Volume 7 • Number 2 • Autumn/Winter 2018

Journal Global Policy and Governance

Papers

Opinion

Junior Research Working Paper

JGPG (2018) 7: 3-12
DOI 10.14666/2194-7759-7-2-001

PAPER

Impact Channels of Currency Regulation on Economic Growth: the Case of Armenia

E.M. Sandoyan* ● M.A. Voskanyan ● A.H. Galstyan*****

Abstract The most important result of macroeconomic regulation is to achieve long-term sustainable economic growth. However, often emerging markets prefer short-term objectives at the expense of long-term results, which in the long term, usually, affects the level and quality of life in a country. At the same time, the mechanisms of macroeconomic regulation imply a long-term strategy for economic development, including in the area of monetary policy. Currency regulation in this aspect also plays an important role in ensuring sustainable rates of economic growth. The case of Armenia in terms of the impact of currency policy on economic growth is of particular interest. This article is devoted to the analysis and assessment of the impact channels of currency regulation on the economic growth rates in Armenia over the past decades.

Keywords: currency policy; exchange rate; economic growth; models of the relationship between currency policy and economic growth

JEL: E52; E58; G01

Statement of the Problem

The key hypothesis of this research is the thesis that the currency policy implemented in Armenia has led to significant negative consequences in the potential for economic growth.

Having a goal of ensuring economic stability in the country, the Central Bank of Armenia has used and continues to use sufficiently tough tools to maintain the level of the national currency exchange rate (dram), especially over the past twenty years.

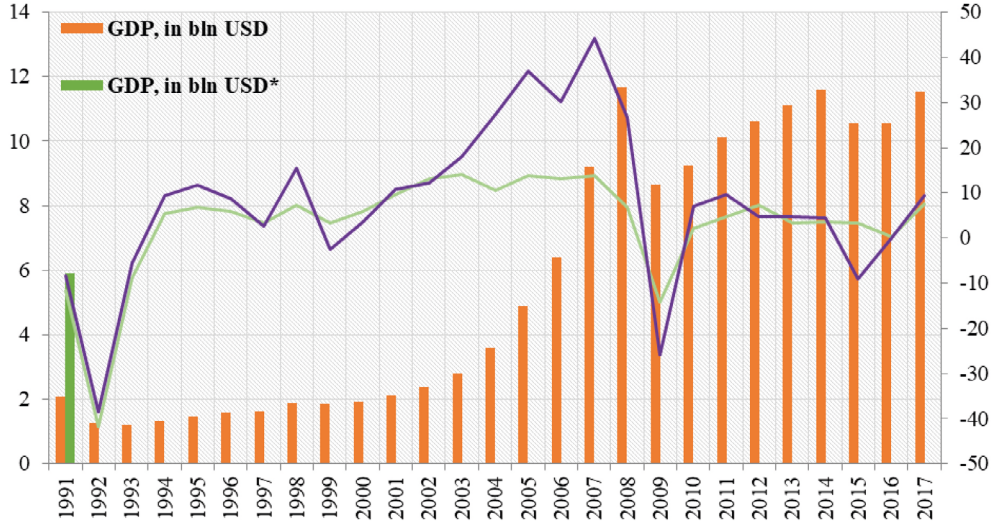
E.M. Sandoyan*(✉), M.A. Voskanyan**, A.H. Galstyan***
*Dr.Sci. (Econ), professor, Director of the Institute of Economics and Business, Russian-Armenian (Slavonic) University, Armenia, Yerevan
e-mail: edward.sandoyan@rau.am
**Dr. Sci. (Econ), associate professor, Head of Economics and Finance Department Russian-Armenian (Slavonic) University, Armenia, Yerevan
e-mail: mariam.voskanyan@rau.am
***Ph.D student of Economics and Finance Department, Russian-Armenian (Slavonic) University, Armenia, Yerevan
e-mail: ani.galstyan@rau.am

However, the consequence of this policy was the reduction, primarily, of the potential for expanding exports from Armenia, including to the EAEU countries, where, it would seem, in the context of deepening Eurasian economic integration, new significant opportunities emerged that are still not possible to realize. The main reason for limiting opportunities for expanding Armenian exports in the markets of the EAEU countries and, above all, the Russian Federation, in our opinion, is the lack of harmonization of approaches to currency regulation applied by the central banks of Russia and Armenia. In this regard, the task of this study was to identify the key impact channels of the currency policy on the economic growth in Armenia, in order to identify the main factors of currency regulation that are negative for the country's economic development.

The impact channels of currency regulation on the economic growth in Armenia

Considering the rates of economic growth in Armenia, we can observe three key stages, two of which are characterized by recession and only the period from 2001 to 2008 is distinguished by rather high rates of economic growth (see Fig. 1). However, the crisis of 2007-2008 significantly slowed the rates of economic growth in Armenia, primarily due to the dominance of external factors in the formation of the country's gross domestic product. As shows the Figure 1, as of 2017, the volumes of the gross domestic product have not yet reached the level of 2008. Thus, it becomes obvious that the high rates of economic growth during the previous period were not accompanied by institutional and structural changes in the economy and thus did not have a qualitative nature, which in turn did not create a reserve base for further maintaining rates of economic growth.

Figure 1. Economic growth in Armenia



Source: The database of the Central Bank of Armenia - http://www.cba.am/

Note: GDP, in bln USD by authors calculations.

On the other hand, growth during this period can be considered restorative, since after the collapse of the USSR, Armenia, like all other republics of the Soviet Union, experienced a collapse of the economy and a significant drop in economic growth rates. According to the National Statistical Service, the fall in economic growth in 1992 was -41.8%. However, our calculations point to other numbers (see table 1).

Firstly, growth, in this case, refers to changes in GDP in AMD. The figure also shows the growth rate of GDP in USD. As we can see, as a result of exchange rate volatility, as well as the policy of maintaining the dram exchange rate, the growth rates of GDP in dram terms and in dollar terms does not match. Moreover, a drop in the growth rate in 2009 in dollar terms is -25.4% against a fall in GDP of -14.1% in dram terms.

On the other hand, the calculations of the GDP itself raise some doubts. Thus, the national statistics of the USSR calculated GNI as an indicator of the volume of the economy. However, given the fact that the country's economy was closed, we can equate GNI 1991 to GDP in the modern sense. Since at the time of 1991 the exchange rate of the ruble was 58 pennies per dollar, simple arithmetic allows calculating the volumes of GNI (GDP) of Armenia and Russia in dollar terms. Thus, in 1991, Armenia's GDP amounted to 9.31 billion USD, and Russia's to 815.02 billion USD. Comparing the data with the database of the World Bank, we find significant discrepancies.

However, given that at the time of 1991, the economy of the Republic of Armenia was 1.14% of the volume of the Russian economy, we can calculate the value of GDP for this period. Our calculations indicate that Armenia's GDP for 1991 was almost three times more than it is indicated in the database of the World Bank.

Table 1. Methodology of GDP calculation for Armenia in 1991

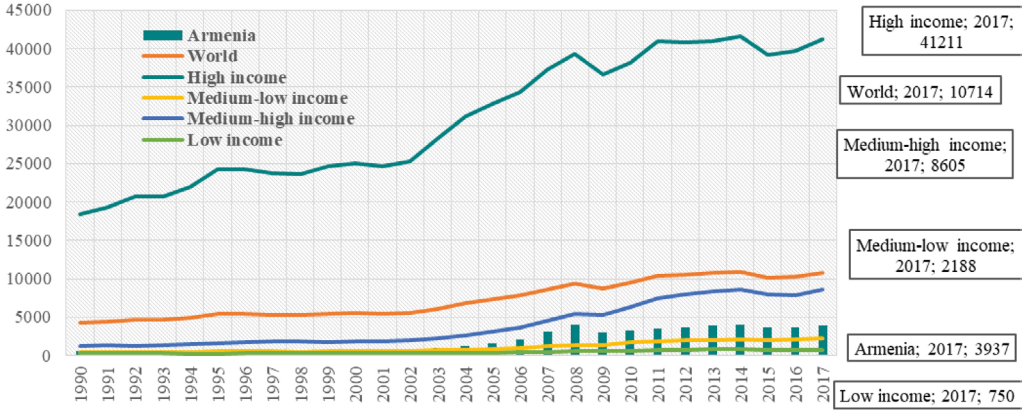
1991	GNI* (bln rub)	RUB/ USD****	GNI (GDP) (bln $)	GDP** (bln $)	GNI (RA) /GNI (RF)	GDP*** (bln $)
Armenia	16	0.58	9.31	2.07	1.14%	5.92
Russia	1400	0.58	815.02	517.96	100%	517.96

Note:
* Goskomstat USSR, National Statistical Service of RA - http://armstat.am/file/article/national_accounts_1997.pdf
** World Bank database- http://databank.worldbank.org, National Statistical Service of RA – www.armstat.am
*** GDP RA - 1.14% of GDP RF
**** Database of the Bank of Russia - http://www.cbr.ru/currency_base/OldVal/

It should be noted that in recent years, the World Bank has repeatedly revised indicators based on the clarifications from national statistical services. However, the real numbers in our opinion, illustrate a completely different reality. Taking into

account our calculations, we can say that the fall in the GDP growth rate was -78.5%, almost two times more than is presented in modern statistics. Thus, up to 2006, the economic growth in Armenia can be considered restorative.

Figure 2. GDP per capita, USD, in Armenia and in the world.



Source: World Bank Database - http://databank.worldbank.org

Such a state of affairs could not but be reflected in the level of welfare in the country. In terms of GDP per capita, Armenia is currently far behind the group of countries with medium-high incomes (see Fig. 2). At the same time, over the past ten years, there has been no significant increase in terms of this indicator in the country.

Thus, the macroeconomic regulation of the last decade has not led to significant results in terms of changes in the level and quality of life in the country.

Considering the importance of currency regulation in transition economies, this research focuses on the extent and channels of the impact of currency policy on economic growth rates in Armenia.

Figure 3. Dynamics of the USD / AMD exchange rate in Armenia, 1999-2017, monthly*.

Source: The database of the Central Bank of Armenia - http://www.cba.am/
* I, V and IX months are highlighted on the figure.

We can see the main results of the currency policy in Armenia in Figure 3. Almost the entire considered period is characterized by the stability of the volatility of the dram's exchange rate against the dollar, with the exception of the period 2003-2008, the dram is significantly strengthened.

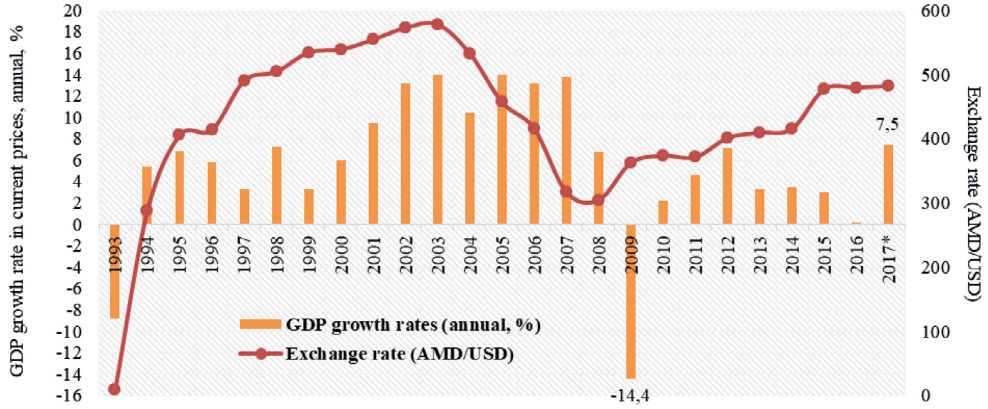
The period of strengthening is most interesting since it had to be accompanied, or to be more precise, be based on the noticeable structural and qualitative changes in the economy and in the formation of economic growth, which, as stated above, is not observed in the Armenian economy.

Considering economic growth rates in Armenia from the point of view of periods of strengthening or depreciation of the dram's exchange rate against the US dollar, rather ambiguous conclusions are observed (see Fig. 4).

So, if during the period of the depreciation of the dram, we observe a fairly steady rate of economic growth in 2000–2003, then the next five years, the depreciation of the dram is also accompanied by double-digit economic growth. Then, the period of dram depreciation alternated by stable exchange rate dynamics (2009-2017) is characterized by recession and very low rates of economic growth.

All this together confirms the thesis about the artificial nature of the dram's exchange rate formation, which was proved in our previous studies1.

Figure 4. Rates of economic growth and exchange rate AMD/USD, 1993-2017.



Source: The database of the Central Bank of Armenia - http://www.cba.am

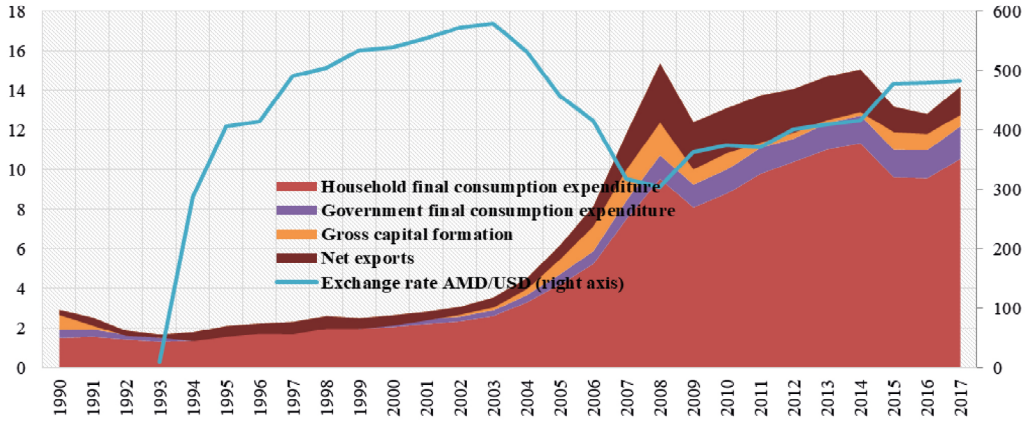
*Note: data for the first three quarters.

In this regard, in order to assess the key impact channels of currency regulation on economic growth rates in Armenia, we considered the structure of GDP calculated by

[1] See more: Sandoyan E., Voskanyan M., Galstyan A. Assessment of key factors of the foreign exchange rate formation in Armenia. Finance: Theory and Practice. T.22, №5`2018 Pp. 27-39; Валютное регулирование в Республике Армения: проблемы и перспективы развития. По материалам семинара на тему «Политика валютного регулирования в РА: проблемы и перспективы развития»: Российско-Армянский университет (19 октября 2016г.)/ Под редакцией Э.М. Сандояна, М.А. Восканян. – Ер.: Изд-во РАУ, 2017. – 44с.

expenditure approach in terms of the impact of the dram's exchange rate on each of the components included in the gross domestic product.

Figure 5. GDP of Armenia (expenditure approach), bln USD, and exchange rate AMD/USD.



Source: World Bank Database - http://databank.worldbank.org

The basis of the structure of GDP by expenditure approach is primarily consumer spending. The last ten years have significantly increased government spending, which today occupies second place in the structure of GDP. At the same time, net exports are characterized by a constant negative value, and gross capital formation constitutes a very small share in Armenia's GDP.

Model of the relationship between currency policy and economic growth. The case of Armenia.

Methodology

In the framework of this research, the sample period runs from 2001Q1 to 2017Q4. In order to build a simulation model, the authors took into account the analysis conducted in the previous section as well as in their previous working paper.

All variables were tested and cleared of seasonality. In order to check the stationarity of the variables, the authors have used the augmented Dickey-Fuller test [1], which tests the variables for the presence of unit root. The auxiliary regression for the unit root test is given as follows:

$$\Delta y_t = z_t^{'}\delta + py_{t-1} + \sum_{i=1}^{p}\beta_i \Delta y_{t-1} + v_t$$

where z_t are optional exogenous variables that may consist of a constant, or a constant and a time trends; $\delta,\rho,\beta_i (i= 1,2, \dots , p)$ are unknown parameters to be estimated; is the white noise.

The null and alternative hypotheses are as follows: H_0: $\rho = 0$, H_1:$\rho < 0$.

After testing the variables in levels, it became clear that they are not stationary. In order to make them stationary, the authors have used the first difference method. Table 2 represents the transformation of the time series.

Table 2. The list of used variables

	Transformation	Seasonal adjustment
Exchange rate AMD/USD	Δln	Yes
Export	Δln	Yes
Import	Δln	Yes
Inflow of remittances	Δln	Yes
Private consumption	Δln	Yes

After the transformation, all the variables were double checked for the presence of unit root, and it was made sure that they became stationary.

We have considered the impact of the Armenian dram's exchange rate on the GDP through private consumption (C), export (Ex) and import (Im). Table 3 presents the equations, which were used for the scenarios.

The equations were composed, by using the variables, described in table 1 and the parameters were estimated by the method of least squares in the ARMA model. The calculations were made in the econometric program package EViews 10.

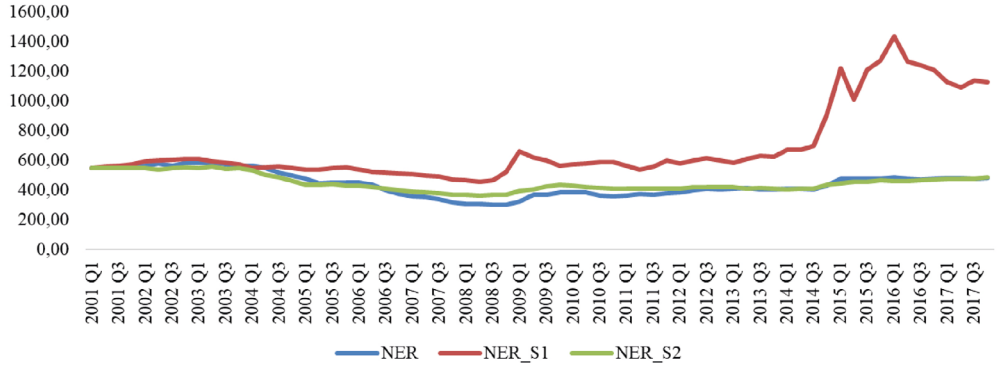
Table 3. Estimated regressions and equations.

Factor	Equation
Private Consumption	C = 0.075T + 0.15Im + 0.015
Import	Im (USD) = - 0.91NER + 0.03 Im (AMD) = Im (USD) * NER
Export	Ex (AMD) = EX (USD) * NER

Were built two possible scenarios, based on two scenarios of the exchange rate dynamics. The first scenario was built assuming that the Armenian dram's exchange rate was moving with the exchange rate of the Russian ruble. For the second scenario were used the results of the authors' previous article, where they have estimated the factors of the exchange rate formation of Armenian dram by building a VAR model.

The estimation results suggested that a floating exchange rate is better for absorption of the external shocks in Armenia and may prevent exchange rate overshooting, hence currency crisis. Figure 6 presents the actual values of the exchange rate of Armenia (NER), the exchange rates used for the first and second scenarios.

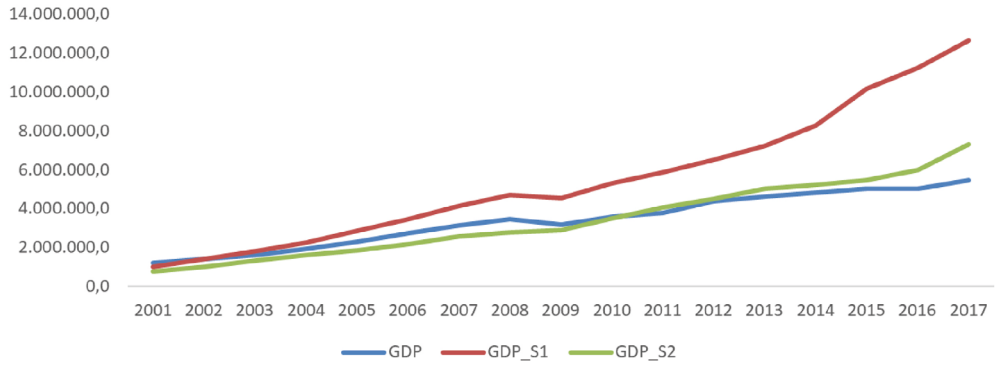
Figure 6. Actual and estimated values of the nominal exchange rate of the Armenian dram



Source: Calculations of the authors.

The estimated GDP for both scenarios were calculated by the known equation (GDP=C+I+G+Xn), where I and G were considered to be unchanged. Figure 7 shows the estimated GDP for the first (GDP_S1) and the second (GDP_S2) scenarios.

Figure 7. Actual and estimated values of the GDP of Armenia (mln. AMD)



Source: Calculations of the authors.

As it is evident from the figure 7, the policy of floating exchange rates and non-interference from the Central Bank, moreover an exchange rate policy harmonized with the policy of Russian Federation, could have considerably boosted the economic growth of Armenia.

Conclusions

The key findings of the econometric study are the following:

1) The study did not reveal a direct impact of the dram's exchange rate on the economic growth of Armenia. However, an impact is observed through key

components in the GDP structure.

2) Considering the structure of GDP by expenditure approach, we can say that consumer spending has the greatest impact on economic growth, and then net exports. At the same time, currency regulation affects consumer spending through the channel of private foreign money transfers. Government spending and gross capital formation are not affected by the volatility of the dram's exchange rate.
3) The impact on exports is ambiguous. The dubious results are primarily due to the structure of Armenia's exports, which in various periods underwent changes unrelated to market factors. The next stage of our research will be the analysis and assessment of the impact factors of currency regulation on the export positions of Armenia.
4) Harmonization of currency regulation in Armenia with the policy of the Bank of Russia will lead to positive effects in terms of economic growth.

In conclusion, we want to mention that, as has been repeatedly proved in our researches , the currency regulation of the last ten years has led to a significant reduction in export potential, and, consequently, to a slowdown in economic growth. Timely harmonization of the currency policy with the policy of the Central Bank of Russia would have strengthened the benefits of Armenia's entry into the EAEU, and increased export positions in the domestic market of the customs union. Thus, today, a significant revision of the approaches to currency regulation in Armenia is needed, with the aim, above all, of stimulating sustainable economic growth rates in the long term.

References

Distribution of the Estimators for Autoregressive Time Series with a Unit Root Author(s): David A. Dickey and Wayne A. Fuller Source: Journal of the American Statistical Association, Vol. 74, No. 366 (Jun. 1979), pp. 427- 431.

Sandoyan E., Voskanyan M., Galstyan A. Assessment of key factors of the foreign exchange rate formation in Armenia. Finance: Theory and Practice. T.22, №5`2018 Pp. 27-39

Сандоян Э.М. Перспективы выбора альтернативных подходов к политике валютного регулирования в Армении Международный научно-практический журнал "Вестник финансового университета"- Москва, Том 21, N 1, 2017

Э.М. Сандоян, М.А. Восканян. Валютное регулирование в Республике Армения: проблемы и перспективы развития. По материалам семинара на тему «Политика валютного регулирования в РА: проблемы и перспективы развития»: Российско-Армянский университет (19 октября 2016г.)/ Под редакцией Э.М. Сандояна, М.А. Восканян. – Ер.: Изд-во РАУ, 2017. – 44с.

JGPG (2018) 7: 13-32
DOI 10.14666/2194-7759-7-2-002

PAPER

EU-Japan EPA a "Stumbling Block or a Stepping Stone" toward Multilateralism for Food and Beverages

Martina Mazzarolo* ● M. Bruna Zolin ● Junko Kimura*****

Abstract In an increasingly regionalized world, both intra-regional and inter-regional trade agreements have flourished in the EU and in Asia, in particular with Japan, which is the world's fourth largest national economy and, therefore, has a key role as trader and investor within the global dynamics (European Commission, 2017e) with the aim of creating networks to facilitate trade and thus boost the regional economy, especially after the financial crisis at the end of the 1990s (Amighini *et al*., 2016) and the global crisis of 2008. Asia has been experiencing a notable increase in its regional share of global GDP and this trend is expected to continue. Therefore, it is very important for the EU to ensure good trade relations with Asia.

The new EU-Japan trade agreement expected to be in force in 2019 (MOFA, 2018b) is going to have a strong impact upon trade between EU and Japan, especially with regard to food products, by recognizing their special status and offering protection to 210 European products on the Japanese market and to 56 Japanese products on the European market.

