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# Contents

# INTERNATIONAL ECONOMICS

# THE TRANSITION IN SERBIA 2000-2018: THE COMPARATIVE ANALYSIS[1]

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*Abstract:* By low participation of investments in GDP, which amounts to about 18%, Serbia is among the negative record holders in analyzed 15 countries of Central and Eastern Europe. To achieve long-term sustainable GDP growth rates, Serbia would have to increase the share of investments in GDP to around 22.2%, which is the average of observed 15 countries of Central and Eastern Europe.

To increase the share of investments in GDP, Serbia needs to improve economic environment, increase the share of the public investments in GDP, and improve the business of public companies along with solving problems of social-owned companies in privatization. The largest shortfall of investments, of around 3% of GDP, relates to the private sector, especially when the small and medium domestic companies are concerned.

A strong increase of investments, especially those in the production of tradable goods, would not only lead to the acceleration of economic growth but also would improve the overall structure of GDP. This was the case in many of analyzed 15 countries of Central and Eastern Europe, especially in those who are today

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members of the EU. The growth of investments would remarkably speed up the rise of export, so that the Serbian economy, like the Hungarian or Slovakian ones, would achieve high and sustainable economic growth. Solving accumulated problems in the Serbian economy and creating conditions for long-term sustainable growth requires a strong shift in economic policy, as well as acceleration of reforms. First of all, the reforms related to the rule of law.

*Key words*: investments, GDP, Serbia, 15 countries of Central and Eastern Europe, the period 2000-2018.

## INTRODUCTION

Since 2000, Serbia and Croatia came to a process of transition to the market economy and democratic society. In the case of remaining countries of the Western Balkans: B&H, Macedonia, Montenegro, and Albania, this process came somewhat earlier, as well as when the territory of Kosovo is concerned. Former so-called socialist countries of Central Europe and Baltic undertake the transition from 1990 and in the second half of the last decade of the 20th century achieved rapid progress, which can be seen through significant GDP growth. For Russia, the critical point is the 1998 crisis, after which the strong recovery, connected with the growth of prices of energy, started. Regarding Bulgaria and Romania, a somewhat slower process of transition occurred compared to the Central European countries, but generally speaking in the second part of the 1990s some progress was attained. Ukraine and Moldova are specific cases due to reform fatigue and wars, while in the case of Belarus elements of the transition process are the smallest of all 'socialist' European countries.

In an attempt to figure out the reason for Serbia's lagging behind the majority of other CIE countries, which also had some kind of real-socialism and relatively successfully reformed in the last three decades, we analyzed the tendencies of the main economic indicator: GDP and its main generator (fixed) investments. First, on the basis of IMF data, we calculated average growth rate in the second half of the last decade of the previous century for 15 selected countries (CIE 15[4]). After that, we made the calculation of the (discrete) average growth rate for the period 2000-2017, the pre-crisis (sub)period 2000-2008, and the period after the breakout of the crisis (late 2008), until today (also, separating the period from 2015 until today). We calculated the average participation of the investments in GDP for the entire period beginning with 2000, as well as for the (sub) period beginning with 2009 and ending with 2017. We chose almost all European countries in transition excluding relatively small and remote ones (Baltic countries, Moldova) or those which did not exercise significant reforms like Belarus.

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[4] CIE 15 includes: Poland, Czech Republic, Slovakia, Hungary, Slovenia, Romania, Bulgaria, Ukraine, Russia, Serbia, Croatia, B&H, Macedonia, Albania, and Montenegro.

## COMPARATIVE INSIGHTS IN THE SERBIAN
## TRANSITION PROGRESS

Our findings are discouraging for Serbia. While the Serbian economy faced drastic fall during the first half of the 1990s (GDP was halved), the transition economies of Eastern and Central Europe after not so dramatic recession in the first half of the 1990s, reported solid growth in the period 1995-2000 of 3.2%, comparing to the modest Serbian average GDP growth of 1.5%. True, the Serbian economy achieved an average growth in the period 2000-2017 of 3%, which is practically identical to the average growth for all 15 observed countries, but the low base inherited from the 1990s was of the fundamental significance to understand the low level of today's GDP per capita of Serbia. Additionally, a low level of fixed investments in GDP during the whole period (21.1% of GDP is not an impressive level of participation compared to those of observed 14 countries, excluding Macedonia, which the average share of investments amounted to 23.9%), and especially in the second sub-period beginning in 2009 (18.8%, against 22.2%), also contributed to relatively slow economic growth. Considering the insufficient level of development of Serbia, and by that, the potential for higher growth, what has been achieved until today is certainly discouraging. In all likelihood, it points to the structural problem of the Serbian economic as well as the political milieu.

In the period 2000-2008, industrial production in Serbia has risen only 1.9% annually on average. It is hard to estimate over-industrialization of Serbia in the 1980s. However, using comparative indicators for other countries, it could be concluded that the natural level of the share of industry in GDP should be 33-36%, while in 2017 it is estimated to about 18% of GDP. This dramatic fall of the share of industry in GDP led to others disbalances, which can be seen from the facts relating to the growth of the foreign and public debt - in the first phase the debt of mainly private companies, and after the crisis the public debt. Namely, the dramatic fall of the inflow of foreign funds was to be covered with external loans because required adjustments could not have been done in short-term. As the strong growth of export was not real, hence the growing indebtedness of the WB countries, including Serbia, was unavoidable (Cerović, 2015, pp. 59-74).

## THE PHASES OF SERBIAN TRANSITION

After 2000 sanctions were lifted and economic reforms started. The period between 2000 and 2008 represents the only phase of significant growth of the Serbian economy for almost three decades, which was ended by the Great Recession. In this period the cumulative growth of the Serbian GDP was 58.2%. The next phase began in the last quarter of 2008 and lasted until the end of 2014, that is precisely the first half of 2015, and it was the period when the Serbian

economy practically stagnated (the average growth rate was -0.2%, the cumulative fall of GDP amounted to 1,4%). Whether 2015 marks the beginning of the new phase of growth is the question, but recent results are encouraging (cumulative GDP increase in the period beginning in 2015 and ending with the projected growth of 2018 was 10%; while compared with 2000 the cumulative growth was 70%).

Graph 1:
**The cumulative GDP growth of selected countries 2008-2017**
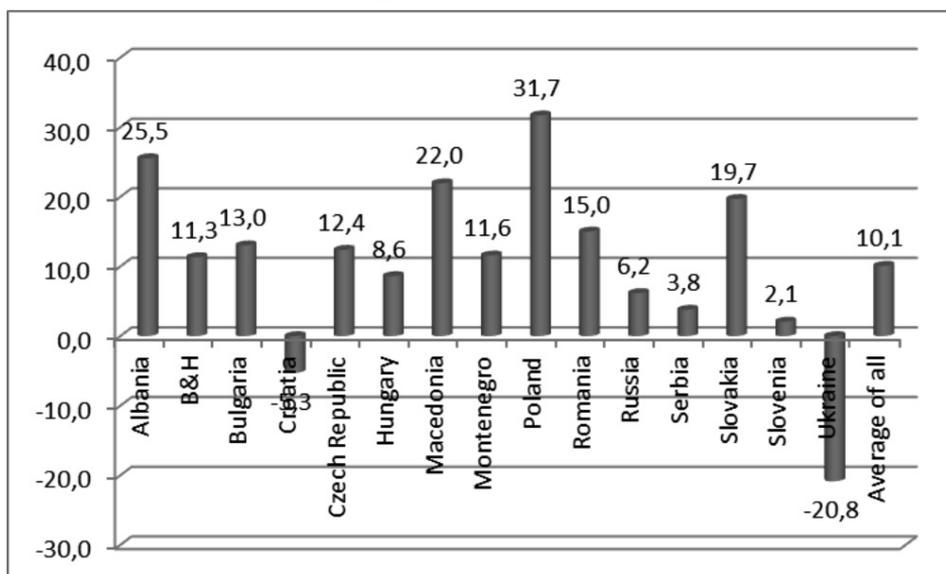


Source: The calculation of authors on the basis of IMF data (IMF, 2017)

After decades of transition, Serbia is the one of a small number of countries in transition whose GDP is smaller compared to the pre-transition period. The Serbian GDP in 2017 was by 20% lower than in 1989, while other transition countries in the same period increased its GDP by about 67% on average. As a result of this divergence, the GDP pc of the 15 CIE countries in 2017 compared to Serbia was higher by 89%, while in 1989 GDP pc for all mentioned countries (in average) and Serbia was approximately equal.

## REFLECTIONS ON THE CRASH IN THE 1990S

According to Arsić (2016, pp.25-41), the basic reason for the low development level of the Serbian economy was the crash in the 1990s when the GDP decreased by more than half (in 2000 the Serbian GDP was by 53% lower than in 1989), while in the same period the GDP of European transition countries was on average

decreased by about 20% (transition recession usually lasted three to four years). At the same time, the potential GDP decreased by around 40%, which implied a strong fall in the production capability of the Serbian economy. The potential GDP during the 1990s decreased primarily due to the amortization of capital as a result of very low investment in the same period (12-14% of GDP, while the adequate level of investment to sustain capital on the constant level was estimated to 17%-18% of GDP). It is a dominant consequence of the sanction which lasted for one decade, while certainly smaller effects were caused both by NATO bombardment in 1999 and mistakes in the economic policy.

Table 1:
**Average GDP growth of selected countries in the period 1996-2000, 2000-17, and 2008-17**

|                | 1996-2000 | 2000-17 | 2008-17 |
|----------------|-----------|---------|---------|
| Albania        | 5.4       | 4.2     | 2.6     |
| B&H            | 12.9      | 2.9     | 1.2     |
| Bulgaria       | -0.1      | 3.6     | 1.4     |
| Croatia        | 3.4       | 1.7     | -0.6    |
| Czech Republic | 1.9       | 2.7     | 1.3     |
| Hungary        | 3         | 2       | 0.9     |
| Macedonia      | 3         | 2.8     | 2.2     |
| Montenegro     | /         | 3       | 1.2     |
| Poland         | 5.4       | 3.5     | 3.1     |
| Romania        | -1        | 3.9     | 1.6     |
| Russia         | 1.8       | 3.4     | 0.7     |
| Serbia         | 1.5       | 3       | 0.4     |
| Slovakia       | 3.3       | 4       | 2       |
| Slovenia       | /         | 2.1     | 0.2     |
| Ukraine        | -1.8      | 1.9     | -2.6    |
| Average of all | 3.2       | 3.0     | 1.0     |

Source: The calculation of authors on the basis of IMF data (IMF, 2017)

The results of the analysis (Arsić, 2016, pp. 39-41) showed that the economic crash during the 1990s was the main contributor to today's low level of the Serbian development comparing to advanced transition countries (while effects of reforms and the economic policy after 2000 are insignificant). Approximate equality of the potential and actual GDP after 2007 implies that growth can be generated by high investment which would increase the potential GDP, while expansive fiscal and monetary policies are not effective.

The main problem is depreciation of the capital, which mainly becomes unproductive in the conditions of the open market economy. The capital capacity was saved but its economic value was depreciated. This is not so obvious, hence the opponents of reforms and privatization were assured that sales of some of the companies to foreigners for the relatively small price were great mistake or corruption.

To dismiss the hypothesis about the negative impact of the reforms since 2000 on the poor performance of the Serbian economy we can use one indirect proof. Namely, similar reforms (privatization, liberalization) and by that policies were used by all other transition countries, which today have a significantly higher level of development.

The actual and potential GDP of Serbia is roughly uniform since the middle of the previous decade. It implies that the growth of the Serbian economy was impossible to generate by the increase in private and government consumption, which means by the expansive fiscal and monetary policies. In the situation when the actual and potential GDP are equated, the growth can only be generated by increasing the rate of investment by which the production potential of a country can be increased.

## EIGHTEEN YEARS OF ECONOMIC TRANSITION IN THE WESTERN BALKANS

Over the past 18 years, the WB countries have undergone a major economic transformation, so many of them are unrecognizable compared to where they were at the turn of the century. Since the 1990s the majority of these countries have started a comprehensive rebuilding and reforms of their economies. They have opened towards the global trade and have focused more on export, expanded the rule of the private sector, enforced regulations that stifle the development of the corporate sector, and started with building the institutions required to support the market economy. Banking systems were built with the help of foreign capital and expertise. The results of these efforts have been reflected in stable economic growth, a remarkable rise in incomes and living standards, as well as greater macroeconomic stability.

However, the process of structural transformation stalled in mid-2000, faced with interest groups and beginning of reform fatigue, and remained incomplete.

Until the beginning of the global financial crisis, growth in the WB was more driven by massive global liquidity and unsustainable capital inflows rather than the real progress of economic reforms (the average annual economic growth across the region was over 5% in the period 2000-2008), which was also reflected in the remarkably high unemployment rate. In the period after the crisis, the growth in the WB countries lost its impetus.

The WB countries should generate workplaces if they want to reverse the trend of poor outcomes in the labor market, which is the reason for lagging behind the advanced countries. It is necessary to preserve the achievements so far, for example, the low inflation. The countries facing high fiscal deficits and public debt should urgently solve these issues. All across the region, the investments in the sectors exposed to import competition are needed in order to strengthen export and reduce the large trade deficit, as well as the current account deficit.

According to the IMF study (2015), the countries of the WB have experienced significant transformation over the period 2000-2015. They have gone through the system of market economy, privatized many inefficient state and socially owned companies, quickly adopted modern banking system, and strengthened the external orientation of their economies (a large range of state-owned or socially-owned enterprises has been privatized which tripled the share of private sector in GDP). As companies from the WB have discovered new markets, the inflows of the FDI in the region have also begun. The banking sector is one who was entirely transformed by the FDI which facilitated more efficient capital allocation.

However, the pace of structural reforms was disappointing due to the combination of reforms fatigue, the resistance of interest groups, and the influence of politics that limited the reforms efforts and caused delays with the EU membership. Looking back, part of the process of compensation for the backlogs was driven by the unsustainable capital inflows in the years before the global financial crisis. The result of this, a large number of NPLs (non-performing loans) represented priority if the intention was to support the economic recovery with credit. The tendency of most countries of the WB towards a fixed or almost fixed exchange rate has additionally complicated the need to adapt to the competitiveness challenge. Perhaps the largest mistake of the WB economic model is the chronic problem of the insufficient use of human resources. In 2008, at the very end of the growth wave, the unemployment rate in the region still amounted to more than 20% on average. Indicators of employment are equally disappointing, and from 2000 they range between 40% and 45% on average, which was 10% lower than in the new member states of the EU.

Part of the explanation for the slower progress of the WB comparing to the Central European countries in transition lies in a lesser geographical distance between the new member states and the heart of Europe, which has contributed

to integrating some of them into the German supply chain. The other part of the explanation is that the convergence of income in the WB was slower because the structural reforms process went slower and did not go as far as in the new member states, especially in the area of state property reduction and improved governance.

The WB countries are still lagging behind new members of the EU in the sense of economic transformation and the level of incomes, accounting for about one-third of the level of advanced EU economies. The key challenge for the region is the completion of the process of structural transformation that started two decades ago. According to the recently projected growth rate, the economies of the WB will close only a small part of the gap with respect to the level of income per capita of the advanced economies of the EU by 2030.

Cerović (2015, pp. 72-73) points out that it is hard to say that the process of transition appear as successful when the achieved performances of the WB economies are concerned. First, countries from the WB have lagged behind in the context of the achievement of transition indicators (low indexes of EBRD). The WB countries have not been attractive enough for foreign investors, which can in large scope explain relatively low inflow of the FDI that has negatively impacted economic growth. Second, the reason for backwardness is the model of growth, very connected with the transition. Namely, in transition economies, the main instigator for growth was formed on the basis of import oriented growing demand, whose constant increase was based on the inflow of the foreign funds. Additionally, although these inflows were relatively small, they have primarily targeted the internal market. Thus, the FDI were often directed towards the services, especially finance, retail trade, telecommunication, sometimes houses. As a consequence, this has changed the sector structure of these economies in favor of untradeable goods and services. Third, only when the Great Depression began these distortions were detected as well as the fact that they have meaning and negative effect on the development of all transition countries. The main problem lied in the absence of precisely defined elements of the industrial policy. Namely, after the first wave of reforms (that, according to standard, cover the macroeconomic stabilization, the market liberalization of prices and exchange rate at a certain level, as well as privatization of smaller companies), in the second phase of implementation of reforms it has been necessary to conceive and implement some frame of industrial policy. It turned out that with the progress of reforms the change of development model was indispensable, and it can be even stated that very progress of reforms in certain levels requires a new growth model.

## THE FIRST PHASE OF THE TRANSITION (2000-2008)

The Serbian economy achieved high growth in the period since 2000 to 2008 of almost 6% on average (precisely 5.9%), but with the emergence of substantial

internal and external unbalances. The sector structure of the growth was extremely unbalanced - three non-tradable sectors (trade, transport and telecommunication, and financial intermediation) generated around 75% of total economic growth. The main generator of growth was the high domestic demand that was financed by the abundant inflow of cheap capital from abroad. A significant portion of capital inflows was realized on the basis of privatization, which means it was one-off. The capital inflows encouraged the real appreciation of the dinar exchange rate, while appreciation encouraged the increase of demand for import goods and the growth of the non-tradable sector. Investment from the EU came primarily to the financial sector, which indicates that Serbia's financial integration with the EU has been achieved, while on the other side,a low level of investment in industry indicates that Serbia's production integration with the EU has not been realized.

Non-dynamic economic growth – especially taking in the account the crash during the 1990s and by that the loss of the potential GDP in the same period - is one of the reasons why Serbia hasn't created new comparative advantages in international trade. Another reason is the structure of that growth –a noticeable over-proportional the growth rate of the gross added value has had the next sectors: transport and telecommunication, trade, and financial activities. Starting with the combined share of 18% of GDP in 2001, these three sectors  contributed with 29% when we came to the generators of GDP in 2008. On the other hand, the combined share of agriculture, industry, and construction sector in forming total GDP was declined to 31% in 2008 from 39% in 2001 (Stamenković, Kovačević, Vučković, Nikolić&Bušatlija, 2009. pp. 15-27).

Declining share of tradable goods (agriculture and industry) has declined export supply, and demand for importing goods was increased. Additionally, internal demand and, by that, consumption has declined faster than the GDP – which has required the widening of the deficit of the current account of the balance of payments. The direct consequence of this structural deformation has been the constant growth of foreign trade deficit which has covered growing domestic demand. This kind of the model is sustainable one only if there is adequate foreign capital inflow, which will cover constantly growing current account deficit by a surplus in the capital-financial balance. One additional limitation is the structure of domestic demand where multi-year lack of investments was responsible for the inability to expand the export and by that to service external debt.

Generally, the structure of achieved economic growth has not also secured preconditions for future stable development. The economic policies - especially fiscal and monetary policies – are not by themselves sufficient to help alleviate or solve the fundamental unbalances.

In 2007 and 2008 the value of domestic demand overcame the value of GDP by over one-fifth. It meant that around one-fifth of total domestic demand was

covered by the foreign trade deficit. Simultaneously, an explosion of current account deficit has occurred; in several years it is doubled achieving over 20% of GDP (in large part owing to cross-border loans for companies). It was clear that the equilibrium model on the basis of faster growth of internal demand compared to the GDP growth, causing the constant increase of net import, was not sustainable.

## THE 2008-09 CRISIS AND STAGNATION UNTIL 2015

In late 2008, the global economic crisis, the so-called Great Recession, started with the bankruptcy of the Lehman Brothers, which automatically hit Serbia. In the first year of the crisis, Serbia achieved relatively favorable results. It's GDP in 2009 dropped by 3.1%, which is lower than in most of the countries in the region (true, industrial production has declined strongly by 12.6%). Domestic demand was significantly reduced primarily as a consequence of the freezing of pensions and wages in the public sector. In addition, the decline in domestic demand, especially investment, was significantly influenced by a decrease in the inflow of funds from abroad. The current account deficit, as a percent of GDP, is more than halved, while inflation particularly instigated by the dinar's depreciation, albeit still high, exhibited a marked downward trend in 2009. With regard to the achieved fiscal deficit of around 4% of GDP, it can be concluded that the fiscal policy in Serbia during 2009 was anti-cyclical, i.e. that the growth of government spending partially alleviated the fall of private spending. The main instrument for state incentives was subsidizing interest, which is a better solution than direct subsidizing of the economy (Petrović&Arsić, 2009; pp: 69-80).

Twelve months since the beginning of the 2008 crisis the share of NPLs in total loans have risen by more than 5 pp. yearly ending in 3Q 2009 (achieving 10.4%). The main cause for the growth of NPL is a decrease of activity in companies' sector that is fall of GDP, and especially industrial production. The rate of NPLs in Serbia was raised from 2008 to 2014 almost four times, achieving the level of 22%, whereby the level of NPLs considering companies was much larger compared to those of citizens. The so-called "Wien Initiative" was an agreement which stipulated that banks with foreign ownership would not decrease exposure towards Serbia, which reduced financial risks.

If we analyze the whole period since the outbreak of the crisis, we can see that Serbian economic growth lagged behind the average growth of not only the countries in the region but also the whole CIE 15. The reason for this lag one can see in the internal structural problems of the Serbian economy that reflects on the low participation of investments in the GDP. Low share of investments in Serbia is affected by the bad investment environment, as indicated by the poor ranking of Serbia in relevant competitiveness and corruption surveys (WB, WEF, Transparency International). Because of the bad environment, the private sector, particularly small

and medium enterprises, as well as entrepreneurs, invest less in Serbia than in other comparable countries. In addition, the state directly affects the low level of total investments in the country due to the insufficient spending of funds intended for public investments and due to the poor management of public and state enterprises.

Since the beginning of the Great Recession (the fourth quarter of 2008) until 2015 there was not real cumulative growth, owing to the negative rates of GDP growth in 2009, 2012, and 2014. Namely, the average growth of the Serbian GDP in the period 2008-2015 was -0.1%, while at the same time, the average economic growth in countries CIE 15 amounted to 0.5%. First, two recession cycles (2008 and 2011) were much more connected with negative economic trends in the EU, because in the countries of the EU - which reported negative growth in these years – dominant part of the Serbian exports had been shipped. Because during 2014 in the EU was detected moderate economic growth, one could conclude that the third recession in Serbia was caused by internal factors.

Regarding production activities, it can be detected that since 2008 the highest drop was recorded in the construction sector, which was caused by the decrease of incomes, employment, credits as well as the limitation on the supply side, such is building licenses (Ranđelović, Brčerević&Arsić, 2015. pp. 9-27).

In the period after 2009 it came to considerable imports slowdown, which was caused by the fall of real incomes and a deceleration in lending activity, while exports – after significant fall in 2009 – have strongly raised from 2010 so that in 2014 it was about 51% bigger than in 2008, causing the rise of imports-exports coverage ratio from 46% in 2008, to 76% in 2014.

As we say, the main structural reason for the low economic growth in Serbia and lagging behind other CIE 15 countries is seen in the multi-years insufficient participation of investments in GDP. To attain high and sustainable economic growth in Serbia, it is needed that the share of investments in GDP is at least 22.2%, which is the average level of CIE 15. Insufficient participation of investments in GDP not only inhibits economic growth but also contributes to macroeconomic unbalances. The Serbian economy, in addition to the low share of investments, deviates from the average of the CEE countries by the low share of exports and by the high share of private consumption.

Serbia has entered the crisis with relatively low fiscal deficits and public debt. The measures of fiscal policy have led the fiscal deficit to grow constantly (from the beginning of the crisis), while in other European countries it has begun to fall from 2011. In 2014, with fiscal deficit of 6.6% of GDP, Serbia was among the highest in Europe, while the public debt was almost tripled from 28.3% of GDP at the end of 2008 to 70.4% of GDP in 2014, and 74.7% of GDP in 2015 (The Ministry of Finance of the Republic of Serbia 2018).

