academy since March 2008.

Ms. Oehler-Şincai studied at the Faculty of International Economic Relations, Bucharest University of Economic Studies. During October 2010-September 2012 she was a post-doctoral researcher in a training program for elite scholars (SPODE), with the research topic trade and investment flows between the EU and the BRICS. She visited many research institutions abroad and participated in scientific events in Romania and abroad (Sweden, Germany, Italy, Spain, Portugal, Greece, Poland, Hungary, Bulgaria, China).

Jiří ŠEDIVÝ is the Chief Executive of the European Defece Agency (EDA) since May 2020. He was appointed by the Steering Board on 5 March 2020 following a recommendation by the Head of the Agency, Josep Borrell. Mr Šedivý brought with him extensive experience in the defence domain, having served as Defence Minister of the Czech Republic (2006-2007), Deputy Defence Minister (2010-2012), NATO Assistant Secretary General for Defence Policy and Planning (2007-2010) and Permanent Representative of the Czech Republic to NATO (2012-2019). He also was Deputy Minister for European Affairs of the Czech Republic (2007) and special representative for resilience and new threats at the Czech Ministry of Foreign Affairs (2019-2020).

Monika HOHLMEIER was elected as a Member of the European Parliament in 2009. She is the current chair of the Committee on Budgetary Control (CONT) and serves additionally as a member of the Committee on Budget (BUDG) as well as a substitute member of the Committee on Civil Liberties, Justice and Home Affairs (LIBE). She was Co-rapporteur for the Special Committee on Terrorism until 2018. Before joining the European Parliament, Monika Hohlmeier served as State Secretary in the Bavarian Ministry for Education and Culture between 1993 and 1998 followed by her announcement as Bavarian Minister for Education and Culture between 1998 and 2005.

Achim HURRELMANN is a Professor of Political Science. He is Co-Director (with Joan DeBardeleben) of the Centre for European Studies (CES), a Carleton University Research Centre focused on European affairs. He is cross-appointed to the Institute of European, Russian and Eurasian Studies (EURUS).

Achim's scholarly work focuses on the politics of the European Union. He is particularly interested in political discourses about European integration (in parliaments, the media, and among citizens), democracy and legitimacy in the EU, as well as Canada-Europe relations.

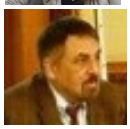
Ambassador **Ion I. JINGA** is a career diplomat and has been working for the Romanian Ministry of Foreign Affairs since 1992. He served as Deputy Head of Mission and Chargé d'affaires a.i. at the Mission of Romania to the European Union in Brussels, and was Director General for the European Union within the Ministry of Foreign Affairs. He was served as the Ambassador extraordinary and plenipotentiary of Romania to the Kingdom of Belgium, and to the United Kingdom of Great Britain and Northern Ireland. Since 2015 he has been the Permanent Representative of Romania to the United Nations.

Alexandru GHIŞA is a historian and diplomat. He took his doctoral degree in history at "Babeş-Bolyai" University, on the subject "The beginning of the diplomatic relations between Romania and Hungary, 1918-1921".

He was a teacher of history and geography and a main researcher at the Center for Transylvanian Studies, Cluj-Napoca and served as a diplomat in Budapest and Stockholm. Gişa was a diplomatic counselor in the Department of Diplomatic Archives and associated professor at "Babeş-Bolyai" University, Faculty of History, Department of International Relations and Contemporary History.

Angela GRĂMADĂ is the President of the Association "Experts for Security and Global Affairs", Romania.

She has a PhD in Political Science, specialized on International Relations at the National University of Political Science and Public Administration in Bucharest.



Vladimir SOCOR is a Senior Fellow of the Washington-based Jamestown Foundation and its flagship publication, Eurasia Daily Monitor (1995 to date), where he writes analytical articles on a daily basis. An internationally recognized expert on the former Soviet-ruled countries in Eastern Europe, the South Caucasus, and Central Asia, he covers Russian and Western policies, focusing on energy, regional security issues, Russian foreign affairs, secessionist conflicts, and NATO policies and programs.

Zlatko HADŽIDEDIĆ is the Founder and Director of the Center for Nationalism Studies, Sarajevo, Bosnia-Herzegovina. He was Associate Professor at the American University in the Emirates in Dubai, UAE, Assistant Professor at the Sarajevo School of Science and Technology, Bosnia-Herzegovina. He received a PhD degree from the University of Sarajevo, Faculty of Political Science, an MPhil degree from the London School of Economics and Political Science and his MA from the Central European University, Budapest.

Christopher M. DAVIDSON has long-standing research interests in the comparative politics of the Gulf states, and was previously a reader at Durham University and an assistant professor at Zayed University, UAE.

Full biographies of the authors can be found on the Geostrategic Pulse site.

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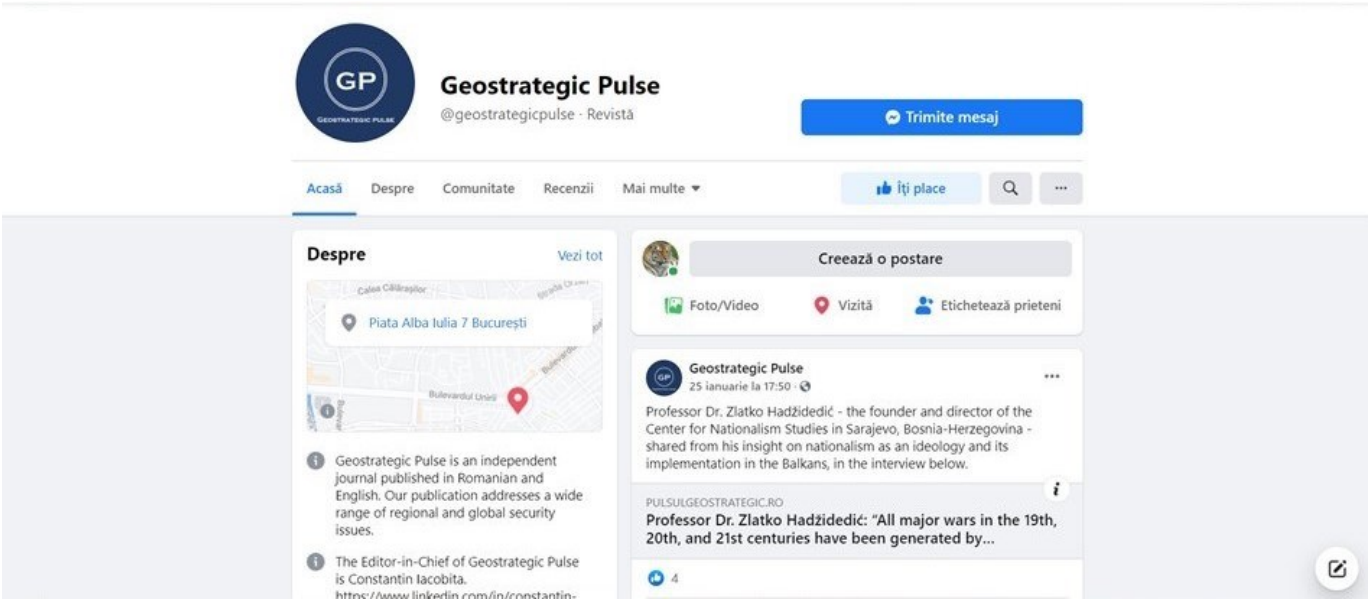

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