The main aim of this paper is to establish whether this agreement represents a first step for a wide recognition at global level of GI products – given that they are still a matter of dispute within the WTO – or whether it is a single act designed not to affect international trade.

Keywords: Regional Trade Agreement; Food Trade; Geographical Indications; EU; Japan

JEL Classification: L66; Q17; M31

1. Introduction

Japan and the EU are important global partners, which share fundamental values such as democracy, rule of law, and basic human rights. The EU has a population of 510

M. Mazzarolo*, M. B. Zolin**(✉), J. Kimura***,
* Department of Economics, Ca' Foscari University, Venice, Italy
e-mail: martina.mazzarolo@unive.it
**Department of Economics, Ca' Foscari University, Venice, Italy
e-mail: zolin@unive.it
***Faculty of Business Administration, Hosei University, Tokyo, Japan
e-mail: kimura1009@gmail.com

million and accounts for approximately 22% of global GDP. The EU is a major trading and investment partner of Japan and contributes to approximately 12% of Japan's total trade volumes. The EU-Japan Economic Partnership Agreement (EPA), together with the Strategic Partnership Agreement (SPA), will further strengthen bilateral strategic relations by providing important foundations for them. Besides, the EU-Japan EPA will promote trade and investment for both sides by eliminating tariffs and improving trade and investment rules. It will also contribute to boosting economic growth, creating employment and strengthening business competitiveness both in Japan and in the EU. It is one of the main pillars of Japan's Growth Strategy, and will also help Japanese companies make inroads into the European market (MOFA, 2017).

After the signature of the WTO agreement in 1994, many developed and developing countries (nearly all WTO members), have concluded and implemented preferential trade agreements (PTAs), regional trade agreements (RTAs) and free trade agreements (FTAs) and Economic Partnership Agreement (EPA) so as to enhance international trade.[1] These "new-age" FTAs, smaller than those born after WWII, have involved many countries. Often, single countries have a coexistence of different rules applying to different FTA partners because each member aims to promote its own mini-trade regime (Lesser, 2007). These mini-trade regimes potentially lead to discrimination against non-members and participation in any new FTA could negatively impact on investment and trade because FTAs are by definition preferential agreements (Rajan and Sen, 2005). Moreover, some trade negotiations and some FTAs appear as zero-sum games, since the emphasis is placed upon increasing export shares (a mercantilist approach) although the benefits of imports and of free trade are often underestimated (Heydon and Woolcock, 2009; Mashayekhi and Ito, 2005). Agriculture is the key sensitive sector in many of the signed agreements as well as in ongoing negotiations. According to Baldwin (2004), developed nations tend to be opposed to liberalization in food and agricultural products, and the negative externalities of high tariffs and internal and external subsidies preserve a relatively high level of protectionism in international trade. In addition, a number of FTAs limit the total liberalization of food and agricultural products. This trend can be ascribed to slow progress in the WTO (Zolin and Andreosso, 2012).

In this increasingly regionalized world, both intra-regional and inter-regional trade agreements have flourished in Asia and in the EU with the aim of creating networks to facilitate trade and thus boost the regional economy, especially after the financial crisis at the end of the 1990s (Amighini *et al*., 2016) and the global crisis of 2008.

In Japan, a considerable number of bilateral and multilateral FTAs and EPAs have been developed over the last two decades. At a bilateral level Japan is currently negotiating 5 EPAs and FTAs while at a multilateral level, it is negotiating the RCEP (Regional Comprehensive Economic Partnership) and is one of the 11 members of the new TPP- signed in March 2018[2].

[1] In the literature, these agreements are commonly referred to as RTAs (Region Trade Agreements), but RTAs are the exception rather than the rule (see Nicolas, 2008 for a clarification on this issue).

[2] Negotiations of the FTA with the Gulf Cooperation Council (GCC) have been suspended.

In recent years, the European Union has been active in developing trade agreements in the Asian area. However, the EU-Korea FTA is the only FTA in force so far while the EU-Japan EPA was finalized in July 2017 and is expected to be in force in 2019. Among the Asian countries, Japan is one of the EU's most important partners (the second biggest trading partner after China). On the other hand, the EU is one of Japan's major trading and investment partners. This is mainly because of its important role as trader and investor globally but also because it is now the world's fourth largest national economy (European Commission, 2017d).

The trade relationship between EU and Japan is characterized by the EU's negative balance (exports-imports) of trade in goods and by its positive balance of trade in services. The negative balance of trade in goods is predominantly fueled by EU imports from Japan of manufactures (93.5% of total value in 2016), in particular machinery and transport equipment (65.4% of total value corresponding to 43,598 million of euro), increased of about 10% with respect to 2015, followed by chemicals (10.2% of total value). Imports of primary products accounted only for 2.4% in 2016 and they are following a decreasing trend (European Commission, 2017d).

The products predominantly exported from the EU to Japan are manufactures (84.2% of total value in 2016), including machinery and transport equipment (37.4% of total value) and chemicals (24.9% of total value), pharmaceuticals, in particular. Primary products play a very important role in mitigating the negative balance for the EU: they absorb 13.5% of the total value of EU exports to Japan in 2016. In addition, EU imports of primary products are experiencing an increasing trend, as they have grown about 5% with respect to 2015. About 85% of primary products are agricultural products (food including fish and raw materials) meaning that fuels and other mining products have a rather marginal role. In 2017, pork meat, wine, cigars and cigarettes were on the top three of the most exported agri-food products (European Commission, 2018c). In both the EU and Japan, the ability of the agricultural and agri-food sector to provide employment opportunities and to guarantee the rural population a reasonable standard of living. GIs have huge economic values and law/agreements designed to protect them are becoming increasingly important (Blakeney, 2014). Within the agricultural sector, Geographical Indications remain one of the most contentious intellectual property rights issues in the WTO.

According to the TRIPS (Trade Related Aspects of Intellectual Property Rights) WTO, a product's quality, reputation or other characteristics can be determined by where it comes from. Geographical indications are place names (in some countries, also words associated with a place) used to identify products that come from these places and that have these characteristics (for example, "*Champagne*", "*Tequila*" or "*Roquefort*"). They differ from trademarks, which identify a good or service as originating from a particular company. The EU-Japan trade agreement recognizes the special status and offers protection to 210 European products on the Japanese market and to 56 Japanese products on the European market, comprising agricultural products and wines and spirits with a particular geographical origin (Geographical Indications – GIs). GIs are distinctive signs that identify products whose quality and reputation are

essentially attributable to their geographical origin (European Commission, 2013). The list of the GIs of agricultural products was published on the website of the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) in July 2017; in the same period Japan's National Tax Agency (NTA) released the list of GIs for wines, spirits and other alcoholic beverages.Starting from these premises, our main aim is to establish whether this agreement represents a first step for the wider recognition at world level of Geographical Indications, which have so often given rise to disputes within the WTO. Two issues are in fact currently being debated in the TRIPS Council under the Doha mandate: creating a multilateral register for wines and spirits; and discussing the extension to all products of the level of protection currently granted to wines and spirits.

Nowadays, the protection of products with Geographical Indications is becoming increasingly important, firstly because GIs represent proper intellectual property rights able to create value for local communities as well as promoting and supporting rural socio-economic development, and secondly, because GIs are becoming increasingly subject to fraudulent use and counterfeiting, with a negative impact not only on consumers and producers but also on access to the market.

Section 2 provides a brief review of the state of the art of the WTO and GIs while sections 3 and 4 provide a framework of the trade agreements established between the EU and the Asian countries, and those established between Japan and other countries, respectively. Section 5 instead goes more deeply into the trade relationship between EU and Japan. Lastly, the new EU-Japan EPA is discussed in section 6, whereas the final conclusions are in section 7.

2. WTO and GIs

Geographical indications, whether foodstuff, wines or spirits, are provided with a particular level of protection defined in Articles 22 and 23 of the TRIPS (Trade Related Aspects of Intellectual Property Rights) Agreement promoted by the WTO and in force since 1995. Article 24 is instead about exceptions.

Article 22 defines the standard level of protection. GIs have to be protected in order to avoid misleading the public and to prevent unfair competition.

Article 23 provides a higher or enhanced level of protection for GI for wines and spirits. Although subject to a number of exceptions, they have to be protected even if the misuse would not cause the public to be misled.

The exceptions presented by the Article 24 refer to the cases where GIs do not have to be protected or where protection can be limited. The main exceptions are when a name of a GI-product has become the common (or "generic") term (e.g. "cheddar" or "parmesan") and when a term has already been registered as a trademark. The TRIPS Agreement consider all the different legal means to protect GIs used by countries such as GIs laws, trademark law, consumer protection law, and common law. However, GIs remain one of the most contentious intellectual property rights issues in the WTO and Members have not made substantive progress.

Two issues are debated under the Doha mandate, both related in different ways to Article 23, the higher level of protection. The first is related to the creation of

a multilateral register for wines and spirits, while the second concerns the extension of the higher level of protection provided for wines and spirits also to foodstuffs.

The first issue is the creation of a multilateral system for notifying and registering GIs for wines and spirits, products that are provided with a higher level of protection with respect to food products. The negotiations began in 1997 and are now under the Doha Agenda. The deadline of the Doha Declaration in order to complete the negotiations was the Fifth Ministerial Conference in Cancun in 2003. As this was not achieved, the negotiations are now taking place within the overall timetable for the round.Over the years two sets of proposals and a compromise have been submitted (European Commission, 2016).

- *The EU proposal for the TRIPS Agreement of June 2005:*
  The paper proposes that when a GI is registered, this would establish a "*rebuttable presumption*" that the term must be protected by other WTO members. The only exception is when a country has lodged a reservation on permitted grounds within a specified period. Such grounds include when a term has become generic or when it does not fit the definition of a GI. Without reservation, countries may not refuse protection on these grounds, once the term has been registered.
- *The "joint proposal" first submitted in 2005 and revised several times:*
  Supported by Argentina, Australia, Canada, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Israel, Japan, Republic of Korea, Mexico, New Zealand, Nicaragua, Paraguay, Chinese Taipei, South Africa and the US. This proposal does not intend to amend the TRIPS Agreement, but to set up a voluntary system whereby notified GIs would be registered in a database. Those choosing to participate in the system would have to consult the database when taking decisions on protection in their own countries. In any case, members who do not participate would be encouraged rather than obliged to consult the database.
- *Hong Kong's compromise:*
  According to the compromise proposed, registered terms would be subject to a more limited "presumption" than under the EU proposal, and only in those countries choosing to participate in the system.

The key questions of the debate refer, in particular, to the legal effect, if any, that a GI would have within member countries once it is registered in the system, whether the register is actually useful in facilitating protection, and to what extent, if at all, the effect would apply to countries choosing not to participate in the system. There is also the question of the administrative and financial costs for individual governments and the risk that they might outweigh the possible benefits.

Several countries wish to negotiate the extension of the higher level of protection to other products while others instead reject the hypothesis of negotiations. It follows that the debate has also included the question of whether the Doha Declaration provides a mandate for negotiations.The countries asking for the extension are the EU, Guinea, India, Jamaica, Kenya, Madagascar, Mauritius, Morocco, Pakistan, Romania, Sri

Lanka, Switzerland, Thailand, Tunisia and Turkey. In fact, a higher level of protection can improve the promotion of their products by differentiating them more effectively from their competitors as well as giving them the right to object to countries using their terms abusively. In addition, some countries have claimed that the improved level of protection on GIs would also make it easier for them to agree to agriculture deals, while others do not believe that the Doha Declaration should (and must be) involved in those negotiations. At the same time, the European Union has proposed to negotiate the protection of specific names of specific agricultural products as part of the agriculture negotiations. Many developing and European countries argue that the so-called outstanding implementation issues are already part of the negotiation and its package of results. Others argue that these issues can only become negotiating subjects if the Trade Negotiations Committee decides to include them in the talks — and so far it has not done so. The different position of countries over the mandate makes the GI issue a very delicate one that must be discussed carefully. Firstly, in the context of the TRIPS Council. More recently, it has been the subject of informal consultations chaired by the WTO director-general or by one of his deputies, although members remain deeply divided, with no agreement in sight.

The fact that the WTO has not progressed beyond the Uruguay round of 1994 with regards to GIs is one of the main reasons that have boosted the creation of Trade Agreements among countries in order to compensate.

3. Trade agreements between the EU and Asia

Over the past decade Asia has experienced a notable increase in its regional share of the global GDP mainly due to a rapid industrialization and an intensification of international trade. This trend has resulted in a greater regional participation in global value chains (Amighini *et al*., 2016). Asian countries are important partners for the EU international trade and it is for this reason that the European Union has been active in developing trade agreements in the Asian area in the past few years, and with Japan in particular. This is mainly because of Japan's important role as a trader and investor globally but also because it is now the world's fourth largest national economy (European Commission, 2017d).

Table 1 shows the state of the art of the Free Trade Agreements (FTAs) entered into between the EU and a number of Asian countries. The EU-Korea FTA is the only FTA in force so far while the EU-Japan EPA was finalized in July 2017 and is expected to be in force in 2019.

Table 1. State of the art of the TAs between EU and Asian countries, 2018

Trade Agreements	Type	Status	Negotiations	Signed	In Force	Notes
EU - South Korea	FTA	In Force	2007-2009	2010	2011	Formally ratified in 2015

Table 1. (continued)

Trade Agreements	Type	Status	Negotiations	Signed	In Force	Notes
EU - Japan	EPA	Negotiations Concluded	2013-2017	2018	2019*	* Expected to enter in force in 2019
EU - Vietnam (ASEAN)	FTA	Negotiations Concluded	2012-2016			
EU - Singapore (ASEAN)	FTA	Negotiations Concluded	2010-2014			
EU - Philippines (ASEAN)	FTA	Negotiating	Since 2016			
EU - Indonesia (ASEAN)	FTA	Negotiating	Since 2017			
EU - Thailand (ASEAN)	FTA	Negotiating	Since 2013			
EU - Malaysia (ASEAN)	FTA	Negotiating	Since 2010			
EU - India	FTA	Negotiating	Since 2007			

Source: Authors' elaboration on European Commission data, (2017d)

4. Trade Agreements between Japan and the rest of the world

In recent years, Asia has seen a rise in both intra-regional and inter-regional trade agreements aimed at creating networks to facilitate trade and thus boost the regional economy, especially after the financial crisis at the end of the 1990s (Amighini *et al*., 2016). As far as Japan is concerned, Table 2 shows that over the past two decades have seen the development of a considerable number of bilateral and multilateral FTAs and EPAs intended to remove technical barriers to trade (Lesser, 2007). At a bilateral level, Japan is currently negotiating 5 EPAs and FTAs while at a multilateral level, it is negotiating the RCEP (Regional Comprehensive Economic Partnership) and is one of the 11 members of the new TPP-11 signed in March 2018 (negotiations of the FTA with the Gulf Cooperation Council - GCC seem to be suspended at the moment).

Table 2. State of the art of the FTAs and EPAs between Japan and the rest of the world, 2018

Trade Agreements	Type	Status	Negotiations	Signed	In Force	Notes
Japan - Mongolia	FTA	In Force	2012-2014	2015	2016	
Japan - Australia	FTA	In Force	2007-2012	2014	2015	
Japan - Peru	FTA	In Force	2009-2010	2011	2012	

Table 2. (continued)

Trade Agreements	Type	Status	Negotiations	Signed	In Force	Notes
India - Japan	FTA	In Force	2007-2010	2011	2011	
Japan - Vietnam	FTA	In Force	2007-2008	2008	2009	
Japan - Switzerland	FTA	In Force	2007-2008	2009	2009	
Japan - Philippines	FTA	In Force	2004-2006	2006	2008	
Brunei Darussalam - Japan	FTA	In Force	2006-2007	2007	2008	
Japan - Indonesia	FTA	In Force	2005-2007	2007	2008	
ASEAN - Japan	FTA	In Force	2003-2007	2008	2009	
Japan - Thailand	FTA	In Force	2004-2007	2007	2007	
Chile - Japan	FTA	In Force	2005-2007	2007	2007	
Japan - Malaysia	FTA	In Force	2004-2005	2005	2006	
Japan - Mexico	FTA	In Force	2002-2004	2004	2005	
Japan - Singapore	FTA	In Force	2000-2002	2002	2002	
Trans-Pacific Partnership (TPP-11)1	FTA	Negotiations Concluded	Since 2017 (after USA's withdrawal)	2018	2019*	* Expected to be ratified in 2019
EU - Japan	EPA	Negotiations Concluded	2013-2017	2018	2019*	* Expected to be ratified in 2019
Japan – Turkey	EPA	Negotiating	Since 2014			
Japan – China, South Korea	FTA	Negotiating	Since 2013			
Regional Comprehensive Economic Partnership (RCEP)2	FTA	Negotiating	Since 2012	2018*		* Expected to be signed in 2019
Japan - Canada	EPA	Negotiating	Since 2012			
Japan - Colombia	EPA	Negotiating	Since 2012			
Japan - GCC	FTA	Negotiating	Since 2006			* Negotiations are suspended
Japan - Republic of Korea	FTA	Negotiating	Since 2003			

Source: Authors' elaboration on MAFF, ARIC data, (2018) and MOFA, (2018a) [3] [4]

Among all the trade agreements dealing with food and agricultural products between Japan and other countries, the EU-Japan EPA is the only one that recognizes the status of "Geographical Indications" (GIs) for some European products in Japan. This implies that only products with this status will be allowed to be sold in Japan under the corresponding name. 48 products including Kobe beef, Yubari melon, Nishio Matcha have suffered from third countries registering trademarks and will be protected in EU.

The Japanese MAFF (Ministry of Agriculture, Forestry and Fisheries) has, however, specified some exceptions relative to the protection of the GI, especially regarding cheese:

- When a component of a compound GI is recognized as a commonly used term (see the "Codex Alimentarius standard terms"[5]), such terms will not be protected and therefore, non-EU producers will be allowed to use it (e.g. "*Mozzarella*", "*Cheddar*", "*Emmental*", "*Provolone*", "*Camembert*", *"Edam", "Gouda"* or "*Brie*" *etc*.).
- In case of compound GI, a portion of the name alone can be used by non-EU producers, provided consumers are not misled into believing that such a product is the product with the geographical indication (e.g. Pecorino or Romano alone in "*Pecorino Romano*", Grana in "*Grana Padano*", Nürnberger or Bratwürste alone in "*Nürnberger or Bratwürste or Rostbratwurst*", and Mortadella or Bologna alone in "*Mortadella Bologna*" *etc*.).
- The term "Parmesan" alone is not protected under the GIs, as in Japan this term can be used for hard cheese if not confused with "*Parmigiano Reggiano*". In fact, Parmesan is recognized as a different product from Parmigiano Reggiano.
- When the same name as a GI is used to refer to a variety of certain products, such a name will be excluded from the protection of geographical indications (e.g. "*Valencia Orange*").
- Some GI-protected cheese products (e.g. "*Parmigiano Reggiano", "Roquefort",* "*Grana Padano*" or *"Pecorino Toscano" etc.)* can be cut and packed in Japan for a period of 7 years (this policy will be reviewed 3 years after the EU-Japan EPA has become effective).

5. Trade relationship between the EU and Japan

In Asia, Japan is the EU's second biggest trading partner after China. In fact, it ranks sixth and seventh with a share of 3.5% and 3.7%, respectively, for EU exports and imports (European Commission, 2018d). On the other hand, the EU is one of Japan's major trading and investment partner, contributing to approximately 10% of its total trade volume.

[3] Members: Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Potential Members: Colombia, Philippines, Thailand, Republic of China (Taiwan), South Korea, Indonesia, Sri Lanka and UK.

[4] Members: 10 of ASEAN (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand, Vietnam) plus Australia, China, India, Japan, South Korea and New Zealand.FAO, (2018).

[5] FAO, (2018).

In order to facilitate the trade relationship between the EU and Japan, four important agreements have been signed so far (Amighini *et al*., 2016).

The first, which entered into force in 2002, was the *"EU-Japan Mutual Recognition Agreement"* and ensures conformity in telecommunications and radio equipment, electrical products, laboratory practices for chemicals and manufacturing practices for pharmaceutical products. In 2003 *"The Agreement on Cooperation on Anti-Competitive Activities"* was adopted in order to offer a greater level of security on EU-Japan trade and investments. A few years later, in 2008, "*The Agreement on Cooperation and Mutual Administrative Assistance"* (CCMAA) was drawn up to provide a legal framework to strengthen the security of the supply chain, supporting the fight against fraud as well as the protection of intellectual property rights (IPR). This was followed by *"The Science and Technology Agreement"* in 2009 (European Commission, 2017d).

As shown in Table 3, the Japanese market, with its 127 million people, represents a very big share of EU exports (€60.5 billion of goods in 2017 and €28 of services in 2016) and could increase even more. The trade relationship between EU and Japan over the past period has been characterized by the EU's negative balance (exports-imports) of trade in goods and its positive balance of trade in services.

Table 3. EU-Japan Trade in Goods and Trade in Services 2007-2017, € billions

	Trade in Goods			Trade in Services		
Year	**EU imports**	**EU Exports**	**Balance**	**EU imports**	**EU Exports**	**Balance**
2007	79.3	43.7	-35.6	-	-	-
2008	76.5	42.4	-34.1	-	-	-
2009	58.4	36.0	-22.4	-	-	-
2010	67.3	44.0	-23.3	14.2	19.1	4.9
2011	70.6	49.1	-21.5	15.5	20.2	4.7
2012	65.0	55.7	-9.3	15.5	24.9	9.4
2013	56.6	54.0	-2.6	14.8	24.4	9.6
2014	56.6	53.3	-3.3	15.0	26.1	11.1
2015	59.9	56.5	-3.3	15.8	28.0	12.1
2016	66.4	58.1	-8.2	18.0	31.0	13.0
2017	68.9	60.5	-8.4	-	-	-

Source: Authors' elaboration on European Commission data, (2018a)

The negative balance of trade in goods is predominantly fueled by EU imports from Japan of manufactures (93.5% of total value in 2016), in particular, machinery and transport equipment (65.4% of total value corresponding to 43,598 million of euro), an increase of about 10% with respect to 2015, followed by chemicals. Imports of primary products accounted for only 2.4% in 2016 and are following a decreasing trend.

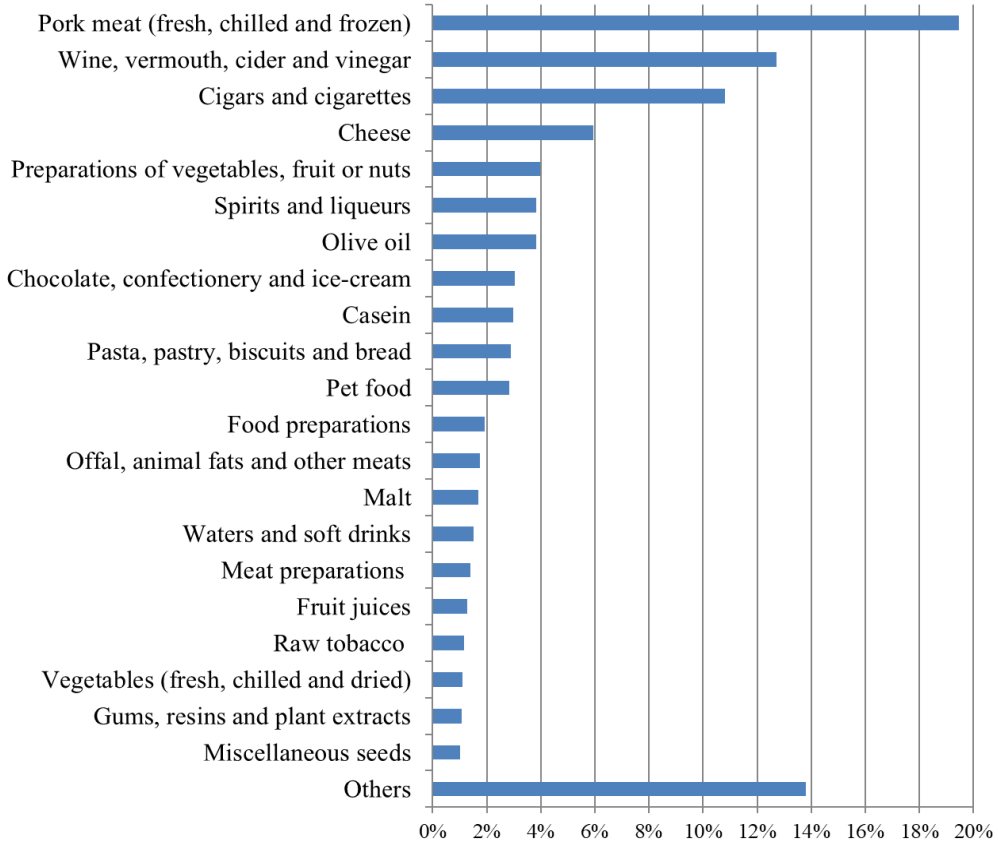
The products predominantly exported from the EU to Japan are also manufactures

(84.2% of total value in 2016), including machinery and transport equipment (37.4% of total value) and chemicals (24.9% of total value), in particular, pharmaceuticals (European Commission, 2017c).