The high current account deficit from 2008, with a significant fall of GDP in 2009, has contributed to the strong rise of foreign debt of the country, from 64.6% of GDP in 2008 to 80% of GDP in 2014, which is considered the upper limit of the sustainable external debt in a long run. The current account deficit is significantly reduced (from 21.1% of GDP in 2008), but in 2014 it was still very high (6% of GDP).

High long-run unemployment, a relatively high current account deficit and external debt, an noticeable high fiscal deficit and unsustainable tendencies in the movement of public debt, poor business conditions, the decline in credit activity, high rate of the NPLs and relatively low investments, all these factors indicate that the unfavorable economic situation in Serbia is a result of accumulation of a large number of structural problems, some of which were inherited from previous years, and some were newly emerging. In order to significantly improve the outlook for higher economic growth in mid-terms, the government proposed, in accordance with the IMF, a necessary set of the structural reforms towards the end of the transition process- the so-called fiscal consolidation.

## THE FINAL RECOVERY (2015-2018)

Since the Great Recession that began in Serbia at the end of 2008, and especially after several years of high net borrowing by state, which in the period from the end of 2009 to the end of 2014 amounted on average to 2.5 billion euros annually, leading to a strong accrual in public debt by over 40% of GDP, it found itself in a difficult economic and social situation. The country found itself at the brink of the public debt crisis, with all the accompanying severe economic consequences for the population (a strong real fall in incomes and a drastic growth in unemployment). As a necessity, the radical reform was imposed, and in particular (especially) a quick fiscal adjustment ('belt tightening'). Already during 2013, the Serbian Government made efforts towards economic reforms. However, more serious steps were made only in the mid-2014, when a package of reform laws was adopted, and in November of the same year, when pensions and salaries in public sector were reduced, and the VAT rate was raised for the second time. The draft of Fiscal strategy from late 2014, which was formalized in February 2015, and the reduction of salaries in public sectors and pensions since the beginning of November 2014, actually marked the beginning of fiscal consolidation in Serbia (The Ministry of Finance of the Republic of Serbia 2018). Then an agreement with the IMF followed, which besides measures of Fiscal Consolidation, contained a number of measures aimed at creating favorable conditions for economic growth (privatization of former social-owned companies, restructuring of public companies, the creation of conditions for growth of credit activity). The commencement of the three-year arrangement with the IMF at the beginning of 2015 gave credibility to the program

and increased confidence of creditors, first of all, in terms of stopping the growth of public debt. The measures of fiscal consolidation that would permanently reduce the annual state expenditures (by net of EUR 1.7 billion) were planned by adopted fiscal strategies of the Government of Serbia.

The recovery of economic activity since 2015 indicated that fiscal consolidation did not have any major negative impact on it. Namely, the GDP growth in the second half of 2015 stood at a solid 1.8%, after the same year-on-year decline in the first quarter of the same year and slow growth in the second quarter (by 0.9%). It can be said the recovery of the Serbian economy was at the beginning in the second half of 2015, although it overstepped the pre-crisis level of GDP (2008) only in the next year – 2016 (The Ministry of Finance of the Republic of Serbia 2018).

The fiscal deficit has been strongly and permanently reduced, while economic activity, instead of the expected continuation of the recession, started to recover. In any case, it was evident that the economic situation in the country improved since 2015 (Minić, Petrović, Brčerević, 2016. pp.3-25).

In addition, in the period since 2014, the reduction in internal and external imbalances has continued, while the growth of the economy was increasingly strong. An important factor of the solid growth was a global fall in raw material prices (oil, gas, food), which substantially stimulated economic growth in the whole region in 2015 and 2016, by about 1% annually.

The growth of the public debt was stopped already in 2016. However, what casts a shadow on these undeniable fiscal improvements is the fact that more than modest progress has been realized in the implementation of the reform part of fiscal consolidation (primarily in the reform of public and state-owned enterprises).

The Fiscal consolidation 2015-2017 would almost certainly fail if it had relied on the austerity measures from the initial plan, which were directed to the reduction of excessive public expenditures. Namely, only slightly more than half of the originally planned savings have been achieved, which is why public expenditure in 2017, the last year of implementation of the program, was higher for 650 million euros than in the initial plan. The rationalization of the number of employees in the public sector has declined, as only a third of the expected savings will be realized – even though a reduction of 75,000 employees is anticipated. Neither saving from planned frozen salaries and pensions in the period 2015-2017 has been realized. Due to the incomplete implementation of the planned savings measures, the structure of public expenditure in 2017 remarkably deviates from the one originally planned and optimal. For example, subsidies are higher by 1% of GDP than (those) in comparable countries, while public investments are insufficient and need to be increased by at least 1% of GDP.

However, a surprisingly good collection of public revenues, which in 2017 were by about 1.4 billion euros higher than initially planned, has saved the fiscal

consolidation. The most significant contribution to such strong growth in public revenues had a more efficient tax collection (by 700-800 million EUR), due to well-targeted ad hoc measures to combat the gray economy that the Tax Administration conducted on the field. A better trend in the labor market led to an increase in revenues from social (and pension) contributions in relation to the initial plan for 400-500 million euros. In the end, non-tax revenues increased in 2017 by about 200 million euros in relation to the initial plan due to the increased payment of public and state companies to the budget on the basis of attained profit – whose economic justification is still questionable.

The big problem is the delay in the reforms of public enterprises and the end of the privatization of state-owned enterprises - one of the basic objectives of the started fiscal consolidation. The poor performance of public and state-owned enterprises is too heavy for public finances (their old debts cost a budget 0.9% of GDP), and as the hot spots of the problem are not eliminated, new expenses to cover their losses are almost inevitable.

According to the Fiscal Council of RS (Fiskalni savet RS, 2017b), the growth of GDP in 2018 will likely be higher (4%) than projected by the Government of RS (3.5%). Namely, the FS added to the current growth trend the expected recovery of agriculture after the drought with the establishment of the usual level of electricity production after a deep fall in the first half of 2017.

The monetary policy in 2017 marked a continuation of gradual relaxation, but with a too slow reduction in the reference interest rate (to 3.5%), especially because in the second half of 2017 deflation was recorded, with an excessive strengthening of the dinar. Additional slowing of inflation at the beginning of 2018 (January) to 1.9% y-o-y is indicative.

In 2017, the banking sector entered the final stage of consolidation with the gradual revival of credit activity. The share of NPL in 2017 was reduced from about 20% to around 12%, and there were some ownership changes in several major banks. All these changes announced a stronger growth of credit activity in 2018, and this trend will also be tackled by the extremely low-interest rates in Europe that are expected in 2018.

The budget is again, after more than ten years, in surplus - of about 0.5% of GDP. Public debt in 2017 was strongly reduced, to 61.5% of GDP at the end of the year.

The EU economy – which is crucial for Serbia – will probably be in recovery in the coming years, so high demand growth cannot be expected, or the strong inflow of the FDI to Serbia. In such circumstances, Serbia only retains the ability to attract as much as possible of scarce capital through the exchange rate policy and the promotion of the economic environment.

## CONCLUDING REMARKS

The projection of the Serbian Central Bank: NBS (2018) is that the GDP growth, after a temporary slowdown in 2017 (1.8%), owing to effects of shocks on the supply side, will accelerate in 2018 to around 3.5%. GDP growth at a similar pace (around 3.5%) is also projected for 2019. It will be supported, as in 2018 also, by the growth of investment and export, which will be positively impacted by the effects of structural reforms, FDI inflows and high external demand. Growth in investment and external demand, as the recovery in household spending, will continue to support the growth of manufacturing and service sectors, which, in 2019 also, should be the drivers of GDP growth, seen from the production side. According to the analysis of experts of MAT (2018) economic activity (industry, foreign trade, real turnover in the retail trade), at the beginning of 2018 (January) is recovered after the reduction of its dynamics in December. They optimistically estimate growth of manufacturing industry by over 8% in 2018, which indicate to good economic results in this year.

Graph 2:
**Average share of investments in GDP in selected countries in the period 2000-2017 and 2009-2017**
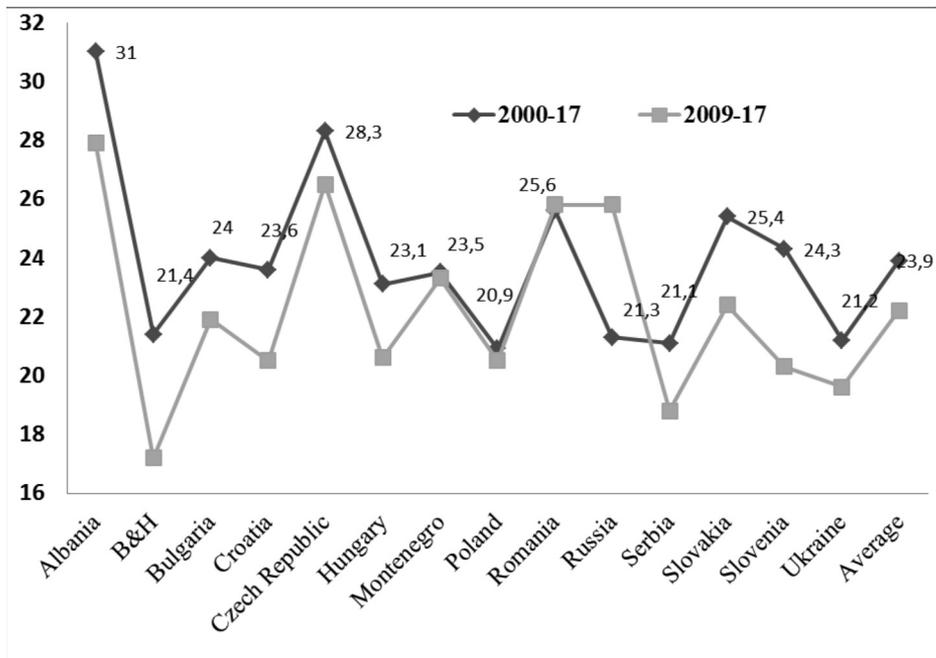


The calculation of authors on the basis of IMF data (IMF, 2017)

Also, high export growth would have to be preceded by a huge growth in investments over the years ahead, but this is not the case at the present, and it is unlikely that dramatic changes will occur in 2018 or 2019. The eventual arrival of some particularly large private investment directed towards the export (such as FIAT) in coming years is not still certain, but even if it occurs, the effect on the growth of export in this and the next year will not be meaningful.

A study by Simon (2017) is indicative of this. He shows that, because of a protracted transition exacerbated by crises and wars, Serbia's economic catch-up with Austria will require a long time, but a more efficient economic policy, in addition to the attraction of foreign assets, may result in a more rapid catch-up. This process can be accelerated by increasingly investing in human capital (education and R&D).

When cooperation with abroad is concerned, the paper by CHEN Xin& Yang Chengyu (2017) is important.Namely, they evaluate the development and level of the cooperation between China and 16 CEE countries based on 18 set of index data. They show that bilateral cooperation between China and Serbia is at a higher level. Most of the cooperation fields are doing well, including politics, investment, people-to-people exchange and finance, while the trade cooperation should be improved.

Serbia could expect a fast economic growth since 2018, but only if it implements a number of reforms which would significantly improve the business conditions in Serbia. Improving Serbia's position in the competitiveness lists has attracted the attention of investors around the world, which in future could also lead to the growth of investments and even without the state's subsidies.

The structural problem why the economic growth in Serbia is lower than in comparable countries is lack of investments. By low participation of investments in GDP, which amounts to about 18%, Serbia is among the negative record holders in CIE countries. To achieve long-term sustainable GDP growth rates, Serbia would have to increase the share of investments in GDP to around 22.2% (which is the average of comparable countries). To achieve even faster growth and reach other CIE countries (making so-called catch-up effect), Serbia would have to invest about 25% of GDP.

To increase the share of investments in GDP, Serbia needs to improve economic environment, rise the share of the public investments in GDP, and improve the business of public companies, along with solving problems of social-owned companies in privatization.

The largest shortfall of investments, of around 3% of GDP, relates to the private sector, especially when the small and medium domestic companies are concerned, which are the most affected by bad economic environment. These companies account for two-thirds of the employment and in turnover of the non-

financial sector of the economy, but their investments are significantly less than that, that is, over half of the investments in the non-financial sector are concentrated in large companies. The indicator which indirectly points out that foreign companies easier invest in Serbia than domestic ones is net inflows of the FDI that is about 5-6% of GDP, which is slightly more than average of the region (Fiskalnisavet 2017).

To increase private investments, we need to improve the economic environment. Meaningful progress on the Competitiveness List of the World Economic Forum and on Doing Business report of the World Bank has not yet led to stronger growth in investments. A possible reason for this is that the progress on these lists is achieved due to a strong improvement in only a few indicators, such as issuing building permits and macroeconomic stability. However, according to the indicators related to the rule of low, Serbia remained extremely poorly rated.

The analysis shows that state inefficiently implements public investments, which should rise by 1% of GDP, at least. Poor management of public and state companies led to the fact that their investments are less than needed by 1% of GDP at least.

Another part of investments, which are under direct control of the government and not implemented at a satisfactory level, relates to the investments of public and state companies. Many years of poor managing these companies led to the fact that they generated losses and debts instead of stimulating economic growth with its profit and investments. Only EPS should invest by around 0.5% of GDP more than it currently makes in order to make investments higher than amortization.

A strong increase of investments, especially those in the production of tradable goods, would not only lead to the acceleration of economic growth but also would improve the overall structure of GDP. The growth of investments would remarkably speed up the rise of export, so that the Serbian economy would achieve high and sustainable economic growth, based on investment and export, gradually increase investment share in GDP – which would also mean a reduction in the excessive private consumption in GDP. In addition to investment, according to the IMF (2017b), there is an urgent need to improve the court system, strengthen the quality and independence of the judiciary process, and facilitate the use of effective out-of-court arbitration.

In the empirical analysis of Ivanović, Begović, Kufenko, Stanišić, &Gelosod (2018), the determinants of liquidation, merger and bankruptcy of privatized firms from 2002 to 2015 were analyzed. In Serbia privatization was partly a result of exogenous pressures and the process has been deemed a failure. Namely, a sizeable number of privatized firms were bought by bureaucrats and politicians and all firms were subjected to a period of supervision. The design of this process allowed rent-seekers to conserve their privileges through asset-stripping, which explains the

failure. Firms owned by politicians faced significantly higher risks of bankruptcy, especially after the end of supervision.

The reforms implemented in Serbia since 2000 were slow, insufficient, and partial to establish a functioning market economy as it exists in continental European countries. Therefore, it is necessary to speed up reforms in the market economy in Serbia and make the state more efficient. Solving accumulated problems in the Serbian economy, as well as creating conditions for long-term sustainable growth, requires a strong shift in economic policy, as well as acceleration of reforms, before all those related to the rule of law.

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Predrag PETROVIĆ

## TRANZICIJA U SRBIJI 2000-2018: KOMPARATIVNA ANALIZA

*Apstrakt*: Sa niskim učešćem investicija u BDP, koji iznosi oko 18%, Srbija je među negativnim rekorderima od analiziranih 15 zemalja Centralne i Istočne Evrope. Da bi postigla dugoročne stope održivog rasta BDP-a, Srbija mora povećati udeo investicija u BDP naoko 22,2%, što je prosek posmatranih 15 zemalja Centralne i Istočne Evrope.

Radi podizanja udela investicija u BDP, Srbija mora poboljšati ekonomsko okruženje, povećati učešće javnih investicija u BDP i poboljšati poslovanje javnih preduzeća, zajedno sa rešavanjem problema društvenih preduzeća u privatizaciji. Najveći deo 'manjka' investicija, od oko 3% BDP, odnosi se na privatni sektor, posebno na mala i srednja domaća preduzeća.

Snažan porast investicija, posebno onih u proizvodnji 'razmenjivih dobara', ne samo da bi doveo do ubrzanja ekonomskog rasta, već bi poboljšao i ukupnu strukturu BDP, kao što je to bio slučaj u mnogim od analiziranih 15 zemalja, posebno onih koje sudanasčlanovi EU. Rastinvesticija bi posebno uticao na ubrzavanje rasta izvoza, što bi omogućilo srpskoj privredi, kao i mađarskoj ili slovačkoj, da ostvari visok i održiv ekonomski rast. Rešavanje akumuliranih problema u srpskoj ekonomiji, kao i stvaranje uslova za dugoročno održiv rast, zahteva snažne pomake u ekonomskoj politici, kao i ubrzanje reformi, pre svih onih koji se odnose na vladavinu prava.

*Ključne reči*: investicije, BDP, Srbija, 15 zemalja centralne i istočne Evrope, period 2000-2018.

# INTERNATIONAL RELATIONS

## CONFLICT PREVENTION AND RESOLUTION UNDER THE AUSPICES OF THE CSCE/OSCE AFTER THE COLD WAR AND THE YUGOSLAV CRISIS[1]

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*Abstract:* After the end of the Cold War, the CSCE began re-examining its goals of existence and redefine them in line with the newly emerging environment. The initial intentions of the CSCE to become a pan-European cooperative security institution were replaced under the influence of the Yugoslav crisis by developing the necessary capacity to prevent and resolve conflicts in its region. Accordingly, under the influence of the crisis in the former Yugoslavia have been developed many structures and institutions, instruments, mechanisms and procedures to reduce risks, for early warning, conflict prevention, crisis management and post-conflict rehabilitation in Europe. The paper describes the development of capacities for cooperation in the area of conflict prevention and resolution of the

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Conference on European Security and Co-operation, and later of the Organization for Security and Co-operation in Europe under the influence of the Yugoslav crisis in the period from 1990 to 1999.

*Key words*: conflict prevention and resolution, Yugoslav crisis, CSCE and OSCE.

## INTRODUCTION

The Organization for Security and Co-operation in Europe (OSCE) is a regional organization which encompasses a geographical area from Vancouver to Vladivostok through its 57 participating countries. Participating countries from the region of North America, Europe and Asia provide the OSCE with a transatlantic and Asian-South Caucasus dimension. In accordance with the regional agreements of Chapter VIII of the Charter of the United Nations, the OSCE aims among other things to provide early warning, conflict prevention, crisis management and post-conflict rehabilitation in Europe. In a broader sense, the OSCE is committed to preserving stability, peace and democracy for more than a billion people through a political dialogue on common values and practical work that brings about permanent changes. (What is the OSCE?, 2017, p. 2) Due to the comprehensive approach to security composed of a political-military, economic-ecological and human dimension, as well as with its broad membership, the OSCE gives significant impetus to the development of the security community in its region (Glišić, 2011). The OSCE participating States account for about 30 percent of membership in the United Nations, of which four are members of the Security Council. The Organization for Security and Co-operation in Europe provides a comprehensive action by means of intensive activities in many different areas like the conflict prevention and resolution analyzed in this paper.[5]

During its existence, the OSCE adapted its role and goals to the current changes in international relations and thus established and developed the necessary structures and institutions, instruments, mechanisms and procedures, including various field activities. The Organization for Security and Co-operation in Europe was formed from the Conference on European Security and Co-operation (CSCE) which aimed

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[5] Under the auspices of the political, military, economic, ecological and human dimension of security, the OSCE deals with the following: (1) arms control, (2) conflicts prevention and resolution, (3) reform and cooperation in the security sector, and (4) transnational threats, borders control, countering terrorism and policing - the political-military dimension; (1) economic activities, (2) environmental activities, and (3) good governance - economic-ecological dimension; (1) human rights, (2) elections, (3) media freedoms and media development, (4) national minorities issues, (5) Roma and Sinti, (6) rule of law, and (7) tolerance and non-discrimination - human dimension. On a broader scale, the OSCE also deals with some of the issues related to all three dimensions of security: (1) combating human trafficking, (2) cyber security, (3) democratization, (4) education, (5) gender equality; (6) migration and (7) youth issues. Retrieved from https://www.osce.org/what-we-do. Accessed on March 4, 2018.

at expanding, deepening and continuing the process of the detente, and thus creating conditions for the peaceful overcoming of the division between the East and the West during the Cold War (CSCE, 1994: Budapest Decisions, Strengthening the CSCE). The proposal made by the Soviet Union in the early fifties of the previous century to establish a pan-European security conference is considered the beginning of the idea of creating a Conference on European Security and Co-operation.[6] The development of the CSCE/OSCE began with the Helsinki Counseling (from November 22, 1972, to August 1, 1975, - the adoption of the Helsinki Final Act), after which was established the practice of the multilateral diplomatic process (from August 1, 1975, until November 21, 1990, - the CSCE Summit in Paris). Then, through the multilateral process of intergovernmental political cooperation (from November 21, 1990, to July 10, 1992, - the CSCE Summit in Helsinki) it developed to an international political institution with the role of "regional agreement" (from July 10, 1992, to December 6, 1994, - CSCE Summit in Budapest) and an international organization within the meaning of Chapter VIII of the Charter of the United Nations (dated December 6, 1994).[7]

The social, state and international changes in its geopolitical field had an important impact on the development path of the OSCE/OSCE. The most important of them were undoubtedly: (1) the unification of Germany; (2) disarmament of opposing military blocks; (3) democratization of the societies in the countries of Eastern Europe; (4) the dissolution of the Warsaw Treaty; (5) the collapse of the Soviet Union and (6) the Yugoslav crisis. The paper describes the impact of the Yugoslav crisis on the establishment and development of the CSCE/OSCE capacities for the conflict prevention and resolution in the period from 1990 to 1999, as well as the way, intensity and effectiveness of their engagement in order to calm this crisis.[8] After the Cold War, the CSCE began with

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[6] More details on the beginning of the development of the Conference on European Security and Co-operation in: (International Politics, 1994).

[7] Key issues related to the development process of the CSCE/OSCE, in most cases, were adopted at the Summits of Heads of State or Governments of the participating States. In view of the above-stated, the main sources of the analysis of the impact of the Yugoslav crisis on the development of the CSCE/OSCE capacities for conflict resolution were the documents adopted during the following summits of this organization: (1) the CSCE Summit in Paris, 19-21. November 1990; (2) the CSCE Summit in Helsinki, 9-10. July 1992; (3) the CSCE Summit in Budapest, 5-6. December 1994; (4) the OSCE Summit in Lisbon, 2-3. December 1996 and (5) the OSCE Summit in Istanbul, 18-19. November 1999.

[8] Under the term Yugoslav crisis, we mean the break-up of the Socialist Federal Republic of Yugoslavia, the processes that preceded it and the consequences that followed, including armed conflicts on its territory. Reference according to: (Kovačević and Dajić, 1994). The specified period of research from 1990 to 1999 was determined in view of the beginning and the course of the Yugoslav crisis, as well as on the fact that the CSCE/OSCE at that time experienced the most significant changes in its development.

the process of redefining its goals in the early 1990s, precisely when the Yugoslav crisis escalated. The crisis in the territory of the former SFRY showed that the conflict-prevention and conflict-resolution capacities available to the CSCE immediately after the Cold War were not adequate. The above-mentioned resulted in the OSCE/OSCE to develop under the significant or crucial influence of the Yugoslav crisis, primarily in the area of conflict prevention and resolution, which mainly included risk reduction, early warning, conflict prevention, crisis management and post-conflict rehabilitation in Europe.

The awakening of the national question was one of the main disintegration factors of the Yugoslav community, and therefore the cause of the Yugoslav crisis (Stojanović, 1990, pp. 257-274). The national issue was for the first time officially discussed at the session of the Executive Committee of the Central Committee of the League of Communists of Yugoslavia on March 16, 1962. However, the key date for the beginning of the Yugoslav crisis was June 30, 1971, when the amendment on the constituent principles of the Yugoslav state was carried out through the adoption of an amendment to the 1963 Constitution of the SFRY and a framework for its confederation and decommissioning was created. After that followed a twenty-year period marked by an economic and political crisis, which culminated in inter-republican and inter-ethnic disagreements when the dissolution of the Yugoslav republics began to be openly advocated (Kovačević, Dajić, 1994, p. 10).