What emerges is that primary products play a very important role in mitigating the negative balance for the EU. As a matter of fact, with regard to this category of products, the balance of trade in goods is negative for Japan and not for the EU. In fact, they absorb the 13.5% of the total value of EU exports to Japan in 2016.

In addition, EU imports of primary products are experiencing an increasing trend, as they have grown about 5% with respect to 2015. Among primary products, agricultural products (food including fish and raw materials) represent about 85%, therefore, fuels and other mining products have a rather marginal role. Graph 1 shows the top EU agri-food exports to Japan in 2016. Pork meat, wine and cigar and cigarettes are the top three most exported agri-food products, accounting for 21%, 13.4% and 5.9%, respectively, while pasta is only in 11th place.

Graph 1. Top EU Agri-food exports to Japan in 2017 (%)



Source: Authors' elaboration on European Commission data, (2018c)

Despite the fact that the overall balance between EU-Japan trade imports and exports has been reduced in recent years, Japan remains a country where it is difficult to develop trade relationships and make investments, mainly because of the particular characteristics of its society and economy.

6. The new EU-Japan EPA

In this framework, the new EU-Japan trade agreement plays a very important role in boosting and facilitating trade in goods and services as well as creating opportunities for investments for both parties.

- The key elements of the agreement are (European Commission, 2017b):
- The elimination of tariffs on some European export products to make them more competitive in Japan;
- The elimination of other obstacles to trade, namely all Japanese rules and regulations differing from international standards and practices and generally resulting in higher costs for EU firms;
- Cooperation between EU and Japan in the field of Agriculture, Forestry, Fisheries and Food aimed at increasing trade through the exchange of technical information and best practices;
- The recognition by Japan of 210 European GIs (71 food products and 139 alcohol products) and by the EU of 56 Japanese GIs (48 food products and 8 alcohol products);
- The agreement does not affect rules on food safety and health environmental standards;
- Global demonstration of the EU and Japan's rejection of protectionism.

Therefore, the EU-Japan trade agreement will generate substantial benefits for many sectors in the EU: pharmaceuticals, medical devices, agri-food, motor vehicles and transport equipment (Kimura, 2017).

Moreover, according to the Sustainability Impact Assessment of the EU-Japan trade agreement carried out by the London School of Economics, the EU output (0.76%) and exports to Japan could increase along with the employment rate in both areas (European Commission, 2015). As far as agriculture is concerned, the elimination of tariffs and other trade barriers, will facilitate the access of EU farming communities to the Japanese market. Approximately, 85% of EU agricultural products exported to Japan (in particular, pork meat, wines and aromatized wines, cheese and other dairy products) will have duty-free access to the market in time. This will correspond to about 87% of the current value of EU agricultural exports to Japan.

The EU-Japan trade agreement also recognizes special status and offers protection to more than 200 European products, including agricultural products and wines and spirits, with a particular geographical origin (Geographical Indications) on the Japanese market. Some examples are *"Prosecco di Valdobbiadene"* and "*Mozzarella di Bufala Campana DOP*" in Italy, "*Scotch whisky*" in the United Kingdom, "*Roquefort*" and "*Bordeaux*" in France. All these products will be provided with the same level of protection that they

experience inside the EU in terms of removal of all associated charges or taxes[6] and with regard to trade marks.On the other hand, the EU is committed to recognizing 48 out of 62[7] Japanese food-products with GI and 8 alcohol-products (Table 4).

Table 4: Japanese GIs and Japanese GIs recognized in the EU-Japan agreement, 2018

	Food	Wines and Spirits	Tot
Japan	62	8	70
EU-Japan Agreement	48	8	56
% TOT	77.4%	100%	80%

Source: Authors' elaboration on MAFF data, (2018) [8]

The GI-products listed in the agreement will be protected as domestic GI-products and these protections will become effective when the EU-Japan Agreement enters into force (expected in 2019).

Geographical Indications are distinctive signs that identify products whose quality and reputation are essentially attributable to their geographical origin. Today, their protection is becoming increasingly important, firstly, because GIs represent proper intellectual property rights able to create value for local communities as well as promoting and supporting rural socio-economic development, and secondly, because GIs are becoming increasingly subject to fraudulent use and counterfeiting, with a negative impact not only on consumers and producers but also on access to the market. For all these reasons, the EU has been very active over the last years in negotiating bilateral and multilateral agreements to ensure the protection of the EU Geographical Indications;[9] the new EU-Japan agreement is the last of the series. One example is the EU-Korea FTA signed by both parties in 2010. Under this Agreement, South Korea recognizes 162 European GI products, 58 food-products (7 of which are not included in the EU-Japan Agreement) and 104 wines and spirits (only 9 of which are not included in the EU-Japan Agreement. Another example is the bilateral agreement signed between the EU and China in 2017 that ensures protection of 200 European and Chinese GIs, 100 for each side, resulting from the upgrade of the 2012 "10 plus 10" agreement between the two parties (European Commission, 2017a). All European GIs products protected under the EU-China Agreement, with the only exception of the *"Prosciutto di Parma"*, are included in the new EU-Japan Agreement.

The Table 5 below gives a detailed view of the GIs currently registered and published in the EU compared to those taken into account under the EU-Japan

[6] For what concerns tax removal on cheese, tariff quota will be applied on soft cheese.

[7] Of the remaining 14, 4 have been registered in 2018, 4 are not food (e.g. tatami mat), 5 the volume of production is too small to be export and 1 is the Prosciutto di Parma.

[8] In 2018 have been added four additional products passing from 58 to 62.

[9] Multilateral level: "The Agreement on Trade-Related aspects of Intellectual Property Rights" and the "WTO's Doha Development Agenda". Bilateral level: the agreement on GIs with China, the one with Korea, the one with Singapore, the "EU-Canada Comprehensive and Trade Agreement", "DCFTA negotiations with Moldova and Georgia", the EU-Vietnam Free Trade Agreement".

Agreement. The first part of Table 5 lists, for each European country, the PGIs (Protected Geographical Indication[10]) and the PDOs (Protected Designation of Origin[11]) registered or published so far, divided into two categories: Agricultural Products and Foodstuffs[12] and Wines[13] (including Aromatized Wines) and Spirits.[14] Data for the first category (both PGI and PDO) have been obtained from the DOOR (Database of Origin & Registration) database maintained by the European Commission (2018a), while data in the second category (only PGI) have been elicited from two databases also held by the European Commission – E-BACCHUS (European Commission, 2018b) for wines and E-SPIRITS DRINKS for spirits (European Commission, 2017f) – and the file of the GIs Aromatized Wines (European Commission, 2017g).
The second part of Table 5 displays the European GIs recognized and approved by Japan in the EU-Japan Agreement divided into the two categories by country of origin.

Table 5. EU GIs and EU GIs recognized in the EU-Japan agreement by country, 2018

	European Union			EU-Japan Agreement			
Country	**Food**	**Wines and Spirits**	**Tot**	**Food**	**Wines and Spirits**	**Tot**	**% Tot**
Austria	18	38	56	3	2	5	8.9%
Belgium	15	20	35	2	0	2	5.7%
Bulgaria	2	63	65	0	2	2	3.1%
Cyprus	6	13	19	1	2	3	15.8%
Croatia	21	23	44	0	0	0	0.0%
Czech Republic	29	15	44	1	4	5	11.4%
Denmark	8	5	13	1	0	1	7.7%
Estonia	0	1	1	0	0	0	0.0%
Finland	7	2	9	0	2	2	22.2%
France	249	512	761	11	32	43	5.7%
Germany	91	75	166	4	8	12	7.2%
Greece	107	165	272	4	3	7	2.6%
Hungary	14	71	85	1	8	9	10.6%
Ireland	7	3	10	0	2	2	20.0%

[10] According to the European Community Regulations a PGI label describes a product that is produced and/or processed and/or prepared in a defined geographical area.
[11] PDO refers to an agricultural or food product which is produced, processed and prepared in a defined geographical area.
[12] Regulation (EU) No 1151/2012.
[13] Regulations (EU) No 1308/2013 and 251/2014.
[14] Regulation (EC) No 110/2008.

Table 5. (continued)

	European Union			EU-Japan Agreement			
Country	**Food**	**Wines and Spirits**	**Tot**	**Food**	**Wines and Spirits**	**Tot**	**% Tot**
Italy	298	641	939	18	26	44	4.7%
Latvia	3	0	3	0	0	0	0.0%
Lithuania	5	8	13	0	1	1	7.7%
Luxembourg	4	1	5	0	0	0	0.0%
Malta	0	4	4	0	0	0	0.0%
Norway	2	0	2	0	0	0	0.0%
Poland	31	4	35	0	2	2	5.7%
Portugal	138	67	205	2	9	11	5.4%
Romania	5	60	65	0	7	7	10.8%
Slovakia	12	22	34	0	1	1	2.9%
Slovenia	21	24	45	0	1	1	2.2%
Spain	194	166	360	18	24	42	11.7%
Sweden	6	3	9	0	1	1	11.1%
The Netherlands	11	19	30	2	1	3	10.0%
UK	68	6	74	3	1	4	5.4%
TOT	1,372	2,031	3,403	71	139	210	6.2%

Source: Authors' elaboration on European Commission, (2017f; 2017g; 2018a; 2018b), MAFF (2018) and NTA data (2018)

The list of the GIs of agricultural products was published in the website of the Japanese Ministry of Agriculture, Forestry and Fisheries (MAFF) on July 2017, while in January 2018 Japan's National Tax Agency (NTA) released the list of GIs for wines, spirits and other alcoholic beverages.

Together GIs from Italy, France and Spain account for more than 60% of GIs recognized under the agreement.

Moreover, the EU-Japan Agreement will ensure protection only for a part (about 6%) of the totality of GIs recognized in Europe (PGI and PDO).

As shown by Table 6, wine, with France, Italy and Spain as main actors, is undoubtedly the most relevant category, absorbing almost half of the GIs recognized by the agreement, such as *"Champagne"*, *"Brunello di Montalcino"* and *"Sherry"*. Dairy products – e.g. *"Parmigiano Reggiano"*, *"Brie de Meaux"* or *"Feta"* –processed meat products – e.g. *"Tiroler Speck"* or *"Bresaola della Valtellina"* – and oils and fats – e.g. *"Baena"* – are the main categories among agricultural products and foodstuffs (about 25% of total GIs).

What also emerges is that GI agri-food in Mediterranean countries (Italy, France, Spain, Greece and Portugal) account for almost 75% of the total (53 out of 71).

Table 6. Composition of the GIs recognized in the EU-Japan agreement, 2018

Type of GIs	N°	%
Dairy Products	27	12.9%
Processed Meat Products	14	6.7%
Oils and fats	10	4.8%
Confectionery	5	2.4%
Vegetables and Fruit	6	2.9%
Seafood	2	1.0%
Fruit vinegar	2	1.0%
Other food	5	2.4%
Wines	104	49.5%
Spirits	25	11.9%
Other liquors	10	4.8%
TOT	210	100%

Source: Authors' elaboration on MAFF and NTA data, (2018)

About a third of the European GI products recognized fall into the foodstuff category, the remaining two-thirds, instead, refer to beverages.

With regard to food safety, the agreement will neither lower safety standards nor change the relative domestic policies, rather it will improve the predictability of trade in the agricultural sector.

First of all, recognition of GIs will increase food safety by making illegal to sell imitation products, and will thus help European producers and exporters as well as reassuring Japanese consumers.

As regards food additives, for instance, Japan has agreed on guidelines that are very close to those applied in the EU and that will ensure transparency and predictability for the standard processing time (about 2 years). Both parties have committed to ensuring transparency on import conditions, procedures and control in order to improve the exchange of information and make trade safer. The agreement will also impact health, as it applies to trade in "pest-free areas", "pest-free places of production", "low-pest prevalence areas" and "protected zones".

7. Concluding remarks

For all of the above reasons, we strongly believe that the new EU-Japan EPA can represent a stepping stone toward multilateralism, capable of overcoming, at least in part, the lack of progress made in multilateral trade negotiations by the WTO with regard to GIs.

In recent years, consumers have become increasingly interested in food safety, health and environment, and for this reason the demand for a higher credibility and awareness about the quality characteristics of the products they buy has also increased. According to a 2017 IRI research study investigating European consumer behavior, the most dynamic trend in food consumption is observed in four categories of products: healthy, organic, vegetarian (tofu is included), and intolerance food. Among the wellness foods, health food occupies the first place. Both the food choice and consumer demand are in fact strongly connected with the perception of the product's quality and safety. This also represents a way to measure consumers' willingness-to-pay (Grunert, 2005)

In Japan, food purchases represent the second largest expenditure after housing, meaning that there are many market opportunities for European products.

What Japanese consumers are in fact increasingly seeking out is high quality, nutritious, tasty and, most of all, safe food. For products that meet these requirements they are willing to pay a premium. Moreover, traditional consumption patterns have changed in recent times mainly due to the influence of Western-style eating habits such as dairy and meat consumption. For this reason, in order to guarantee the quality and the safety of products, the specification of their origin is very important and could, therefore, strongly influence purchasing decisions (International Market Bureau, 2010).

It follows that, especially in markets where the asymmetry of information is predominant, providing consumers with specific information will boost consumers' awareness of the products and increase their perceived level of protection as well as their willingness to pay.

In this context, food labels such as GIs (PDO and PGI) can help to mitigate the drawbacks caused by situations of imperfect information and address consumers' preferences and choices. In fact, as recognized by the European Union (EC Regulation 510/06 and EC Regulation 834/2007) food labels are important tools for the communication of the quality of products by linking them to the area of production. Besides, many studies have shown that the presence of GIs usually affects consumers' choices positively (Caputo et al., 2011).

The Japanese consumers do not yet recognize the GI system mainly because the system is recent (it was launched in 2015) but also because of the small production volume of most registered GIs and the difficulties in distributing them nationwide, and last but not least, because many retailers do not recognize and understand the GI system. Therefore, in order to increase consumer appreciation of GI registered products, retailer and consumer education is essential.

However, to avoid misinformation, therefore, the European Commission is developing strategic initiatives to simplify the exchange of information with consumers, especially in terms of communication of certification and the labeling programs. One example is the creation of a single register for both PDO and PGI labels. The EU-Japan EPA exists within a global context of continuous change and unpredictability. The US withdrawal from the 2017 TPP highlighting the orientation of the Trump trade policy towards the adoption of a wider protectionist system, the growing presence of China in the European and Asian market, the UK's exit from the

EU are just some of the main changes of recent years.

In this general framework, the UE-Japan agreement represents a solution allowing the EU to counteract the partial economic disintegration after Brexit as well as going beyond the inactivity of the WTO and surging protectionist policies. Therefore, in this scenario, the EU and Asia relations/agreements could be seen as a crucial stepping stone toward multilateralism.

The EU-Japan EPA will eliminate tariffs on food, industrial and handcraft products and could be an effective tool for in-bound tourism to EU countries by Japanese tourists if the products can attract them and motivate them to visit the countries of origin and *vice versa*.

Moreover, it goes far beyond the trade in goods and services and, therefore, will not only have a positive impact on consumers and producers and on the volume of exports and imports of products. In fact, on the one hand, it includes provisions in the field of intellectual property rights and on labor protection, on the other, it could further boost cooperation between two sophisticated and advanced economies.

What is sure is that the EU and Japan, by agreeing upon this free trade pact, are creating the world's biggest open economic area opposing resistance to the US President Donald Trump's protectionist policies.

What it is still unclear is the role of the UK in this agreement as it is expected to be in force in 2019 when the UK will be formally out of the EU.

References

Amighini A, Borghi E, Helg R, Tajoli L, Berkofsky A, Khandekar G, Nelson P, (2016). Trade and economic relations with Asia. Directorate – General for External Policies, Policy Department, European Parliament

Asia Regional Integration Center (ARIC), (2018). Free Trade Agreements. https://aric.adb.org/fta-country. Accessed January 2018

Blakeney M, (2014). The protection of geographical indications. Law and practice. Edward Elgar Publishing, 2014

Baldwin R, (2004). Stepping Stones or Building Blocs? Regional and Multilateral Integration. Graduate Institute of International Studies, Geneva, 10 September 2004. http://hei.unige.ch/~baldwin/PapersBooks/SteppingStonesOrBuildingBlocks.pdf. Accessed May 2018

Caputo V, Aprile MC, Nayga RM, (2011). Consumers' Valuation for European food quality labels: Importance of Label Information Provision. pp 1-12 in Proc. EAAE Int. Congr., Zurich, Switzerland.

European Commission, (2013). Geographical Indications. http://ec.europa.eu/trade/policy/accessing-markets/intellectual-property/geographical-indications/. Accessed on January 2018

European Commission, (2015). Trade Sustainability Impact Assessment of the Comprehensive Trade and Investment Agreement between the European Union and Japan. Directorate – General for Trade, European Commission. http://trade.ec.europa.eu/doclib/docs/2015/april/tradoc_153344.pdf. Accessed February 2018

European Commission, (2016). Doha Development Agenda. http://ec.europa.eu/trade/policy/eu-and-wto/doha-development-agenda/index_en.htm. Accessed May 2018

European Commission, (2017a). 100 European geographical indications set to be protected in China http://europa.eu/rapid/press-release_IP-17-1507_en.htm. Accessed January 2018

European Commission, (2017b). An introduction to the EU-Japan Economic Partnership Agreement http://trade.ec.europa.eu/doclib/docs/2017/july/tradoc_155715.pdf. Accessed January 2018

European Commission, (2017c). The Agri-food Trade Statistical Factsheet, EU-Japan. Directorate – General for Agriculture and Rural Development, European Commission https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/ agri-food-japan_en.pdf. Accessed January 2018

European Commission, (2017d). The Countries and Regions - Japan. Directorate – General for Trade, European Commission http://ec.europa.eu/trade/policy/countries-and-regions/countries /japan/. Accessed February 2018

European Commission, (2017e). The EU-Japan Agreement Explained. Directorate – General for Trade, European Commission http://ec.europa.eu/trade/policy/in-focus/eu-japan-economic-partnership-agreement/agreement-explained/. Accessed February 2018

European Commission, (2017f). Database on GIs protected in the EU for spirits drinks (E-Spirits Drinks) http://ec.europa.eu/agriculture/spirits/. Accessed December 2018

European Commission, (2017g). File on GIs protected in the EU for aromatized wines (Aromatized Wines) https://ec.europa.eu/agriculture/sites/agriculture/files/quality/documents-links/pdf/rgi-arom atised-wine-products_en.pdf. Accessed on December 2018

European Commission, (2018a). Database of Origin and Registration (DOOR). http://ec.europa.eu/agriculture/quality/door/. Accessed December 2018

European Commission, (2018b). Database on GIs protected in the EU for wines (E-BACCHUS). http://ec.europa.eu/agriculture/markets/wine/e-bacchus/. Accessed December 2018

European Commission, (2018c). The Agri-food Trade Statistical Factsheet, EU-Japan. Directorate – General for Agriculture and Rural Development, European Commission. https://ec.europa.eu/agriculture/sites/agriculture/files/trade-analysis/statistics/outside-eu/countries/ agrifood-japan_en.pdf. Accessed December 2018

European Commission, (2018d). Client and Supplier Countries of the EU28 in Merchandise Trade. Directorate – General for trade, European Commission. http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122530.pdf. Accessed December 2018

FAO, (2018). Codex Alimentarius standard terms. http://www.fao.org/fao-who-codexalimentarius/codex-texts/list-standards/en/. Accessed February 2018

Grunert KG, (2005). Food quality and safety: consumer perception and demand. European Review of Agricultural Economics, Volume 32, Issue 3, 1 September 2005, Pages 369–391 https://doi.org/10.1093/eurrag/jbi011. Accessed February 2018

Heydon K, Woolcock S, (2009). The rise of Bilateralism. United Nation University Press.

International Market Bureau, (2010). The Japanese Consumer Behaviour, Attitudes and Perceptions toward Food Products. Market Analysis Report, 2010. Agriculture and Agri-food Canada. https://www.gov.mb.ca/agriculture/market-prices-and-statistics/trade-statistics/pubs/japan _consumer_report_en.pdf. Accessed May 2018

IRI (Information Resources Inc), (2017). Shopper-Insights-Reports https://www.iriworldwide.com/en-GB/insights/IRI-Shopper-Insights-Reports. Accessed May 2018

Kimura J, (2017). GI practices and effects in Japan. Presented at Geographical Indication (GI) and Economic Partnership Agreement (EPA): Practices and Effects of GIs in EU, Italy and Japan, International Symposium of Research Institute for Innovation Management, November 24th 2017

Lesser C, (2007). Do bilateral and regional approaches for reducing technical barriers to trade converge towards the multilateral trading system? OECD Trade Policy Working Paper, n. 58, Paris

Mashayekhi M. and Ito T, (2005). Multilateralism and regionalism, the new interface. UNCTAD, Geneva.

MAFF (Ministry of Agriculture, Foresty and Fisheries) of Japan, (2018). Information websites on Japan's Geographical indications. Available at: https://gi-act.maff.go.jp/en/register/ (Accessed on February, 2018).

MOFA (Ministry of Foreign Affairs), (2017). Japan-EU Economic Partnership Agreement (EPA). http://www.mofa.go.jp/policy/economy/page6e_000013.html. Accessed May 2018

MOFA (Ministry of Foreign Affairs), (2018a). Economy of Japan. http://www.mofa.go.jp/policy/economy/fta/index.html. Accessed January 2018

MOFA (Ministry of Foreign Affairs), (2018b). Economy of Japan http://www.mofa.go.jp/files/000013835.pdf. Accessed May 2018

NTA (National Tax Agency) of Japan, (2018). Japan Approves 139 EU Proposed GIs for Wine and Spirits. USDA Foreign Agricultural Service – GAIN (Global Agricultural Information Network) Report No JA8003. https://gain.fas.usda.gov/Recent%20GAIN%20Publications/Japan%20Approves%20139%20EU-Proposed%20GIs%20for%20Wine%20and%20Spirits_Tokyo_Japan_1-19-2018.pdf Accessed February 2018

Nicolas F, (2008). EU - ASEAN: Prospects for a Free Trade Agreement in Andreosso-O'Callaghan, B. and M. B. Zolin (eds) Asia and Europe: Connections and Contrasts, Cafoscarina Editrice: Venice, 2008

Rajan RS, Sen R, (2005). The New Wave of FTAs in Asia: Implications for ASEAN, China and India. ADB Volume on Asian Economic Cooperation and Integration. Manila: Asian Development Bank, pp.123-160.

Zolin MB and Andreosso-O'Callaghan B, (2012). The Korea-EU FTA: new Prospects for and Patterns of Agricultural and Agri-food Trade?. Journal of Global Policy and Governance 1:129 DOI 10.1007/s40320-012-0020-1

JGPG (2018) 7: 33-50
DOI 10.14666/2194-7759-7-2-003

PAPER

Globalization, International Intervention and the Assignment of Blame

Alessandra Sarquis*

Abstract Critical theorists dwell on the pressing issue of how states and multilateral organizations actually become agents who assign moral responsibilities among themselves. A promising, yet insufficient approach to the issue considers that these collective agents are constituted inside ethical practices of responsibilities dominated by a power inequality amongst them. I argue that such approach fails to consider the extent to which the dynamic interaction of old and new political actors in a globalized context affects these practices and allows for inclusiveness and fluidity in the allocation of blame. The argument is pursued by analyzing the forms by which this dynamic interaction has been affecting the narrative and practice of UN interventions, particularly in Iraq and Kosovo.

Keywords: states; moral responsibility; global practices; UN interventions

JEL Classification: F53; Z18

Moral responsibility has emerged as an object of concern, both in political discourses and academic analysis of international relations. In view of the number of UN missions currently in place around the globe, amounting to 15 only in terms of peacekeeping operations, and the budget they consume, there is increasing interest in grasping the responsibilities that states-or the community of states- should have in post-conflict situations. Critical theory offers promising insights into the issue because it focuses on how individuals or collectivities become moral agencies who create and assign responsibilities to each other. According to Frost (Frost 2003, 2009) and Linklater (Linklater 2007, 2009), states are potentially endowed with ethical reasoning but develop it in interactions with one another in a situated context. It is within ethical practices that they constitute themselves as agents who are to be assigned blame or not. Connolly (Connolly 1991, 1995) and Hoover (Hoover 2012) further claim that states' interactions inside a given practice of moral responsibility are shaped by differences in the states' ability to exercise power. Following their

Dr. Alessandra Sarquis*(✉)
Fellow at Sophia University, Tokyo-Japan
The Institute of Comparative Culture, Faculty of Liberal Arts, Sophia University, Tokyo, Japan
e-mail: alessandrasarquis@gmail.com

reasoning, international intervention under the United Nations (UN) framework would generally be carried out in view of a constructed consensus among state members on the value of universal human rights and the maintenance of international peace and security. But such consensus is in fact largely controlled by powerful states intending to advance their strategic interests.

The critical approaches mentioned above ultimately aim at exposing the biased dynamics shaping states' practices of moral assignment, which back *a status quo* and arguing for open channels of political contestation and public accountability in international relations. However, their claims lack effectiveness. They wrongly assume that a liberally normative narrative is still quite homogeneous, and powerful states are still legitimately able to justify their interests and interventionist actions on the basis of this narrative. They abstract themselves from the globally historical dynamics in which states' ethical practices are actually taking place and being challenged by.

I claim that the emergence of new centers of authority and forms of interaction among these centers in view of solving global problems more vividly exposes the internal incoherence of given practices of moral responsibility among states. More precisely, states are no longer able to firmly establish amongst themselves the practice of international intervention under the UN framework, creating cohesive narratives and promoting encompassing initiatives on the ground. New political actors have a greater ability to claim their voices, actively influencing decision-making processes and bringing fluidity to the assignment of blame in international relations. Moral responsibility becomes less based on states' traditional and power-based construction of distinctions between fit and unfit sovereign collective entities, and become more dependent on the ability of various centers of authority to respond to the pressing problems observed in a particular socio-political context.

I pursue my argument by first analyzing recent changes in the UN normative framework of international intervention. The newest doctrine of Responsibility to Protect (R2) sustains that sovereignty is no longer based on entitlement but on a state's ability to respond to its citizens' basic needs or demands. Although this enlightened global attempt to protect civilians in face of mass atrocities must be praised, it engenders normative inconsistencies. It turns state sovereignty, the founding pillar of the international community of states, into a questionable concept. Can the state still be perceived as the adequate collective agency to respond to citizens' needs and demands? Are not other collective agencies, such as NGOs or corporations, already performing some state functions, and therefore assuming responsibilities traditionally attributed to the political community within a global environment?

At the narrative level, the UN continues to reaffirm that states are still the primary collective agency of international relations as they can consistently act impartially, guaranteeing the rule of law and the respect for basic human rights principles for their citizens. Whenever a nation faces a situation of fragility, the community of states under the UN umbrella represents the fittest political actor to guide this country in fulfilling its autonomous capacity. However, interventionist initiatives promoted under these arguments lack sound justification as they are unsustainable in practice. There

is a growing gap between the UN normative discourse and state members' actions inside the practice of international intervention, as the UN missions in Kosovo and Iraq prove. The UN expands intrusive practices, overlooking the defense of a liberal framework in favor of the need to show results. At the same time, other actors, such as regional associations, local political elites, groups of civil society and media broadcasting companies not only provide critical inputs but also contribute in formal and informal ways to the formulation and implementation of public initiatives in these countries. Some of these actors are so actively involved in the decision-making process that they become responsible for the provision of minimum state functions. The practice of state-building in these countries gradually becomes a multi-level and context-dependent affair.

The first session analyses the main premises of a critical perspective, emphasizing states' diverse abilities to bear and assign moral responsibilities. The second one addresses the pitfalls of a critical perspective, mainly related to its limitations in exposing the faulty lines of a liberal practice of responsibility among states while proposing credible mechanisms for its contestation in a global context. The third part specifically examines changes in the normative discourse of international intervention in recent years. The fourth session illustrates inconsistencies between this normative discourse and UN interventionist initiatives in Kosovo and Iraq. Furthermore, it discusses the extent to which these inconsistencies do in fact express a diffusion of power and fluidity in the assignment of blame among political actors participating in the practice of international intervention.

A critical perspective on agency and the assignment of moral responsibilities

Contemporary authors such as Linklater (Linklater 2009, pp. 15-30), Charvet & Kaczynska-Nay (Charvet & Kaczynska-Nay 2008, pp. 352-353) and Frost (Frost 2009, p. 20) argue that moral agency is formed through historically situated ethical interactions. Who the agent is, and how he acts or should act will greatly depend on the sort of interactions he establishes with other participants inside a given ethical practice. By developing mutual kinds of attitudes towards each other, they come to recognize themselves as valid interlocutors and define criteria that will establish the appropriateness or inappropriateness of an action. Responsibilities will then be assigned on the basis of the interpretation of these criteria.

It is particularly Frost who is concerned with the formation of the moral agency through ethical practices taking place in world politics today. In his view, international relations are always ethically informed, while states' foreign policy strategies and actions are framed by ethical judgments and suffer from ethical constraints imposed by the framework of international laws and conventions. For example, as part of the war on terrorism after the 9/11 attacks, Bush formed a multinational force with the support of 8 states, the Coalition of the Willing, to invade Iraq. The invasion was mainly justified in terms of avoiding a humanitarian catastrophe. Nevertheless, it was harshly criticized due to the fact that it was initially pursued without the backing of the UN Security Council's

resolutions, undermining not only international law but also UN authority.[1]

According to Frost, there is a clear need to critically analyze the particular capabilities of the agents involved in this kind of ethical practice as well as their collective ability to influence the assignment of moral responsibilities *vis-à-vis* each other. Failure to pursue this kind of analysis may tacitly reinforce a *status quo* without any proper scrutiny, which would render these moral assignments not only less legitimate but also unrealistic as they do not consider the agents' limitations.

From the above critical perspective, it is reasonable to assume that states are still the main participants of ethical practices inside which basic requirements for morally appropriate actions in international relations are defined today. To proceed with this assumption, however, we must admit that ethical reasoning can be extended from the individual, the moral unit *par excellence,* to the state as a specific collectivity. Erskine (Erskine 2003, p. 21) plays an important part in the development of this potential link. From his perspective, the state is structurally organized and possesses a singular identity, considering that a distinctly politico-cultural identity among citizens is born from their involvement in the process of public reasoning. It also enjoys a certain degree of autonomy due to its ability to define and pursue common actions based on the broader interests of its citizens'. Besides this, the state can understand the consequences of its actions and recognize that other collectivities have similar capacities of action and understanding.

For the purpose of my argument, another point of comparison between the individual and the state can be added. States can also recognize each other as valid interlocutors and set ethical standards not only to frame their actions but also to have them appraised by all. The states recognize each other as sovereign entities abiding by the most basic principles of self-determination and non-intervention. Their actions have to be justified by the mutually accepted interpretation of this kind of ethical criteria which are codified in multilateral declarations, treaties, covenants, and doctrines.

There are, nonetheless, limits for attributing moral capacities to states. The state lacks external conditions that impinge on individuals' exercise of ethical reasoning. In the international environment, no sovereign political authority can both secure an enduring level of fairness in the interpretation of these standards and enforce multilateral commitments through the monopolistic use of force. Multilateral agreements are ultimately subjected to the discretionary power of governments and easily neglected without those governments suffering any severe punishment. The invasion of Iraq by the Coalition of the Willing in 2003 without the backing of the UN further illustrates this point.

Surely, the lack of a final authority capable of imposing enforceable procedures to secure fairness renders states' interactions much more dependent on power politics than interactions established among citizens within a nation-state. But that does not necessarily undermine the willingness and ability of the state to establish ethical practices in its international relations. States are still interested in establishing well-defined criteria to regulate their behavior, on the basis of ethically coherent arguments

[1] See Frost 2009, p. 41.

and congruence between those arguments and the actions to be taken. As Frost (Frost 2009, p. 28) emphasizes, ethical constraints should not be seen as antipathetic to power pursuit. In fact, they exist to limit them to a justifiable degree for the participants.

Connolly (1991, 1995), and more recently Hoover (2012, 2014), further develop the link between power politics and ethical practices. They offer two fundamental insights into the discussion. First, the exercise of power is, in fact, intrinsic to ethical practices. Second, the morally responsible agent necessarily has a political identity constructed inside practices dominated by the parties' exercise of unequal power. According to Hoover: "*the responsible agent is a socially constructed agent and the act of holding responsible is a coercive and creative act."* (Hoover 2012, p. 236) In these terms, the responsible agent only exists inter-subjectively within a historically situated context. In this context, someone is held responsible not merely on the basis of the successful use of force, economic sanctions or political leverage. He is also held responsible through persuasion, the use of co-optation strategies and the creation of narratives, which project a determined image of the relationship between oneself and the other.

Hoover's reasoning is of particular relevance to the analysis of inter-states' relations. In world politics, some states tend to enjoy a greater power advantage than others, which lack enabling conditions to act with full independence. The latter can lack internal means or depend on foreign aid and expertise in order to exercise basic state capacities. These states are affected by, for instance, corrupted governments, weak education systems and underdeveloped infrastructure. They are popularly labeled in the academic literature as quasi-states or deficient states, terms coined by Jackson and Rawls, respectively.[2] In the language of multilateral organizations, such as the United Nations and the Organization for Economic Co-operation and Development (OECD), they are commonly referred to as fragile, weak or failed states, depending on their level of disorganization as sovereign political units.

The use of the above terms and labels in academic and international organizations' circles are revealing of the narrative, which is being constructed and eventually backs the actions of the community of states or those of individual states. Autonomous agents that are fully able to think about, act and abide by ethical principles assist the agent that is temporarily lacking the conditions to think and act ethically. The morally fit agent lends a helping hand to the one that is morally unfit, thus allowing it to fully re-establish its autonomy.

Here, the definition of moral fitness is itself dependent on how the more powerful state members inside the international organization, such as liberal states responsible for the establishment of a UN system after the Second World War and singularly represented at the Security Council, are able to influence the portrait of the less powerful ones, making reference to the ill character of their political and economic systems. This definition is also dependent on how these powerful member states are able to legitimize this portrait by leading the organization to objectify their

[2] See Robert Jackson, Quasi-states: Sovereignty, International Relations and the Third World (Cambridge: Cambridge University Press, 1990) and John Rawls, The Law of Peoples (Cambridge, Massachusetts: Harvard University Press, 1999).

interpretation of how countries should be assisted, using either qualifying terms such as good governance or quantifying socio-economic achievements. When successful, the institutionalization of the portrait represents the validation of the powerful members' viewpoint through the controlling process of construction and devaluation of the interlocutor (Hoover 2012, p. 251).

The aforementioned portrait tends to represent a clear-cut view of the reality, an idealized interpretation of the actual dynamics of states' interactions. States facing situations of fragility are described as potentially valid interlocutors who must overcome their bad luck, bad management of resources or lack of these. The existence of "fragility" here is rarely seen as a consequence of a wider dynamics that all states help to construct. The portrait's presentation in these terms provides the powerful actors with substantial leverage in the definition of what should be the moral responsibilities that he or the other should bear.

Obviously, it would be simplistic to assume that powerful states are driven by their narrow interests and not by broader ethical concerns when helping to construct a framework for moral assignments, such as the UN framework for international intervention. It would also be faulty to assume that they are fully responsible for shaping the ethical criteria by use of their ample politico-economic resources. In the search for inter-subjective ethical approval, powerful states are obliged to make concessions to construct criteria that can be valid for all, including themselves. To be perceived as legitimate, the agent in a powerful position needs not only to construct a narrative that underlines an ideal dichotomy but also to envisage and implement strategies of action for itself and the other, which minimally respect and sustain this narrative.

A powerful agent has to convince others that the arguments he or she helps to shape can be backed by real actions. As a politicized exercise, this process of convincing involves initiatives which aim to control both the way the other's autonomy is constructed (good governance, rule of law, democratic procedures) and the kind of contestation mechanisms (accountability procedures) that the other has access to. Furthermore, this kind of exercise should be finely tuned: the other should not be straightly forced to accept the terms of the exercise, but partly willing to participate in it. Also, the self should be seen as mostly keen to abide by the same standards it helps to shape. The more powerful the actors, the more obliged they are to play politics in a nuanced way if they wish to gain legitimacy for their actions. Their inability to fine-tune their behavior can render their initiatives not only illegitimate but also politically unsustainable.

A critical approach exposes the influence of power politics in the making of the above narratives and institutional frameworks that assign moral responsibilities to agents in international relations. More importantly, it reveals how actors are constituted in their capacities to assign blame when taking part in these ethical practices. Through this exposition, the agents are able to construct an informed view of the process and empower themselves. Moreover, new mechanisms for realizing plurality can be contemplated and put into place, namely, mechanisms which increase the participation of diverse voices in the process of assigning blame in view of offering new inputs to it (Hoover 2012, p. 50).

The global challenges facing a critical perspective on moral responsibility

There are limits to the above understanding of ethical practices of responsibility. The acceptance of individuals' engagement in the historical construction of moral agency tends to undermine the possibility of a critical moral viewpoint from which convention is challenged. It is far from obvious how we can or should proceed to make the process of assigning blame more open and critically informative if we are ourselves part of *a status quo*'s dynamics. In Hoover's recent works, this question remains unanswered (Hoover 2014).

One promising way of looking at the problem is suggested by Frost when discussing dispersed practices of responsibility, but it is hardly explored (Frost 2004, p. 88). In his view, real criticism – and therefore the possibility of change – will be more likely to come from 1) comparative ethics, showing how the ethics inherent to one practice differ from those of another: 2) exhibiting to the participants an internal incoherence with the practice. The first clearly suffers from shortcomings: the results of comparative ethics are most meaningful when we can compare homogenous kinds of practices, though in an increasingly globalized world these are scarce. The second option is, however, open for exploration.

Let us assume that internal incoherence inside ethical practices is primarily associated with the recognition of interlocutors. In the case of interactions between states, interlocutors are defined by the acceptance of common characteristics, which allow them to be regarded as autonomous –or potentially autonomous– entities. They can recognize in each other the independent ability to act sovereignly, for example, in the formulation and implementation of national laws and public policies. Incoherence would then emerge if the parties can recognize these common abilities but are increasingly incapable of pointing to their singularity in exercising these basic functions. It would also emerge if they can still point to their singularity, such as acting fairly when establishing laws and strategies of public policies and making use of overwhelming resources to back these strategies, yet are in fact unable to defend it in practice, creating a gap between what is said and what is done. States would be unable to strike a balance between the idealization of their abilities and the experience that actually supports them. In these cases, they would be constrained in their ability to come up with reasonable kinds of justifications to their existence, and ethical standards established by these agents would be frail, hence easily non-observed or re-interpreted. In my view, such an internal incoherence seems more likely to become evident when the ethical practice is exposed to broader kinds of transformations, such as those imposed by globalization nowadays. The revolution of the means of communication, based on new information and transport technologies, drastically curtails distance and time, transforming the way we interact with each other. It also substantially contributes to the emergence of new sorts of threats: climate change, uncontrolled migration, currency fluctuations, terrorism and so forth. In face of these changes, we are compelled to find new ways of formulating and implementing public decisions. To a great extent, in order to cope with and respond to such new dynamics, traditionally political

authority structures, such as states, are subjected to greater fragmentation and become more flexible and adaptable. We observe the expansion and deepening of regional structures of political power, such as the European Union, as well as supranational ones in the form of the United Nations. The latter, for example, multiplies the number of agencies and the complexity of its missions around the globe. Furthermore, we observe the establishment of a more meaningful, straighter kind of interaction between states and non-governmental organizations (NGOs) or transnational corporations (TNCs), which increasingly assert their authority in normative and policy-making issues. The UN Secretariat's decision to seek agreement with TNCs and civil society to conclude the 1999 Global Compact illustrates this point. In view of corporate interest in maintaining a regulatory framework for their contractual agreements and the pressure of civil society groups to increase foreign direct investment in the world's poorest countries, the UN Secretariat ended up negotiating with TNCs and civil society directly after the failure of an inter-state type of agreement (Coleman 2003, p. 399).

Indeed, trans-border socio-economic activities have increased so dramatically in the last two decades that governments find themselves in a difficult position, unable to unilaterally provide for the necessary regulations of such activities. Co-ordination and cooperation become indispensable in the provision of political order albeit difficult to achieve considering the multiplicity of threats and the activism of new political actors. As Weiss remarks, there is currently a patchwork of authorities that although diffuse, make efforts to provide certain order, stability and predictability for this new world (Weiss 2015, p. 15).

The above global transformations affect the identification of the state as a primarily collective moral agency in international relations. States' independent abilities to define and pursue common actions based on its citizens' broader interests are at stake. States are being obliged not only to delegate their capacity of decision-making to supranational structures, such as the regional blocks but also to exercise this capacity in partnership with new transnational actors from civil society. Even if a large part of these partnerships is initiated by states, they transform the nature of the latter by questioning their capacity to act autonomously. States growingly have to rely on concerted initiatives amongst each other, as well as between themselves and other centers of power, in order to guarantee basic services for their own citizens. For instance, economic regulation depends on global corporate regulations for tax evasion or central banks' coordination to deal with fluctuation in the currencies affecting trade. The physical integrity of states' citizens against terrorist attacks is also dependent on partnerships established with representatives of the private sector. The code of conduct established in mid-2016 by the European Commission along with Facebook, Twitter, YouTube and Microsoft, in order to combat the spread of hate speech on the web and halt the recruitment of new members by extremist movements, such as the Islamic State of Iraq and Syria (ISIS), illustrates the point.

The fading ability of states to actually identify and act on the basis of their singularity jeopardizes their capacity to construct valid ethical standards for global practices. This is particularly the case when we take a closer look at the normative

discourse of international intervention. To keep up with global changes, the UN framework evolves into the defense of sovereignty as responsibility. But this so-called evolution ultimately questions the capacity of the state, or the community of states, of presenting itself as a distinguishing guarantor of citizens' basic needs and of formulating viable parameters for multilateral action, as shown below.

Changes in normative narratives and practices of international intervention

Legitimate multilateral intervention is primarily carried out under the auspices of the United Nations. It is broadly framed by the UN Charter 1945, which reaffirms non-intervention principles and commitment to the peaceful resolution of conflicts. The major hiatus in the Charter is obviously Chapter VII, according to which the SC can authorize, as a last resort, the use of sanctions and force to resolve disputes among states. The flexibility of the state members' invocation of Chapter VII to defend humanitarian causes has long been wrapped in controversy, given its ability to harm the inviolability of state borders and self-determination. Nevertheless, the 1995 UN guideline for peace-keeping operations does its best to preserve the foundational principles of the Charter while envisaging ways to find solutions for humanitarian catastrophes, standing up for the diplomatic resolution of conflicts, impartiality and consent of the parts in on-the-ground activities (UN (United Nations) 1995). In so doing, it reaffirms the view that a state suffering from temporary conditions of fragility is an exception that confirms the rule. States' fragility is provisory and can be overcome by their own efforts, even if co-operative endeavors with the broader international community take place.

Such a light-toned perception of intervention underwent changes during the '90s, following the international community's failure to respond to humanitarian tragedies in Rwanda and Kosovo. Two normative developments followed these experiences. First, the Brahimi Report delivered in 2000 links UN peace operations to the need to respond to humanitarian and human rights catastrophes and to the duty to protect civilians (UN (United Nations) 2000). It emphasizes the value of peace-building with a transitional administration and respect for the rule of law and human rights. Second, the Responsibility to Protect (R2P) doctrine emerges just one year after the Report. It is the product of a change in the perception of threats, increasingly linked to terrorism and massive migration with the expectation of regional contagion. It also reflects the demands of active representatives of a global society, such as those NGOs responsible for dealing with the flood of migrants in 1994 escaping from the Rwanda genocide, outside the UN umbrella and public broadcasting companies covering events in Kosovo between 1998 and 1999, most particularly the BBC (British Broadcasting Company).

R2P establishes that all states must protect their population (human security). Should a state fail in its obligations, the international community must be prepared to take appropriate collective action. It elevates international intervention to a new dimension. It clearly enunciates the existence of fragile states, failing states who "through weakness or ill-will harbour those dangerous to others, or states that can

only maintain internal order by means of gross human rights violations" (ICISS 2001). Moreover, it puts the international community under the obligation of intervening in these states in order to guarantee international peace and security.

The R2P doctrine formally maintains the concept of sovereignty while rendering flexible states the ability to act in a self-determined way. It is presented as a product of normative evolution, responding to collective expectations regarding the appropriate behavior of the international community in face of genocide, crimes against humanity, war crimes, and ethnic cleansing. In such a context, it is imperative to act preventively to avoid mass atrocities and secure a safe international environment where states can exercise their autonomous capacities in a responsible way. But this interpretation of intervention paves the way for theoretical inconsistencies inside the liberal framework. The doctrine provides a fatal coup in the principle of self-determination, the one that along with the non-intervention principle, is supposed to serve as the main standard of behavior among states. Since the principle of self-determination is based on responsibilities that states can actually bear, it faces open-ended questions: What do these responsibilities legitimately imply? How well can states perform them today? If traditionally this kind of questions implied value judgments and interventionist actions primarily formed inside the community of states, it is now potentially subjected to the scrutiny of other political actors interacting at a global level.

In attempts to overcome inconsistency and keep the normative framework together, academic circles and the staff of multilateral organizations present arguments reaffirming states' singularity in bearing and assigning some collective responsibilities in international relations. In Academia, a particular argument has been growing in strength. The state basically defended as the most appropriate agency to carry out public duties on the basis of fairness and ample respect for human rights, has specific duties towards its citizens. Once its ability to perform these duties is affected by global issues, it is legitimate for the state to act globally to remediate the issue. Beardsworth, for instance, argues that it is not only in the interest of all members of the international community to reverse the situation of fragility of certain states to attain peace but also their political duty to do so in view of guaranteeing the integrity of their citizens' interaction in a globalized world (Beardsworth 2015). Such an argument resonates with the current UN understanding of international intervention. According to the narrative constructed inside this multilateral organization, the community of states not only knows exactly what these agents' ethical capacities are but can also recognize, respect and even help to improve these capacities in members facing structural or circumstantial obstacles. That is the reason why multilateral intervention should be pursued on the basis of consensus, impartiality, local ownership and respect for universal human rights.

It is worth keeping in mind that this normative narrative of international intervention is accompanied by an ideal representation of the relation between the intervener and the state facing a situation of fragility, which hides an asymmetrical relation of power. On the one hand, one has the UN representing the entire international community under a liberal framework, but actually subjected to the authority of a few

members with veto-powers; on the other hand, there are states that consensually admit that they are in need of a helping hand from the international community, in terms of material resources and expertise, in order to ascend to the supposed condition of full autonomy. In emphasizing such a dichotomy and successfully developing ways to make these last states accept it, the UN positions itself as a privileged interlocutor that is able to shape their perception of not only their fragilities but also the responsibilities they should hold in face of such fragilities.

However, the question that must be posed is whether or not the UN can still sustain such a representation of reality within an increasingly interdependent environment. Will the UN still be able to legitimize its position by coherently combining the above normative narrative with the management of its missions' ground-operations? This question is particularly important in that it establishes whether or not powerful state members of the international community are actually able to sustain the arguments they help to shape. A wide gap between what is said in UN texts and reports and what is actually done on the ground would indicate that they are not only unable to convince, co-opt and control a weak or less powerful member of their arguments, but in fact also struggle to defend the essential value behind these arguments, relative to the state's distinctive ability to perform certain functions as a collective agency in opposition to other political actors.