The Yugoslav crisis escalated in the late 1980s and early 1990s within substantially altered international relations, arising from the unification of Germany, the democratization of the societies of Eastern Europe, the dissolution of the Warsaw Treaty and the collapse of the Soviet Union. All these conditioned the ineffectiveness and inefficiency of the international community, primarily the United Nations, the CSCE, NATO and the European Community, in the prevention and resolution of the newly emerging conflict. Therefore, the Yugoslav crisis presented an immense challenge for the international community, and thus for the then Conference on Security and Co-operation in Europe. Through its more important stages - secessionism of the former Yugoslav republics, large-scale conflicts and NATO intervention in Bosnia and Herzegovina, terrorism and separatism in Kosovo and Metohija, and NATO aggression on the FRY - the crisis in the former SFRY territory has shown the international community is not ready to respond to these types of challenge and thus has become the subject of many research to ensure an optimal way of resolving future conflicts of a similar nature.

The CSCE/OSCE has been engaged on several occasions in the Yugoslav crisis, initially independently, and later as the carrier of tasks assigned by the "wider" international community (Aćimović, 1996, pp. 426-427). For the first time, the CSCE was involved independently in resolving the Yugoslav crisis in the period from 1991 to 1992, as one of the subjects of international relations, and like other

international organizations, it was unsuccessful.[9] The failure of the engagement of the CSCE in the early period of the Yugoslav crisis, marked by the secessionist ambitions of the former republics of the SFRY, pointed to the crucial importance of the existence of the capabilities for early warning and timely conflict prevention.

"It is precisely the action of the CSCE in the Yugoslav crisis that is the central point of the evaluation of the CSCE's role as unsuccessful in the activities of this type (i.e. "early warning" and "early action," *author's comment*). However, the same situation unambiguously illustrated the key importance of preventive and early action: the moment a crisis has turned into an open conflict the possibilities for "corrections" of such a situation would qualitatively change and options narrow down, not only for the CSCE, but for any other international multilateral activity." (Cagić-Ranisavljević, 1995, pp. 13).

Moreover, the weak capacities for the presence of the CSCE on the territory of the SFRY during 1991-1992 conditioned a need for the normative definition of practical activities related to crisis management. Thus, on the CSCE Summit in Helsinki in 1992, all this contributed to the CSCE's objectives to be roughly defined in relation to achieving readiness for engagement in early warning, conflict prevention, and crisis management. (CSCE, 1992b: Helsinki Summit Declaration, paragraphs 18-20).

For the second time, the OSCE was engaged in November 1995 to implement the Peace Agreement in Bosnia and Herzegovina within the mandate given to it by the "wider" international community. On this occasion, the OSCE was engaged in three important fields (The General Framework Agreement for Peace in Bosnia and Herzegovina, 1995): (1) the stabilization of the region - the preparation and realization of negotiations on confidence-building and security measures and arms control measures in Bosnia and Herzegovina, Croatia and Yugoslavia; (2) organization of elections and (3) human rights protection. At the Lisbon Summit, the Helsinki goals (early warning, conflict prevention, and crisis management) were

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[9] During the engagement in the Yugoslav crisis in the period 1991-1992, the CSCE has adopted a number of documents within its bodies, the most important of which are: the Declaration on the Situation in Yugoslavia, Berlin, 19-20. June 1991; An Urgent Appeal for Cease-fire, Prague, 3-4. July 1991; Mission for Yugoslavia, Prague, 3-4. July 1991; Emergency Appeal for Cease-fire, Prague, 8-9. August 1991; Help to Negotiations on the Future of Yugoslavia, Prague, 8-9. August 1991; Statement on the cease-fire in Yugoslavia, Prague, 3 September 1991; Negotiations on the Future of Yugoslavia, Prague, 4 September 1991; The situation in Yugoslavia, Prague, 10 October, 1991; Support to the UN action on Yugoslavia, Prague, November 29, 1991; The situation in Yugoslavia, Prague, October 22 1991; Mission of the CSCE Rapporteur on Human Rights, Prague, 22 October 1991; Declaration on Yugoslavia, Prague, 8 January 1992; Declaration within the continuation meeting of the CSCE, Helsinki, 15 April 1992; Declaration on BiH, Helsinki, 12 May 1992; Declaration of the Committee of Senior Officials of the CSCE, Helsinki, 20 May 1992, Decisions of the Committee of Senior Officials of the CSCE, Helsinki, 10 June 1992; Decision of the Committee of Senior Officials of the CSCE, Prague, 8 July 1992; Decisions of the Committee of Senior Officials, Prague, 14 August 1992 and the Decision of the Committee of Senior Officials, 18 September 1992.

enhanced with a new projected goal called post-conflict rehabilitation, which was influenced by the OSCE's engagement in the post-conflict rehabilitation of Bosnia and Herzegovina. (OSCE, 1996: Lisbon Summit Declaration, paragraph 5). In addition, when identifying security challenges to determine the security model for Europe in the twenty-first century among others were listed ethnic tensions, aggressive nationalism and violations of the rights of national minorities. (OSCE, 1996: Lisbon Declaration on a Common and Comprehensive Security Model for Europe for the twenty-first century, paragraph 2). It is quite certain the source of the mentioned security challenges was precisely the Yugoslav crisis. For the third time, the OSCE was engaged in the period October 1998 - March 1999, in order to find a peaceful solution to the problem of the Kosovo crisis through the verification of the implementation of UN Security Council Resolution no. 1199 of September 23, 1998. The fourth engagement of the OSCE in the observed period was after the NATO aggression against the FRY when in accordance with the provisions of UN Security Council Resolution no. 1244 of June 10, 1999, and within UNMIK, it took a leading role in the activities of institution building and human rights protection in the territory of Kosovo and Metohija. Therefore, at the Istanbul Summit these engagements in resolving the Kosovo crisis influenced the confirmation of the goals of the OSCE's existence once again, which were defined three years before in Lisbon, as well as the stance that the OSCE was a regional arrangement in accordance with Chapter VIII of the Charter of the United Nations (OSCE, 1999c: Charter for European Security, Summit OSCE, paragraph 7). In addition, it is important to point out that based on negative experiences regarding the overlapping of the mandates of various international organizations engaged in the Yugoslav crisis, at the Sixth meeting of the Ministerial Council in Copenhagen in 1997, was passed the decision on the Common Concept for the Development of Co-operation among Mutually-Reinforcing Institutions (OSCE, 1997: Annex: Common Concept for the Development of Co-operation between Mutually-Reinforcing Institutions). This cooperation was later elaborated at the Istanbul Summit through the Operational Document - Platform for Co-operative Security (OSCE, 1999c: Operational Document - the Platform for Co-operative Security).

Whether it was engaged alone or within the wider international community, the CSCE/OSCE dedicated a lot of time to the Yugoslav crisis, which, as the immediate environment, influenced its development. However, despite the significant representation of the CSCE/OSCE in resolving the Yugoslav crisis, it is a fact that the force was used in the prevention of conflict several times before its existing instruments and mechanisms for resolving disputes and preventing crises were exhausted or used, or there was just a selective use and in some cases abuse.[10]

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[10] The biggest misuse of the OSCE is certainly the case in the village of Racak in November 1999, when William Walker, head of the OSCE Verification Mission for Kosovo, told at a news conference that the villagers of Racak had taken him to the hill where he saw the bodies of twenty killed civilians.

An important point in considering the engagement of the CSCE/OSCE in the Yugoslav crisis is certainly the suspension of the then FRY, which was implemented on the basis of the decision of the Committee of Senior Officials on July 8, 1992, referring to its declarations of 12 and 20 May of that year.

"The removal of the representatives of the FRY from the work of the OSCE is the only case of a suspension in its previous history. It is even more significant because the possibility of a suspension is unforeseen by any OSCE document." (Milinković, 1997, p. 13)

The suspension was valid until November 10, 2000, when the FRY became a participant in the Organization for Security and Co-operation in Europe. The period of the "empty chair of the FRY" definitely made it difficult for the CSCE/OSCE to engage in the Yugoslav crisis.

## THE INFLUENCE OF THE YUGOSLAV CRISIS TO ENGAGEMENT OF THE CSCE/OSCE IN CONFLICT PREVENTION AND RESOLUTION AFTER THE COLD WAR

The OSCE traces its origins to the early 1970s when the Conference on Security and Co-operation in Europe (CSCE) was created. As already mentioned, the CSCE represented a multilateral forum for dialogue and negotiations between the East and the West in which it was necessary to expand, deepen and make continuing and lasting process of detente and thereby create the conditions for the peaceful overcoming of divisions. The practice of a multilateral diplomatic process under the auspices of the CSCE began with the adoption of the Helsinki Final Act in 1975. The above-mentioned document was signed by 35 participating States and it was the basis for the further development of the CSCE. Currently, it is still ongoing and directs the work of the Organization for Security and Co-operation in Europe. The Final Act is divided into three basic categories (in practice often referred to as "baskets") relating to (1) security issues in Europe; (2) cooperation in the field of economics; and (3) cooperation in humanitarian and other fields.[11] Throughout the entire period of the Cold War, the only established CSCE structure was the negotiating structure, which consisted of summits, follow-up meetings, and thematic meetings.

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[11] The Final Act established ten basic principles of the CSCE (the so-called "Decalogue") that regulate the mutual relationship of states, as well as the attitude of the states themselves towards their citizens: (1) the principle of sovereign equality; (2) abstaining from the use of force or threat of force; (3) inviolability of the boundaries; (4) the territorial integrity of States; (5) peaceful resolution of disputes; (6) non-interference with internal disputes; (7) respect for human rights and basic freedoms, including freedom of thought, conscience, religion and belief, (8) equality and the right of peoples to self-determination; (9) cooperation between countries and (10) conscientious fulfillment of obligations under international law. (CSCE, 1975: Questions relating to Security in Europe).

Already in early 1990, the CSCE presented major plans for the creation of a new security and co-operation constellation in Europe based on the concept of cooperative security. This concept is based on the assumption that security is fundamentally indivisible and that any violation of the basic safety standards must be followed by the collective response of the entire community of states in order to ensure compliance with those standards. The institutionalization of the CSCE began based on the decisions of the Paris Summit from 19 to 21 November 1990, adopted by the document entitled the Charter of Paris for a New Europe. On that occasion, the CSCE was invited to take on a new role in managing historic changes and to provide an adequate response to the challenges that arose after the end of the Cold War.

At the Paris Summit, the CSCE set the following goals (Aćimović, 1991, p. 2): (1) democracy based on human rights and fundamental freedoms; (2) welfare achieved through economic cooperation and social justice; (3) peace and unity of Europe; and (4) equal security for all nations. Implementation of the Charter of Paris for a New Europe was followed by further development of the negotiating and decision-making structures – establishment of the Committee of Senior Officials, as well as the first elements of the CSCE operational structure and institutions, including the Secretariat, the Conflict Prevention Center, and the Office for Free Elections.

However, after the end of the Cold War, in the CSCE region, the conflicts regarding the interpretation of the fourth and eighth principles of the Final Act became frequent. Establishment of the right to "self-determination" provided the principle according which many secessionist movements in the CSCE region were terminated at the expense of and contrary to the principle of "territorial integrity of the states." According to the above-mentioned, a large number of violent conflicts occurred in the years following the collapse of the Soviet Union and Yugoslavia. It is important here to emphasize the Charter of Paris for a New Europe also indirectly acknowledges the potential tensions between the aforementioned principles of the Final Act, but also introduces the seeds of yet another conflict - "respect and realization of human rights" in order to "strengthen peace and security among the participating States." This again confirmed the "right to self-determination," putting the said right in the context of "relevant norms of international law, including those relating to the territorial integrity of States."

After the Paris Summit, further decisions were passed regarding the redefinition of the objectives and tasks, structures and institutions, instruments and mechanisms of the CSCE/OSCE. The next major milestone in the development of the CSCE after the Cold War was the Follow-up Meeting from March 24 to July 8, 1992, and the Helsinki Summit from 9 to 10 July 1992. The Follow-up Meeting and the Helsinki Summit were preoccupied with the wave of violence in the former Soviet Union and Yugoslavia. Given this, the participating states tried to create conditions for the

most active engagement of the CSCE, which would prevent the outbreak of such conflicts in the future, as well as a more efficient resolution of the existing ones. The concept of preventive diplomacy is being introduced for the first time at the Helsinki Summit. The necessity to promote the concept of preventive diplomacy in Europe after the end of the Cold War became apparent. Conflicts broke out in the European area immediately after the Cold War, including the territory of the SFRY, where the breakup of the federal state brought about great violence and civil war. Regarding this, the Helsinki Summit has initiated further institutionalization of the CSCE in the area of conflict prevention and resolution, primarily through the establishment of the Security Cooperation Forum, the High Commissioner on National Minorities and the Court of Conciliation and Arbitration.

It is evident the CSCE between the Summits in Paris and Helsinki has become a rather institutionalized organization for cooperative security. The CSCE has adopted a wide range of normative principles that support the concept of cooperative security in its region. It has also established a comprehensive and multiple sets of concrete institutions for applying these principles, with appropriate resources and political support. However, over time, it turned out that due to the outbreak of numerous conflicts in the territory of Yugoslavia and the Soviet Union, the CSCE began to focus more on preventing and resolving conflicts in its region, rather than building a pan-European cooperative security institution. However, this temporary immaturity, which was inevitable in the circumstances of the initial period of establishing the competence of the new operational structures and the CSCE institutions and their development, has contributed to remarkably modest results in preventing and resolving conflicts in the territory of the former Yugoslavia. Therefore, the engagement of the CSCE at the beginning of the escalation of the Yugoslav crisis has demonstrated its inability to operate effectively in the areas of preventive diplomacy, such as early warning, preventive action and conflict prevention (Cagić-Ranisavljević, 1995, pp. 11-14). This has influenced the development of certain instruments and mechanisms that enable the OSCE to act autonomously and more efficiently if there is a political will of all participating States in the area of conflict prevention and resolution.

During the Summit in Budapest, at the end of 1994, the CSCE affirmed its role as the primary instrument in the area of conflict prevention and resolution, applying a flexible and dynamic approach. The potential of the CSCE mechanisms in the subject area was not fully exploited for the following reasons: (1) the lack of political will of the member states to make difficult decisions, primarily those relating to the wars in the former Yugoslavia; (2) visible competition between the CSCE and other international organizations, and hence the existence of mutually blocking, instead of mutually supportive relations between them, and (3) rigidness of conflicts, which implied various attempts to prevent the implementation of resolutions, given the effects of cohesion of the history and influence of the current

brutality of the parties on their willingness to continue resolving conflicts in the battlefield (Sandole, 2007, p. 73).

Drawing from the experience from the Yugoslav crisis, in order to create as much synergy as possible with other international organizations and the necessary conflict resolution measures, the Heads of State and Governments of participating States of the CSCE decided at the Budapest Summit to initiate a discussion on a common and comprehensive security model for Europe for the 21st century and to adopt conclusions in the form of a document at the next meeting in Lisbon (CSCE, 1994: A Common and Comprehensive Security Model for the twenty-first Century, p. 26) Regarding this, during the Lisbon Summit from 2 to 3 December, 1996, a Declaration on a Common and Comprehensive Model of Security for Europe for the 21st Century was adopted, which represented an in-depth expression of the OSCE's efforts to strengthen security and stability in its region, with the mutual reinforcement of the efforts of other European and transatlantic institutions and organizations (OSCE, 1996: Lisbon Declaration on a Common and Comprehensive Security Model for Europe for the twenty-first century, pp. 10-13.).

In the following years, the adoption of the Charter for European Security and the Platform for Cooperative Security at the Istanbul Summit in December 1999, created the conditions for the OSCE to act more effectively in the area of conflict prevention (OSCE, 1999c: Charter for European Security, pp. 1-45). Some of the contents of the document were also affected by events in the area of the southern Serbian province of Kosovo and Metohija, which will be shown in more detail in the following section.

Based on the displayed development of the CSCE/OSCE, it can be noted that special attention is paid to the development of its capacity to provide early warning, conflict prevention, crisis management and post-conflict rehabilitation in Europe. These contents represent the basis of current OSCE in the area of conflict prevention and resolution. Otherwise, in the current practice, in order to prevent and resolve conflicts under the auspices of the OSCE are engaged the Security and Cooperation Forum, the High Commissioner on National Minorities, the Court of Conciliation and Arbitration, the various field missions and the Secretariat.

The impact of the Yugoslav crisis on the conflict prevention and resolution as one of the main areas of engagement of the CSCE/OSCE also imposed the need to develop its structures, institutions, instruments, mechanisms and procedures in the subject area (Stefanović, 1996, p. 324-678; Đorđević, Glišić, 2004, pp. 9-31).

# THE INFLUENCE OF THE YUGOSLAV CRISIS ON DEVELOPMENT OF STRUCTURES AND INSTITUTIONS OF THE CSCE/OSCE IN THE FIELD OF CONFLICT PREVENTION AND RESOLUTION

The Yugoslav crisis had an impact on the establishment and development of negotiating and decision-making bodies - primarily the Ministerial Council, the High Council, the Standing Council and the Security Cooperation Forum, as well as on the establishment and development of an operational structure and institutions - like the Center for Preventing Conflict, the Office for Democratic Institutions and Human Rights and the High Commissioner on National Minorities.

The Ministerial Council (until the Summit in Budapest, the Council of the CSCE) and the High Council (until the Summit in Budapest, the Committee of Senior Officials) were established at the Paris Summit (CSCE, 1990b: New Structures and Institutions of the CSCE Process & Supplementary document to give effect to certain provisions contained in the Charter of Paris for a New Europe). The Ministerial Council was established with the aim to (1) consider matters of importance to the CSCE and to make appropriate decisions; (2) prepare meetings of Heads of State or Governments of the participating States; and (3) implement the established tasks and adopted decisions (CSCE, 1990b: New Structures and Institutions of the CSCE Process & Supplementary document to give effect to certain provisions contained in the Charter of Paris for a New Europe, paragraph 2). However, the engagement of the CSCE in the Yugoslav crisis led to the strengthening of its role in the field of conflict prevention and crisis management at the next Summit in Helsinki (OSCE, 2000, p. 25). As for the High Council, by the provisions defined in the Paris Charter it was in charge of: (1) preparing the meetings of the Ministerial Council; (2) implementing its decisions; (3) considering the current issues and future work of the CSCE, including its relations with other international bodies, and (4) making appropriate decisions in the form of recommendations to the Ministerial Council (CSCE, 1990b: New Structures and Institutions of the CSCE Process and Supplementary document to give effect to certain provisions contained in the Charter of Paris for a New Europe, Chapter I-B). At the Helsinki Summit, the events in the former SFRY influenced the extension of its obligations in enabling the CSCE to engage in early warning, conflict prevention, crisis management and peacekeeping operations (CSCE, 1992b: Helsinki Decisions, Early Warning, Conflict Prevention and Crisis Management).

Furthermore, the engagement of the CSCE in the Yugoslav crisis created a need for a permanent body that would be able to provide continuous political advisement and decision-making regarding the latest developments in the area of responsibility of the organization's activities, as well as to prepare and coordinate the work of newly established instruments and mechanisms, and primarily those in the field of conflict

prevention and resolution. The Permanent Political Advisory Council was established at the CSCE Council in Rome in 1993, called the Standing Committee, which is the current Permanent Council (CSCE, 1993: CSCE Structures and Operations, paragraph 3& paragraph 7.1). The Yugoslav crisis contributed significantly to the establishment of the current position and role of the Standing Committee/Council within the Organization for Security and Co-operation in Europe.

The Yugoslav crisis caused much more attention to be paid to the negotiating structure regarding the security issues discussed within the CSCE, especially when it came to preventing and resolving conflicts. Given the decisions adopted at the Helsinki Summit, it was decided to establish a new negotiating and decision-making body called the Forum for Security Cooperation. On that occasion, the Forum was designed as a framework for negotiating issues related to: (1) launching new negotiations on the control of arms, disarmament and confidence-building; (2) improving regular counseling and strengthening cooperation; and (3) improving the process of reducing the risk of conflict (CSCE, 1992b: Helsinki Decisions, CSCE Forum for Security Co-operation, paragraph 8). It can be said that the engagement of the OSCE in the Yugoslav crisis through ensuring the implementation of confidence-building and security measures and regional arms control measures in accordance with the provisions of the aforementioned Peace Agreement in Bosnia and Herzegovina conditioned the importance of the Forum for Security Cooperation in the overall institutionalization of the Organization for Security and Co-operation in Europe. Through its engagement in the implementation of the Peace Agreement in Bosnia and Herzegovina, the OSCE introduced into its practice a novelty, which was to solve specific regional security problems through the implementation of confidence and security-building measures. Regarding this matter, the Peace Agreement in Bosnia and Herzegovina envisaged confidence and security-building measures on two levels: (1) confidence and security-building measures in Bosnia and Herzegovina, and (2) confidence and security-building measures in the region. Also, for the first time, the OSCE was the bearer of regional arms control measures. In order to carry out these activities, the OSCE has developed two in many ways unique agreements in the current practice: (1) the Agreement on Strengthening Confidence and Security-Building Measures in Bosnia and Herzegovina, concluded in Vienna in 1996; and (2) the Agreement on Sub-Regional Arms Control, concluded in Florence in 1997. On the Lisbon Summit, this affected the OSCE to direct towards the maintaining of security in its region and consolidation of the situation in Southeast Europe through the implementation of the Peace Agreement in Bosnia and Herzegovina (OSCE, 1996: Lisbon Summit Declaration, paragraph 18).

The Conflict Prevention Center was established on the basis of the decisions of the CSCE Summit in Paris on 18 March 1991. Among other things, at the beginning of its mandate, the Center was in charge of collecting reports on the

implementation of the economic embargo against Yugoslavia designated by the United Nations in September 1991. However, its resources and staff at that time were not fully developed, which jeopardized its purpose, particularly after the intensification of the Yugoslav crisis in the second half of 1991. However, the establishment of the Forum for Cooperation in the Area of Security jeopardized the continuation of the Center's existence. Namely, his further destiny depended on the progress of negotiations, exchange of opinions, counseling and cooperation within the Forum, from which the possible new immediate tasks of the Center should arise and the strengthening of its action in terms of reducing the risk of conflict. The extent and intensity of conflicts on the territory of the former SFRY were the main factors of the survival and further development of the Center for the Prevention of Conflicts. As a result, the Center has currently developed capacities to provide support to the Official Chair and other OSCE structures in activities such as (1) identifying potential crises and planning future missions and tasks; (2) providing support when implementing confidence and security-building measures; and (3) archiving all documentation related to the annual exchange of military information. In addition, the failure of the OSCE Mission for Verification in Kosovo and Metohija, primarily referring to the failed deployment of the planned number of persons for verification, led to the decision to establish an Operational Center for the preparation and implementation of OSCE field operations within the Center for Conflict Prevention at the Istanbul Summit (OSCE, 1999c: Charter for European Security, paragraph 43). Its basic role was to plan and develop field operations.

The Office for Democratic Institutions and Human Rights has its roots in the Bureau for Free Elections, set up at the Paris Summit, which played a role in facilitating the cooperation of participating states in meetings and exchanging information on free elections (CSCE, 1990b: New Structures and Institutions of the OSCE process, paragraph 13). However, with the development of events on the territory of the former SFRY, the Bureau for Free Elections became an obsolete institution. This led to the establishment of the Office for Democratic Institutions and Human Rights (CSCE, 1992a: Human dimension, paragraph 9) at the CSCE Council meeting in Prague in 1992. It was the largest institution in the OSCE and responsible for: (1) promoting democratic elections, in particular through overseeing the electoral process; (2) providing practical support in the establishment of democratic institutions and human rights, and the strengthening of civil society and the role of law; (3) contribution to early warning and conflict prevention, in particular through the monitoring and implementation of obligations from the human dimension and (4) the contact point for Roma and Sinti issues.

The High Commissioner on National Minorities was established by decisions adopted at the Helsinki Summit as a response, as early as possible, to ethnic tensions that have the potential to become a conflict within the OSCE region. The High Commissioner on National Minorities acts as an instrument of preventive

diplomacy and aims to identify and timely assist in resolving ethnic tensions that could jeopardize peace, stability, and relations between the participating States of the Organization for Security and Co-operation in Europe. The need for the establishment of this institution originated primarily because of the Yugoslav crisis, and it recorded significant engagement in the territory of Macedonia (Ackerman, 2010, pp. 115-128).

## THE INFLUENCE OF THE YUGOSLAV CRISIS ON DEVELOPMENT OF THE CSCE/OSCE INSTRUMENTS IN THE FIELD OF CONFLICT PREVENTION AND RESOLUTION

In order to be successful in the area of conflict prevention and resolution, the CSCE/OSCE had to develop certain instruments for operational actions in the field, such as reporting and fact-finding missions, long-term missions, personal representative of the chairman, REACT teams and peacekeeping operations. Most of these instruments were created under the influence of the engagement of the CSCE/OSCE during the Yugoslav crisis.

The inability of the physical presence of the CSCE to manage the crisis on the territory of the former SFRY has caused more than modest effects. This led to the establishment of a Fact-Finding Mission and Rapporteur Mission at the Helsinki Summit as instruments for conflict prevention and political crisis management (CSCE, 1992b: Helsinki Decisions, Early Warning, Conflict Prevention and Crisis Management, paragraphs 12-16).

Also, the need for a long-term and continuous presence in the crisis area for the collection of information regarding human rights, military developments and mediation in a possible approximation of the opposing interests of the parties to the conflict appeared during the engagement of the CSCE in the Yugoslav crisis. This need was institutionalized through the establishment of a Mission of Long Duration to Kosovo, Sandzak and Vojvodina by the Committee of Senior Officials in August 1992 (International Politics, 1992, pp. 26). This was the first mission of this type within the CSCE. It had the task to improve the dialogue between authorities and minority representatives, collect information on relative human rights violations, serve as a contact point for representatives of various ethnic groups and provides information on legal solutions to minority, media and election issues. The mission was activated in the period from December 8, 1992, to June 28, 1993, when due to a suspension from the CSCE the Government of the FRY canceled its hospitality.

Beside the Mission of Long Duration to Kosovo, Sandzak and Vojvodina, during its engagement in the Yugoslav crisis until the end of 1999, the OSCE/OSCE used this instrument on several occasions, thus gaining experience for the subsequent dimensioning of such missions and the need to develop new

elements in the function of their support. Among other things, long-term missions were also deployed twice in the territory of Kosovo and Metohija. The FRY accepted the First Permanent Mission, called the OSCE Verification Mission for Kosovo, which had the task to verify the implementation of United Nations Security Council Resolution 1199 (International Politics, 1998, pp. 2-4). However, before the NATO aggression, the Mission halted its work and the verifiers were withdrawn from Kosovo and Metohija. The Second Mission in Kosovo was established in accordance with the provisions of United Nations Security Council Resolution 1244. This mission was part of the United Nations Interim Administration Mission in Kosovo (UNMIK) and responsible for building institutions and democracy, the rule of law and human rights in the region. Its work focused on the following interdependent areas: (1) media affairs; (2) democratization; (3) elections; (4) police training and the rule of law and human rights.

In addition to the long-term missions in Kosovo and Metohija, there was a very noticeable and intense engagement of the Personal Representative of the Chair in 1998, which significantly contributed to the profiling of the position and role of this instrument in the field of conflict prevention and resolution under the auspices of the Organization for Security and Co-operation in Europe.

From three depicted missions, the OSCE Verification Mission for Kosovo had special significance in the development of REACT teams. According to the Agreement on the OSCE Verification Mission for Kosovo, it was planned to deploy 2,000 people for its implementation. However, due to the lack of the sufficient number of experts, only about 1,400 persons were deployed and considerably slower than planned. On that occasion, it became apparent that the participating states could not provide civilian experts at any given time, even for missions of great importance for international security. Based on this experience at the Istanbul Summit, REACT teams have been established (OSCE 1999c: Chapter for European Security, paragraph 42).

Due to the experience of engaging long-term missions during the Yugoslav crisis, the OSCE is now distinguished for the implementation of this instrument in order to prevent and resolve conflicts. Currently, with its capacities, it is engaged in 15 countries in the areas of Southeast Europe, Eastern Europe, the South Caucasus and Central Asia. (Galbreath, 2007, pp. 65-91 and OSCE, 2018, pp. 56-90). Long-term missions are the basic instrument for conflict prevention, crisis management, conflict resolution and post-conflict rehabilitation of the region. The mandate, size and activities of these missions are very diverse, which affects the flexibility of their implementation and provides unique opportunities for engagement in conflicts and crisis situations throughout the OSCE region. Their mandates typically include the following tasks: (1) assistance, advice and formulation of recommendations in the areas that the OSCE and the host country have agreed to; (2) monitoring the commitments undertaken within the OSCE and providing advice or

recommendations to improve their implementation; (3) assistance in organizing and monitoring elections; (4) providing support in strengthening the rule of law and democratic institutions and in preserving and restoring order; (5) creating conditions for negotiation and other measures that can facilitate peaceful resolution of conflict; (6) verifying and/or assisting in the implementation of an agreement on the peaceful resolution of conflict; and (7) supporting rehabilitation and reconstruction of various aspects of society.

Peacekeeping operations have been established by the Helsinki Decisions (CSCE, 1992b: Helsinki Decisions, Early Warning, Conflict Prevention and Crisis Management, paragraphs 17-56). Hence, precisely at the same time when the UN took part in resolving the Yugoslav crisis by establishing peacekeeping forces in Croatia, Bosnia and Herzegovina and Macedonia. The establishment of peacekeeping operations was a reflection of the CSCE's efforts to strengthen its effectiveness in the field of practical activities aimed at managing the Yugoslav crisis and preventing conflicts in the former SFRY, as well as to ensure the necessary effectiveness as a regional agreement within the meaning of Chapter VIII of the Charter of the United Nations. As it is well known, so far, the OSCE has established only one peacekeeping operation in the Nagorno-Karabakh area.

## THE INFLUENCE OF THE YUGOSLAV CRISIS ON DEVELOPMENT OF MECHANISMS AND PROCEDURES OF THE OSCE/OSCE IN THE FIELD OF CONFLICT PREVENTION AND RESOLUTION

Most of the instruments and procedures available within the OSCE are related to the prevention and conflict resolution, primarily in the matters of human dimension, risk reduction, early warning and preventive action, and peaceful resolution of disputes based on conciliation and arbitration. Their establishment and intensive implementation were certainly facilitated by the establishment of the Security Cooperation Forum and the Standing Committee/Standing Council (OSCE, 2011, p. 9).

The Yugoslav crisis had an impact on the development of the Human Dimension Mechanism, primarily through the establishment of the Mission of Experts and the Mission of Rapporteurs. The Yugoslav crisis has contributed to the fact that particular attention has been paid to the relationship between security and human rights within the CSCE/OSCE (Begiraj, 2011). The Human Dimension Mechanism (Vienna and Moscow Mechanism) is one of the most complex mechanisms of the OSCE. It is upgraded and modified at the meetings of the Human Dimension Conference. In its original form, the mechanism was established at the Follow-up Meeting in Vienna in 1989 (CSCE, 1989, Human Dimension of the CSCE). It was upgraded on the second meeting of the Conference on the

Human Dimension in Copenhagen in 1990 (CSCE, 1990a: paragraphs 41-43). It was extensively extended at the third meeting of the Human Dimension Conference in Moscow in 1991 (OSCE, 1991: paragraphs 1-16). Certain modifications were also experienced at the CSCE Council Meeting in Prague in 1992 (OSCE, 1992a: Human Dimension, paragraph 14). The mechanism was designed to contribute to the more efficient implementation of the commitments undertaken by the participating States with the documents created under the auspices of the OSCE, as well as establishing their close cooperation in that area. The purpose of the mechanism was to resolve specific problems that a participating state was facing in its territory or in relations with other participants. Drawing from the direct field engagement of the Council of Europe and the European Economic Community in February and March 1991 during the resolution of the Yugoslav crisis, the CSCE established the Expert Missions and the Rapporteurs' Mission (OSCE, 1991: paragraph 13) at the Third Meeting of the Conference on Human Dimension, held on 4 October 1991 in Moscow. On October 10, 1991, the Conference on Security and Cooperation in Europe assumed the role in the protection of the rights of national minorities in accordance with its standards and definitions. At the session of the Committee of Senior Officials, it was emphasized that the unresolved issue of national minorities on the territory of the former SFRY prolonged tension and instability, and that the conflict should not be used for the violent change of the ethnic composition of various areas (International Politics, 1991b, pp 17). Starting from such commitments, the Committee of Senior Officials at the meeting in Prague on 22 October 1991 decided to send the Mission of Human Rights Rapporteurs to Bosnia and Herzegovina, Croatia, Macedonia, Montenegro, Serbia and Slovenia (International politics, 1991a, pp. 18). The Mission's task was to become familiar with the human rights situation, including the rights of minorities, and to inform the Committee of Senior Officials. Based on the report submitted by the said mission, the Committee of Senior Officials decided to continuously monitor the state of human rights in Yugoslavia in the future, including the position of national minorities.

After that, the Human Security Mechanism until the end of 1999 was activated five more times, from which three times in connection with the Yugoslav crisis. On 23 July 1992, the Mission of Human Rights Rapporteurs was sent upon the UK request and with the support of another 12 participating States to Bosnia and Herzegovina and Croatia to report on the attacks on civilians. During the 22nd meeting of the Committee of Senior Officials on June 30, 1993, the Moscow Mechanism on Human Dimension was launched based on the decision to send the Rapporteurs' Mission to the FRY to investigate the state of human rights. However, the Ministry of Foreign Affairs of the FRY refused to issue visas to the members of the Rapporteurs' Mission, so the Mission was not realized. During the NATO

aggression on the FRY, the Human Dimension Mechanism was initiated by the Russian Federation on April 23, 1999 (OSCE, 2011, p. 14).

Regarding the mechanisms for risk prevention, from the existing seven in the period from 1990 to 1999, two mechanisms have been activated referring to the Yugoslav crisis - the Mechanism for Consultation and Cooperation as regards Unusual Military Activities and the Mechanism for Cooperation as regards Hazardous Incidents of a Military Nature. The Mechanism for Consultation and Cooperation as regards Unusual Military Activities is foreseen by the Vienna Document, and it represents a framework for consultations and cooperation between states as regards any unusual and unplanned military activities of a participating state (OSCE, 1999a: Risk Reduction, paragraphs 16 to 16.3. 1.2). In the period from 1990 to 1999, this mechanism was activated four times, each of which was related to the territory of the former Yugoslavia (OSCE, 2011, pp. 17-18).

The Mechanism for Cooperation as regards Hazardous Incidents of a Military Nature, also envisaged by the Vienna Document, is a framework for cooperation among the participating States through the reporting and clarification of hazardous incidents of a military nature in order to avoid possible misunderstandings and mitigate the consequences. So far, it was activated only once by Portugal in January 1992, when that country requested explanations on behalf of the European Commission regarding the shooting down of a helicopter with observers above the territory of the former Yugoslavia (OSCE, 2004, p. 5).

In connection with early warning and preventive action, the Mechanism for Consultation and Co-operation as regards Emergency Situations (Berlin Mechanism) was established at the meeting of the Committee of Senior Officials in Berlin from 19 to 21 June 1991, as a result of consideration of the possibilities for the most efficient operation of the CSCE in crisis situations. Negotiations for the establishment of the said mechanism were a line of separation among the participating States and represented a subject of a great dispute during the preparation of the Charter of Paris for a New Europe. The establishment of this mechanism was opposed by three countries - the USA, the Soviet Union and Yugoslavia. The opposition of Yugoslavia stemmed from the awareness that the process of disintegration, which had already begun within its borders, could become the subject of the said mechanism. On the other hand, the USA and the Soviet Union intended to avoid securing a significant role of the CSCE on security issues.

This mechanism was first used during the Yugoslav crisis since that was the reason for its creation. The Committee of Senior Officials had seven extraordinary meetings on the basis of the Berlin Mechanism during the Yugoslav crisis in the period from 1991 to 1994. The First Extraordinary Meeting at Luxembourg's request from 28 June 1991, was held in Prague on 3 and 4 July of the same year, that is, only thirteen days after the establishment of the Berlin Mechanism. On this

occasion, the OSCE first considered the emerging crisis in Europe after the Cold War through issues related to the ceasefire and hostilities, preventing the spread of conflicts and providing common assistance in resolving it. Decisions from that meeting were adopted in the documents called the Emergency Appeal for a Cease-fire and the Mission to Yugoslavia. The Second Extraordinary Meeting was scheduled in Prague on 8 and 9 August 1991. At that meeting, the Committee adopted a new Declaration for the ceasefire and agreed on the decision to continue the operation in connection with the Yugoslav crisis given in the documents: Assistance to Negotiations on the Future of Yugoslavia and the Observer Mission in Yugoslavia. At the Third Extraordinary Meeting, held in Prague on 3 and 4 September 1991, the Declaration on the ceasefire was adopted and, through a document entitled Negotiations on the Future of Yugoslavia, the positions on the negotiated settlement of the crisis in Yugoslavia were agreed. The Fourth Extraordinary Meeting was held in Prague on October 10, 1991. At that meeting, the representatives of the CSCE participating countries reviewed developments in Yugoslavia and adopted a document entitled The Situation in Yugoslavia. At the Fifth Extraordinary Meeting, on 29 November 1991 in Prague, a document entitled Support to the UN Action on Yugoslavia was adopted. The Sixth Extraordinary Meeting was held in Helsinki from 6 to 12 May 1992, at the request of Austria from 4 May 1992. This meeting was dedicated to armed conflicts in Bosnia and Herzegovina.[12] At the end of the consultation, the Declaration on the BiH was adopted. In addition to the above-mentioned, during the Follow-up Meeting in Budapest on November 25, 1994, Bosnia and Herzegovina issued a request for an extraordinary meeting of the Committee of Senior Officials regarding the situation in the Bihać region. The meeting of the Committee of Senior Officials on this matter was held in parallel with the Budapest Review Conference. The last time the mechanism was launched in connection with the Yugoslav crisis was by the Russian Federation on April 23, 1999, in line with the NATO aggression against the FRY.

During the development of the Berlin Mechanism, the general consensus rule was abandoned. In fact, an exception called "Consensus Minus One" has been introduced, which provides that in the event of emergencies decisions can be prepared and implemented without the consent of a participating country for which the mechanism has been initiated. Three exceptions to the introduction of the consensus - two on the procedural plan during the convening of extraordinary meetings in connection with the Mechanism for Consultation and Cooperation as regards Unusual Military Activities and the Berlin Mechanism, and one on the decision-making plan within the framework of the Human Security Mechanism have significantly altered the nature of the OSCE. According to the opinion of the

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[12] These documents were published in: International Politics, Belgrade, No. 995-7, 1991, pp. 15-18; No. 998-1000, 1991, p. 28. and No. 1005-6, 1992, p. 20.

eminent authors in this field, the main incentive for introducing changes into the decision-making system by general consent was, unfortunately, the Yugoslav crisis and the mentioned exemptions from the consensus rule were mostly applied so far in connection with it (Aćimović, 1996b, pp. 122).

## CONCLUDING CONSIDERATIONS

During the Cold War, the CSCE represented a multilateral forum for dialogue and negotiations between the East and the West, within which was necessary to expand, deepen and make continuing and lasting process of detente and thereby create the conditions for the peaceful overcoming of divisions. Presently, the OSCE is a pan-European security organization that in accordance with the regional agreements of Chapter VIII of the Charter of the United Nations aims to ensure the prevention and conflict resolution on its territory, i.e. early warning, conflict prevention, crisis management and post-conflict rehabilitation in Europe.

The Conference on Security and Co-operation in Europe started redefining its place and role in the security architecture of Europe after the Cold War by implementing the decisions adopted at the CSCE Summit in Paris in 1990. Since then, in order to ensure a self-sufficient role in European security, the CSCE/OSCE has set unique objectives and tasks and has continuously developed its structures, institutions, instruments, and mechanisms in accordance with them.

It can be said that the escalation of the Yugoslav crisis was one of the reasons for the CSCE to redefine its goals of existence and design a new role in the post-Cold War reality. This has led to the definition of new tasks and the institutionalization of the CSCE OSCE, primarily in the field of conflict prevention and resolution. Therefore, the Yugoslav crisis had a significant or even decisive influence on the establishment of new structures, institutions, tools, and mechanisms of the CSCE/OSCE or the development of existing ones.

The transition at the end of the Cold War was a turbulent time in world history. The simultaneous collapse of the Soviet Union and Yugoslavia created conditions for the outbreak of numerous conflicts. At the same time, these events occurred when the CSCE was still in the process of building its structures and institutions, instruments and mechanisms, and the inability to react immediately to such a wide spectrum of violent conflicts has caused doubts as to its effectiveness as a conflict management tool.

Identifying the cause-and-effect relationship between the Yugoslav crisis and the development of the OSCE/OSCE from 1990 to 1999 through the consideration of a multitude of scientific documentation and relevant documents, it can be concluded that the Yugoslav crisis, after the Cold War, had influenced the CSCE to define the area of prevention and conflict resolution as a matter of gravity,

and consequently to establish and develop adequate structures and institutions, instruments and mechanisms within it. Regarding the negotiating and decision-making bodies, the Yugoslav crisis had a distinct impact on the development of the Council of Ministers and the High Council (established at the Paris Summit in 1990, but under the influence of the Yugoslav crisis their mandates were extended at the Helsinki Summit in 1992), as well on the establishment and further development of the Permanent Council (established at the meeting of the CSCE Council in Rome in 1993) and the Forum for Security Cooperation (established at the Helsinki Summit in 1992). Additionally, the Yugoslav crisis had a significant impact on the development of the Conflict Prevention Center (established on the basis of the decisions adopted at the Paris Summit in 1990) and the establishment and further development of the Office for Democratic Institutions and Human Rights and the High Commissioner on National Minorities (established at the Helsinki Summit in 1992). Most of the OSCE instruments were created under the influence of the Yugoslav crisis, such as reporting and fact-finding missions, long-term missions, personal representative of the Chair, REACT teams and peacekeeping operations. Likewise, the crisis in the former SFRY had an impact on the establishment of the Human Dimension Mechanism and the Berlin Mechanism (Early Warning and Preventive Action) as well as on the development of two mechanisms in the area of risk reduction - Mechanism for Consultation and Cooperation as regards Unusual Military Activities and Mechanism for Cooperation as regards Hazardous Incidents of a Military Nature. When analyzing the existing OSCE procedures, it is apparent that under the influence of the Yugoslav crisis a general consensus rule was rejected, regarding the application of the Berlin Mechanism and the Human Dimension Mechanism.

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## SPREČAVANJE I REŠAVANJE SUKOBA
## POD OKRILJEM KEBS-a/OEBS-a
## NAKON HLADNOGA RATA I JUGOSLOVENSKA KRIZA

*Apstrakt*: Nakon okončanja Hladnoga rata KEBS je počeo da preispituje svoje ciljeve postojanja i da ih redefiniše u skladu sa novonastalim okruženjem. Prvobitne namere KEBS-a da postane panevropska institucija kooperativne bezbednosti, zamenjeni su pod uticajem jugoslovenske krize sa razvojem neophodnih kapaciteta za sprečavanje i rešavanje sukoba u njenom regionu. U skladu sa tim, pod uticajem krize na prostoru bivše Jugoslavije razvijene su mnoge strukture i institucije, instrumenti, mehanizmi i procedure radi smanjenja rizika, ranog upozoravanja, sprečavanja konflikta, upravljanja krizama i postkonfliktnog oporavka u Evropi. U radu je opisan razvoj kapaciteta za saradnju u oblasti sprečavanja i rešavanja sukoba Konferencije o evropskoj bezbednosti i saradnji, a kasnije i Organizacije za evropsku bezbednost i saradnju pod uticajem jugoslovenske krize u periodu od 1990. do 1999. godine.

*Ključne reči:* sprečavanje i rešavanje sukoba, jugoslovenska kriza, KEBS i OEBS.

# HUMAN SECURITY AS A RESOURCE
# OF INTERNATIONAL SECURITY

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*Abstract:* The paper is concerned with the scientific approach to the concept of Human security unlike its common, more doctrinal use. The Humanological model of researching human interests for social safety and personal security enables the analysis of the perception of crucial factors of the human condition in the context of various entities. In the same way, the analysis deals with the possible connection between applied human security research and Human Resource Management in the field of the National Security.

*Key words:* Human Security, Humanological, Scientific, Human Resource, National Security.

## INTRODUCTION

Security is a clearly recognizable phenomenon of human existence that changes along with the human condition in which it can have its lasting qualities, perceived in a limited time frame or just temporarily. From the very superficial to deep insight into security, such a concept is completely assimilated into the human structure or human entity security. It is particularly evident in the context of (human) society where differences are multiplied, and the context of human and security becomes more complex.

However, we should try to define long-term indicators (parameters) of prosperity and the perception of potential threats. Therefore, we have a dual level

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of analysis. One level is pertaining to the perception (and reception) and another to the measurable indicators of well-being. To the extent that speaks about the human nature of the security design and interpretation of the phenomena of human life in terms of connecting the increasingly complex security problems with the nature of the phenomenon, the concept of human security plays a very positive and creative role. The concept can have a lot of success as a theoretical research construct only as an open structure, with a large practical and innovative potential.

Is it possible to talk about national security without concern for people unable to fulfil their own sense of the value of integrating people from everyday life in peace and certainty, to fulfil the most complex national interests? On the other hand, the safety of the people in its broadest sense includes not only the absence of violence and harassment in everyday life. It involves the interpretation of human rights, good governance, access to education and health care, as well as the creation of conditions in which every individual will have the opportunity and choices to fulfil his potential. Each step in this direction is also a step towards reducing poverty, achieving economic growth and preventing conflict. Release from deprivation, release from fear and freedom for future generations to inherit a healthy environment are interconnected issues of human security and thus testify to the integral meaning of national security.

The end of the Cold War marked the beginning of the struggle for global power by formulating new security interests, including the fight for its *creation*. That, among other things, became clear through the formulation of the need for controlling the spread of various forms of intrastate to regional conflict. They came out into the open becoming many of the problems that are both physically and conceptually related to the whole of humankind. Violation of human rights is still one of the best-known forms of threatening people. However, there is a very visible problem of refugees and expelled persons, nuclear proliferation, terrorism, environmental pollution, drug trafficking, and infectious diseases such as swine flu or Ebola virus. Many security thinkers spotted a new dimension to the problem, which is best represented by such phenomena as the so-called global terrorism or the threat of a pandemic for which there are no national borders barriers. They directly threaten lives, material existence and dignity of people. It is a framework of thinking about solving these problems that goes beyond the classical concept of state-centered security, according to which public authorities have an obligation to protect the lives and property of the people so as to maintain the security and prosperity of the country. In fact, some of the security thinkers believe that, in many cases, this policy carried out by one country brings about problems and safety issues.[3] Hence, the concept of Human security is possible to understand as a contemporary contribution to the improvement of the concept of international security. Are we, therefore,

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[3] One of the most prominent examples is a contemporary study of Noam Chomsky: *Making the Future: Occupations, Interventions, Empire and Resistance* (Chomsky, 2012).

supposed to consider the adequacy of the content called the "human security," which indicates the origin and nature of solving some of the problems pointed out by analysts and policymakers? Human security has both global and local dimension about which is possible to speak from the point of initial experience in the analysis of specific problem areas, i.e. crisis in the world as well as of instruments for solving them. Generally, it can be said that human security is considered as an idea. However, it is an unelaborated concept of influence on political decision-making. Nevertheless, some countries and international forums are inspired to engage in its promotion.