As it will be illustrated below in the analysis of state-building missions in Kosovo and Iraq, the UN's adoption of a pragmatic approach which aims at achieving quick results on the ground has undermined the observance of ethical standards established by member states. The narrative emphasizing impartiality, consensual involvement and political ownership persists, however, the UN missions continue to expand their aims and resources in a way that jeopardizes the actual respect for these standards. This expansion comes hand in hand with the increasingly intrusive nature of the missions' initiatives, including the imposition of legal or economic approaches to the societies in question. These intrusive actions are justified by UN Secretary-General reports in terms of the fulfillment of the local population's expectations, the exceptional circumstances they face and the technical advantages of a UN system.

Notwithstanding, these justifications clash with the accounts of political representatives, civil society and media representatives working on the ground. Some of these actors actively contest the presence of UN missions and the way it defines and carries state-building activities. Moreover, these justifications overlook the fact that civil society's representatives come to actively participate as co-partners in the development and implementation of state-building strategies, offering alternatives that are more context-based and in line with what the local population demands.

Building state capabilities: UN missions in Kosovo and Iraq

The need to quickly end the violation derived from the ethnic conflict between Serbs and Albanians leads the international community to work assertively to re-establish public order after the expulsion from Kosovo of the forces of the Federal Republic of Yugoslavia. The UN Security Council passed Resolution 1244 in June 1999,

establishing The United Nations Interim Administration Mission in Kosovo (UNMIK) with the security presence of NATO-led Forces. UNMIK's mandate revolves around the establishment of an interim civil administration, the promotion of autonomy and self-government and the easing of a political process to determine Kosovo's future status. It clearly states that the mission aims at the promotion of democratic self-government institutions as a solution to re-establish stability in the region (UN (United Nations) 2009).

A striking feature of the mission is the concentration of political power in the hands of the Special Representative the of the Secretary-General (SRSG) at the detriment of local representatives' participation. This special representative is, in fact, the legal head of state in Kosovo and is responsible for administrative issues, economic reconstruction, civil order and the supervision of the political process. A movement seeking recognition of local ownership, through the establishment of the Constitutional Framework for Provisional Self-Government in 2001, is greatly undermined by the continuingly tight control of UN representatives over the activities undertaken by Kosovo representatives. The preamble of the Constitutional Framework states that the institution of a Provisional Institution of Self-Government 'shall not, in any case, affect or diminish the ultimate authority of the SRSG' (UNMIK 2001). There would be a transfer of certain functions to the Provisional Institution but SRSC would retain oversight of most competencies concerning executive, legislative and judicial branches of government.

In November 2001, Bernard Kouchner established the UN-controlled Joint Interim Administration Structure (JIAS) to institutionalize local consultation in UNMIK decision-making, paving the way for the co-optation of Kosovo political representatives. In this arrangement, there would be a dual-desk system of local co-heads who would advise the heads of UNMIK's administrative departments. But, these arrangements ultimately suffer from a severe shortcoming. Narten claims that (Narten 2008, p. 378), they allowed for further domination of local space by Kosovo-Albanian elites in detriment of the Kosovo-Serbians. This domination would lead to an increase in political divisions and a feeling of unrest among local people.

The UN mission's attempt to tame its intrusiveness and gather support for its activities leads to the establishment of the Ombudsperson Institution in Kosovo (OIK) by UNMIK in 2000. The institution was provided with the mandate to investigate complaints against UNMIK and local public administration. However, this initiative also showed severe drawbacks. The most remarkable one is the very limited accountability measures available to the OIK to address inappropriate conduct. For example, OIK criticized the political standards of the mission, pointing to the fact that they clash with fundamental principles such as respect for the rule of law and the separation of powers (Ombudsperson Institution in Kosovo 2005). In these terms, the maintenance of these standards tends to deprive Kosovans of their basic rights, yet, as Narten points out, little attention was given to the argument (Narten 2008, p. 381). In further proof of its lack of effectiveness, OIK was transferred in 2006 to Kosovar control but explicitly deprived of its authority to accept and investigate complaints against international administrative bodies in Kosovo (UNMIK (United Nations

Interim Administration Mission in Kosovo) 2006, chapters 3 and 4).

The increasing gap between what is said and what is done winds up damaging the UN mission's credibility. Both the Kosovo-Albanian elite and the population grow increasingly uncomfortable with UNMIK's failure to fulfill the promise of full devolution of external powers (Narten 2008, p. 382). Contestation movements spread, culminating in the March 2004 Riots led by a Kosovo-Serbian community frustrated and plagued by unemployment. The authoritative character of the UN mission is denounced by locals and publicized by international actors. An example is Albin Kurti's arrest in February 2007 after leading a demonstration against Maarti Ahtisaaris, the SRG (Special Envoy of the Secretary-General) accused of intending to halt the devolution process. Amnesty International denounced the 'politically-motivated' character of Mr. Kurti's subsequent prosecution. The International Helsinki Federation (IHF) also raised concerns about the independence of the Judiciary when monitoring Kurti's trial (Lemay-Hébert 2012, p. 94). The critical involvement of these international actors points precisely to the lack of functioning accountability mechanisms to supervise the UN mission.

The legitimacy of the UN mission continues to deteriorate with a broad lack of support for the UN peace-building agenda, failed multilateral initiatives to discuss Kosovo's status and aggravating socio-economic conditions. The new government in Prishtina then decides to unilaterally declare Kosovo's independence from Serbia on 17 February 2008. As a consequence, UNMIK's tasks and configuration suffer substantial changes, forcing it to focus on the promotion of security, stability and human rights.

The clash between the normative narrative defended by the UN and its controversial interventionist practices is also observed in Iraq. UNAMI (United Nations Assistance Mission for Iraq) was established in August 2003 through SC Resolution 1500 to help reconstruct Iraq's state capabilities after the war in view of international security concerns after the 9/11 attacks and the international campaign against terrorism. It has been on the ground ever since, with its functions expanded in 2007 with the passage of Resolution 1770. The mission's mandate revolves around far-reaching activities, such as providing advice, supporting the advancement of national dialogue, strengthening election processes, reviewing the constitution, resolving dispute border, facilitating the International Compact for Iraq's reconstruction, improving Iraq's capacities to provide essential services, as well as promoting human rights and judicial and legal reforms.

The enlarged purposes of the mission are balanced by the need to recognize Iraq's integrity. In pursuing its functions, UNAMI must not only respect Iraq's cultural and socio-political unity but also pursue its own activities as long as they fulfill the demands of the Iraqi people. In rhetoric terms, the mission would be mandated "as circumstances permit" and "at the request of the Government of Iraq" (United Nations, 2003). This rhetoric is further inserted in the UN's reports on the mission in order to justify interventionist practices. For example, the UN Secretary-General reported in March 2005 that there was a general expectation, both inside and outside Iraq, that the UN should play an active role in supporting the constitution-making process (United Nations,) 2005).

The rhetorical justification for interventionist action is accompanied by strategies of co-opting interlocutors, which proves to be unsustainable in the long run. At a national level, the international community backs the formation of a Governing Council and later on of an Interim Iraqi Government, but shapes the representation of political forces inside these structures. The Sunni representative gradually assumes an active political role in detriment of its Shi'a counterpart, who conquer formal power but are feared by its potential radicalism. (Allawi 2007, p. 280). This imbalance in representation leads to contestation in the form of local insurgencies and terrorist attacks, one of the most publicized being the attack on the UN headquarters in Baghdad in August 2003 which resulted in the death of the Chief of Mission Sergio Vieira de Mello.

The attempt of UNAMI staff to incorporate international political actors into the decision-making process, while maintaining a firm grip on the leadership and coordination of procedures that lead to common decisions also faces limitations. The UN finally issues an official report on regional criticism regarding what happens on the ground. For instance, the UN Secretary reported that after a tour of the region in early 2007, some senior government officials from the Islamic Republic of Iran, Jordan, Kuwait, Saudi Arabia, the Syrian Arab Republic and Turkey criticized the way in which the violent situation was handled, as well as the actions of some external actors inside Iraq (United Nations 2007). Stronger criticisms are further raised from 2011 concerning the handling of illegal immigrants and terrorist infiltration through Syria's Border (UN (United Nations) 2012).

The UN's attempt to co-ordinate consultative works with a number of regional political representatives, local associations and international activists comes hand in hand with those actors' growing engagement in the definition of state-building strategies on the ground, a consequence of the unforeseen dynamics established between them and the organization. In December 2004, UNHCHR and the UNAMI Human Rights Office organized a mapping meeting in Geneva to share information on UN activities. During the meeting, a list of activities projected in Iraq for 2005 and 2006 was established not only by UN agencies (UNAMI, UNDP, UNESCO, UNICEF, UNCHR, and UNIFEM) but also by 40 interested governments and about 30 representatives from international civil society organizations (UN (United Nations) 2004b). On the basis of their activism, over the years civil society comes to assume shared responsibilities with UN staff, particularly on regional development and humanitarian assistance.

The co-optation strategy is also accompanied by a tight communication strategy. The UN's Iraq website was established in both Arabic and English in February 2004, providing databases, a map center, Iraq media monitoring, document archiving, and discussion forums on the mission (UN (United Nations) 2004a). Over the years, it has regularly been updated and expanded to include other services, such as the Directorate concerning NGO working on the ground. Though justified on the basis of transparency and accountability concerns, the installation and expansion of the UN's Iraq website also serve to validate the existence of selected actors of civil society, as well as educate Iraqis on the purposes of the mission and legitimize these purposes.

With the justification that the socio-political situation is proving more complex than initially envisaged, the UN, backed by SC mandates, intensifies the interventionist character of the mission. The overstretched character of the constitutional activities pursued by the mission's staff in 2009 illustrates that UN staff are no longer either broadly promoting dialogue between the Government of Iraq and regional leaderships or engaging with the leaders of major parliamentary blocs with regard to the status of the constitutional review process (UN (United Nations) 2009). They were also providing technical and legal advice to specific Committees of the Council of Representatives on constitutional and legislative matters and presenting options through the Constitutional Review Committee to resolve sensitive matters, such as the hydrocarbon legislation (Ibid 2009).

Such an increasingly interventionist approach, though backed by some sectors of the population interested in bringing a minimum of stability to their daily lives, fails to secure the broader support of national political forces. This lack of support is demonstrated in the Secretary General's report on the continued absence of a statutes-of-mission agreement for UNAMI in 2013, despite the organization's innumerable demands to Iraq's government for this agreement over the years. Up until today, the legitimacy of the UN's mission seems to remain a subject of contestation (UN (United Nations) 2013).

Diffusion of power and the increasing fluidity in the assignment of blame

As shown above, UN missions in Kosovo and Iraq promoted extremely interventionist activities covering a broad and complex range of issues, from security to the design of Constitutional frameworks and the training of a state bureaucracy. In order to justify this approach, they appealed to particular interpretations of a liberally normative framework, emphasizing national consent, local ownership, and good governance. But their appeal to a liberal normativity, in fact, proved to be merely rhetorical when confronted with a challenging context. UN missions on the ground faced a problem in the design of clearly delineated objectives, instruments, and resources to accompany the activities leading to state-building capacities. "Recalibration exercises", by which the UN mission staff together with other international agencies on the ground re-evaluated what should be really done, remained the strategy employed to deal with observed shortcomings. Such a strategy revealed UN concerns about flexibility and adaptability. Getting the job done in face of a complex environment becomes the organization's ultimate target.

Nevertheless, what became the UN's chosen strategy to efficiently tackle the gap between the normative narrative and actual initiatives, was the establishment of co-ordinate efforts among the UN, local representatives, and regional and transnational actors. These efforts were pursued while the UN attempted to maintain a tight grip on the formulation of state-building strategies and the process of communication, particularly with the establishment of websites to the missions, which helped the organization to control the ways the mission was generally perceived at home and abroad. The UN's ability to control the dynamics of state-building in the above countries was,

however, substantially affected by complementing and yet unexpected developments on the ground. Tensions with regards to competing demands and expectations from international administration and local representatives were observed in the definition of policies and norms during the studied period of the missions. The observation of these tensions serves to confirm Chesterman's arguments (Chesterman 2004, pp. 253-255). According to this author, there is no vacuum of power inside fragile states, even with a fragmented or non-existent institutional structure. Local political elites continue to express their power through informal mechanisms, besides being a source of contestation to the external imposition of values and rules.

In many ways, the voices of local political representatives were amplified by the activism of local and transnational members of civil society, such as student movements, local NGOs, advocacy-based INGOs, and international media. The dynamism of civil society's representatives was in fact expressed not only in their capacity for contestation, frequently pointing fingers at who should, in fact, be blamed for an action, but also in their ability to build strong ties with local reality. In the latter sense, civil society's representatives acted as efficient agents of assistance and development, sharing responsibilities with the international community and the concerned states.

These superposed types of interactions among UN staff, local and transnational actors derive from a globalization process and have consequences in the power structure that defines international intervention. The political power exercised by states, or more specifically by the community of states represented by the UN within the practice of intervention, becomes more diffused. New channels of contestation, questioning patronizing and biased initiatives towards locals inside intervened countries, emerge. It is no longer so obvious to defend idealized narratives based on the dualistic and biased representation of the interaction between the intervener and the one that suffers intervention, as expressed by the UN framework.

In this scenario, political actors' capacity to shape or influence decisions tends to change according to the kind of dynamics in which they find themselves. The assignment of blame acquires fluidity. It becomes context-dependent, much more linked to the role each political actor is efficiently capable of playing inside multiples layers of socio-political interactions defining a situation of intervention, than to pre-framed forms of normative discourse and collective actions defended by the international community of states.

References

Allawi, A., 2007. *The occupation of Iraq: winning the war, losing the peace*. New Haven: Yale University Press.

Beardsworth, R. 2015. From ethical to political responsibility in a globalized age. *Ethics & International Affairs* 29, No. 1.

Charvet, J. & Kaczynska-Nay, E. 2008. *The liberal project and human rights: the theory and practice of a new world order*. Cambridge: Cambridge University Press.

Chesterman, S., 2004. *You, the People: the United Nations, transnational administration, and State-building*. Oxford: Oxford University Press.

Coleman, D., 2003. The United Nations and Transnational Corporations: from an international to a 'beyond-state' model of engagement. *Global Society*, Vol. 7, No. 4.

Connolly, W. 1991. *Identity/difference: democratic negotiations of political paradox.* Ithaca: NY: Cornell University Press.

Connolly, W., 1995. *The Ethos of Pluralization.* MN: University of Minnesota.

Erskine, T., 2003. Assigning responsibilities to institutional moral agents: the case of states and 'quasi-states'. *In:* T. Erskine ed. *Can institutions have responsibilities? Collective moral agency and international relations.* Basingstoke: Palgrave Macmillan.

Frost, M., 2003. Constitutive theory and moral accountability: individuals, institutions and dispersed practices. *In:* T. Erskine ed. *Can institutions have responsibilities? Collective moral agency and international relations.* Basingstoke: Palgrave Macmillan.

Frost, M., 2004. Can dispersed practices be held ethically accountable? *Global Society*, 18:1.

Frost, M. 2009. *Global ethics: anarchy, freedom and international relations.* London: Routledge.

Hoover, J., 2012. Reconstructing responsibility and moral agency in world politics. *International Relations Theory* 4:2.

Hoover, J. 2014. Moral practices: assigning responsibility in the international criminal court. *Law and Contemporary Practices*, Vol. 76.

ICISS (International Commission on Intervention and State Sovereignty). 2001. *The responsibility to protect*. Ottawa: The International Development Research Centre.

Jackson, R., 1990. *Quasi-states: sovereignty, international relations and the third world.* Cambridge: Cambridge University Press.

Lemay-Hébert, N., 2012. Everyday Legitimacy and International Administration: Global Governance and Local Legitimacy in Kosovo. *Journal of Intervention and Statebuilding*, 7:1.

Linklater, A., 2007. *Critical theory and world politics: citizenship, sovereignty and humanity.* London: Routledge.

Narten, J., 2008. Post-conflict peacebuilding and local ownership: dynamics of external-local interaction in Kosovo under United Nations administration. *Journal of Intervention and Statebuilding*, 2:3.

Obudsperson Institution in Kosovo, 2005. *Fifth Annual Report 2004-2005*, Prishtina, 11 July.

Rawls, J., 1999. *The Law of Peoples*. Cambridge: Cambridge University Press.

UN (United Nations), 1995. *General guidelines for peace-keeping operations,* UN: Department of peacekeeping operations.

UN (United Nations), 2000. *Report of the panel on United Nations operations.* UN: Department of peacekeeping operations.

UN (United Nations), 2003. Security Council Resolution 1500, adopted in August 2003.

UN (United Nations), 2004a. Secretary-General (SG) report pursuant to paragraph 24 of resolution 1483 (2003) and paragraph 12 of resolution 1511 (2003), 5 August 2004. S/2004/625.

UN (United Nations), 2004a. Secretary-General (SG) report pursuant to paragraph 30 of resolution 1546 (2004), 3 September 2004. S/2004/710.

UN (United Nations), 2004b. Secretary-General (SG) report pursuant to paragraph 30 of resolution 1546 (2004), 8 December 2004. S/2004/959.

UN (United Nations), 2005. Secretary-General (SG) report pursuant to paragraph 30 of resolution 1546 (2004), 7 March 2005. S/2005/141.

UN (United Nations), 2007. Secretary-General (SG) report pursuant to paragraph 30 of resolution 1546 (2004), 7 March 2007. S/2007/330.

UN (United Nations), 2009a. Secretary-General (SG) report pursuant to paragraph 6 of resolution 1830 (2008), 20 February 2009. S/2009/102.

UN (United Nations), 2009b. Secretary-General (SG) report pursuant to paragraph 6 of resolution 1830 (2008), 30 July 2009. S/2009/393.

UN (United Nations), 2012. Secretary-General (SG) report pursuant to paragraph 6 of resolution 2001 (2011), 11 July 2012. S/2012/535.

UN (United Nations), 2013. Third report of the Secretary-General (SG) pursuant to paragraph 6 of resolution 2061 (2012), 11 July 2013. S/2013/408.

UN (United Nations), 2009. Security Council Resolution 1244, 10 June 2009. S/RES/1244, paragraph 11.

United Nations Interim Administration Mission in Kosovo (UNMIK), 2001. *On a constitutional framework for provisional self-government in Kosovo*, Regulation 2001/9, Prishtina, 15 May.

United Nations Interim Administration Mission in Kosovo (UNMIK), 2006. *On the ombudsperson institution in Kosovo*, regulation 2006/06, Prishtina, 11 July 2006.

Weiss, T., 2013. *Global governance: why? what? whither?* Cambridge: Cambridge University Press.

JGPG (2018) 7: 51-70
DOI 10.14666/2194-7759-7-2-004

PAPER

From Coexistence to Cooperation: China's Multilateral Legal Approach to the UN and the Shanghai Cooperation Organisation

Nicușor Sever Cosmin Florea*

Abstract This article analyses China's dynamic legal approach to multilateralism with regard to an international organisation (United Nations - UN) and a regional organisation (Shanghai Cooperation Organisation - SCO), showcasing how international normative crystallization influenced China's views on multilateralism and determined her evolution from a reluctant actor to an active supporter of multilateralism and a facilitator between regional (SCO) and international organisations (UN).

China's engagement with the United Nations has been the country's perhaps most distinguishing feature regarding her approach of the international normative order. After discussing whether and to what degree of extent China could be considered a contributor to the "International Rule of Law", the article moves on to identify how China solved the inherent conflict between her Westphalian views on sovereignty and her role in the UN Security Council (UNSC). While providing multiple examples on China's practice in the UNSC, the study finds out that, despite having crossed various stages in her approach to the UNSC, China's respect for sovereignty continues to remain constant in her international legal practice. Finally, China's role as a facilitator between the SCO and UNSC is analysed to showcase how, despite attaching paramount importance to national sovereignty, China became a catalyst for multilateral cooperation.

In the light of China's legal practice, the study concludes that a new stage in China's relation with International Law could be envisaged and such an evolution would not weaken, but consolidate, both the UN and SCO.

Keywords: China and International Law; United Nations Security Council; Shanghai Cooperation Organisation; Multilateral Cooperation

JEL Classification: F55; K19; O53

Nicușor Sever Cosmin Florea*(✉)
Lecturer of International Relations, University of International Business and Economics, School of International Relations, Beijing, China
email: florea@uibe.edu.cn

1. Introduction

From an isolated country in the international normative order in 1949, China came a long way and metamorphosed not only into a permanent member of the UN Security Council (following the 1971 restoration) but into a pertinent actor in the international normative order, with a consistent contribution and confirmed legitimacy. In the light of multilateralism, China not only participated as a disciplined actor in the international normative order but similarly defended her position with clarity and reason, persuading others by a sound jurisprudence.

With regard to the practice of international law in general, it has to be mentioned that the past decades played a crucial role in its dynamics, scope and, eventually, the *status quo*. As a science mirrored by practice, international law is naturally subjected to change as a result of the interaction among its subjects and, at the same time, objects. Friedmann's affirmation that *"many profound changes (...) have affected contemporary international law to such an extent that it is today something very different even from what it was a generation ago"*[1] is as valid today as it was five decades ago.

In this context, China's evolution from the doctrine of *"Peaceful coexistence"* to multilateralism and cooperation is highly relevant, as it reflects a general trend in the international society, i.e. of migrating toward a communitarian approach whose normative order is constituted of commonly accepted and shared values[2].

The current article is – hopefully – a pertinent analysis in the discussion of China's most unique feature in her engagement with the public international law, namely her Westphalian understanding of sovereignty in what could be arguably considered a post-Westphalian setting[3].

This part will hopefully contribute to the discussion whether and to what degree of extent does China adhere to the international rule of law. In this regard, it should be mentioned that the concept of *"international rule of law"* is abstract enough so that to provide a range of interpretations. At an academic level, international rule of law has been characterised as being at a nascent level or, by some, even as a goal to be yet achieved[4]. The usage of the term hence does not reflect a clear understanding and acknowledgment.

Clarifying in this regard may be the view of the UN, which set its own agency to tackle the issues related to the rule of law. The scope, vision, and mission of the Rule of Law Unit is, however, still a contentious issue since the very concept of the *"rule of law"* is not addressed by the UN Charter. On an institutional level, the agency

[1] Wolfgang FRIEDMANN, The Changing Structure of International Law, Stevens & Sons, London, 1964, p. xiii

[2] Bruno SIMMA, From Bilateralism to Community Interest in International Law, Hague Academy of International Law, Recueil des Cours, Vol. 250, 1994, pp. 217-384. Professor Wang Tieya addressed the same issue at Tieya WANG, International Law in China: Historical and Contemporary Perspectives, 221 Recueil Des Cours, The Hague Academy of International Law, Brill Nijhoff, 1990, p. 355

[3] Wim MULLER, China's sovereignty in international Law: from historical grievance to pragmatic tool, China-EU Law Journal Vol. 1 No. 3-4, 2013, pp. 35-59

[4] Philip ALLOTT, Towards the International Rule of Law: Essays in Integrated Constitutional Theory, Cameron May, London, 2005

is known as the Rule of Law Coordination and Resource Group and is presided by the UN Deputy Secretary General. Its institutional layer comprises the Department of Political Affairs, the Department of Peacekeeping Operations, the Office of High Commissioner for Human Rights, the Office of Legal Affairs, the United Nations Development Programme, the Office of the United Nations High Commissioner for Refugees, the United Nations Children's Fund, the United Nations Entity for Gender Equality and the Empowerment of Women and the United Nations Office on Drugs and Crime. Its role is listed as *"to ensure coherence and minimize fragmentation across all thematic rule of law areas, including justice, security, prison and penal reform, legal reform, constitution-making, and transitional justice."*[5]

On an academic level, Simon Chesterman identified three possible views in this respect: *"First, the 'international rule of law' may be understood as the application of rule of law principles to relations between States and other subjects of international law. Secondly, the 'rule of international law' could privilege international law over national law, establishing, for example, the primacy of human rights covenants over domestic legal arrangements. Thirdly, a 'global rule of law' might denote the emergence of a normative regime that touches individuals directly without formal mediation through existing national institutions."*[6]

The current analysis of China's practice of international law could hopefully clarify to what degree of extent does China socialize with the *sui generis* entities of international law on an institutional level and in which stances is China more prone to accept international law, i.e. the normative regime thereof, without appealing to mediation or diplomatic negotiations, yet at the expense of her national sovereign rights.