## HUMAN SECURITY IN SCIENTIFIC CONTEXT

Human security, therefore, differs from state-centric concepts of security by the fact that as the "reference object" takes people and the global community. Human security refers to the appreciation of people's needs for security, including preventive measures to combat human vulnerability and anticipates taking recovery action where preventive measures have failed.

The report definition of security is amended to include the notion of safety as well as chronic threats such as hunger, disease and various forms of repression, and also measures and instruments for protection from sudden and hurtful disruptions to the flow of everyday life. The United Nations are suggesting that people, in order to be safe, besides the freedom from persecution and injury should satisfy their basic needs. Therefore, as the two key elements of human security were introduced the deprivation of liberty and freedom from fear.[4]

Safety of people, however, cannot be limited to the perception of human development, although sharing a common "conceptual space" brings about so many specific questions which are usually multidimensional and focus on the human condition. Human development is not just a concept but a long-term global goal, which is able to frame the aspirations of any society, whether it is relatively rich or poor.

Human security can be, on the other hand, understood as the realization of common opportunities and human resources in the safe environment. Human development is in contrast to the long-term human security perspective. Human security implies relatively short-term activities, including sending humanitarian aid and peacekeeping operations (Grizold and Bučar, 104-105). While human development seeks a more balanced growth of human welfare, human security

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[4] Special significance of the report from 1994 is that the concept of human security is introduced into the practical level of action of the UN agencies in addition to the operationalized concepts of human rights and human development. About different aspects of the usability of the concept of human security can be read more in: D. Dulić, *Ljudska bezbednost*, (collection of articles, second part) (Dulić, 2006).

refers to the detection of the causes of insecurity and its removal as well as finding their solutions. Faced with a variety of methods for analyzing the parameters of human development, we have to ask whether something is feasible and are also supposed to do the monitoring of content within the domain of human security.

Interestingly, the index (as measured by the intersection condition) of human (in) security has not yet been developed. Despite previous attempts, the concept has remained patchy with the consequence that a broad definition of human security leads to poor precision. When the concept is operationalized, it becomes an analytical frame with the aim of improving the security of people. The truth is that there are indicators from the Human Development Report. However, they are imperfect for measuring human security because it concerns a variety of phenomena that are being investigated. This, however, does not mean one cannot use comparative familiarity of research and cross-analysis of indicators of human development and human security. Obviously, it turns out to be difficult to reach an agreement about the definition of human security given the often doctrinal (and ideological) approach, which would systematize the methods of obtaining and interpreting empirical data. After all, this only confirms that it is not easy to define the contents of the concept of security in which are contained the moral, political, ideological, ethical, and even regulatory elements that impede harmony.

Human security, as well as any other concepts of security, is not just a list of objective indicators. Under these assumptions, there are often hidden convictions that it is a universally applicable indicator with respect to the universal aspirations of the concept. However, the universal aspirations of the concept can be easily associated (which many analysts do) with the structures of liberal ideology, the paradigm of western civilization and the well-known political practice of imposing their own criteria as universal.

Regarding the discussions about the "objective" indicators, it is important to bear in mind that the term security is related to social life. People's perceptions of their own security are the dominant factor in the study of the situation of human security. This is expressed as a qualitative phenomenon, which binds to individual and collective perceptions of threats (Grizold and Prašnikar, 56). Thus, human security has meaning within a specific social context. It grows and changes as a result of specifications and discourses. It is a field that shows the real need to deepen the concept of human security in the complex scientific field research of safety with a particular interest in the human being in these studies. Specifically, human interest in security requires appropriate scientific identification of its boundaries of the subject and what might be called *humanological* as far as the way security is formed as human interest and human beings' variety of problems.

This scientific approach, among other things, allows us to understand how different communities understand security and insecurity, as well as the impact of

cultural and historical characteristics of this observation. It is essential in order to understand how the human perception of security relates to events and conditions, causing the perceptions to be the same or different in the past, present and anticipated future. Apart from the concept of human security, humanology deals with a human condition (Bodin, 2002) that can be described as (un)safe and communities who experience (in)security in a structured way (Galtung, 2009), so that this takes the essential starting point and the primary focus of analysis. Humanology is able to examine how social actors, individuals and collectives, transform both materially and symbolically their living conditions to achieve the condition that, among other achievements, can be called *the safe* one.

One of the advantages of humanology is reflected in the fact that may indicate nonmaterial, symbolic, cultural and even spiritual aspects of human security taking into account the identity and belonging[5]. Therefore, only the humanology studies provide an adequate basis for the placement of the original human interest in security. However, the concept of human security and human rights concept that are interrelated escapes transformation into a weaker or stronger doctrinal concept which is reshaping the role of governance structures in different countries and regions of the world. Creating the conditions for the safety of all people escapes the problem of creating a world that can leverage to manipulate people just in the name of their humanity.

Why would people argue against human rights if they were actually presented in the full light, the light in which all human life should be seen as a worthy one? In this article, we present a completely new approach to the concept of human security, one based on socio-humanistic science which is more specifically called humanological instead of a doctrinal one. All this requires better coordination of theoretical and practical aspects of human security and neutralizes ideological impurity in human-centric management approach to these issues. This primarily means the implementation of a proactive way and applicable scientific approach that is consistent with the achievement of genuine human interest of safety. Proactive means that the scientific approach is only trying to develop and to become operational on the assumptions of human capabilities that are not related to the mere interpretation of the world (as mostly passive), but it is changing or establishing new facilities of human reality and also enriching the human condition without losing the scenery of the international security system and any global level.

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[5] Humanology based research in this case is concerned with identity building, security as a stability of entity of the community in conditions that have been dictated by public life that is under the influence of raising number of social groups and experiences in broader communities.

## HUMAN RESOURCE MANAGEMENT
## AND NATIONAL SECURITY

Humanological management approach to human security relies on exploring ways to improve the status *of the human factor* in the life of organized human community, whether it is about institutions, commercial organizations and the social life of the people at the state level or the international and even global forms of mutual human knowledge (Storey, 1995). The human factor here refers to the condition of human dignity, the possibilities of expression of needs and the implementation of human capabilities in the inception of organised activities that are defined according to the criteria of its institutional, business, social or even state reason of foundation (Hofstede, 2003).

However, the realisation of a given role in achieving goals often seems to be far from understanding and people's control that are abstractly referred to. *So, people have been placed in a position to activate their own potential for the implementation of security, they become human security resources in their immediate surroundings.* Humanological analyses include establishing a research model of the phenomenon of security, even placed in the life of people that is of a kind which can be transferred to the social initiative and institutional level.

Demonstrating the logic of achievements of management-approach to the theoretical elaboration leads to practical solutions which bring about theoretical deepening in order to make a basis for future research. This approach reflects the essence of the efforts for the establishment of security condition as organic parts of life in the community according to the conception of the human well-being. However, the realisation of a given role in achieving goals seems often far from understanding and people's control that are abstractly referred.

In a sense, the humanological scientific approach evaluates the question of human security (analytically expressed) as unformatted structure, semi-formatted and (completely) formatted one. The unformatted refers to the analysis of various conditions of human consideration of security experience along with factors that can be traced. The semi-formatted level includes the participation of people in structuring safety entities from the personal (individual) level to the entities that are in closer domain of the communities. And finally, the formatted level examines the transfer of security of individuals to the level of the security entities, indirectly (culturally) close to the communities in which one participate through various forms of social life.

Humanological Management is a broader concept of Human Resource Management (HRM). HRM is guided by the human security problems as an applied concept of dealing with the human impact on them as well as with their overcoming. The human security concept, on the other hand, becomes scientifically operative

in research of national security or security in general, in the social context of everyday life.

Thus Human Resource Management of (national) security deals with the human situation, shaped by the interests of safety, involves establishing a model of the phenomenon of security placed in the plane of the lives of people which can be transferred into a social initiative and institutional solutions (Kets de Vries and Miller, 1986). The essential features of the humanological research model of the phenomenon lie in the human perception of safety and most of them are:

– Exploring the basic of the existential-entity structure of people in various forms of community;

– Calculating the results of measurable content with the existing indicators of human security or creating new indicators based on the specific gravity of certain programs and their analysis;

– Formulating indicators of social mobility of people and social entrepreneurship and institutional mobility;

– Analysing the obstacles as security problems;

– Determining the state of human security and suggesting measures for improvement based on the intersection of the above indicators and known security issues.

## SECURITY INDICATORS

Indicators of human security should indicate the manner in which people in everyday life react to different security problems. They enable the analysis of the obtained broad picture of the security situation in areas of the pulsating life, but can also help to observe the ways of their solution and the degree of connection to organized forms of action on problems.

When it comes to organized activities at the level of the entity organizational form, which we defined as a *nation*, then the analysis is the relationship road sign for further definition of humanological indicators for achieving national security. When it comes to the analysis of human security in the above sense, then we have to start from the most important segments of social life, such as the security situation in the area of political and general-institutional life, unfolding economic trends, education and social policy, the state of health care, protection of the environment, etc. In each of these spheres should be applied research that can be called a standard or intersection safety for a space-time context that is real, human environment (social context, which makes it one of the forms of community). This implies the determination of positive as well as negative characteristics.

The first would relate to the indicators of preserving life and its calm unfolding, the certainty of a perception of free exercise of human capabilities and security[6], disposal of human resources (values) in an institutional setting. Other negative indicators would be related to their degradation which can be graded to determine the factors, challenges, risks and threats. Thus completed, it becomes a general analysis of threats to a predetermined (structured) state of human security as a standardized template for defining indicators.

Thus, in the sphere of *economic security* of the people, the following indicators are important: predictable sources of income; meeting the material needs of existence; the prospect of improving economic status and social security.

In the sphere of *political security,* the important indicators are political liberties, civil rights in the social life, the existence of human rights instruments.

In a study of *environmental and health safety,* the important indicators are: the existence of instruments to protect public health (preparedness for infectious and parasitic diseases, etc.); the availability of healthy and intact environmental factors (water, air, soil and food).

*Personal safety and social groups include:* a degree of respectability; personal dignity and social prestige; and the acceptance of different organizations and stakeholders to connect to the status of the group.

*Security and basic needs for self-development and disalienation*[7]:

– Social acceptance and implementation of institutional management of human and social resources, legal and social recognition of human character quality of life and development in general;

– Safety of the public goods as a fundamental human interest;

– The cultural values of people's lives and national heritage (the existence of instruments of goods which develops a sense of higher values).

## INSTEAD OF THE CONCLUSION

The analysis should indicate the state of security in terms of human recognition of the impact on their lives in a particular community, or the degree of organization and the community as a security entity. They are not to seek outcomes that would

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[6] If it is an analysis that is open and pertain to the structuring of the security situation as well as the perceptions of human beings from which arises the interest of safety, then this concept can be called existential. If it comes to a structured survey by the forms or aspects of social life, then these terms can be called categories and indicators of safety standards

[7] This subject connects (brings closer) the analysis of the so-called *existential* and *categorical*, i.e. the analysis of an existential need for belonging to something corresponds to the contents of categorical analysis of indicators of existential self isolation.

lead to the so-called measurability of human security, because the concept of human security is not derived from the theoretical and methodological level that would allow it to be scientifically accurate. However, from the humanological point of view, these results could lead to a scientific analysis of the security interests according to the models and research that stem from the basic model of the humanological conceptualization of the security interests. Through examinations of differences between the state-centric and national security conducted in the previous lines, we show the concept of human security is actually a conceptual design resource which plays a profound role in an (integrated) concept of national security. In this way, people are forced to activate their own resources for the achievement of security. Thus, human resources become a fundamental part of the national security. In the context of international relation, human security related to national security consequently becomes a fundamental part of international security.

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## LJUDSKA BEZBEDNOST KAO RESURS MEĐUNARODNE BEZBEDNOSTI

*Apstrakt*: U radu je primenjen naučni pristup konceptu ljudskebezbednosti, za razliku odnjegove uobičajene, višedoktrinarne upotrebe. Humanološki model istraživanja ljudskih potreba u kontekstu socijalne sigurnosti i lične bezbednosti omogućava analizu percepcije ključnih faktora za kvalitet života ljudi različitih entiteta.Analiza ukazuje na potencijal koncepta ljudske bezbednosti putem povezivanja primenjenih istraživanja o stanju ljudske bezbednosti i upravljanja ljudskim resursima u oblasti nacionalne i međunarodne bezednosti.

*Ključne reči:* ljudska bezbednost, humanološki pristup, naučni pristup, ljudski resursi, nacionalna bezbednost.

# INTERNATIONAL LAW

# CHASM IN UNCITRAL'S WORK ON FRAMEWORK FOR ONLINE DISPUTE RESOLUTION

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*Abstract:* Online dispute resolution (ODR) has been the focus of interest for some time in regards to handing low-value cross-border disputes. While ODR has been proven successful in several initiatives for disputes with international elements, only the European Union introduced a regulation on a supranational level. Recognised as a potential solution for disputes coming out of the cross-border low-value transaction on a global scale, UNCITRAL has endeavored to propose a framework for ODR that would apply to both consumer-to-business and business-to-business disputes. After several years of negotiation within UNCITRAL's Working Party III, the significant divide between the United States on one side and the EU, Canada, and Japan on another side, had not been breached. The work and negotiations resulted in the Technical Notes on Online Dispute Resolution, based on the aspects of the ODR processes for which consensus has been reached. This paper aims to illustrate the negotiation phases and different approaches which ultimately produced a non-intended result and to shed the light on the underlying reasons behind the stalemate in the work of UNCITRAL.

*Key words:* ODR, ADR, online dispute resolution, alternative dispute resolution, UNCITRAL, EU ODR Regulation, United Nations Commission on International Trade Law.

## INTRODUCTION

In today's digital-driven economies, to reach the broadest possible customer base, especially internationally, it is necessary to offer products and services online. Continually rising e-commerce trends are, however, met with challenges. One of

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the challenges lies in legal issues and access to justice or redress in case internet-mediated sell does not go as smoothly as desired. Handling conflicts and dispute resolution between contracting parties is an inevitable part of doing business online. However, courts do not seem to be suitable for handling all of these conflicts, especially of those that are concerned with low-value cross-border nature. The sellers or services providers that deal with high volumes of products or services online usually do not look favorably on being exposed to multiple jurisdictions and potentially being dragged to local courts over low values. Ordinarily, traders (including service providers) impose terms and conditions in the contracts with for them favorable local courts or arbitration in case of disputes (Martic, 2013, p. 4). Such practices, in turn, bring issues of access to justice for consumers as weaker parties to the contracts or even legal protection for the small and medium enterprises which would not be able to bear the costs of litigation in another jurisdiction. While many regulations deal with improving and strengthening position of consumers in such scenarios (consumer protection is one of the key policies in the EU) it is also recognized that there are alternatives to judicial protection that can be more efficient and effective especially when it comes to disputes over low-value goods and services which make significant part of e-commerce.

In the first part of this paper, we will introduce online dispute resolution as a potential solution to these disputes. As we will see, the development of ODR broadly corresponds with the development of e-commerce and in a way represents the logical answer to shifting commercial relationship from offline to online. In the second part we will discuss the recent but only regulation on the international level – EU ODR Regulation, which will also matter in juxtaposition when we discuss UNCITRAL's approach. In the third part, we will illustrate the phases of negotiation in UNCITRAL's Working Group III, how the work progressed, and proposals and solutions for the standstill at times. Following the progression, we will discuss the outcomes of the negotiation and how even with closing the gap in several attempts of diplomatic compromise would not ultimately satisfy the intended goal. Finally, we will shed some light on underlying legal and economic reasons for the impasse in negotiation.

## ONLINE DISPUTE RESOLUTION

Online dispute resolution (from now on: ODR) usually is described as alternative dispute resolution (ADR) coupled with new technology. However, describing online dispute resolution as a form of alternative dispute resolution is a debatable statement and oversimplification (Menkel-Meadow, 2017; Katsh, 2012). We do not have universally acceptable and uncontested definition of online dispute resolution. Usually, we can adjust and operate with one or several different definitions depending on an approach applied. ODR as a field is a meeting point

between several different academic and technical disciplines, ranging from technical fields of computer science like software engineering, artificial intelligence and legal knowledge systems to legal and social studies of conflict resolution, dispute avoidance and management.

Defining ODR usually means focusing on a specific lens through which we observe the field. Having in mind disputes about online commercial relationships, we could focus on the 'online' part, and we could define ODR through the use of online technologies and focus on the application of such technology in dispute resolution regardless whether it is strictly out-of-court, court-annexed or an integral part of the judicial system. ODR has become a common term that includes any use of information communication technologies in dispute resolution, following the initial work of Katsh and Rifkin, who originally coined the term 'fourth party' for the technology that facilitates the dispute resolution (Katsh, Rifkina, 2001; Menkel-Meadow, 2017). The fourth party has potentially, even more, standing with the expected developments in artificial intelligence which enables software to play a significant role in dispute resolution (Larson, 2010; Lodder, Zeleznikow, 2010). If we focus on out-of-court dispute resolution, then we can say that ODR is a part of the larger field of ADR, or even to see it as an extension of existing practices of ADR.

UNCITRAL's Technical Notes adopted a definition of ODR as, a 'mechanism for resolving disputes through the use of electronic communications and other information and communication technology.'[2] Said definition emphasizes the role of technology and is neutral towards out-of-court aspect. Nevertheless, by way of distinguishing, ODR has not gotten that far from ADR, and its forms are still mostly comparable with traditional offline ADR.

Figure 1.

**ODR basic typology by Marta Poblet (2011)**



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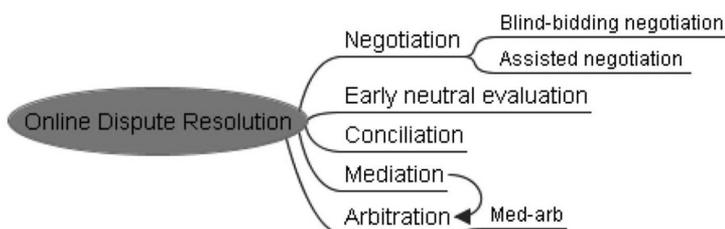
[2] UNCITRAL's Working Group III A/CN.9/WG.III/WP.140 –'Online dispute resolution for cross-border electronic commerce transactions: Draft outcome document reflecting elements and principles of an ODR process'.

Nevertheless, there are some facets of ODR that are unique, and among the ODR methods that are considered authentic, blind-bidding and some form of automated or assisted negotiation are usually cited.

Blind-bidding is a form of settlement through auctioning, where parties bid for what they consider appropriate amounts for settlement, either precisely or more usually in a certain range, while at the same time unaware of the same bid from opposing party (Poblet, 2008). When both parties blindly overlap in their offers or come to a certain close range, the software automatically declares the issue resolved and the settlement on the amount final. This mechanism is especially useful when there is a need for quick monetary settlements, and it is practiced by some financial service providers and airlines.

Assisted negotiation is the method where technology guides the parties in certain phases of their negotiation where an 'assistant' (software) could streamline or guide the negotiation and direct the conversation to specific points which are presumably in service of a potential settlement (Schultz, Kaufmann-Kohler, Langer, & Bonnet, 2001). Currently, many online platforms that offer a form of dispute resolution or complaint handling incorporate some form of assisted negotiation as well, which from a system design point of view is common in many online services.

## Development of Online Dispute Resolution

History of online dispute resolution and its development are worth taking a look in itself to illustrate the potential and opportunity ODR represents. The growth of ODR coincided with the general use and popularity of the Internet and especially with the occurrence of blooming e-commerce opportunities in the 90s, and it was explained as the natural step where dispute that originated online should be dealt with online (Katsh, Rifkin, 2001). Even more, having in mind the uncertainty over some legal issues when cases involving internet came before judges in early years and the traditional international private law rules would not seem efficient, effective or appropriate (Briggs, 2016).

As we said above, in defining ODR most commonly technologies are used as a discernible factor in comparison to alternative dispute resolution (ODR as an extension of ADR by use of technology, more specifically online communication tools). However, this approach unintentionally dismisses the potential of technology to redefine the field itself and to offer new forms of dispute resolution and law practice. The use of technology especially innovative aspect of technology could give birth to previously unimagined forms of dispute resolution, which already happened with blind-bidding, assisted negotiation and mediation.

ODR as a field of dispute resolution has been developing for over 20 years now, with more than a 150 projects and it has been developing through several

stages that Conley Tyler has proposed as she documented ODR practices and ODR platforms. In two different reports (in 2003 and 2004, but also confirmed the same phases in more recent reports) she described the different stages of development of ODR since the early nineties that are accepted as parabola of ODR development (Conley Tyler, 2003, 2004):

i. the 'hobbyist' period - first half of the 1990s, lead on an individual basis, often without any institutional support; individual pioneers and enthusiasts were experimenting with technologies in the field of dispute resolution;

ii. the 'experimental' phase (1996–1998) - mostly consisting of projects developed by the US academic institutions (i.e., the 'Virtual Magistrate' of the Villanova University and the Online Ombuds Office (OOO) at the University of Massachusetts) and funded by the like of Hewlett Foundation and institutions such as the United Nations;

iii. the 'entrepreneurial' phase (1999–2001) - with the growth of commercial internet a significant number of start-ups enter the ODR market. In early 2001, commercial sites offering ODR services had reached its peak in the US (i.e., SquareTrade, Cybersettle, SmartSettle, etc.) while experimental initiatives were launched in Europe (ECODIR, Médiateur du Net, etc.). However, with the burst of the dot-com bubble in 2001 many of the then raising ODR providers that were hopeful startups ceased their commercial activities;

iv. the current 'institutional' phase (2001- until today). In last decade the new wave of the public support a range of official bodies including courts and other dispute resolution providers; the EU has enacted its ODR Regulation which created the pan-EU ODR platform; UNCITRAL has worked on their proposal for an international legal framework for ODR. Several judicial reforms proclaimed interest for ODR and its applicability most notably the UK and Canada (Briggs, 2016).

During the years of early growth of internet services entrepreneurs tried to seize the opportunity by addressing the demand for dispute resolution over issues in different cases that originated online, hence most of the initiatives to develop online dispute resolution have been in the private sector. Although the majority of pilots and projects were unsuccessful, few have stood out with the success that is representative of ODR's potential: SquareTrade, Cybersettle, SmartSettle, eBay, PayPal, ICANN's UDRP, chargeback procedures.

Inversely, we could observe the development of ODR through the progress of technology it uses and the development of the 'fourth party.' This approach could be indicative of the future potential of ODR and appropriation of technology to legal practices in much faster and flexible way than traditional judicial systems could ever follow. Marta Poblet described early development as ODR 1.0 technology that although different boils down to three features: (i) proprietary software licenses, (ii) stable platforms, (iii) PC-based (Poblet, 2010). Online communication was the

core of the early ODR providers, with little additional functionalities with a few notable exceptions (SmartSettle). Nonetheless, with the development of the notions of 'Semantic web' and more marketable 'Web 2.0' new ODR initiative have followed (Leenes, 2007; Van den Herik, Dimov, 2012). Lodder and Zeleznikow developed a significant conceptual model for dialogue tools and negotiation support system that lays the foundation for growth and development of artificial intelligence in ODR (Lodder, Zeleznikow, 2005, 2010; Lodder, Vreeswijk, 2006). Academics have pushed the ODR systems even further and combined it with technology to enhance some aspects of dispute resolution, for example, detection of emotions of parties (Poblet, Casanovas, 2007). The application of ODR, in general, is still observed, and scholars like Barendrecht leads the notion that the best use of technology for ODR is to allow access to justice to underprivileged in search of micro justice (Barendrecht, 2009; Barendrecht, Verdonschot, 2008; Barendrecht, van Nispen, 2008; Barendrecht, Monster, Porter, 2011; Barendrecht, Gramatikov, Porter, Verdonschot, 2012). With the development of new technologies, we see ODR slow but steady acceptance and adaptation (Poblet, 2011) and currently it has migrated from proprietary PC-based stable platform software to cloud-based ODR.[3]

With the development of negotiation systems and other advancements, ODR companies are able to seamlessly integrate into companies' customer service and complaint handling departments, which blurs the line between ODR and complaint management, as well as in-house and independent ODR.[4] eBay using ODR on its platform for solving consumer-to-consumer disputes has reportedly managed to deal with an enormous inflow of complaints and disputes (Rule, Nagarajan, 2010).