It seeks a selective analysis of China's modern practice in international law by exploring the country's engagement with the international normative order within the UN framework: globally, at the level of the UNSC, as a permanent member, and regionally, at the level of SCO, as a facilitator of cooperation between regional organisations and the UN. China's participation in the UNSC, as a permanent member, has been one of the country's most distinguishing features in her engagement with international law, particularly in the field of peace and security. The country's involvement with the UN can be further declined into two pillars, namely security, where China stressed on the absolute understanding of sovereignty and non-interference, and non-traditional security, where China pushed the agenda toward issues such as terrorism and organised crime.

Obviously, an important part in this respect is played by the more general context of China's foreign policy, which undoubtedly affects the country's approach to international law. In this regard, China's position as a permanent member of the UNSC becomes fundamental for both conveying her foreign policy, as well as her views on the international normative order. The discussions initiated by China in the UNSC worth being attached great importance in analysing the country's practice and deliberative discourse, both in the light of anticipating the future trends, as well as in

[5] UN Rule of Law Coordination and Resource Group, available at https://www.unodc.org/unodc/en/justice-and-prison-reform/interagency.html, as retrieved on February 19, 2017

[6] Simon CHESTERMAN, An International Rule of Law?, American Journal of Comparative Law Vol. 56, No. 2, 2008, pp. 331-362

relating them to the behaviour of other member states. Such an analysis will hopefully help in determining not only China's understanding of international law but, similarly, the diversity in the *"understanding of the law, and thus (...) the identity, objective, and principles of the community"*[7]. Ultimately, China's voting behaviour and legal discourse at the UNSC level are essential not only in assessing the country's stance but similarly the scope of the international law development.

Conversely, regarding Shanghai Cooperation Organisation (SCO), as a pillar of cooperation for peace and security between UN and regional organisations, China has formally requested the regional organisation to be granted the observer status at the level of the UN General Assembly since 2004[8]. One year later, SCO has been granted the observer status based on the recommendation of the Sixth Committee[9]. Hence, replicating the normative role played by the regional organisations at the UN level, SCO is anticipated to increase its regional dimension while acquiring a global impact.

2. The United Nations and International Law: Between Westphalian Sovereignty and Security Council

Established in the aftermath of the Second World War, the United Nations was successful in deterring another major armed outbreak. Through the UN Charter, the UN vests the UNSC with a set of responsibilities in the ambit of international peace and security[10]. The responsibility to maintain the international peace and security is a primary prerogative of the UNSC, yet, in the light of the *"Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory"* case, it is not exclusive.[11] However, in the light of Article 39 of the UN Charter it is only the UNSC that has the prerogative to *"determine the existence of any threat to the peace, breach of peace, or act of aggression (...) make recommendations, or decide what measures shall be taken in accordance with Articles 41 and 42, to maintain or restore international peace and security."*[12] Equally relevant with regard to the legal prerogatives of the UNSC is the opinion of Judge Lauterpacht in the *"Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro)*" case, who held that *"there can be no less doubt that [the UN Charter] does not embrace any right of the Court to substitute its discretion for that of the Security Council..."*[13]

The functioning of the United Nations General Assembly (UNGA) is deeply related to the UNSC, as no UNGA recommendation can be issued without seizing the

[7] Martti KOSKENNIEMI, The Place of Law in Collective Security, Michigan Journal of International Law (1995-1996), Vol. 17, No. 2, p. 480

[8] UN Doc A/59/141 of 2004

[9] UN Doc A/RES/59/48 of 2004

[10] UN Charter, Art. 24, par. 1

[11] See Legal Consequences of the Construction of a Wall in the Occupied Palestinian Territory, Advisory Opinion, ICJ Reports 2004, pp. 148-149

[12] UN Charter, Art. 39

[13] Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro), Order of 13 September 1993, ICJ Reports 1993, p. 439

UNSC[14]. In accordance with the UN Charter, the Security Council has a representative role not only for its permanent and temporary member states but equally for all the member states of the UN[15]. The UNSC, however, is neither a *"world legislature"*[16] nor an international government, despite the overwhelming importance attached to the UN and UN Charter.

In the light of the institution's capital importance at the level of international peace and security, Chesterman maintains that *"a distinction must be made between the discretion formally provided for in the constituent document of the organization and the arbitrary exercise of the powers that it grants."*[17] The scholar ascertains, in other words, the inequalities which lie in the UNSC institutional setting, particularly between its temporary members, on one hand, and its permanent members, on the other, with the veto right being most poignant. In the light of increasing the legitimacy of global governance institutions, members of UNSC must argue their action by a *"principled, informed, collective deliberation"*[18], in the light of the international normative prerequisites. In this regard, the role of international law becomes fundamental in the sense that it ensures the legal certainty necessary to maintain the international peace and security through legitimate actions.

It was in this regard that the ICJ advisory opinion on *"Conditions of Admission of a State to Membership in the United Nations (Art. 4 of the Charter)*" held that *"the political character of an organ cannot release it from the observance of the treaty provisions established by the Charter when they constitute limitations on its powers of criteria for its judgment."*[19]

It was in this spirit that China proposed during the negotiations at Dumbarton Oaks that *"the settlement of international disputes should be on the basis of the principles of justice and international law."*[20] China's proposition was materialised in the first article of the UN Charter, which provides that the aim of the institution is *"to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which might lead to a breach of the peace."* [21] For Higgins, this provision emphasizes the political character of the UNSC, firstly, and the fact that its legal prerogatives only arise from the threats to peace. The violations of international law in times of peace therefore rest with the ICJ[22]. The analysis of China's legal practice in the UNSC

[14] UN Charter, Art. 12, par. 1
[15] Ibid., Art. 25
[16] Stefan TALMON, The Security Council as World Legislature, American Journal of International Law, Vol. 99, No. 1, 2005, p. 175
[17] CHESTERMAN, op. cit., p. 351
[18] Allen BUCHANAN, Robert O. KEOHANE, The Legitimacy of Global Governance Institutions, Ethics & International Affairs, Vol. 20, No. 4, 2006, p. 434
[19] Conditions of Admission of a State to Membership in the United nations (Art. 4 of the Charter), Advisory Opinion, ICJ Reports 1947-1948, p. 64
[20] Yuen-Li LIANG, The Settlement of Disputes in the Security Council: The Yalta Voting Formula, British Year Book of International Law , Vol. 24, 1947, pp. 332-333
[21] UN Charter, Art. 1, par. 1
[22] Rosalyn HIGGINS, The Place of International Law in the Settlement of Disputes by the Security Council,

becomes crucial not only in assessing the Chinese perspectives of public international law, but, similarly, the legitimacy of the institution *per se*. In this regard, Caron argued that the UNSC promise of guarding the international peace and security[23], has been deceived by the unprecedented prerogatives granted to the permanent members, based on which they can greatly affect the decision-making process within the institution by imposing a *"hegemonic international law"*[24].

3. China and the United Nations Security Council: Legal Practice

China's restoration of her legitimate rights in the UNSC had a historical importance both for China as well as for the UN. For China, her restoration and active participation symbolised her will to adhere to the international normative order and readiness for an alternative reading of her stance on absolute sovereignty. As Kent notes, the country's role in the UNSC is strongly linked with *"China's preparedness to renegotiate its sovereignty in response to organizational and treaty pressures; and the degree to which China shows a readiness to shoulder the costs, as well as enjoy the benefits, of organizational participation."*[25] China's membership in UNSC further contributed to the institution's legitimacy in the sense of adding both ideological diversity as well geographical diversity to the Council. As Kim noted *"the Security Council's political effectiveness has also been enhanced to the extent that the presence of China has contributed to bridging the gap between authority claims and power capabilities of the Council."* [26]

China's presence in the UNSC contributes to a deeper understanding within the international normative order and reflects, to a large degree of extent, the former incremental appeasement between the Capitalist vs. Socialist bloc and, currently, between North and South. China's record of compliance with international law further contributed to its increased trustworthiness in the international arena. Concerning international relations, China's continued interactions and dialogue with the international organizations and their respective member states reduces uncertainty and lack of credibility among the actors of the international arena.[27]

For O'Neill, China's influence in the UNSC offsets that of the other four permanent members, given the positions it holds differ, oftentimes, from the pooled positions of France, the United Kingdom, and the United States and, occasionally, Russia, in spite of the diplomatic pressures applied.[28] China has rarely vetoed UN

American Journal of International Law, Vol. 64, No. 1, 1970, p. 16

[23] David D. CARON, The Legitimacy of the Collective Authority of the Security Council, American Journal of International Law, Vol. 87, No. 4, 1993, p. 560

[24] Detlev F. VAGTS, Hegemonic International Law, American Journal of International Law, Vol. 95, No. 4, 2001, p. 843

[25] Ann KENT, China's International Socialization: The Role of International Organizations, Global Governance , Vol. 8, No. 3, 2002, pp. 349-350

[26] Samuel S. KIM, China, the United Nations, and World Order, Princeton University Press, Princeton, 1979, pp. 237-238

[27] Alastair Iain JOHNSTON, Treating International Institutions as Social Environments, International Studies Quarterly, Vol. 45, No. 4, 2001, p. 490

[28] Barry O'NEILL, Power and Satisfaction in the United Nations Security Council, Journal of Conflict Resolution, Vol. 40, No. 2, 1996, p. 233

resolutions, exercising her veto only 8 times (including the pre-1971 period), compared to the USSR/ Russia, which vetoed 127 resolutions, the United States, which vetoed 83 resolutions, the United Kingdom, vetoing 32 times, or France, which opposed 18 times. Such a practice could be explained by China's bitter experience with hegemony and imperialism, as, during the *"100 years of humiliation"*, China was often left at the hand of the hegemons. Despite vetoing being a legal prerogative substantiated in China's membership in the permanent UNSC, China refused to be a hegemon at the expense of others' violation of sovereignty.

Morphet argued that the country's voting behavior in the UNSC is not linear and can be divided into four stages.[29] A first stage extends from 1971 to 1981, a period in which China adjusted her position with respect to the international arena. China opposed Bangladesh's membership in the UN following its secession from Pakistan, holding that *"pending the true implementation of the General Assembly and Security Council resolutions and a reasonable settlement of the issues between India and Pakistan and between Pakistan and 'Bangladesh', the Security Council should not consider the application."*[30] China only accepted Bangladesh's membership only after Pakistan recognized the new state. China's second veto in this period was pooled with the Soviet Union in rejecting an amendment to a resolution with regard to the Israel and Syria and Lebanon conflict, maintaining that *"the history of the Middle East since the Second World War is one of incessant aggression and expansion by Israeli Zionism"* [31]

The second stage in China's engagement with the UNSC occurred between 1982-1985 when China opted for general appeasement and did not veto any resolution.

Following 1986 and until 1990, China similarly did not veto any draft resolution and further continued her policy of appeasement with the other Permanent Members. In the aftermath of 1990, China attempted to offset the United States' practice of authorizing *"all necessary means"* based on humanitarian intervention and vetoed two draft resolutions. It should be noted that the vetoed draft resolutions concerned Guatemala (extending the United Nations Verification Mission, vetoed on January 10, 1997[32]) and Macedonia (extending the United Nations Preventive Deployment Force, vetoed on February 25, 1999[33]), which, at the time, did not adhere to the *"One China Principle"*.

A more common practice of China in the UNSC is that of abstention. It should be noted that China abstained on 38 draft resolutions on Chapter VII and 18 draft resolutions on matters outside the scope of Chapter VII[34] since 1990, compared to

[29] Sally MORPHET, China as a Permanent Member of the Security Council: October 1971-December 1999, Security Dialogue, Vol. 31, No. 2, 2000, p. 151

[30] UN Doc S/PV.1660 of August 25, 1972, p. 15

[31] UN Doc S/PV.1662 of September 10, 1972, par. 193

[32] UN Doc S/PV.3730 of January 10, 1997

[33] UN Doc S/PV.3982 of 1999

[34] UNSC Resolutions with regard to Chapter VII before 2012: 678 (1990), 686 (1991), 748 (1992), 757 (1992), 770 (1992), 778 (1992), 787 (1992), 816 (1993), 820 (1993), 883 (1993), 929 (1994), 940 (1994), 942 (1994), 955 (1994), 988 (1995), 998 (1995), 1054 (1996), 1070 (1996), 1101 (1997), 1114 (1997), 1134 (1997), 1160 (1998), 1199 (1998), 1203 (1998), 1207 (1998), 1244 (1999), 1280 (1999), 1284 (1999), 1333 (2000), 1556 (2004), 1564 (2004), 1591 (2005), 1593 (2005), 1672 (2006), 1680 (2006), 1945 (2010), 1973 (2011), and 2023 (2011). UNSC Resolutions concerning matters situated beyond the scope of Chapter VII

only one such abstention before 1989[35]. Two illustrative cases in this regard concern the application of Nauru and Tuvalu for UN membership, on which China abstained[36]. It should be noted that neither states adhere to the "*One China Principle*". The implications on China's abstention practice are far-reaching in international law as they ascertain a non-recognition of a piece of legislation that may eventually take the value of *stare decisis* (precedent). By abstaining, China indicates her reservation towards the crystallization of such a norm into international law and secures her potential position as *"persistent objector"*.

China's practice in the UNSC is far from being linear and the complexity of her voting behavior and legal argumentation require further scrutiny on a case by case basis.

An illustrative example in this regard is the UNSC Resolution 660/ 1990, demanding Iraq's withdrawal from Kuwait, which China supported[37]. China abstained from UNSC Resolutions 678/ 1990 and 688/ 1991 which fell under the incidence of Chapter VII of the UN Charter. China motivated her stance given the threat such a resolution might represent for the international peace and security[38]. It should also be noted that China manifested concern for Iraq's sovereignty in the advent such a Resolution was adopted[39].

China's position differed concerning UNSC Resolution 794/ 1992 concerning the situation in Somalia, where she authorized the use of force without Somalia's consent. It should be noted, however, that Somalia lacked a legitimate and functioning government at the time, thus representing an exceptional case[40]. Indeed, the case of the UNSC Resolution 929/ 1994 confirmed the extraordinary character of Resolution 794, in the sense that China abstained from voting and supported the expansion of the peacekeeping force in the region. As in the case of Resolutions 678 and 688, China maintained that resorting to force would be detrimental to peace[41].

Regarding the conflict in Bosnia and Herzegovina (1992-1995), China supported Resolution 743/ 1992, however opposing Resolution 770/ 1992 which fell under the incidence of Chapter VII and regarded humanitarian intervention. As in the previous stances, China maintained that the use of force will *"complicate the situation, sharpen differences, intensify hatreds and make it more difficult to solve the problem."*[42] China

before 2012: 688 (1991), 776 (1992), 777 (1992), 781 (1992), 792 (1992), 821 (1993), 825 (1993), 855 (1993), 975 (1995), 1067 (1996), 1077 (1996), 1239 (1999), 1249 (1999), 1290 (2000), 1559 (2004), 1706 (2006), 1757 (2007), and 1907 (2009).

[35] UNSC Resolution 502 of 1982 with regard to the immediate cessation and withdrawal of all Argentine forces from the Falkland Islands (Islas Malvinas).

[36] UNSC Resolution 1249 of 1999 with regard to Nauru and UNSC Resolution 1290/ 2000 with regard to Tuvalu

[37] UNSC Resolution 660 of 1990 with regard to Iraq - Kuwait

[38] UNSC Resolution 688 of 1991 with regard to Iraq

[39] Michael C. DAVIS, The Reluctant Intervenor: The UN Security Council, China's Worldview, and Humanitarian Intervention in Michael C. DAVIS, Wolfgang DIETRICH, Bettina SCHOLDAN and Dieter SEPP, International Intervention in the Post-Cold War World: Moral Responsibility and Power Politics, M.E. Sharpe, Armon, 2004, p. 230

[40] Ibid., p. 231-232. UN Doc S/RES/794 of 1992. The resolution was adopted unanimously.

[41] UN Doc S/RES/929 of 1994. China's attitude was shared by Brazil, New Zealand and Nigeria.

[42] UN Doc S/RES/776 of 1992. China's attitude was shared by India and Zimbabwe.

supported UNSC Resolutions 807/ 1993 and 824/ 1993, in the light of the worsening situation, yet maintaining the exceptional character of the situation and holding that such a case does not *"constitute a precedent for future United Nations peace-keeping operations"*[43]. In 1999, China opposed the NATO intervention in Kosovo and one of the country's official mouthpieces assumed that such a response was committed based on the view that human rights prevail in front of national sovereign rights[44]. China abstained on Resolution 1160/ 1198, maintaining the internal character of the conflict, which was regarded, *"in its essence, an internal matter of the Federal Republic [to be resolved] through negotiations between both parties concerned on the basis of respect for the sovereignty and territorial integrity."*[45] China decried the NATO intervention for being conducted *"unilaterally, without consulting the Security Council or seeking its authorization."* The intervention *"violated the purposes, principles and relevant provisions of the United Nations Charter, as well as international law and widely acknowledged norms governing relations between states."*[46] In the advent of the bombing, China accused NATO of *"a blatant violation of the United Nations Charter and of the accepted norms of international law"*, while continuing to decry the *"use or threat of use of force in international affairs and to power politics whereby the strong bully the weak."*[47] The bombing of China's Embassy in Belgrade further complicated the situation and escalated China's already critical attitude.[48]

Several months later, China agreed to send a peacekeeping mission to East Timor under Chapter VII, however only after obtaining the consent of the Indonesian government[49]. China similarly agreed to contribute to the UNTAET peacekeeping mission in East Timor at a later date, yet, again, only with Indonesia's consent[50].

With regard to the Darfur crisis, China abstained on the UNSC Resolution 1556/ 2004, also under Chapter VII of the UN Charter, maintaining that the internal issues ultimately fall under the incidence of the national government of Sudan, and calling for the contribution of the African Union to resolve the crisis[51]. As in the previous cases, China conditioned her support by the support of the government of Sudan[52] and called for dialogue and peaceful conflict resolution, while refusing to refer the case to the ICC[53]. It should be noted that China contributed in the mediation of the conflict by persuading the Sudanese government to accept an UN-African Union force and sent a Chinese envoy

[43] UN Doc S/RES/836 of 1993. Venezuela and Pakistan abstained. UN Doc S/RES/958 of 1994. Adopted with unanimity.
[44] Ming WAN, Human Rights in Chinese Foreign Relations: Defining and Defending National Interests, University of Pennsylvania Press, Philadelphia, 2001, p. 21
[45] UN Doc S/PV.3868 of 1998
[46] UN Doc S/PV.3937 of 1998
[47] UN Doc S/PV.3988 of 1999
[48] UN Doc S/PV.4000 of 1999
[49] DAVIS, op. cit., pp. 251-254. UN Doc S/RES/1264 of 1999 (adopted in unanimity)
[50] UN Doc S/RES/1272 of 1999
[51] UN Doc S/RES/1556 of 2004
[52] UN Doc S/PV.5015 of 2004 (China and Pakistan abstained)
[53] UN Doc S/RES/1593 of 2005. (Algeria, Brazil, China and the United States abstained.)

to monitor the situation[54]. Only after obtaining Sudan's consent in this regard, China supported UNSC Resolution 1769/ 2007, hence authorizing the UN to deploy force[55].

China used her veto rights to block sanctions against Myanmar in 2007, yet ultimately agreeing to support a statement condemning the violence against civilian population in the country, while calling for national reconciliation efforts[56].

With regard to Libya, it should be noted that China abstained from UNSC Resolution 1973[57], only after consulting and obtaining the consent of the Arab countries and African Union with regard to the case. China similarly emphasized on the national sovereignty and territorial integrity of the country and showed concern for the actions which reportedly exceeded the scope of the Resolution[58].

In the case of Syria, China's attitude became more unequivocal and straightforwardly vetoed a resolution supported by the West along with the Arab League[59]. China motivated her action by the character of the resolution which would have resulted in a change of regime, deemed detrimental to the country's sovereignty[60] and offered to mediate the conflict by sending envoys in the region[61].

Despite China's position on peace-keeping missions having been softened, China's stance on sovereignty remained firm, perhaps except for Libya, a case which China regarded as *"special circumstances"*[62]. China can be regarded as an arduous and continuous supporter of absolute sovereignty, reluctant to deploy forces under Chapter VII (except with the consent of the respective state or other "special circumstances") and calling for mediation rather than deployment of force.

4. China as Facilitator between United Nations and Regional Organisations: The Shanghai Cooperation Organisation

In her UN statements, China has consistently stressed over the importance it attaches to the UN cooperation with the regional international organizations. Such cooperation has occurred in the context of several recurring themes, consistently present on China's agenda: China's position on absolute sovereignty, the importance attached to dialogue in the peaceful conflict and settlement resolution, non-intervention and non-

[54] DAVIS, op. cit., pp. 269-270

[55] UN Doc S/RES/1769 of 2007

[56] Rosemary FOOT, The Responsibility to Protect (R2P) and its Evolution: Beijing's Influence on Norm Creation in Humanitarian Areas, St Antony's International Review, Vol. 6, No. 2, 2011, pp. 56-57

[57] UN Doc S/RES/1973 of 2011. Brazil, China India, Russia and Germany abstained.

[58] Jiang YU (Foreign Ministry Spokesman), Remarks on the Death of Gaddafi's Son and Others in NATO's Air Strikes, May 2, 2011, China's Ministry of Foreign Affairs Website, available on http://www.mfa.gov.cn/eng/xwfw/s2510/2535/t819910.htm, as retrieved of September 17, 2018

[59] UN Department of Public Information, Security Council Fails to Adopt Draft Resolution on Syria as Russian Federation, China Veto Text Supporting Arab League's Proposed Peace Plan, UNSC, 6711th meeting, February 4, 2012, UN Doc SC/ 10536

[60] Baodong LI, Chinese Mission to the United Nations, Explanation of Vote by China's Ambassador to UN after Vote on Security Council Draft Resolution on Syria, February 5, 2012, available at http://www.fmprc.gov.cn/eng/zxxx/t901714.htm, as retrieved on October 23, 2018

[61] Sonya SCEATS, Shaun BRESLIN, China and the International Human Rights System, Chatham House, October 2012, pp. 46-50

[62] UN Doc S/PV.6498 of 2011

interference, the consent of the national state in receiving UN peacekeeping forces and cautiousness in the application of strong sanctions. On the other hand, China does not deny the existence of transnational issues; in this regard, China calls for multilateral solutions, with a particular emphasis over the conflict prevention mechanisms of the UNSC and other regional fora. In 2014, the importance of multilateral solutions and conflict prevention measures has been elevated to a *"Security Concept for Asia"* during the Conference on Interaction and Confidence Building Measures in Asia (CICA), where China's President Xi Jinping pledged to *"advance the process of common development and regional integration (...) and promote sustainable security through sustainable development."*[63]

It becomes obvious that a case of particular importance on China's agenda has been the maintenance of the international peace and security, while respecting the national sovereignty of each states, within the ambit of the UN – regional organizations cooperation on security matters. It should be noted that such priorities predate China's Global Counter-Terrorism Strategy of 2006[64]. The importance China attaches to national security as a mark of sovereignty similarly made the object of multiple regional fora, be them in a wider UN-related context or individually. China's *"New Security Concept"*, for instance, has been submitted to the ASEAN institutions in 2002, stressing on dialogue and mutual trust to promote regional security[65]. The core of the *"New Security Concept"* successfully mirrored China's Five Principles, maintaining that equality and coordination, mutual trust and mutual benefit should be *"flexible and diversified in form and model"*, expressing once more China's openness for either multilateral mechanisms of bilateral negotiations[66].

In order to approximate the possible role played by the SCO in maintaining the international peace and security in the Asian continent, a look into the organisation's framework becomes mandated.

Upon its foundation in 2001, the SCO adopted the *"Shanghai Convention on Combating Terrorism, Separatism and Extremism"*[67]. The preamble of the convention acknowledges that *"terrorism, separatism and extremism constitute a threat to international peace and security, the promotion of friendly relations among States as well as to the enjoyment of fundamental human rights and freedoms"*[68].

[63] China's Xi Proposes Security Concept for Asia, China Today, May 22, 2014, available at http://www.chinatoday.com.cn/english/news/2014-05/22/content_620347.htm as retrieved on November 7, 2018

[64] See UN Doc S/RES/1631 of 2005

[65] See Document Concerning China's Stand in Strengthening Cooperation in Non-Traditional Security Fields and Document Concerning China's Stand in Regard to the New Security Concept. The documents have been submitted to the ASEAN Regional Forum (ARF) and the 9th ARF Foreign Minister's Conference. Qian HU, Chinese Practice in Public International Law: 2002, Chinese Journal of International Law, Vol. 2, No. 2, 2003, p. 678

[66] China's Position Paper on the New Security Concept, Foreign Ministry of People's Republic of China, available at http://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm, as retrieved on November 8, 2018

[67] Adopted June 15, 2001, entered into force 29 March 2003. The state parties are China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. The unofficial translation of the Convention available at http://eurasiangroup.org/files/documents/conventions_eng/The_20Shanghai_20Convention.pdf. as retrieved on November 8, 2018

[68] Id.