Given enough proof of concept, regulators have started considering ODR as part of the solution for the needs of consumers and businesses in e-commerce. The EU has additionally recognized it as a powerful tool for solving issues of trust in cross-border commerce, imperative for the internal market.

## EU ODR REGULATION

In 2013, the European Union passed a regulatory package dealing with consumer out-of-court dispute resolution. The package included Directive 2013/11/EU of the European Parliament and of the Council of 21 may 2013 on alternative dispute resolution for consumer disputes (Directive on consumer ADR) and Regulation (EU) No.524/2013 on Consumer Online Dispute Resolution (ODR).

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[3] See for example Modria cloud-based model at http://modria.com/recently bought by Tylertechand Youstice at https://www.youstice.com/en/

[4] See for example Cognicor solution for airline industry complaints at: http://www.cognicor.com/

While we are focusing on the ODR Regulation, it is vital to stress the Directive on consumer ADR and its complementary and possibly more important role in certain aspects. The EU Commission decide to take a different regulatory approach, as we will see later compared to UNCITRAL, and instead of building the system from the ground up and imposing a unified solution to its Member States, it decided to grow from existing ADR practices. ADR providers and solutions varied significantly in different States, so a Directive that would harmonies the practices and standards was needed, at least for consumer disputes. There were existing initiatives like the European Consumer Centers Network (ECC-NET) that were communicating and aiding in consumer disputes with cross-border elements. However, certain principles and standardized practices were necessary if the system would rely on a network of existing ADR providers, which could then be connected through single ODR platform.

The Directive on consumer ADR established principles and guarantees which should harmonize practices of alternative dispute resolution providers in the Single Market. These principles are described in Articles 6 to 10 of Directive and refer to expertise, independence, impartiality, transparency, effectiveness, fairness, liberty, and legality.

If the ADR Directive purpose was to harmonize and to bring the same level of standards to the existing ADR entities and to ensure that the Member States provide alternative dispute resolution in the first place, the EU ODR Regulation, according to its Recital 18, was brought to provide a single entry point for consumer complaints on a single market, both domestic and international, which can link existing network of ADRs in all Member States (that fulfill requirements of the ADR Directive).[5] The two pieces of legislation are closely connected, and the EU Regulation on Consumer ODR relies on the definitions in Article 4 of Directive on consumer ADR, which indicates the intent of unambiguous interpretation between two acts in the ADR practice.

The Regulation No. 524/2013 does not contain a definition of ODR itself, but what we can infer from the stated purpose of the Regulation in Article 1, is that ODR is considered to be the out-of-court resolution of disputes between consumers and traders online.

The stated purpose of the ODR Regulation is the achievement of a high level of consumer protection, to contribute to the proper functioning of the internal market, and in particular of its digital dimension by providing a European ODR platform

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[5] Recital 18 of 'REGULATION (EU) No 524/2013' OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 21 May 2013 on online dispute resolution for consumer disputes and amending Regulation (EC) No 2006/2004 and Directive 2009/22/EC (Regulation on consumer ODR or ODR Regulation)

('ODR platform') facilitating the independent, impartial, transparent, effective, fast and fair out-of-court resolution of disputes between consumers and traders online.[6] For the sake of later comparison, we can notice here the focus on the EU and the improving the functioning of the internal market. This is also explained in Recital 4 where it states that the uneven availability, quality, and awareness of simple, efficient, fast and low-cost means of resolving disputes arising from the sale of goods or provision of services across the Union constitutes a barrier within the internal market, which undermines consumers' and traders' confidence in shopping and selling across borders.[7]

The scope of the Regulation is similar and complementary to the ADR Directive, and it invokes the intervention of an ADR entity listed in accordance with Article 20(2) of Directive 2013/11/EU. Specific difference is in its focus only on contractual disputes that arise out of online sales and services.[8] For the reason of achieving its purpose and to be able to deal with the e-commerce disputes and to impede the fragmentation of the internal market, the EU establishes a platform that will be a single pan-EU entry point for potential disputants.

The versatile EU ODR platform has been built to provide following functions in accordance with Article 5 of Regulation: (a) to provide an electronic complaint form which can be filled in by the complainant party; (b) to inform the respondent party about the complaint; (c) to identify the competent ADR entity or entities and transmit the complaint to the ADR entity, which the parties have agreed to use; (d) to offer an electronic case management tool free of charge, which enables the parties and the ADR entity to conduct the dispute resolution procedure online through the ODR platform; (e) to provide the parties and ADR entity with the translation of information which is necessary for the resolution of the dispute and is exchanged through the ODR platform; (f) to provide an electronic form by means of which ADR entities shall transmit the information; (g) to provide a feedback system which allows the parties to express their views on the functioning of the ODR platform and on the ADR entity which has handled their dispute; (h) to make publicly available the following: (i) general information on ADR as a means of out-of-court dispute resolution; (ii) information on ADR entities listed in accordance with ADR Directive which are competent to deal with specified disputes; (iii) an online guide about how to submit complaints through the ODR platform; (iv) information, including contact details, on ODR contact points designated by the Member States; (v) statistical data on the outcome of the disputes which were transmitted to ADR entities through the ODR platform.

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[6] Art 1 of 'Regulation on consumer ODR'

[7] Recital (4) of 'Regulation on consumer ODR'

[8] Art 2 of 'Regulation on consumer ODR'

Unifying and streamlining the complaint procedure with user-friendly and easily accessible the complaint form on EU ODR site is an important point of emphasis in this regulation. In simplified terms, the process starts upon receipt of a fully completed complaint form, when the ODR platform transmits to the respondent party: notification that the parties have to agree on an ADR entity in order for the complaint to be transmitted to it, and that, if no agreement is reached by the parties or no competent ADR entity is identified, the complaint will not be processed further; information about the ADR entity or entities which are competent to deal with the complaint; an invitation to state within 10 calendar days whether the trader commits to, or is obliged to use, a specific ADR entity to resolve disputes with consumers, and whether the trader is willing to use any ADR entity or entities from those referred by the ODR platform communication.[9] Failure to agree on proposed terms within 30 calendar days after submission of the complaint form on an ADR entity, or if the ADR entity refuses to deal with the dispute, the complaint will not be processed further, and the complainant party will receive information on other means of redress.[10]

According to Article 10 of Regulation, an ADR entity which accepted to handle the dispute has to conclude the ADR procedure within the deadline set in the ADR Directive (90 days), and it will not require the physical presence of the parties or their representatives unless its procedural rules provide for that possibility and the parties agree.[11] The ADR entity is not required to conduct the ADR procedure through the ODR platform however the case management tool is available freely.

Additionally, to the scope of Regulation, it is important to notice that according to Article 14, traders established within the EU engaging in online sales or service contracts, and online marketplaces established within the Union shall provide on their websites an electronic link to the ODR platform.[12] This is a potentially problematic prerequisite where e-commerce business has a mandatory requirement to place a visible link to the ODR site, or to communicate it in the offer through an email, or in where applicable in the general terms and conditions of online sales and service contracts. Inversely, the participation in the ADR procedure is not mandatory unless under some sector-specific or national regulation. Potentially it could undermine the trust in the EU ODR site as this could be a possible source of confusion for the consumers looking for redress and coming across the link on the site or in general terms of service, just to find out later, that the trader is not willing at all to be involved in the process. Currently, the mandatory link is no more than an advertisement of sorts for the existence of the voluntary procedure.

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[9] Art 9 of 'Regulation on consumer ODR'.

[10] Art 9 (8) of 'Regulation on consumer ODR'

[11] Art 10 of 'Regulation on consumer ODR'

[12] Art 14 of 'Regulation on consumer ODR'

## ODR AND THE UNITED NATIONS COMMISSION
## ON INTERNATIONAL TRADE LAW

### Negotiation on UNCITRAL's International Framework

Concerned with redress in global commercial practices at its forty-third session (New York, 2010), the United Nations Commission on International Trade Law (UNCITRAL) agreed that a Working Group should be established to undertake work in the field of online dispute resolution relating to cross-border electronic commerce transactions.[13] In the following sessions, UNCITRAL clarified and focused the mandate of Working Group (called Working Group III) by instructing the involved parties to work on low-value, high-volume cross-border electronic transactions, including B2B and B2C transactions, having in mind its impact on consumer protection.[14]

UNCITRAL's impetus was to provide a framework for an international online dispute resolution by developing the Procedural Rules for ODR primarily, but also additional supplementing documents of significance: Guidelines for Neutrals, Minimum Standards for ODR Providers Supplementary Rules for ODR Providers, Substantive Legal Principles for Resolving Disputes and Cross-border Enforcement Mechanisms (Hörnle, 2012).[15] Inopportunely, the ambition and successful outcome of the initiative was sidelined and eventually diluted by the fundamental disagreement in approaches to ADR/ODR between Member States of UNCITRAL on the nature of the final stage of the ODR process.

Early consensus was reached on the general idea of progression from a direct or assisted negotiation, to mediation and other forms of dispute resolution. Group of states, led by the United States, on one side, advocated binding arbitration as the final stage of the process.[16] The other side, which includes the EU Member States, Canada, and Japan, disagreed and proposed a non-binding instrument for a final stage based on the original dispute agreement, in accordance with their national rules.[17] The fundamental rift grew over the acceptance of pre-dispute agreements, whereas the EU considers pre-dispute arbitration clauses for consumers to be non-

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[13] See A/CN.9/868 – 'Report of Working Group III (Online Dispute Resolution) on the work of its thirty-third session' (New York, 29 February-4 March 2016)

[14] See more on http://www.uncitral.org/uncitral/commission/working_groups/3Online_Dispute_Resolution.html

[15] See A/CN.9/WG.III/WP.112 – 'Online dispute resolution for cross-border electronic commerce transactions: draft procedural rules' Preamble 2, Par 3.

[16] See A/CN.9/827 - :Report of Working Group III (Online Dispute Resolution) on the work of its thirtieth session' (Vienna, 20-24 October 2014)

[17] Ibid.

binding and in contravention of the Unfair Terms Directive. The USA, on the other hand, has over time developed consumer arbitration in consumer and business relationships based on pre-dispute arbitration agreements. The primary focus and the expected bulk of low-value, high-volume cross-border electronic transactions would be consumer disputes, and consumer protection impact was considered essential for Working Group deliberation. Thus the difference in approaches led to a lack of consensus on a number of related issues.[18]

The chasm between mentioned approaches after few attempts of reconciling the proposals led to the development of two tracks in draft proposals for Procedural Rules for ODR. Two sides had similar ideas for earlier stages of ODR which would according to proposals coincide when it comes to negotiation through the ODR platform as a beginning stage, followed by facilitated settlement stage.

However, the final stage was the point of contention as it was essential for effectiveness but also deterrent and incentive for parties' actions according to pyramidal structure of dispute resolution process (Hakvoort, 2010). The result was two parallel tracks for proposals in the Working Group III for the final stage of ODR (in cases where the agreement has not been reached in the previous step): the track I proposed binding arbitration and track II non-binding recommendation.[19] The problems could have occurred in identifying whether the Track I or Track II would be applicable to a particular consumer in high-volume transactions. We would have a similar recall to problems in international private law to quickly determine residence, location, and nature of the transaction. For both sides, consumer arbitrations with explicit post-dispute consumer consent are not deemed problematic. Based on the consent for post-dispute agreements we have seen attempts to bring closer two approaches with the 'second click proposal,' wherein the third stage the consumer would be asked to choose (but only under track II) between a recommendation as a default option and arbitration (if parties agree).[20] However, such solution would be most probably masking the problem rather than dealing with it, and all the problems of identification of which track would be pertinent would remain.

Coming at significant impasse and not satisfied with compromised or 'masked' solutions, at the UNCITRAL's forty-eighth session (in Vienna, July 2015), it was agreed that any future text should build upon the progress achieved up to that point, and the Commission instructed the Working Group III to continue its work towards

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[18] Ibid. par 132.

[19] See A/CN.9/827 – 'Report of Working Group III (Online Dispute Resolution) on the work of its thirtieth session' (Vienna, 20-24 October 2014)

[20] See A/CN.9/833 – 'Report of Working Group III (Online Dispute Resolution) on the work of its thirty-first session' (New York, 9-13 February 2015)

elaborating a non-binding descriptive document reflecting elements of the ODR process, on which elements the Working Group had previously reached consensus, excluding the question of the nature of the final stage of the ODR process.[21] The intended goal has not been reached, nor were the additional supporting but relevant documents necessary for the global ODR ever proposed. The work of UNCITRAL resulted in the non-binding descriptive document called Technical Notes on Online Dispute Resolution.

## UNICTRAL's Technical Notes

The Technical Notes on Online Dispute Resolution of the United Nations Commission on International Trade Law that was adopted by the General Assembly on December 13, 2016, should not be considered a framework for ODR but they positively reflect the work of UNCITRAL and the attempt of creating a consensus for an international regulatory framework for ODR in e-commerce. The Technical notes although a non-binding instrument are pertinent in several aspects: they introduce a number of common principles and proposals for rules that could be a stepping stone for future legal instruments regulating ODR on a national, regional or international level; they elucidate differences and issues in approaches to ODR from different legal backgrounds; they represent public endorsement of ODR and its worth even without unison conceptual approach.

The Technical Notes are organised into eleven sections: (1) introduction, purpose of the technical notes, (2) principles, (3) stages of an ODR process, (4) scope of ODR process, (5) ODR definitions, roles and responsibilities, and communications, (6) commencement of ODR proceedings, (7) negotiation, (8) facilitated settlement, (9) appointment, powers and functions of the neutral, (10) language, (11) governance.

At the beginning of the document, the Working Group III reiterates that ODR is one of the mechanisms that assist the parties in resolving the disputes coming out of online cross-border transactions in a simple, fast, and flexible manner, without the need for a physical presence at a meeting or hearing.[22] Setting the goal higher than the EU counterpart, the stated purpose of the Technical Notes is to 'foster the development of ODR and to assist ODR administrators, ODR platforms, neutrals, and the parties to ODR proceedings' by reflecting approaches

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[21] See A/CN.9/WG.III/WP.137 – 'Online dispute resolution for cross-border electronic commerce transactions: Notes on a non-binding descriptive document reflecting elements and principles of an ODR process' par 1.

[22] Par 1 of A/CN.9/WG.III/WP.140 – 'Online dispute resolution for cross-border electronic commerce transactions: Draft outcome document reflecting elements and principles of an ODR process'

to ODR systems that embody principles of impartiality, independence, efficiency, effectiveness, due process, fairness, accountability, and transparency.[23]

It is important to stress that the Technical Notes is a non-binding descriptive document neither exhaustive or exclusive, nor is it suitable to be used as rules for any ODR proceeding, nor does it promote any specific practice of ODR as best practice.[24] The Technical Notes are however intended for use mainly in disputes arising from sales or service contracts concluded using electronic communications with a cross-border element, and particularly suitable for low-value deals.[25] Nevertheless, it is not exclusive to consumer contracts and it is specified that the ODR processes described by the Technical Notes, may apply to disputes arising out of both, a business-to-business as well as business-to-consumer transactions.[26]

We mentioned above in the text the definition of ODR in the Technical Notes as, a 'mechanism for resolving disputes through the use of electronic communications and other information and communication technology.'[27] Further, the Notes distinguish ODR from ADR (especially ad hoc ADR) through technology where they state that the ODR process requires a system for generating, sending, receiving, storing, exchanging or otherwise processing communications (such a system is referred to as an 'ODR platform').[28]

The principles that underpin any ODR process according to the Notes include fairness, transparency, due process, and accountability, comparable to those in the Directive on consumer ADR but these principles are not exhaustive or entirely explained. Principles are somewhat clarified with statements of desirability to disclose any relationship between the ODR administrator and a particular vendor (transparency) or usefulness to adopt policies dealing with identifying and handling conflicts of interest and code of ethics for neutrals (independence, under due process), or policies governing selection and training of neutrals (expertise, under due process).[29] The accountability principle recommends an internal oversight/quality assurance process which may aid the ODR administrator to ensure that neutrals' decisions conform to the standards it has set for itself.[30] Even though the principle of party autonomy is not explicitly cited among enumerated principles, it is advised that the ODR process should be based on the explicit and informed

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[23] Ibid.

[24] Ibid. par 6.

[25] Ibid. par 5.

[26] Ibid. par. 22.

[27] Ibid. par 24.

[28] Ibid. par 26.

[29] Ibid. par 7-15.

[30] Ibid. par. 16.

consent of the parties.[31] However, touching on the core of divergence in the Working Group, the consent recommendation that does not go into details, nor does it clarify in any way whether and how it applies to pre-dispute and post-dispute agreement scenarios.

The Technical Notes propose three-stage process comprising negotiation, facilitated settlement, and a third (final) stage without specifying what the third stage would be, but leave to ODR administrator to direct parties to a third stage in accordance with applicable ODR rules. Such final text is the obvious result of lack of consensus on the nature of the final stage of ODR proceedings. The ODR process, similarly to the EU ODR procedure, commences by claimant submission of a notice of claim through the ODR platform to the ODR administrator. Once received, the ODR administrator informs the respondent on the filed claim and provides the opportunity to respond with follow-through informing claimant about the response. With their consent, the first stage of a technology-enabled negotiation begins and if the settlement through negotiation is not reached the process moves to a second, 'facilitated settlement' stage, where the ODR administrator assigns neutral.[32] If settlement of the dispute is not reached at that stage, the process may move to the final, third stage which may be, although not specifically revealed, binding arbitration in case of parties post-dispute consent or based on pre-dispute agreements in cases where applicable, or non-binding recommendation or evaluation of the dispute.[33]

To presumably achieve efficiency and costs reduction, it is preferable that the ODR administrator appoints a neutral only when a neutral is required for a dispute resolution process in accordance with any applicable ODR rules.[34] This represents one of the significant differences with the EU ODR Regulation when it comes to the rules for appointment of neutrals. Due to dealing with a low-value and sometimes from a business point high volume of disputes the Notes specifically recommend that there should be only one neutral per dispute appointed at any time for reasons of cost efficiency.[35] The Notes recommend characteristics and propose authorities for neutral:

a) Subject to any applicable ODR rules the neutral be enabled to conduct the ODR proceedings in such a manner as he or she considers appropriate;

b) The neutral be required to avoid unnecessary delay or expense in the conduct of the proceedings;

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[31] Ibid. par. 17.

[32] Ibid. par. 19, 20.

[33] Ibid. par. 21.

[34] Ibid. par 45.

[35] Ibid. par 47 (e)

c) The neutral be required to provide a fair and efficient process for resolving disputes;

d) The neutral be required to remain independent, impartial and treat both parties equally throughout the proceedings;

e) The neutral be required to conduct proceedings based on such communications as are before the neutral during the proceedings;

f) The neutral be enabled to allow the parties to provide additional information in relation to the proceedings; and

g) The neutral be enabled to extend any deadlines set out in any applicable ODR rules for a reasonable time.[36]

In accordance with its title, the Technical Notes  also contain a number of recommendations for the technical aspects of communication through the ODR platform (retaining communication on the platform, having a electronic address per party etc.), which information should be communicated by parties (especially for commencement of ODR process), desired requirement from neutrals (declaration of impartiality and disclosure of any relevant facts that could give rise to doubts), proposal for streamlined appointment and challenge procedures, language preferences, etc.[37]

Although the Working Group has omitted to provide other documents accompanying Technical Notes, they hint at desirability for due process standards to apply also to the ODR proceedings in the same manner as those for comparable offline dispute resolution, in particular, independence, neutrality, and impartiality, and that guidelines or minimum requirements for the conduct of ODR platforms and administrators should be in place.[38]

### Conflicting Laws and Interests in UNCITRAL's Working Group

We can observe the dynamics within the Working Group from several standpoints. Here, we chose to focus on two aspects, legal and economic, that could shed some lights on the possible reasons for the non-satisfying outcome of the mandate of Working Group III.

From a legal standpoint, significant disagreement stems from different legal culture and interpretation of party autonomy of consumers as 'weaker parties.' This difference is largely confirmed in the national rules of private international law dealing in contracts with foreign elements. On the European side, we have

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[36] Ibid. par 48

[37] Ibid. par 32-43.

[38] Ibid. par. 51-52.

established rules of private international law in Brussels I and Rome I Regulations, who although firmly stand on the choice of court and party autonomy, provide significant leverage to the consumers as 'weaker parties in the negotiation.' Most pertinently, Brussels I Regulation provides consumers (residents of the EU) to choose either a court of its residence (domestic) or court of seller's residence in disputes coming out of consumer contracts.[39] Additionally, the EU has enacted the Unfair Terms Directive, which is transposed in all of its Members States, and which is specifically suspicious of click-through pre-dispute arbitration agreements, that are quite common in today's e-commerce.[40] The Unfair Terms Directive mentions binding arbitration agreements with an imbalance in rights and obligations as an example of unfair practices in its Annex.[41] Strict US approach would also collide with some elements of Directive 2011/83 on Consumer Rights. However, without finalized proposals, it is hard to discuss hypothetical solutions.

Similarly, the United States cherishes its own take on party autonomy that has been confirmed and clarified in three different Supreme Court decisions.[42] Also, the (Second) *Restatement Conflict of Laws*, guarantees party autonomy. However, US law does not link party autonomy to consumer protection in the same manner as in EU law. In fact, the concept of consumer protection and its regulation are meaningfully different between two legal systems. Ronald Brand argues that between two paternalistic style of consumer protection it is hard to say which is better. On one hand, we have the US approach in making consumer protection hard to an individual to achieve via courts, but whose achievement impacts positively on all consumers. On another hand, we have the EU approach which focuses on access to justice of an individual consumer without taking into account the effects of consumer cases on subsequent business practices (Brand, 2012).

Mentioned legal aspect is directly interconnected to economic consequences of regulatory solutions. If the US prevailed and somehow the EU acquiesced to the demand for accepting binding pre-dispute agreements, the more prominent 'winners' would be businesses who would impose favorable terms, which would hamper access to justice primarily to its international customers. Even though the

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[39] 'Regulation (EU) No 1215/2012' of the European Parliament and of the Council of 12 December 2012 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters

[40] 'COUNCIL DIRECTIVE 93/13/EEC' of 5 April 1993 on unfair terms in consumer contracts (Directive on Unfair Contract Terms)

[41] Annex to the 'COUNCIL DIRECTIVE 93/13/EEC' of 5 April 1993 on unfair terms in consumer contracts

[42] M/S Bremen and Unterweser Reederei, GmbH v. Zapata Off-Shore Co., 407 U.S. 1 28 (1972); Mitsubishi Motors Corp. v. Soler Chrysler-Plymouth, 473 U.S. 614 (1985); Carnival Cruise Lines, Inc. v. Shute, 499 U.S. 972 (1991).

debate about binding arbitration in the US is still active, and some proponents are claiming its effectiveness in consumer protection, after the Supreme Court decision in the case of *AT&T Mobility v. Concepcion*, we have witnessed an enormous wave of changes to the terms of services of numerous companies, including most of those who offer services online, to binding arbitration (Gibbs, 2012; Todd 2012; Stipanowich 2010). Binding arbitration for most popular products and services are usually provided by few ADR providers, such as AAA or JAMS in few selected forums favorable to online businesses (Sternlight, 2012; Martic, 2013). Contrarily, if the US had acquiesced to the proposals of group of countries led by EU representatives, we would possibly have had a global but ineffective and inefficient framework for ODR, based on post-dispute agreements, which translates to the voluntary acceptance of the forum of both parties after the facts of dispute are known (and in low-value scenario liability is in many cases easily attributable and obvious). Some authors claim that although certain companies use a pre-dispute arbitration to escape liability and sidestep legal regulation, 'insistence on post-dispute arbitration agreements is impractical because parties rarely agree to arbitrate after relationships have soured' (Schmitz, 2012, p. 101). Current numbers of handled cases available on the EU ODR platform do not indicate widespread adoption of the new consumer protection tool having in mind number of the consumers in the Single Market.[43] It could be attributed to several causes, but the voluntary nature of the process is probably one of the key issues.

## CONCLUSION

We have seen that ODR could be a potential solution for ever-growing online low-value high-volume cross-border disputes. Its characteristics entirely correspond to the nature of the disputes we discussed and should be able to adapt even more with the time. In fact, it is hard to imagine the future where some form of ODR (combined with e-courts) does not become the prominent form for the majority of day-to-day commercial disputes. However, dealing with cross-border cases would be easier if backed by the international legal framework. The very existence of ODR is the response of inappropriateness of courts and private international law to deal with these small value cases. We exemplified one successful form of regulation (the EU ODR Regulation) and one not-so-successful attempt at a proposal for the global regulatory framework (UNCITRAL's Working Group III).

The unintended outcome of UNCITRAL's work on ODR framework reflects on differences in interpretation of some of the basic legal concepts like party autonomy, but also a difference in consumer protection law and policies. Discussion

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[43] Information about handled cases available at: https://ec.europa.eu/consumers/odr/main/ ?event=main.statistics.show

about the nature of the final stage of the ODR process, whether it should be binding or non-binding arbitration possibly corresponds to whose interests the representatives of states have in mind.

Considering these aspects of the regulatory solutions, we turn back to the UNCITRAL's professed emphasis on protection of consumers' interests in its work on the framework for ODR. Therefore, it would be hard to argue that ineffective but additional tool offered to consumers is not some improvement than an inefficient system that is also prohibitive of access to justice and consumer protection. Maybe EU's attitude of 'if you build it, they will come' is hopeful and not-so-effective, but it may turn out to be more useful than nothing. We will observe the EU ODR platform in future for a proof of concept. On a global scale, it remains to be seen if the private sector can and will answer for the need of consumers to handle growing online disputes.

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Duško MARTIĆ

Danijela BJELJA

## RASCEP U RADU UNCITRAL-A NA PRAVNOM OKVIRU ZA ONLAJN REŠAVANJE SPOROVA

*Apstrakt*: Onlajn rešavanje sporova (ODR) je već neko vreme u fokusu interesovanja u pogledu rešavanja prekograničnih sporova niskih vrednosti. Iako se ODR dokazao uspešnim u nekoliko inicijativa za sporove sa međunarodnim elementima, samo je Evropska unija donela regulative na internacionalnom nivou. UNCITRAL je prepoznao ODR kao potencijalno rešenje za sporove koji proističu iz transakcija san istom vrednošću na globalnom nivou, i u skladu sa tim je nastojao da predloži okvir za ODR koji bi se primenjivao i na sporove između potrošača i prodavaca i između samih prodavaca. Posle višegodišnjih pregovora u okviru Radne grupe III UNCITRAL-a, značajna razlika između Sjedinjenih Država sa jedne strane i EU, Kanade i Japana sa druge strane nije prevazidjena. Rad i pregovori rezultirali su Tehničkim napomenama o rešavanju onlajn sporova, zasnovanih na aspektima procesa ODR-a za koje je postignut konsenzus. Ovaj rad ima za cilj da ilustruje faze pregovora i različite pristupe koji su u konačnici proizveli neželjene rezultate i rasvetljavaju osnovne razloge zastoja u radu UNCITRAL-a.

*Ključne reči*: ODR, ADR, UNCITRAL, EU ODR Regulative, ODR Uredba, Onlajn rešavanje sporova, alternativno rešavanje sporova.

# AMBASSADORS FORUM

*Lecture by H.E. Mr. Mohammed Amine Belhaj,*
*Ambassador of the Kingdom of Morocco to Serbia, held on 14th May 2018*
*at the Institute of International Politics and Economics*

Mr. Chairman Branislav Đorđević, Excellencies the Ambassadors, Dear Guests,

I am very pleased to be with you here today to give an overview of the Moroccan diplomacy priorities, its initiatives and challenges (putting special emphasis on the African Continent). However, before that, I would like to thank the Institute of International Politics and Economics, particularly its President, Mr. Branislav Đorđević, and his professional team, for hosting this presentation that I hope will be informative and interactive.

I will start with a brief introduction on Morocco's history, its assets and the numerous reforms it has carried out since the enthronement of H.M King Mohammed VI.

## INTRODUCTION

### Geography

For those who are not very familiar with Morocco, I would like to say it is a Kingdom located on the North-Western tip of the African continent, extending 3000 km along the Atlantic Ocean and around 500 km on the Mediterranean Sea, 14 km from Gibraltar, a real bridge between Africa and Europe, with a great cultural, ethnic, and religious diversity.

### History

Morocco is one of the oldest nations in the world and its history, as a country, has continued for the past 12 centuries. The first Moroccan dynasty (the Idrissids) established their capital Fes in 788 AD. Five other Dynasties (Almoravids, Almohads, Marinids, Wattasids, and Saadians) ruled the country until 1665 when the Alaouites took over until today. The beginning of the 20th century was marked by a brief period of the French and Spanish protectorate.

## Modern day Morocco

### Reforms

Since his enthronement in 1999, His Majesty King Mohammed VI has consolidated and accelerated political, economic and social reforms, launched by his late father, King Hassan II. In this regard, His Majesty continues to be firmly committed to the continuous path of democratization in the Kingdom.

His Majesty has developed dedicated initiatives to promote citizens' participation in politics through human rights, gender equality and equitable human development. Hence, Morocco has held a series of free and fair parliamentary and local elections. The Kingdom is currently implementing a new regionalization process, bringing decision-making closer to local communities.

In the field of human rights promotion and social reforms, the Kingdom's family code has been improved to give women equal standing with men. "The National Human Development Initiative," "The Equity and Reconciliation Commission" and the transitional justice as a mechanism for political reforms are other milestone achievements in building a sustainable future for Morocco's most communities in need by including them in the economic and social growth of the country.

The last five years have brought remarkable democratic progress in Morocco, particularly in light of the post-Arab spring developments in the region and the adoption of most of the laws mandated by the Constitution allowed a successful transition of power after the 2011 legislative elections.

### Economic Situation

In recent years, the Moroccan economy has been characterized by macroeconomic stability and low inflation. The economy remains strong and relies mainly on exports, the growth of private investment and tourism. The drought in 2016 severely affected the country, causing a slowdown in GDP growth, but economic activity was resumed in 2017 and should reach 4.4% this year.

The trade balance is currently deficient but the authorities are trying to address it through the implementation of a series of sectoral plans: "Emergence" for the industry, and "Green Morocco" for agriculture, among others, which aim to triple the volume of exported products and services over the next ten years.

Morocco signed several free trade agreements, namely with the United States, Turkey, Tunisia, Egypt and Jordan. Morocco has also worked to strengthen its trade integration with the European Union. It is also a member of the Greater Arab Free Trade Area (*Morocco, Jordan, UAE, Bahrain, Saudi Arabia, Oman, Qatar, Syria, Lebanon,*

*Iraq, Egypt, Palestine, Kuwait, Tunis, Libya, Sudan, and Yemen*), and of the African Continental Free Trade Area (*with 43 other African States*).

In 2017, Morocco received 12% more FDI than the previous year - 2.37 billion dollars. The three largest investors are France, Saudi Arabia and the United Arab Emirates. FDI is mainly concentrated in real estate (more than half of the inflows), distribution and manufacturing. Morocco continued its progression in Doing Business 2017 ranking which was published by the World Bank (68th out of 190 countries).

*After this brief introduction to Morocco, I would like to share with you some key aspects of the Moroccan diplomacy and its priority areas.*

The resolution of the Moroccan Sahara issue remains the top priority of Moroccan diplomacy, in addition to the diversification of partnerships and the participation in peacekeeping and security in the world.

## Spheres of Moroccan Diplomacy

### *Moroccan Sahara*

To be able to understand the regional conflict of the Moroccan Sahara, I would like to recall that Morocco's occupation took place in stages. Before the protectorate period which began in 1912, Spain occupied the Sahara region. After that, France took the central region and Spain the northern part of the country. In addition, 12 colonial powers ruled the city of Tangier, which thus gained the status of an international city.

The recovery of these regions took place according to the same gradual modus operandi as their occupation, under negotiated agreements. First, in 1956, Morocco signed with France and Spain agreements for the Independence of Central and Northern Regions. The international city of Tangier was recovered the same year. Subsequently, the Spanish administering power returned the region of Tarfaya in 1958, then Sidi Ifni in 1969, and finally, the Sahara region in 1975 after the Green March and the Madrid Agreement which was taken into account in the UN resolution 3458B dated 10 December 1975. *This Agreement was deposited to the Secretary-General of the United Nations on November 18, 1975.*

After the unsuccessful Baker plans of the peace settlement at the beginning of 2000 and in order to solve this issue, Morocco proposed in 2007, as a sustainable and lasting solution, an Autonomy Plan for the Sahara Region, within its national sovereignty and territorial integrity. The initiative was considered as serious and credible by the International Community in line with all resolutions of the United Nations Security Council.

I would like to add that Morocco launched an ambitious development model for the Sahara Region for the period 2016-2025, as part of the implementation of its advanced regionalization policy, to carry out major social and economic projects in the region. There are around 600 projects for an envelope of 7 billion euros to accompany the Southern provinces promote Hassani culture, manage natural resources, improve territorial connectivity and make a successful digital transition, among others.

Thanks to its position, at the crossroads of Africa, Europe and the Middle East, Morocco is close to the Arab-Islamic World because of its linguistic and religious substratum, anchored to Africa as a result of geography, shared traditions, and mutual trade benefits. Morocco also shares the values of freedom and democracy with Europe, while being open to all the other countries of the world.

Arab World: Morocco's diplomacy has always made choices consistent with its traditional Arab commitments.

The Kingdom maintains excellent relations with the Gulf Cooperation Council. Morocco has adopted a balanced approach, during the Qatar crisis that takes into account the excellent brotherly relations with all the monarchies of the region. The fact that many in Serbia might not have heard of is that Morocco was offered to join the GCC in 2011. It is currently, along with the Hashemite Kingdom of Jordan, an associated partner of this Council.

Regarding the Palestinian cause and since the earliest days of his reign, King Mohammed VI, who chairs the Al Quds Committee, has worked tirelessly to promote a peaceful solution to the Palestinian-Israeli dispute, in the search for peace and common ground, and on the basis of the solution of two states with East Jerusalem as Capital of a viable Palestinian State. Upon the announcement of Donald Trump regarding the transfer of the American Embassy from Tel Aviv to Jerusalem, His Majesty addressed a letter to the US President in which he expressed his concern stating that "Jerusalem is at the heart of final status issues. For this reason, its legal status needs to be preserved and nothing should be undertaken that might affect its current political status."

In 2015 in the Moroccan city of Skhirate, the Kingdom was involved in solving the Libyan crisis by hosting the talks between conflicting parties for the establishment of a Government of National Accord in Libya. Last April, the Speaker of the Libyan parliament, M. Akila Saleh "officially requested Morocco to take the lead in calling on the Libyan stakeholders and the UN envoy to speed up the process of solving the crisis and to introduce amendments on the Libyan Political Agreement."

## Africa

African partnership remains at the heart of Moroccan Diplomacy. His Majesty King Mohammed VI has sought to strengthen Morocco's historic roots and ties in Africa through a win-win partnership. He has undertaken more than 53 official visits to 26 African states, during which more than hundreds bilateral agreements were signed within the framework of promoting the "African South-South Cooperation."

Morocco's African policy is no longer confined to a single sub-region. It has moved from a natural concentration in West Africa to a projection on all African sub-regions. The policy of openness advocated by Morocco in Africa since 2002 was crowned by the return of the Kingdom, in January 2017, to its institutional family, the African Union.

One should bear in mind that Morocco's offer to Africa is based on a comprehensive, integrated and inclusive approach aimed at the promotion of peace, stability, sustainable human development and the preservation of the cultural and spiritual identity of Africa. Upon its election to the African Union Peace and Security Council for two years (2018-2020), the Kingdom promised to spare no effort in defending those objectives. The recent nomination of 5 Moroccans at the Pan-African Parliament will also allow Morocco to further contribute to the African Union's efforts for the development and economic integration of the continent.

## Europe

Morocco and the European Union are bound by an Association Agreement signed in 1996. In October 2008, Morocco was granted an "Advanced Status" aiming to deepen political relations, integration into the internal market through regulatory approximation, sectoral cooperation and a human dimension.

Morocco is the first beneficiary of the European Neighborhood Policy. In addition to the Association Agreement between Morocco and the EU, negotiations on a Deep and Comprehensive Free Trade Agreement were launched in March 2013. This agreement is expected to be an effective instrument for securing investment and developing trade.

Morocco remains a key partner of the EU in the Mediterranean. It is an active member of the Union for the Mediterranean and of the dialogue 5+5, and contributes greatly to the security of the Mediterranean region.

## Serbia

I would also like to mention that Morocco places great importance on cooperation with the EU candidate countries, such as Serbia, with whom we celebrated in 2017 the 60th anniversary of the establishment of diplomatic relations.

Political dialogue is ongoing and was marked by the recent visit to Rabat of the First Vice Prime Minister - the Minister of Foreign Affairs of the Republic of Serbia. This reflects the strong will of both parties to further strengthen their cooperation at all levels and build a strong partnership.

Our two countries also have excellent collaboration within international organizations, mainly in the UN, and share the same values of respect for national sovereignty and territorial integrity. All efforts are being made to boost trade and promote other aspects of cooperation.

### Russia

Russian-Moroccan ties have a long history. Bilateral relations are guided by the principle of mutual respect and taking into account each other's interests. Since 2002 the two nations have been bound by a deep strategic partnership.

These ties were reinforced during the official visits of the King to Moscow in 2002 and 2016, as well those of President Vladimir Putin to Morocco in 2006, and Prime Minister Dmitri Medvedev in 2017.

During the last two years, 27 new agreements were signed in various fields to strengthen the legal framework for more cooperation. Trade exchange, for example, reached 2.5 billion dollars in 2016.

### The Americas

At the geographical level, Morocco is the nearest Arab country to the American continent. Hence, it continues to develop vis-à-vis this region a proximity policy implemented through the presence of many diplomatic representations.

### Relations with the United States of America

Morocco maintains good relations with the United States of America. 2017 marked 230 years of friendship between the United States and Morocco, with the anniversary of the Treaty of Peace and Friendship, the longest-lasting treaty in the US history.

Morocco played a critical role in the early days of the US republic as the first country to officially recognize the fledgling American nation in 1777.

The first US consulate in Africa and the Middle East was inaugurated in Tangier in 1797, which is the oldest piece of property owned by the US abroad.

More recently, Moroccan-US commercial ties were enhanced through the 2004 bilateral Free Trade Agreement, with a trading volume of 2.37 billion dollars, and

Morocco continues to provide strong counterterrorism cooperation, as well as participating in the Strategic Dialogue and joint military training exercises with the US. Morocco is a major non-NATO ally of the United States since 2004.

### Relations with Latin American countries

Morocco pays particular attention to the consolidation of its relations with Latin American countries. I have to mention that more than 5 million Moroccan speak the Spanish language especially in the north and south of the country.

The most obvious indication of Morocco's proximity policy is undoubtedly the official visit of His Majesty King Mohammed VI to Mexico, Brazil, Peru, Chile and Argentina in November/December 2004.

Morocco's relations with Latin American countries are strong and intense, and a lot of opportunities are still to be explored. While implementing its foreign policy, the Kingdom of Morocco works hard to further strengthen its links of cooperation with all countries of South America and to stretch this cooperation to the Caribbean.

The Kingdom aspires to build genuine bridges with this region in order to consolidate the economic, technical and cultural exchanges between the two shores of the Atlantic Ocean.

### Asia

The Kingdom has a long cooperation history with Asian countries such as China and India. Its openness toward new partnerships, beyond its classic sphere, is reflected in the country's commitment to working jointly with ASEAN members, through the accession to the Treaty of Amity and Cooperation with these nations so as to build up a fruitful cooperation in several key areas (*tourism, culture, migration, energy, agriculture, food security, water quality… etc.*)

Last June, the Kingdom of Morocco signed a Memorandum of Understanding with the Mekong River Commission (*Cambodia, Laos, Thailand and Vietnam*). As part of the South-South cooperation, Morocco is the first Arabic and African partner of this Commission. It translates the vision of Morocco towards diversifying the cooperation at all levels to achieve a sustainable, active and solidarity-based development.

### Peace Keeping Operations

As a peace-loving country, Morocco has always responded to international requests for peacekeeping in the world. Africa is the continent where Morocco has

been most active. For example, it participated in the UN mission to the Republic of the Congo (ONUC) between 1960 and 1964, and the Somalia mission (UNISOM 1) between 1992 and 1993 during which the Moroccan battalions (around 1000 soldiers and 60 police officers) took responsibility for monitoring the ceasefire, securing the delivery of aid and ensuring the protection of the United Nations employees and institutions.

On the other hand, Morocco participated in the establishment of UNITAF (*also in Somalia*) in 1990 by integrating 1430 soldiers. In March 1993, several Moroccan soldiers perished during the second UN mission in Somalia (UNISOM 2).

In the Democratic Republic of the Congo, 750 soldiers, 4 officers and 4 policemen participated in the UN mission "MONUSCO" where they set up a modernly equipped hospital consisting of 51 military doctors.

With regard to the Ivory Coast, Morocco took part in the UN mission "ONUC." The participation of Moroccan contingents was highly appreciated. They were honored twice by the United Nations and received the peacekeeping medallion during this mission.

Moreover, Morocco participated in other missions organized by the UN such as the "UNAVEMI" mission in Angola between 1989 and 1999, during which Morocco sent 15 soldiers and 11 policemen to monitor and coordinate the actions of the various actors in the field.

In Asia, the "UNTAC" mission in Cambodia between 1992 and 1993 mobilized 100 Moroccan civilian police. In South America, in Haiti, Morocco participated with Spain in the peacekeeping operation.

The level of commitment and involvement of Morocco in the success of operations and missions for peacekeeping is also shown in its participation in the stability of the situation in Bosnia and Herzegovina (SFOR), where Morocco built a civilian hospital, as well as in the KFOR Mission in Kosovo (*1999-2014 with an 11,000 strong contingent).*

More recently, in Central Africa, Moroccan forces, coordinating the protection of the capital Bangui with the French forces, have been well received by all religious communities.

At the Arab level, the Moroccan peacekeepers are present with a mobile hospital in the Zaatari camp in Jordan to help Syrian refugees.

According to several UN reports, the overall 60,000 Moroccan peacekeepers are described as endowed with courage, dedication and selflessness during their missions while cooperating with local and foreign forces.

*In addition to conventional diplomacy, Moroccan diplomacy acts through three other levers: economic, cultural and religious.*

## Economic Diplomacy

Morocco's economic diplomacy is based on economic complementarity and common development.

Morocco has deepened its bilateral cooperation, while ensuring the conclusion of new partnerships and the signature of more than 50 Free Trade Agreements with many countries in Africa, Europe, America, the Middle East and Asia (a market of about 1 billion consumers), which today constitute a strong platform for cooperation in various fields as diverse as agriculture, fisheries and maritime affairs, health, infrastructure and vocational and university training, etc.

Morocco's reintegration into the African Union will undoubtedly provide a solid impetus to the work of the organization itself and strong momentum for the already established projects and partnerships launched by the Kingdom and many brotherly African countries. These include, for example, the Morocco-Nigeria gas pipeline, the mega-fertilizer plant in Ethiopia and the construction of a new capital city in South Sudan.

Priority has been given to encouraging the Moroccan private sector and public companies to embark on investment projects with a direct impact on local social development, such as infrastructure, transport, telecoms and the banking sectors.

To support this, several measures to strengthen Morocco's presence in Africa have been taken, such as the improvement of the legal arsenal governing Moroccan-African trade relations and the activation of economic cooperation projects.

It is noteworthy to say that no less than 58% of Morocco's foreign direct investment goes directly to Africa, making the Kingdom the first investor in Africa. To give an idea about the figures, Morocco has invested 5 billion dollars in 22 projects in the continent.

## Cultural Diplomacy

We all know that the power of a State is no longer measured solely by the strength of its economy, its political and strategic power, but rather on its ability to use its culture to share it with others.

Indeed, Morocco attaches great importance to cultural diplomacy and gives it all the support and encouragement it deserves. The Moroccan cultural diplomacy is based on the establishment of Houses of Morocco, cultural and services centers abroad, as well as the increase of artistic activities, fairs and exhibitions, all of which aim at promoting Morocco's civilizational and cultural heritage, highlighting its unified, authentic and plural identity and strengthening its position as a land of knowledge and dialogue between cultures and peoples.

Next June, our embassy will be the guest of honor of the Durbar Day at the African Museum of Belgrade and will present beautiful traditional dances and music.

However, the major cultural event for 2018 will be the participation of the Kingdom of Morocco as the Guest of Honor on the 63rd edition of the Belgrade International Book Fair, next October. It will be the first Arab country to enjoy this prestigious status.

## *Religious Diplomacy*

Through the years, Morocco developed a model in terms of management of religious affairs that can be exported beyond its borders. Indeed the Kingdom has already been offering its expertise in the field and sharing its avant-garde vision with numerous friendly countries.

Morocco established in March 2015 the Mohammed VI Institute for the Training of Imams, Morchidins, and Morchidates which have been extended in October 2017 because of the increasing demand from brotherly African and European countries.

Imams from the following countries Mali, Guinea Conakry, Côte-d'Ivoire, Tunisia, France, Nigeria and Chad follow either basic or short-term training at the Institute. The number of the Institute's graduates from these countries has so far reached 712 imams and preachers, in addition to 150 Moroccan students yearly.

I can proudly say that Morocco is ensuring the training of foreign imams and ulemas, with the aim to spread and defend the values of tolerant, open, peaceful and united Islam.

*A successful diplomatic action cannot be fully implemented without a serious commitment to the global issues and challenges. Morocco has acquired a great experience on the environment, migration and fight against terrorism, which it shares within international fora.*

## **Morocco's commitment to solving global challenges**

Climate change: leading role in the protection of the environment

The phenomenon of climate changes is another example of the inter-African cooperation Morocco has developed with the rest of the continent targeting, namely, the fight against the devastating effects of climate change which pose a serious threat to development, peace and security in our Continent.

As the Chairman of COP22, Morocco was keen to ensure the Paris Agreement was put into effect through an action-oriented along with practical measures with regard to reducing greenhouse gas emissions and financing developing countries' climate strategies.

In this respect, Morocco also submitted some concrete initiatives to help ensure food security, particularly through the Adaptation of African Agriculture project, which is designed to ensure capacity-building for the benefit of agricultural stakeholders, and the Blue Belt initiative, which aims to fight the effects of global warming on oceans.

Similarly, the Kingdom is willing to share its successful experience in the promotion of clean, renewable energy, the development of responsible agriculture and the sustainable use of marine resources.

In this regard, Morocco has developed programs related on energy efficiency and renewables such as the World's larger solar plant Noor near the city of Ouarzazate, the total investment of which is 9 billion dollars, which will allow Morocco to achieve 52 percent of its electrical power from renewable energy in 2030.

Along the same line, Morocco is proud of the creation, a year ago, of the Fund for the Congo Basin, launched during the Moroccan presidency of the COP22 in Marrakech, and which will help sustainable exploitation of the Congo River waters and the valorization of the forest ecosystems.