Saul has pointed towards the legislators' failure to clearly distinguish among terrorism, separatism, and extremism, as they may not necessarily appeal to similar methods[69]. The scholar similarly notes that the Convention comprises common elements with the *"1999 Terrorist Financing Convention"* and the *"2002 EU Framework Decision on Combating Terrorism"*, while adding the concept of *"violations of public security"*, deemed vague by the author[70].

An important role within the framework of SCO has been attached to the Regional Anti-Terrorist Structure (RATS), set as a standing body of the organization within the ambit of Article 10 of the SCO Charter to *"combat terrorism, separatism and extremism"*[71]. A Joint Statement of the Foreign Ministers of the member states recalled for regional stability and reiterated the fight against the *"three evils"* of terrorism, separatism and extremism, while similarly acknowledging that terrorism is not to be associated with neither religion, freedom of belief or ethnicity. The 2002 meeting urged for a comprehensive international convention on international terrorism[72].

In this regard, China's support for the SCO to be granted observer status at the UNGA level could be offered a double-folded interpretation: firstly, China manifestly adhered to the strengthening of the UN relations with regional organizations, and secondly, China affirmed her sovereignty-based position concerning the international counterterrorism efforts.

In this regard, it should be mentioned that China recorded increasing participation in the international counterterrorism efforts since the 1970s. China became a party to most of the universal legal instruments to counter terrorist acts with reservations concerning only the standard dispute settlement, i.e. arbitration or ICJ jurisdiction, most likely in the light of her sovereignty-based views[73].

China is not a party of the *"Convention on the Marking of Plastic Explosives for the Purpose of Detection"* of 1991, although the convention is still applicable in Hong Kong Special Administrative Region, after the return to the sovereignty of the Motherland[74]. A table of the major international legal instruments to prevent terrorism, of which China is a party thereof, has been listed below.

[69] Ben SAUL, Defining Terrorism in International Law, Oxford University Press, Oxford, 2006, p. 160
[70] Ibid., p. 161-162
[71] Human Rights in China, Counter-Terrorism and Human Rights: the Impact of the Shanghai Cooperation Organization, 2011, available at http://www.hrichina.org/sites/default/files/publication_pdfs/2011-hric-sco-whitepaper-full.pdf, as retrieved on November 7, 2018
[72] HU, op. cit., 2003, p. 677. The translations occasionally vary from "three evils" to "three forces".
[73] Stubbins BATES, Terrorism and International Law: Accountability, Remedies, and Reform. A Report of the IBA Task Force on Terrorism, Oxford University Press, Oxford, 2011, pp. 1-2
[74] Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal, March 1, 1991, available at http://www.icao.int/secretariat/legal/List%20of%20Parties/MEX_EN.pdf, as retrieved on September 18, 2018

China and the International Instruments of Counterterrorism (Chronological order)

Legal Instrument	Date of Signature by China	Date of Ratification by China	Reservations
• *Convention on Offences and Certain Other Acts Committed On Board Aircraft, Tokyo, September 14, 1963*[75]	November 14, 1978	February 12, 1979	Art. 24, par. 1
• *Convention for the Suppression of Unlawful Seizure of Aircraft, Hague, December 16, 1970*[76]		September 10, 1980	Art. 12, par. 1
• *Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, September 23, 1971*[77]		September 10, 1980	Art. 14, par. 1
• *Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, February 24, 1988*[78]	February 24, 1988	March 5, 1999	
• *Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, New York, December 14, 1973*[79]		August 5, 1987	Art. 13, par. 1
• *International Convention Against the Taking of Hostages, New York, December 17, 1979*[80]		January 26, 1993	
• *Convention on the Physical Protection of Nuclear Material, Vienna, March 3, 1980, amended in 2016*[81]		January 10, 1989	Art. 17, par. 2
• *Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, Rome, March 10, 1988*[82]	March 10, 1988	August 20, 1991	Art. 16, par. 1
• *Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, Rome, March 10, 1988*[83]	March 10, 1988	August 20, 1991	

China and the International Instruments of Counterterrorism (Chronological order)

Legal Instrument	Date of Signature by China	Date of Ratification by China	Reservations
• *International Convention for the Suppression of Terrorist Bombings, New York, December 15, 1997*[84]		November 13, 2001	Art. 20, par. 1
• *International Convention for the Suppression of the Financing of Terrorism, New York, December 9, 1999*[85]	November 13, 2001	April 19, 2006	Art. 24, par. 1
• *International Convention for the Suppression of Acts of Nuclear Terrorism, New York, April 13, 2005*[86]	September 14, 2005	November 8, 2010	Art. 23, par. 1

Hence, China's role in facilitating the UN relations with SCO, as a regional organisation,

[75] Convention on Offences and Certain Other Acts Committed On Board Aircraft, Tokyo, September 14, 1963, available at https://treaties.un.org/doc/db/terrorism/conv1-english.pdf, as retrieved on September 18, 2018

[76] Convention for the Suppression of Unlawful Seizure of Aircraft, Hague, December 16, 1970, available at https://treaties.un.org/doc/db/terrorism/conv2-english.pdf, as retrieved on September 18, 2018

[77] Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, September 23, 1971, available at https://treaties.un.org/doc/Publication/UNTS/Volume%20974/volume-974-I-14118-English.pdf, as retrieved on September 17, 2018

[78] Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, February 24, 1988, available at http://www.un.org/en/sc/ctc/docs/conventions/Conv7.pdf, as retrieved on September 18, 2018

[79] Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, New York, December 14, 1973, available at http://legal.un.org/ilc/texts/instruments/english/conventions/9_4_1973.pdf, as retrieved on November 7, 2018

[80] International Convention Against the Taking of Hostages, New York, December 17, 1979, available at http://www.un.org/en/sc/ctc/docs/conventions/Conv5.pdf, as retrieved on October 19, 2018

[81] Convention on the Physical Protection of Nuclear Material, Vienna, March 3, 1980 (amended in 2016), available at https://www.iaea.org/sites/default/files/infcirc274r1m1.pdf, as retrieved on October 19, 2018

[82] Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, Rome, March 10, 1988, available at http://www.un.org/en/sc/ctc/docs/conventions/Conv8.pdf, as retrieved on October 20, 2018

[83] Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, Rome, March 10, 1988, available at http://www.un.org/en/sc/ctc/docs/conventions/Conv9.pdf, as retrieved on October 19, 2018

[84] International Convention for the Suppression of Terrorist Bombings, New York, December 15, 1997, UN link malfunctioning, available at https://cil.nus.edu.sg/rp/il/pdf/1997%20Intl%20Convention%20for%20the%20Suppression%20of%20Terrorist%20Bombings-pdf.pdf, as retrieved on October 19, 2018

[85] International Convention for the Suppression of the Financing of Terrorism, New York, December 9, 1999, available at http://www.un.org/Law/cod/finterr.htm, as retrieved on October 19, 2018

[86] International Convention for the Suppression of Acts of Nuclear Terrorism, New York, April 13, 2005, available at https://treaties.un.org/doc/db/terrorism/english-18-15.pdf, as retrieved on October 20, 2018

should be interpreted in the key of China's extensive participation in the ambit of counter-terrorism in the aftermath of September 11, 2001, a trend fully mirrored at the UNSC level[87]. By facilitating a UN-SCO institutional dialogue, China did not only manifest another proof of her extensive international engagement since the 1970s, but similarly a counter-terrorism framework compatible with the country's sovereign-based perspectives of international law.

5. Conclusions

China's legal practice within the UNSC allowed her to assert an ever-increasing role in the maintenance of international peace and security as expressions of international law. The country's voting behavior has undoubtedly witnessed a major evolution from learning to engagement and, finally, with regard to facilitating SCO's observer status, pioneering in her UNSC-related practice.

The crisis of Libya and Syria may provide the foundation for a new stage of development in China's relation with international law, namely an approach based on sovereignty, yet with more room for flexibility. Concerning the Libyan humanitarian crisis, the UNSC passed seven draft resolutions[88] concerning establishing a no-fly zone over the country and setting up a United Nations Support Mission in Libya, whose mandate has been later extended.

A notable proof of China's growing flexibility is the country's vote in favor of the UNSC Draft Resolution 1970/ 2011, which sought the referral of the situation to the ICC. China's abstention from the UNSC Draft Resolution 1973/ 2011 is similarly important as it creates a precedent in which the *"Security Council has authorized the use of military force for human protection purposes against the wishes of a functioning state"*[89].

Interestingly, Hehir notes that out of the ten states who voted for the UNSC Resolution 1973/ 2011, none appealed to the responsibility to protect in their argumentation[90]. Welsh argues the decision not to appeal to the *"responsibility to protect"* is largely due to the fact that the concept *"was still contested by some members of the Security Council as an appropriate rationale for military action."*[91]

With regard to Syria, China continued her traditional line of promoting national sovereignty and non-interference in the internal affairs, thus voting against adopting the

[87] UN Commission on Human Rights, Report of the Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, Martin SCHEININ, UN Doc E/CN.4/2006/98, December 28, 2005, par. 28, available at https://documents-dds-ny.un.org/doc/UNDOC/GEN/G05/168/84/PDF/G0516884.pdf?OpenElement, as retrieved on September 7, 2018

[88] UN Doc S/RES/1970 of 2011 (unanimous); UN Doc S/RES/1973 of 2011 (China, Russia, Germany, Brazil and India abstained); UN Doc S/RES/2009 of 2011 (unanimous); UN Doc S/RES/2016 of 2011 (unanimous); UN Doc S/RES/2017 of 2011 (unanimous); UN Doc S/RES/2022 of 2011 (unanimous); UN Doc S/RES/2040 of 2012 (unanimous).

[89] Alex J. BELLAMY, Libya and the Responsibility to Protect: The Exception and the Norm, Ethics & International Affairs, Vol. 25, No. 3, 2011, p. 263

[90] Aidan HEHIR, The Permanence of Inconsistency: Libya, the Security Council, and the Responsibility to Protect, International Security, Vol. 38, No. 1, 2013, p. 137

[91] Jennifer WELSH, Civilian Protection in Libya: Putting Coercion and Controversy Back into RtoP, Ethics & International Affairs, Vol. 25, No. 3, 2011, p. 255

resolutions authorizing military intervention. It could be argued that China has become an active supporter and largest participant among the permanent members of the UNSC concerning peacekeeping operations, yet only with the consent of the host state.

China sought to strengthen the UN's prerogative of maintaining international peace and security by facilitating its relation with regional organizations, perhaps the best example, in this case, being SCO. In this regard, China became both a pioneer in counterterrorism, as well as a staunch defender of national sovereignty by initiating and supporting the provisions of the *"SCO Charter"* as well as the *"Shanghai Convention on Combating Terrorism, Separatism and Extremism"*.

Consequently, China can be regarded as an increasingly flexible, yet cautious applicant of international law. It should be mentioned that, being the only non-European country among the permanent members of the UNSC, China assumed her mandate with a responsibility to represent not only herself, but similarly all the other developing nations, for which the prohibition of the use of force of the UN Charter is quintessential for their very survival as a state. In this regard, China's evolution from coexistence to cooperation could only benefit both the SCO, as an exponent of Asian regional cooperation, as well as the UNSC, as guardian of international peace and security.

Reference

International Legislation

Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, September 23, 1971

Convention for the Suppression of Unlawful Acts against the Safety of Maritime Navigation, Rome, March 10, 1988

Convention for the Suppression of Unlawful Seizure of Aircraft, Hague, December 16, 1970

Convention on Offences and Certain Other Acts Committed On Board Aircraft, Tokyo, September 14, 1963

Convention on the Marking of Plastic Explosives for the Purpose of Detection, signed at Montreal, March 1, 1991

Convention on the Physical Protection of Nuclear Material, Vienna, March 3, 1980 (amended in 2016)

Convention on the Prevention and Punishment of Crimes against Internationally Protected Persons, including Diplomatic Agents, New York, December 14, 1973

International Convention Against the Taking of Hostages, New York, December 17, 1979

International Convention for the Suppression of Acts of Nuclear Terrorism, New York, April 13, 2005

International Convention for the Suppression of Terrorist Bombings, New York, December 15, 1997

International Convention for the Suppression of the Financing of Terrorism, New York, December 9, 1999

International Court of Justice (ICJ), Application of the Convention on the Prevention and Punishment of the Crime of Genocide (Bosnia and Herzegovina v. Serbia and Montenegro), July 11, 1996

International Court of Justice (ICJ), Concerning the Legal Consequences of a Wall in the Occupied Palestinian Territory (Israel v. State of Palestine), Advisory Opinion, July 9, 2004

International Court of Justice (ICJ), Conditions of Admission of a State to Membership in the United nations (Art. 4 of the Charter), Advisory Opinion, ICJ Reports 1947-1948

Protocol for the Suppression of Unlawful Acts against the Safety of Fixed Platforms Located on the Continental Shelf, Rome, March 10, 1988

Protocol on the Suppression of Unlawful Acts of Violence at Airports Serving International Civil Aviation, supplementary to the Convention for the Suppression of Unlawful Acts against the Safety of Civil Aviation, Montreal, February 24, 1988

The Charter of the Shanghai Cooperation Organisation, signed in June 2002, entered into force on September 19, 2003

UN Commission on Human Rights, Report of the Special Rapporteur on the promotion and protection of human rights and fundamental freedoms while countering terrorism, Martin SCHEININ, UN Doc E/CN.4/2006/98, December 28, 2005

UN Department of Public Information, Security Council Fails to Adopt Draft Resolution on Syria as Russian Federation, China Veto Text Supporting Arab League's Proposed Peace Plan, UNSC, 6711th meeting, February 4, 2012, UN Doc SC/ 10536

UN Doc A/59/141 of 2004; UN Doc A/RES/59/48 of 2004; UN Doc S/PV.1660 of 1972;

UN Doc S/PV.1662 of 1972; UN Doc S/PV.3730 of 1997; UN Doc S/PV.3868 of 1998

UN Doc S/PV.3937 of 1998; UN Doc S/PV.3982 of 1999; UN Doc S/PV.3988 of 1999

UN Doc S/PV.4000 of 1999; UN Doc S/PV.5015 of 2004; UN Doc S/PV.6498 of 2011

UN Doc S/RES/1272 of 1999; UN Doc S/RES/1556 of 2004; UN Doc S/RES/1593 of 2005

UN Doc S/RES/1631 of 2005; UN Doc S/RES/1769 of 2007; UN Doc S/RES/1970 of 2011

UN Doc S/RES/1973 of 2011;UN Doc S/RES/1973 of 2011; UN Doc S/RES/2009 of 2011

UN Doc S/RES/2016 of 2011; UN Doc S/RES/2017 of 2011; UN Doc S/RES/2022 of 2011

UN Doc S/RES/2040 of 2012; UN Doc S/RES/776 of 1992; UN Doc S/RES/836 of 1993

UN Doc S/RES/929 of 1994; UN Doc S/RES/958 of 1994

UN General Assembly, Declaration of the High-level Meeting of the General Assembly on the Rule of Law at the National and International Levels, November 30, 2012, A/RES/67/1

UN Rule of Law Coordination and Resource Group, available at https://www.unodc.org/unodc/en/justice-and-prison-reform/interagency.html, as retrieved on February 19, 2017

UN Secretary-General, Report of the Secretary-General on the Rule of Law and Transitional Justice in Conflict and Post Conflict Societies, Doc S/2004/616

UNSC Resolution 1249 of 1999 with regard to Nauru

UNSC Resolution 1290/ 2000 with regard to Tuvalu

UNSC Resolution 502 of 1982 with regard to the immediate cessation and withdrawal of all Argentine forces from the Falkland Islands (Islas Malvinas)

UNSC Resolution 660 of 1990 with regard to Iraq - Kuwait

UNSC Resolution 688 of 1991 with regard to Iraq

Monographs, Journal and Newspaper Articles, On-line resources

***, China's Xi Proposes Security Concept for Asia, China Today, May 22, 2014, available at http://www.chinatoday.com.cn/english/news/2014-05/22/content_620347.htm as retrieved on November 7, 2018

***, China's Position Paper on the New Security Concept, Foreign Ministry of People's Republic of China, available at http://www.fmprc.gov.cn/ce/ceun/eng/xw/t27742.htm, as retrieved on November 8, 2018

***, Human Rights in China, Counter-Terrorism and Human Rights: the Impact of the Shanghai Cooperation Organization, 2011, available at http://www.hrichina.org/sites/default/files/publication_pdfs/2011-hric-sco-whitepaper-full.pdf

ALLOTT, Philip, Towards the International Rule of Law: Essays in Integrated Constitutional Theory, Cameron May, London, 2005

BATES, Stubbins, Terrorism and International Law: Accountability, Remedies, and Reform. A Report of the IBA Task Force on Terrorism, Oxford University Press, Oxford, 2011

BELLAMY, Alex J., Libya and the Responsibility to Protect: The Exception and the Norm, Ethics & International Affairs, Vol. 25, No. 3, 2011

BUCHANAN, Allen, KEOHANE, Robert O., The Legitimacy of Global Governance Institutions, Ethics & International Affairs, Vol. 20, No. 4, 2006

CARON, David D., The Legitimacy of the Collective Authority of the Security Council, American Journal of International Law, Vol. 87, No. 4, 1993

CHESTERMAN, Simon, An International Rule of Law?, American Journal of Comparative Law Vol. 56, No. 2, 2008

DAVIS, Michael C., The Reluctant Intervenor: The UN Security Council, China's Worldview, and Humanitarian Intervention in DAVIS, Michael C., DIETRICH, Wolfgang, SCHOLDAN, International Intervention in the Post-Cold War World: Moral Responsibility and Power Politics, M.E. Sharpe, Armon, 2004

FOOT, Rosemary, The Responsibility to Protect (R2P) and its Evolution: Beijing's Influence on Norm Creation in Humanitarian Areas, St Antony's International Review, Vol. 6, No. 2, 2011

HEHIR, Aidan, The Permanence of Inconsistency: Libya, the Security Council, and the Responsibility to Protect, International Security, Vol. 38, No. 1, 2013

HIGGINS, Rosalyn, The Place of International Law in the Settlement of Disputes by the Security Council, American Journal of International Law, Vol. 64, No. 1, 1970

HU, Qian, Chinese Practice in Public International Law: 2002, Chinese Journal of International Law, Vol. 2, No. 2, 2003

JOHNSTON, Alastair Iain, Treating International Institutions as Social Environments, International Studies Quarterly, Vol. 45, No. 4, 2001

KENT, Ann, China's International Socialization: The Role of International Organizations, Global Governance , Vol. 8, No. 3, 2002

KIM, Samuel S., China, the United Nations, and World Order, Princeton University Press,

Princeton, 1979

KOSKENNIEMI, Martti, The Place of Law in Collective Security, Michigan Journal of International Law, Vol. 17, No 2, 1996

LI, Baodong, Chinese Mission to the United Nations, Explanation of Vote by China's Ambassador to UN after Vote on Security Council Draft Resolution on Syria, February 5, 2012, available at http://www.fmprc.gov.cn/eng/zxxx/t901714.htm, as retrieved on October 23, 2018

LIANG, Yuen-Li, The Settlement of Disputes in the Security Council: The Yalta Voting Formula, British Year Book of International Law , Vol. 24, 1947

MORPHET, Sally, China as a Permanent Member of the Security Council: October 1971-December 1999, Security Dialogue, Vol. 31, No. 2, 2000, p. 151

MULLER, Wim, China's sovereignty in international Law: from historical grievance to pragmatic tool, China-EU Law Journal Vol. 1 No. 3-4, 2013

O'NEILL, Barry, Power and Satisfaction in the United Nations Security Council, Journal of Conflict Resolution, Vol. 40, No. 2, 1996, p. 233

SAUL, Ben, Defining Terrorism in International Law, Oxford University Press, Oxford, 2006

SCEATS, Sonya, BRESLIN, Shaun, China and the International Human Rights System, Chatham House, October 2012

SIMMA, Bruno, From Bilateralism to Community Interest in International Law, Hague Academy of International Law, Recueil des Cours, Vol. 250, 1994

TALMON, Stefan, The Security Council as World Legislature, American Journal of International Law, Vol. 99, No. 1, 2005

VAGTS, Detlev F., Hegemonic International Law, American Journal of International Law, Vol. 95, No. 4, 2001

WAN, Ming, Human Rights in Chinese Foreign Relations: Defining and Defending National Interests, University of Pennsylvania Press, Philadelphia, 2001

WANG, Tieya, International Law in China: Historical and Contemporary Perspectives, 221 Recueil Des Cours, The Hague Academy of International law, Brill Nijhoff, 1990

WELSH, Jennifer, Civilian Protection in Libya: Putting Coercion and Controversy Back into RtoP, Ethics & International Affairs, Vol. 25, No. 3, 2011

YU, Jiang (Foreign Ministry Spokesman), Remarks on the Death of Gaddafi's Son and Others in NATO's Air Strikes, May 2, 2011, China's Ministry of Foreign Affairs Website, available on http://www.mfa.gov.cn/eng/xwfw/s2510/2535/t819910.htm, as retrieved of September 17, 2018


THE LITTLE
RED DOT
Reflections of Foreign Ambassadors on Singapore
Volume III
Tommy Koh & Li Lin Chang
with Joanna Koh
editors

JGPG (2018) 7: 71-84
DOI 10.14666/2194-7759-7-2-005

PAPER

Free Trade Agreements and International Trade Flow of Pakistan: the Gravity Modelling Approach

Shujaat Abbas*

Abstract This study explores the effect of regional and bilateral free trade agreements on international trade flow of Pakistan with respects to 47 global trading partners from 1980 to 2016 using log-linear panel generalized ordinary least technique on augmented gravity equations. The result of the standard gravity equation is consistent with the theory of the model. The findings of the augmented gravity models revealed that the SAFTA have a significant negative effect in both export flow and import flow indicating lower trade creation among regional countries. The findings of bilateral free trade agreements with China, Malaysia, and Indonesia revealed a significant positive effect on import flow; whereas, insignificant and/or negative effect is observed in exports flow. The FTA with Sri Lanka and the USA revealed the negative effect on import flow with a positive effect on bilateral export flow. Pakistan should revisit these free trade agreements and renegotiate for corresponding market access.

Keywords: free trade agreements; export flow; imports flow; economic integration; gravity model; panel data

JEL Classification: C23; F12; F14; F15

Introduction

The world has witnessed a considerable proliferation of regional and bilateral free trade agreements (BFTAs) for greater trade diversification and development due to the continued stalemate in multilateral trade negotiations involving the World Trade Organization. The countries around the world have been exploring options of regional/bilateral trade liberalization through granting preferential/free trade agreements.Pakistan has also signed a regional trade agreement with South Asian countries known as the South Asian Free Trade Agreement (SAFTA).

A plethora of empirical studies have reported ineffectiveness of SAFTA to create sufficient trade among regional countries, (Gul and Yasin, 2011; Abbas and Waheed, 2015). It has also signed various bilateral free trade agreements, (BFTA), with the USA in 2003; Sri Lanka in 2005, Indonesia in 2006, China in 2006, Malaysia in 2007,

Dr. Shujaat Abbas* (✉)
Department of Economics, Institute of Business Management, Karachi, Pakistan
email: shujaat.abbass@gmail.com

Mauritius in 2007, and Afghanistan in 2010, for greater diversification and expansion. China and India are major competitors of Pakistan in both domestic and international market. The free trade agreements resulted in a considerable increase in competitive pressure on domestic manufacturing sectors and hence distorted productivity growth and exports. The local textile producers with the relatively higher cost of production are facing serious challenges from more competitive foreign industries, especially from China and India.

This study does not find any reliable empirical study on effect of bilateral free trade agreements on trade (export and import) flow of Pakistan and fills this gap by modelling export flow and import flow through augmented standard gravity model of international trade flow with binary variables for a free trade agreement with China, Indonesia, Malaysia, Mauritius, Sri Lanka, and the USA, and SAFTA. The rest of the study is organized as follows: Section 2 reviews international trade performance; whereas, section 3 surveys selected theoretical and empirical literature. Section 4 discusses modeling strategy and data sources. Section 5 analyses estimated results, and section 6 concludes the study with policy implications.