Migration: an approach based on Humanity and Solidarity

The policy adopted by Morocco since September 2014 on migration and asylum, has become one of the facets of Morocco's international policy. This National Strategy was implemented according to a humanist and inclusive approach, based on the respect of human rights, the harmonization with international law, multilateral cooperation and shared responsibility.

The first regularization operation in 2014 helped more than 25,000 migrants to get their residency documents. Programs for successful integration have been adopted to ensure migrants' access to basic social services.

A second similar operation is ongoing right now. The local authorities, throughout the country, received 28,400 requests from illegal migrants, most of which come from sub-Saharan Africa, seeking to improve their living conditions by moving to Morocco.

On the other hand, Morocco has adopted a security approach in fighting trafficking networks, dismantling 80 cells in 2017, aborting 50,000 attempts to illegal immigration and encouraging the voluntary return of migrants, for more than 22,000 returned back to their country of origin.

Morocco, assuming the co-chairmanship with Germany of the Global Forum on Migration and Development, intends to make an active contribution to all the thematic meetings of the Global Compact for Migration and will ensure that substantial contributions are made to the negotiations of the document which will be adopted during the 11th Summit of the World Forum on Migration and the

Intergovernmental Conference on international migration for safe, orderly and regular migration, to be held in Marrakech on December 2018.

Fighting terrorism and radicalization:
A Comprehensive and inclusive approach

Morocco gained good experience and expertise in the field of fighting terrorism which is one of the country's soft power tools.

The terrorist threat is a global phenomenon, and Morocco is addressing it within a comprehensive and inclusive strategy, based on a complementary approach to security dimensions, which are necessary but not sufficient. Economic growth, human development, as well as the preservation of cultural and religious identity is necessary at the global, regional and sub-regional levels within an overall cooperation approach based on the values of openness and integration of all actors.

Moroccan strategy consists of concrete political, institutional, economic, social, cultural, religious and media measures while, in parallel, fights against extremism, exclusion, and poverty through the development and strengthening of the rule of law.

Morocco's management of religious affairs targets the prevention of radicalization and the abuse of religion for other purposes, with emphasis on religious education towards a moderate understanding through institutionalized authorities, and thereby protecting any potential influence of extremism.

The Kingdom established, two years ago, the Central Bureau of Judicial Investigations, whose task is to crack down on Moroccans returning from fighting with the Islamic State group in Syria, Iraq and Libya and gather intelligence on them. To date, the agency has arrested and brought to justice 85 men, 14 women and 27 children returnees, and has dismantled 42 Islamic state cells, which contributed considerably to a decrease of the flow of Moroccan fighters in the Syrian-Iraqi area.

At present Morocco co-chairs the Global Counter-Terrorism Forum together with the Netherlands for a two-year term (2016-2018). The issue of Foreign Terrorist Fighters remains one of the major concerns of the International Community, as it is a matter of global security.

Morocco co-chairs with the Netherlands the Working Group devoted to this issue within the framework of the GCTF, and has drawn up an Addendum to the Marrakech - Hague Memorandum on Good Practices for a More Effective Response to the FTF Phenomenon centered on the "return" dimension and its link with the "homegrown terrorism." This document was adopted at the GCTF Ministerial Meeting in September 2016 in New York.

**CONCLUSION**

Morocco, under the wise leadership and clear vision of His Majesty the King, looks to build a brighter and more prosperous future, honoring the vibrant legacy of the Kingdom's history and its constant openness to the outside world, which makes Morocco a model and a melting pot of modernity and authenticity and an active player on the international arena willing and ready to share its experience and expertise with other countries all over the world.

# BOOK REVIEW

Darko TANASKOVIĆ, *From Neo-Ottomanism to Erdoganism: A Doctrine and Foreign Policy Practice of Turkey*, Association of Non-Governmental Organisations of Southeast Europe – CIVIS. Belgrade, 2016. p. 143.

At the end of October 2016, under the presidency of Erdogan, Turkish police finally arrested Mustafa Kemal![1] Kemal`s arrest was part of the larger operation against collaborators tied to the Turkish secular and republican institution – the oldest daily newspaper in Turkey (published since 1924) *Cumhuriyet*. It happened a month after Recep Tayyip Erdogan, the president of Turkey, criticized the Treaty of Lausanne that defined most of the contemporary Turkish borders. Two weeks later, he repeated the decision not to withdraw the Turkish army from the military camp in Bashiqa-Iraq, and his will to participate "in the Mosul operation and hold a seat at the table. It is out of the question for us to remain outside. Because there is history in Mosul for us. If those gentlemen wish so, they can read Misak-ı Milli (The National Oath) and better understand what history we have in Mosul."[2]

The National Oath evoked by the Turkish president was defined at the last session of the Ottoman parliament in January 1920, in which Mosul was seen as part of (dying) empire. These latest references to the restoration of something lost and claims for the 'justice' done against Turkey and its 'glorious' (needless to add) Ottoman past is part of political talk strongly developing since 2002. All above-mentioned reflects the policy carefully planned and executed by the AKP leadership and widely recognized as Neo-Ottomanism. But what is actually behind this notion and what are the foundations of it? A way to get to the power? Is Neo-Ottomanism something that starts with friends from the heart of Anatolia, founders of the Turkish Justice and *Development Party* (eager to fight for the Islamic reshaping of Turkey) and their victory on the elections in 2002 or it is a long-term strategy of a

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[1] Of course it was not Mustafa Kemal Ataturk, but Mustafa Kemal Güngör, attorney of the daily paper close to Kemalist party CHP. See in: "Turkish police detain chief editor, columnists, executives of daily Cumhuriyet", Hurriyet daily news October/31/2016. Accessed October, 31, 2016 from http://www.hurriyetdailynews.com/turkish-police-detain-chief-editor-columnists-executives-of-daily-cumhuriyet.aspx?PageID=238&NID=105555&NewsCatID=509

[2] "Turkey Will Take Part in the Mosul Operation and Hold a Seat at the Table", 17.10.2016. Accessed November, 03, 2016 from http://www.tccb.gov.tr/en/news/542/53664/turkey-will-take-part-in-the-mosul-operation-and-hold-a-seat-at-the-table.html

radicalized macro-ideology among the Turks? How has and in what measure Turkish foreign (and internal) policy changed since then?

A book by prof. Darko Tanasković offers the answers to these questions. The author is one of internationally most widely acknowledged orientalists from Serbia, former ambassador to Turkey and Azerbaijan, currently Serbian representative to UNESCO. A linguist and diplomat, fluent in Turkish, Arabic, Farsi and several European languages, he has long studied the world of Islam and in the past twenty years Turkey in particular. The Second English edition of "Neo-Ottomanism" is a translation of the third expanded and partially revised Serbian edition from 2015, with a completely new afterword, and a foreword written after the failed coup. Previously, prof. Tanasković published books, among others, on the relationship between "*Islam and us*" (*U dijalogu s islamom, Islam I mi*), "*Muslim identity among the Slavic population in former Yugoslavia*", "*On the teachings and history of Islam in general*" (Islam, dogma and life – Islam, dogma i život), and many papers and journal articles on these issues, but "*Neo-Ottomanism*" may be the bestselling piece.

The First Serbian edition goes back to 2010, and it was translated in Bulgarian also. In the meantime, the thesis of Tanasković on the Turkish strategic orientation toward claiming the influence in the former Ottoman territories, in the Balkans, the Caucasus, the Middle East and North Africa, in tactical partnership with the West has been proven. The so-called 'Arab spring' was a "litmus test" for Erdogan and for the AKP policy. Its effects on Turkey and on the process are analysed in the final chapter of the book.

The first Serbian and English edition caused both positive and negative comments. Those objecting the validity of the term, except for the Davutoglu and his fellow minded colleagues from Turkey, insist on pragmatism as a leading and forming principle of Turkish foreign policy and not ideology based on Islamism and Ottoman heritage interpreted as notably Turkish.[3]

The book has roughly nine parts, starting with the newest, inserted especially for the second edition in English *Neo-Ottomanism or Erdoganism?* It was followed by the *Challenges of the third millennium*. The sequent chapters are dedicated to the definition of Neo-Ottomanism, theoretical and ideological background based on the analysis Turkish foreign and internal policies, and on literature, in particular, relying on Davutoglu`s "*Strategic Depth.*" The author offers an analysis of the global and regional policies and proceeds with Turkish reaction and involvement in the so-called 'Arab spring': *Arab spring, Turkish autumn.*

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[3] For example, Bosnian diplomat and not very successful writer: Hajrudin Somun, "Turkish Foreign Policy in the Balkans and "Neo-Ottomanism": A Personal Account", in: Insight Turkey, 13/3, 2011, pp. 33-41.

Tanasković often in his books and articles calls for dialogue in the wider sense. In this book, he points out that "a dialogue with the times" enables us to be subjects and not mere objects in the human epopee. Recalling the thoughts of the Nobel Prize-winning author Ivo Andrić, the author underlines that "'the past is what does not pass'... It is essential to see continuity in discontinuity and to see continuity in what appears to be discontinuity" (pp. 13, 14). Thus, he wants to emphasize long-term traits characterising political and social processes, which are abundantly and most convincingly elaborated by Braudel.

Unlike him, many authors seek to limit Neo-Ottomanism to some short phase connected to one or two Turkish statesmen - Turgut Ozal and eventually Suleiman Demirel, like Neo-Ottomanist Ahmed Davutoglu did in his *"Strategic Depth." The definition of Neo-Ottomanism and its main characteristics* is a chapter in which Tanasković by arguing with different authors on the validity of the notion and the substance of the term builds the elements of his definition of Neo-Ottomanism. He points out that "the protagonists and advocates of Neo-Ottomanism in Turkey and those from abroad who have supported and sympathized with this project" (p. 17) clearly omitted to name the phenomenon. Still, it has entered in both domestic and international political vocabulary, mostly by the very opponents of the usage of Neo-Ottomanism, as a term for the policy and ideology characterizing also Turkish foreign policy at the beginning of the 21st century (p. 18). The author debates with German Turkologist Christoph Neumann ("If Turkey is the Mother, Who is then the Father?" in Sarajevo daily newspaper Dani, 639, 11 September 2009), with Turkish diplomacy, with Nicholas Danforth (N. Danforth, "Ideology and Pragmatism in Turkish Foreign Policy: From Atatürk to AKP", Turkish Policy Quarterly, Fall 2008, pp. 83-95), L.A. Stone, ("Turkish Foreign Policy: Four Pillars of Tradition", Perceptions. Journal of International Affairs, 6 February 2001, pp. 16-17) and Soner Çagaptay (S. Çagaptay, "The AKP's Foreign Policy: The Misnomer of Neo-Ottomanism", Changing Turkey in the Changing World, 15 December 2009), as examples of different currents which from various standing points are denying adequacy of the term or of the quality of the leading principle of Turkish foreign (and internal) politics (pp. 16-21). He approaches these authors in order to discern the main ingredients of the formula of Neo-Ottomanism. Tanasković points out that erosion of Kemalism and "increasing (re)-Islamisation of the Turkish society" starts early after the WWII, "since the 1950s". (p. 24).[4]

Although the army organised several coups (1960, 1973, 1980, 1997), a new system designed after 1980, headed by the army general Kenan Evren, "instituted

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[4] Also Svirčević and Janković: Darko Tanasković, Neoosmanizam: Povratak Turske na Balkan [Neo-Ottomanism. Turkey's Return to the Balkans]. Belgrade: JP Službeni glasnik, 2010, pp. 109, Reviewed by Miroslav Svirčević; Slobodan Janković, "Турска на Блиском истоку", [Turkish Policy in the Middle East] in Miša Đurković, Aleksandar Raković (ed.), Turkey regional power? Institute for European studies (in Serbian), Belgrade 2013, pp. 137-158.

a series of measures in favour of Islam which actually paved the way in institutional terms for later pro-Islamist and Islamist groups and political parties." (p. 19). Thus in order to counter the left, the government relaxed Islamic influence in the society, i.e. in the public sphere. Also, nationalism and patriotism fitted well with Neo-Ottomanism just as they did with Kemalism. "Neo-Ottomanism successfully 'internalised the paradigm of Turkish nationalism' (Taşpınar, ibid, p. 17)."

The Islamic character of Turkish society, spread belief in basic Islamic teachings or importance of religious habits, influenced the retreat of the radical secular program implemented by Mustafa Kemal Ataturk (1881-1938) and his follower Ismet Inonu (1884-1973). As Tanasković notices: "The Kemalist system could apparently be consistently implemented only with the existence of just one ruling political power, Ataturk's Republican People's Party (CHP). In the very first free Parliamentary election (1950), the newly formed dissident (and de facto opposition in relation to Kemalism) Democratic Party achieved a landslide victory… headed by the Prime Minister Adnan Menderes (1899-1961), during which Turkey also joined NATO in 1952… was the period which brought the first serious signs of (re)-Islamisation..." (p. 27).

"(S)ome of the most active advocates of Islamism in Turkish politics (T. Ozal, Y. Ozal, N. Erbakan...) had spiritual connections to the Nakshibendi, an Ottoman mystic order with traditional ties to political circles…" The role of dervish orders and respective preachers Said Nursi and Fethullah Gulen is being introduced to a reader in the chapter *Stages of Development of the Neo-Ottomanist Concept*. Suleyman Demirel (1924-2015) and Turgut Ozal`s (Özal, 1927-1993) roles on the one hand and the role of compromises made by the Turkish army in the re-Islamization of the society is examined here. The author argues that Demirel "systematically pointed to the positive role of "moderate" Islamic movements and brotherhoods… in preventing the spread of radical fundamentalist tendencies, which is fully in line with the Neo-Ottomanist thesis on the compatibility of democracy, realistic secularism, and moderate (Turkish) Islam." (p. 28). What is consistent with Kemalism is actually Turkish nationalism, as a constitutive element of both ideologies.

Tanasković agrees that pragmatism plays an important role in Turkish foreign politics, but only at the tactical level in order to preserve and advance *longue durée* ideological core base constituting Neo-Ottomanism as "an ideological amalgam of Islamism, Turkism, and Ottomanist Imperialism" (p. 26). However, Neo-Ottomanism "is more than an ideology. It is a philosophy of history, a civilisational paradigm, and a world view characteristic of the majority of contemporary Turks, particularly of its intellectual elite." (p. 113).

Serbian Orientalist, similarly as Davutoglu in *Strategic Depth*, but with opposite conclusions, cites the war in Bosnia and Hercegovina as *par excellence* case for the Neo-Ottoman (Davutoglu would say Turkish) return in the Balkans. "Ever since

Ozal's time both Bosnia and Herzegovina (here meaning its unitary projection with a Muslim majority) and FYR of Macedonia have remained the cornerstones of Turkish policy in the Balkans. Turkish scholars also support this view... This foreign policy, *ipso facto* has been anti-Serbian, regardless of all attempts to conceal this characteristic by employing phraseology on supporting the end of the armed conflict and stability in the region, or citing humanitarian reasons." Exactly then the policy of the return in the Balkans and wish to make Turkey great again coincided among the promoters of the different role of Turkey in international affairs. Thus, Ozal period (until he was poisoned in 1993) marks significant achievements in the period of transition from Kemalism to Neo-Ottomanism. The fall of Erbakan, a radical Islamist in mild *putsch* of 1997, made Erdogan and his friends acquire less bold, it might be said *ketman*, tactic.

*Geopolitics of "Strategic Depth"* is a chapter dedicated to the activities of the architect of Strategic Depth and long-time Erdogan`s partner in realizing Ottoman revival. Tanasković cites one of many typical statements made by Davutoglu (but the same applies for Erdogan and other AKP leading politicians): "During the Ottoman times, in the XVI century, the Balkan region was at the centre of world politics. That was the golden age of the Balkans. [...] Ottoman history is the history of the Balkan region, the history of times when the Balkan region was of special importance in world history. [...] This was the Ottoman Balkans. We will re-establish such Balkans... Anatolia belongs to you, brothers and sisters! And we are just as certain that Sarajevo belongs to us! [...] We are going to reintegrate the Balkan region, we are going to reintegrate the Middle East, we are going to reintegrate the Caucasus on these principles of regional and world peace, not just for us, but for all of humanity. [...] Due to all these historical ties, Turkey's foreign policy strives to establish order in all these surrounding regions, in the Balkans, the Caucasus, and in the Middle East... For diplomats from elsewhere in the world, Bosnia is a technical matter. To us it is a matter of life and death. That is how important it is. For us the integrity of Bosnia is just as important as the integrity of Turkey. For Turkey, the security of Sarajevo is equally important as the security and prosperity of Istanbul.' ... And if this is not a paradigm model of Neo-Ottoman speech, then what is it?!" (p. 52).

Relations between Turkey and great powers, the USA, Russia, China and the EU, are examined in the chapter *The Global Coordinates of Neo-Ottomanism*. Regional strategies in the Balkans, the Middle East and in the Caucasus and Central Asia, are elaborated deeply in *Regional Aspects of Neo-Ottomanism*. This chapter, the longest and most informative, is on three crucial regions the Caucasus, the Middle East and the Balkans. Although, the part on the Caucasus is more symbolic since the sections dedicated to the Middle East and the Balkans policy consume almost the whole this chapter of the book. These three regions are according to Davutoglu, but also

in speeches of Erdogan, those in which Turkey wants to reinvent itself as a regional and even global power.[5] Balkan is, particularly, of the utmost importance.[6]

Citing various sources from the Arab world, Tanasković presents actions of Turkey in the Middle East, its bid to become an elder or big brother: "patronising conduct of some incumbent Turkish officials... distinguishes their Neo-Ottomanist style from the more honest pan-Islamism of one Necmettin Erkaban, who had no Turkish hegemony in mind, but aspired towards developing equitable and fraternal relations with the countries of the Middle East and the entire Islamic world. Now increasingly common, one might hear or read that Turkey wants to assume the role of "big brother" (ağabey) in relation to Arabs, and this is how Lebanese Prime Minister S. al-Hariri addressed R.T. Erdogan in January 2010 during his visit to Ankara." (p. 80).

Turkey`s attempt to impose itself in the Middle East while maintaining the partnership with Israel and the West ended with losing the positions carefully nourished since the AKP came to power. In the middle of 2016, Turkey became a country in problems with almost all its neighbours, plus with the EU, with Russia and the USA. This was partially predicted by Dunford: "The warnings that, in their efforts to turn their dual identity into their main strategic weapon, they might find themselves rejected by both sides, "too Muslim and Middle Eastern for the Europeans, and too secular and pro-American for the Middle Easterners" (N. Danforth, "How the West lost Turkey", *Foreign Policy*, 25 November 2009) do not scare the advocates of "strategic depth". On the contrary, they see it as confirmation that they are on the right path." (Tanasković, p. 83).

Muslim *Green line* evocated in the Balkans in the first half of the 1990s became a program of Neo-Ottomans in Ankara and Istanbul. Tanasković reminds us of that fact, illustrated by repeated assertions of Davutoglu: "For Turkey, the crescent going South-West and stretching from Bihać, through Central and Eastern Bosnia, via Sanjak, Kosovo, Albania, Macedonia, the Kardzhali region, and all the way to Eastern Thrace is the geopolitical and geocultural jugular of the Balkans", says Davutoglu explicitly... If the connection between Sanjak, Kosovo, and Bosnia were completely severed, Bosniaks would be abandoned to the Croatian influence, and Sandžak and Kosovo (exclusively) to that of Serbia. It was of utmost importance, emphasizes the Turkish minister, to preserve at least the existing corridor near Goražde (Davutoglu, *Strategic Depth*, p. 306). In harmony with this view of priorities in the region, Turkey steadfastly supported the Muslims/Bosniaks in Bosnia-Herzegovina during the Yugoslav crisis." (pp. 100, 101).

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[5] Slobodan Janković, "Vectors of Turkish foreign policy: What remains of the strategy for 2023?", *Medjunarodni problemi*, Belgrade, 2016 Volume 68, Issue 1, pp. 7-23.

[6] Ibid.

Erdogan does the same. For example, during the visit to Albania, Erdogan opened the largest mosque in the Balkans. At the ceremony, he spoke in Neo-Ottoman fashion "We, as Turkey, have seen Albania and Albanian people having strong bonds for centuries as a part of our heart. We still accept all brothers in Albania and the whole Balkans as our inseparable part", and continues further "We are a nation which refers borders of our heart as "from Adriatic to Chinese Wall" … hearts of Tirana, Skopje, Pristina, Sarajevo and other cities should beat with the same understanding. As Mehmet Akif said "No enemy can win unless there is any division in a nation. / No cannon can destroy if all hearts beat together", our hearts should beat together, my fellow brothers. We all get a lesson from suffers which this geography witnessed in the past. You hear cases in Kumanova, don't you? Therefore, we will stand for us, not against. We will move together." Erdogan mentioned Macedonian city of Kumanovo referring to the events played in the May of that year (2015) when Macedonian police clashed with a heavily armed group of Albanian terrorists.[7]

In the final chapter *Arab Spring, Turkish Autumn*, Tanasković suggests poor outcomes of Neo-Ottoman policies, as a result of the incoherent foreign policy and unrealistic ambitions of the Turkish elite. (pp. 117-143). "In almost all conflicts, Ankara played the wrong card…" (p. 6) "floundering in the bloody sands of the Middle-East, struggling with social and political turbulences at home, ominously reopening the Kurdish question, while the first signs of economic decline arrived, Turkey seems to be more distant from its strategic goal in the Balkans (and in the Caucasus) than before the outbreak of the 'Arab spring'." (p. 143).

Several years after the outbreak of 'Arab Spring' Turkey sustained failed *coup d'état* and engaged in direct military action in Syria, while Erdogan`s figure became central and lonely. Even his closest associates like Gul and Davutoglu had to step down. In the meantime, he entered into a full clash with Gulenists and imposed himself as an icon of contemporary times from Bosphorus to Gaziantep. This is why Tanasković argues that we may speak today of Erdoganism.

Erdoganism, as a phase of the consolidation of the personal regime of new 'Sultan' – President of the Republic of Turkey, is marked with the deterioration of Turkish foreign policy position, misguided steps and purge of internal opposition, even within the regime (pp. 6-8). In present guise, Neo-Ottomanism is "in the shadow (and function) of 'Erdoganism'. Because R. T. Erdogan has, for the time being, almost completely tied the fate of his great and powerful country to the project of realizing and maintaining absolute personal power." (p. 11).

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[7] "President Recep Tayyip Erdoğan honored the opening of the Mosque", TIKA 15.09.2015. Accesed November 20, 2016 from http://www.tika.gov.tr/en/news/president_recep_tayyip_erdogan_honored_the_opening_of_the_mosque_at_preze_castle_in_albania-19186

This insightful book, not lacking decent note of political irony is easily read by a wide audience offering a multi-layered explanation of the phenomenon characterizing Turkey, its internal and foreign politics. It offers enough revealing details of the political ideology that brought back the 'Sultan' but in the role of the President. The historical analogy is often deceiving. Still, it bears certain legitimacy. The last French Emperor started as the President of Republic cheered by the masses. His name was Napoleon III.

*Slobodan JANKOVIĆ*
*Research Fellow*
*Institute of International Politics and Economics, Belgrade*

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United Nations. (2006, November 9). Delivering as one. Report of the Secretary-General's HighLevel Panel on UN System-wide Coherence in the Areas of Development, Humanitarian Assistance and the Environment, New York.

EC. (2002). Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (Directive on privacy and electronic communications), Official Journal of the European Communities L201 37–47, 31 July (European Commission, Brussels).

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## BOOKS:

*Budućnost saradnje Kine i Srbije*, Ivona Lađevac (ur.), broširano, 2018, 150 str.

Dragan Petrović, *Kraljevina SHS i Sovjetska Rusija (SSSR) 1918–1929*, tvrd povez, 2018, 402 str.

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