International Trade of Pakistan

International trade is the medium of income redistribution among the world's nations and is the founding concept of economic thought. The early mercantilism was a first national economic policy that dominated in Europe in the 16th to 18th century, much before the emergence of classical economic thought by Adam Smith 1776. International trade has always been very important, but its importance has considerably increased in recent years due to globalization and advancements in science and technology, especially in communication and transportation. International trade is directly associated with the increase or decrease in the national wealth and living standard.

The exports are income generated through international sales of domestic products that embody the contribution/earning of a domestic factor of production. In this regards, we can say that exports are a foreign investment on domestic factor market; similarly, imports are a domestic investment in foreign factor market/earning. The trade deficit indicates that domestic investment in foreign factor market is greater than foreign investment in domestic factor market resulting outflow of capital and employment. The figure 1 (see Appendix A) shows that International trade balance of Pakistan is facing persistent deficit balance since 1995 which has considerably distorted in recent years, especially after 2003. Figure 1 shows that the trade balance of Pakistan started to deteriorate after 2002, 1.6 billion US$, onward and reached 26.1 billion US$ in 2016.

This sharp and continual distortion in the trade balance indicates deteriorating domestic productivity and international competitiveness. The export growth is witnessing a deterioration from 31.4 billion US$ in 2011 to 26.8 billion US$ in 2016; whereas, import has grown considerably from 15.2 billion US$ to 51.6 billion US$ in 2016. The stagnation/distortion of export growth is a matter of great concern as the population is growing continuously. Pakistan has signed a regional trade agreement with South Asian countries known as SAFTA along with various other bilateral

free trade agreements, with China, Indonesia, Malaysia, Sri Lanka, Mauritius, and the USA, for the expansion of trade flow. The trade balance with the majority of countries with bilateral trade agreement has deteriorated considerably except Sri Lanka and the USA, see Table 1, 2 and 3 below. Pakistan being a member of South Asia is a signatory of South Asian free trade agreement (SAFTA) along with Bangladesh, India, and Sri Lanka. The ineffectiveness of SAFTA led to the formation of a free trade agreement with Sri Lanka in 2005. Table 1 shows exports, imports, and trade balance of Pakistan with selected South Asian countries.

Table 1. Trade Balance with Bangladesh, India, and Sri Lanka

Years	Bangladesh			India			Sri Lanka		
	Export	Import	TB	Export	Import	TB	Export	Import	TB
1981	59.64	51.30	8.34	67.40	2.77	64.63	30.74	49.56	-18.82
1986	40.24	43.89	-3.65	20.75	12.78	7.97	47.02	35.26	11.76
1996	108.64	36.15	72.49	41.43	211.55	-170.12	80.22	44.51	35.71
2001	119.48	25.52	93.96	66.18	241.06	-174.88	74.86	27.25	47.60
2006	266.84	55.89	210.95	326.70	1,114.99	-788.29	177.59	70.97	106.62
2011	947.23	82.73	864.49	272.86	1,607.35	-1,334.4	347.72	61.13	286.59
2016	656.16	48.60	607.56	348.10	1,644.39	-1,296.3	237.18	76.69	160.49

Source: Author's tabulation. Data were taken from the direction of trade statistics, published by the International Monetary Fund, 2018.

The values in Table 1 revealed that Pakistan is facing a persistent trade surplus with Bangladesh and Sri Lanka; whereas, India revealed the highest trade deficit of 1.3 billion US$ in 2016. Pakistan should revisit free trade agreement with India to expand market access for Pakistani products, and diversify its imports from Bangladesh and Sri Lanka. Pakistan has also signed free trade agreements with South East Asian countries like China, Indonesia, and Malaysia. Table 2 shows exports, imports, and trade balance of Pakistan with China, Indonesia, and Malaysia. The figures in Table 2 revealed persistent and large trade deficit of Pakistan with China, Indonesia, and Malaysia which has considerably increased in recent years after signing free trade agreements in 2006. Pakistan had a trade surplus of 92 million US$ with China in 1981 which has transformed into a deficit of 12089 million US$ in 2016, indicating considerable loss of international specialization with respect to China. The recent years witnessed a considerable increase in the trade deficit with China, which has considerably increased from 485 million in 2011 of 12090 million US$ in 2016 due to relatively sluggish export growth along with a large increase in imports due to CPEC related imports. Similarly, Pakistan is facing large and increasing trade deficit with Indonesia and Malaysia. These two countries account to trade deficit of Pakistan by

approximately 2.7 billion US$ in 2016. Exports to Indonesia is stagnant below 200 million US$; whereas, imports have witnessed considerable growth especially from 2001 onward.

Table 2. Trade Balance with China, Indonesia, and Malaysia

Years	China: Mainland			Indonesia			Malaysia		
	Export	Import	TB	Export	Import	TB	Export	Import	TB
1981	271.87	180.32	91.55	20.27	36.88	-16.61	3.88	165.98	-162.10
1986	14.19	161.97	-147.78	25.91	22.55	3.36	6.85	178.80	-171.95
1996	119.45	576.12	-456.67	142.08	113.96	28.13	38.48	652.28	-613.80
2001	289.33	484.96	-195.63	95.09	187.32	-92.23	53.30	435.14	-381.83
2006	506.64	2,914.93	-2,408.28	61.93	808.94	-747.01	60.97	765.85	-704.88
2011	1,678.96	6,470.65	-4,791.69	188.53	929.76	-741.23	243.05	2,727.99	-2,484.94
2016	1,590.86	13,680.15	-12,089.3	127.69	2,088.83	-1,961.1	151.75	944.63	-792.89

Source: Author's tabulation. Data were taken from the direction of trade statistics, published by the International Monetary Fund, 2018.

Pakistan has also signed free/preferential trade and investment agreement with the United States of America and small island country of Mauritius in 2003 and 2007, respectively. Table 3 shows the exports, imports, and trade balance of Pakistan with the USA and Mauritius.

Table 3. Trade Balance with the USA and Mauritius

Years	USA			Mauritius		
	Export	Import	TB	Export	Import	TB
1981	197.27	470.65	-273.38	10.48	**N.A**	10.48
1986	365.71	705.49	-339.78	8.01	1.28	6.73
1991	742.01	942.86	-200.85	13.00	1.33	11.67
1996	1,550.78	1,291.08	259.70	20.15	0.36	19.79
2001	2,233.85	569.31	1,664.55	29.55	0.08	29.47
2006	4,343.42	1,885.80	2,457.62	34.42	1.17	33.25
2011	3,839.16	1,753.21	2,085.95	33.99	3.49	30.49
2016	3,429.74	2,006.82	1,422.92	17.17	4.20	12.97

Source: Author's tabulation. Data were taken from the direction of trade statistics, published by the International Monetary Fund, 2018.

The values in Table 3 revealed that Pakistan has a persistent and large trade surplus

with the USA and Mauritius from 1991 onward, and recent years witnessed a satisfactory export growth performance with considerable distortion of imports. Import flow from the USA has decreased from 2.085 billion in 2011 to 1.42 billion in 2016. Similarly, import flow from Mauritius has witnessed a decline from 13 million in 1991 to 33 million in 2011. The recent years witnessed a decline in exports from 34 million to 17 million in 2016. Pakistan should diversify its imports from these countries in order to ensure future export market and growth.

Literature Review

The idea of gravity model has emerged in Physics which is taken to international trade by Tinbergen (1962) to explain the behavior of bilateral trade flow across the nations. The gravity model has now taken as the shape of standard models to explain the behavior of trade (export and import) flow, migration, and capital flow. Linnemann, (1966), Anderson, (1979), Bergstrand, (1985; 1989; 1990); Leamer and Stem (1970); and Leamer (1974) provide required microeconomic foundation to explain bilateral trade and capital flow across the national boundaries[1].The gravity model has been intensively used in the empirical analysis to address international trade and export flows due to strong explanatory power with acceptable theoretical foundations.

Regional and bilateral free trade remains debatable and investigated issue. Plethora of empirical studies have used the gravity model to explore the effects of various bilateral and/or regional trade agreements. Pastore et. al., (2009) investigates Barcelona's trade integration with the Mediterranean (MED) countries and with the new EU members by computing trade potential with these EU partners from 1995 to 2002 using an out-of-sample methodology. The finding suggests the existence of unexploited trade potential with both groups of partners. Cinar et al., (2016) investigated the extent to which countries in the former Silk Road regions are either reaching or failing to reach their trade potential with China by using an augmented gravity model and estimated trade potential using in-sample, out of sample, and counterfactual technique. The estimated result revealed that China's former Silk Road trading partners have yet to realize the potential benefits of China's growth for the period from 1990 to 2013. In more recent studies, Magrini et al., (2017) assessed the causal impact of the EU trade preferences granted to the Southern Mediterranean Countries (SMCs) in agriculture and fishery products over the period 2004–2014 by using highly disaggregated data on the sectoral level. This study applied a non-parametric matching technique for continuous treatment – specifically, a generalized propensity score matching technique to evaluate the preferential treatment. The results showed that the impact of the EU preferences is positive and significant on SMCs agriculture and fishery trade.

The literature of Pakistan shows a plethora of empirical studies on the use of the gravity model to address the behavior of capital flow, export flow, and total trade flow, (i.e. Achakzi, 2006; Butt, 2008; Akther and Ghani, 2010; Gul and Yasin, 2011; and Abbas and Waheed, 2015; Abbas, 2016) . The empirical research on the behavior of

[1] For details, see Bergeijk, (2010).

import flow is relatively scant. Malik and Chaudhary (2012) investigated imports flow to Pakistan from selected Asian economies using the augmented gravity model on panel generalized methods of movement estimation technique. The focus of previous studies where either identification of determinants of trade flow or exploration of trade potential. The above-discussed literature has incorporated SAFTA and findings revealed insignificant and/or negative effect. This study does not find any reliable empirical study conducted to explore the effect of bilateral free trade agreements on its trade (export and import) flow of Pakistan.

Model Specification

The gravity model of international trade flow argues that the bilateral trade flow is a positive function of the economic size of each country, measured through the gross domestic product (GDP) and the negative function of bilateral distance. The standard gravity model of the international trade, introduced by the Tinbergen (1962) and Pöyhönen (1963) describes the trade relationship between heterogeneous economies at various geographic distances, is presented in Equation 1.

$$T_{ij} = \alpha \frac{Y_i \cdot Y_j}{D_{ij}} \tag{1}$$

Where: T_{ij} is bilateral trade (export and import) flow, Y_i is domestic productivity measured by real GDP; Y_j is the income of a trading partner, and D_{ij} is bilateral distance. The log-linear form of the standard gravity model (1) is presented as follows:

$$Ln\,T_{ij} = \beta_0 + \beta_1 Ln\,Y_i + \beta_2 Ln\,Y_j + \beta_3 Ln\,D_{ij} + \mu_{it} \tag{2}$$

The stochastic standard gravity equations used to explore the behavior of bilateral import and export flow of Pakistan with respected to selected global trading partners are presented as;

$$LnM_{ijt} = \beta_0 + \beta_1 LnY_{it} + \beta_2 LnY_{jt} + \beta_3 LnD_{ij} + \mu_{it} \tag{3}$$

$$LnX_{ijt} = \beta_0 + \beta_1 LnY_{it} + \beta_2 LnY_{jt} + \beta_3 LnD_{ij} + \mu_{it} \tag{4}$$

Where: the subscription M_{ijt} is imports of Pakistan from selected trading partners (j); Y_{it} is the gross domestic product of home (Pakistan) country; Y_{jt} is the domestic product of partner countries, and D_{ij} is the geographic distance between capitals of sampled countries. β_0 is intercept, β_1 and β_2 are slope coefficients of GDP of trading the country (Y_i) and its partners (Y_j), repectively. β_3 is coefficient of distance (D_{ij}). According to the theory of standard the gravity model the coefficient β_1 and β_2 are expected to be positively associated with the volume of bilateral trade (import and export) flow; whereas, β_3 is expected to be negatively associated.

The review of previous reviewed studies on international trade flow of Pakistan have augmented gravity model by incorporated real exchange rate, common language, common border, SAFTA, and other economic integrations, except bilateral

free trade agreements of Pakistan (see, Butt 2008; Gul and Yasin 2011; Abbas and Waheed 2015). The augmented gravity models used in this study incorporates free trade agreement with China (FTACH), Indonesia (FTAIND), Malaysia (FTAMAL), Mauritius (FTAMAU), Sri Lanka (FTASRL), and USA (FTAUSA) and is presented in the Equation 5 and 6.

$$\begin{aligned} LnM_{ijt} = {} & \beta_0 + \beta_1 LnY_{it} + \beta_2 LnY_{it} + \beta_3 LnD_{ij} + \beta_4 LnRER_{ijt} + \beta_5 BDR_{ij} \\ & + \beta_6 SAFTA_{ij} + \beta_7 FTACH + \beta_8 FTAIND + \beta_9 FTAMAL \\ & + \beta_{10} FTAMAU + \beta_{11} FTASRL + \beta_{12} FTAUSA + \mu_{it} \end{aligned} \tag{5}$$

$$\begin{aligned} LnX_{ijt} = {} & \beta_0 + \beta_1 LnY_{it} + \beta_2 LnY_{it} + \beta_3 LnD_{ij} + \beta_4 LnRER_{ijt} + \beta_5 LnM_{ijt} \\ & + \beta_6 BDR_{ij} + \beta_7 SAFTA_{ij} + \beta_8 FTACH + \beta_9 FTAIND \\ & + \beta_{10} FTAMAL + \beta_{11} FTAMAU + \beta_{12} FTASRL + \beta_{13} FTAUSA \end{aligned} \tag{6}$$

Where, RER_{ij} is relative price level measured by the real exchange rate. BDR_{ij} is dummy variable for bordering countries, constructed valuing 1 to adjacent countries and 0 otherwise. $SAFTA_{ij}$ is binary variable South Asian free trade agreement constructed by valuing 1 from 2004 onward and zero, otherwise. Similarly, binary variables for bilateral free trade agreements where constructed.

The relative prices measure the responsiveness of trade (export and import) to change in the relative price level. The data on relative prices of Pakistan with selected trading partners is not directly available and is calculated using purchasing power parity condition, see Equation 7.

$$RER_{ijt} = ER_{ijt}\left(P_{it} / P_{jt}\right) \tag{7}$$

Where ER_{ij} measures the exchange rate of Pakistani Rupee in term of the unit currency of selected trading partners, P_j is price level at trading partner, measured by their respective GDP deflators and WPI; P_i is a domestic price level, measure by domestic consumer price index.

The coefficient β_4 measures responsiveness of import and export flows to change in the eal exchange rate (relative prices). According to the standard economic theory, relative prices have positively effects on export flow and negatively associated with the import demand. The coefficients β_5 are also expected to be positively associated with each other. The findings of Abbas and Waheed (2018) found the significant positive effect of bilateral imports flow on volume of exports from selected GCC countries. The coefficient β_5 according to theory should positively affect bilateral trade flow but the findings revealed insignificant and/or negative effect on exports flow, see Abbas and Waheed, (2015). Similarly, SAFTA has also revealed insignificant and/or negative effect on bilateral export flow and trade (exports +imports) flow, (see, Butt 2008; Gul and Yasin, 2011; Abbas and Waheed, 2015). These selected binary variables for bilateral free trade agreements of Pakistan are first time incorporated in the augmented

gravity model. According to the theory of gravity model the free trade agreements, β_8 *to* β_{13}, have a significant positive effect on bilateral export and import flow.

The data on bilateral trade flow to Pakistan from its 47 global trading partners[2], from 1980 to 2016, are taken from various data sources. The data on import and export flow of Pakistan is taken from the Direction of Trade Statistic (DOT)[3], published by the International Monetary Fund (IMF). The data on gross domestic products, consumer price index, and deflator of the gross domestic product are taken from the WDI published by the World Bank. The data of geographic distance and the border is collected from Centre d'Etudes Prospectives et d'informations internationales (CEPII)[4]. The data of bilateral exchange rate of Pakistan taken from international financial statistics, published by the International Monetary Fund. The dummy variable for SAFTA and BFTA are generated valuing 1 for selected members of the bilateral and regional trade agreement, otherwise 0; similarly, dummy for the common border is generated. This study constructed dummy variables to capture the individual effect of each trade agreement by valuing 1 from date of signing onward, otherwise 0.

Estimated Results

This section will discuss the macroeconomic behavior of import flow and potential of Pakistan from its 47 global trading partners, investigated using an augmented gravity model on panel data from 1980 to 2016. The estimated result of the Hausman test suggests the efficiency of panel fixed effect model over the random effect model. The bilateral distances are time-invariant and panel fixed effect model is not applicable in this case. The random effect model through relating individual-specific variation to error term can cause autocorrelation and bias estimates, (Baltagi, 2013).

Table 4. Hausman test for model selection

	Export Model			Import Model		
Test Summary	**Chi-Sq. Stat.**	**Chi-Sq. d.f.**	**Prob.**	**Chi-Sq. Stat.**	**Chi-Sq. d.f.**	**Prob**
Cross-section random	26.423	10	0.003	40.023	10	0.00

Source: Author's estimation

This study, therefore, employed panel generalized ordinary least square estimation technique with cross-sectional weight to explore the effect of selected core and policy variables on trade (import and export) flow of Pakistan. The standard and augmented gravity model used to explore behavior of import flow are presented as follows;

[2] The list of selected trading partners are presented in Table 2 in result section.

[3] http://elibrary-data.imf.org/

[4] http://www.cepii.fr/

Table 5. Result of Gravity model of import flow

Dependent variable: LnMij

Variables	Coeff.	t-Stat.	Prob.	Coeff.	t-Stat.	Prob.
C	-10.480	-9.759	0.000	-3.716	-4.090	0.000
LnYi	1.045	12.378	0.000	0.260	2.788	0.005
LnYj	0.805	34.131	0.000	0.389	20.210	0.000
LnDij	-0.803	-12.067	0.000	-0.197	-5.210	0.000
LnRERij				0.007	0.837	0.403
BDRij				0.704	6.933	0.000
SAFTA				-0.834	-7.887	0.000
FTACH				0.911	6.520	0.000
FTAIND				2.048	16.409	0.000
FTAMAL				2.598	31.138	0.000
FTASRL				-0.228	-2.957	0.003
FTAUSA				-0.495	-7.425	0.000
Adjusted R^2	0.476			0.799		
S.E. of Reg.	1.553			1.302		
F-stat.	527.048			576.864		
Prob. (F-stat.)	0.000			0.000		

Source: Author's estimation

The result in Table 5 revealed that the findings of standard gravity variables are consistent with the model theory. The coefficient of the real exchange rate revealed the insignificant effect on import flow; whereas, common border revealed significant positive impact indicating 0.70 times greater import from bordering countries as compare to other countries in the model.

The SAFTA revealed significant negative impact indicating 0.83 times lower import from South Asian countries. The significant negative effect is inconsistent with the findings of previous studies, Abbas and Waheed (2015). The result of binary variables shows that Pakistan's import from China, Indonesia, and Malaysia is 0.91, 2.05, 2.56 times greater, whereas, import from Sri Lanka and the United States revealed significant negative effect indicating lower import of 0.23 and 0.50 times, respectively.

The result of the augmented gravity model for export flow is presented in Table 6. The result shows that the findings of standard gravity variables are consistent with the model theory. The result of the augmented gravity model of export flow revealed that the real exchange rate has the significant positive effect of lower intensity, as one percent increase in the real exchange rate is associated with an increase in export flow

by only 0.02 percent. The effects of selected macroeconomic and binary variables on bilateral export flow of Pakistan with its global trading partners are presented in the Table 6 as follows;

Table 6. Result of Gravity Model for Export Flow
Dependent variable: LnXij

Variables	Coeff.	t-stat.	prob.	Coeff.	t-stat.	prob.
C	-11.904	-14.146	0.000	-5.791	-11.231	0.000
LnYi	1.288	19.47	0.000	0.782	20.922	0.000
LnYj	0.658	35.654	0.000	0.459	33.330	0.000
LnDij	-0.774	-14.842	0.000	-0.705	-17.140	0.000
LnRERij				0.020	3.472	0.001
LnMij				0.343	26.793	0.000
BDRij				-0.816	-7.451	0.000
SAFTA				-0.662	-3.066	0.002
FTACH				0.574	1.234	0.126
FTAIND				-0.864	-5.510	0.000
FTAMAL				-0.618	-2.299	0.022
FTASRL				1.439	5.154	0.000
FTAUSA				1.136	4.873	0.000
Adj. R^2	0.543			0.812		
S.E. of Reg.	1.217			1.028		
F-stat.	688.251			624.628		
Prob.(F-stat.)	0.000			0.000		

Source: Author's estimation

The estimated results revealed that the result of standard gravity model for export flow are consistent with the models' assumption. The findings of augmented variables revealed that the coefficient of import flow reveals a significant positive effect on bilateral export flow. It implies that Pakistan tends to export more to countries with higher imports. The binary variable of the common border and SAFTA revealed a significant negative effect on export flow showing 0.81 times lower exports from bordering countries and 0.66 times from selected South Asian countries. The result of bilateral free trade agreements shows that the export flow of Pakistan to Sri Lanka is 1.43 times greater than sampled countries, whereas, export flow to USA and China is 1.14 and 0.51 times greater. The binary variable for a free trade agreement with Indonesia and Malaysia revealed significant negative effect indicating 0.86 times and 0.62 times lower exports, respectively.

The result of the diagnostic test confirmed goodness of fit of the regression model and the coefficient of determination revealed that approximately 77.7 % variation in the dependent variables is explained by selected explanatory variables in the models. The result of F-stat. validates overall goodness of fit of the regression model. The standard error of the regression model and bias proportion is low indicating forecasting efficiency.

Conclusion

This study investigates the effect of regional and bilateral free trade agreements of Pakistan on trade flow with 47 global trading partners from 1980 to 2016. The log-linear panel generalized methods of movement estimation technique are applied to augmented gravity equations. The estimated results of standard gravity models are consistent with the theory.

The estimated result of the standard gravity equation is consistent with the theory of the model. The findings of the augmented gravity equation revealed that the SAFTA have a significant negative effect in both the models for export flow and import flow indicating lower trade creation among regional countries. The findings of bilateral free trade agreements with China, Malaysia, and Indonesia showed the significant positive effect on import flow with insignificant and/or negative effect on exports flow; whereas, FTA with Sri Lanka and the USA revealed the negative effect on import flow with a positive effect on bilateral export flow.

This study urges Pakistan to revisit and renegotiate all bilateral free trade agreements for greater market access especially with China, Indonesia, and Malaysia. Future studies should address the disaggregated trade flow with selected countries with free trade agreements using both 2 digits and 4 digits HS data. The study urges Pakistan to diversify its imports towards Bangladesh, Sri Lanka, and the USA as imports from these countries have decreased considerably.

References

Abbas, S. (2016). Remittances Flow to Pakistan: A Gravity Approach, *Journal Transition Studies Review*, *23*(1), 97-106

Abbas, S., & Waheed, A. (2018). Import determinants and Potential Markets: A Panel Data Gravity Modeling Analysis for Bahrain, *Review of Middle East Economics and Finance*, *14*(1), 1-7

Abbas, S., & Waheed, A. (2015). Pakistan's Potential Export Flow: The Gravity Model Approach. *Journal of Developing Areas, 49*(4), 367-378.

Alam, M. M., Uddin, M. G., & Ta, K. M. (2009). Import Inflows of Bangladesh: the Gravity Model Approach. *International Journal of Economics and Finance, 1*(1), 131-140.

Achakzai, J. K. (2006). Intra-ECO Trade: A Potential Region for Pakistan's Future Trade. *The Pakistan Development Review, 45*(3), 425–437.

Akther, N., & Ghani, E. (2010). Regional Integration in South Asia: An Analysis of Trade

Flows Using the Gravity Model. *Pakistan Development Review, 49*(2), 105-118.

Anderson, J. (1979). A Theoretical Foundation for the Gravity Equation. *The American* Economic Review, 69(1), 106-116.

Baltagi, B. H. (2013). *Econometric Analysis of Panel Data* (5th ed.). Wiley and Sons.

Bergstrand, J. H. (1985). The gravity equation in international trade: Some microeconomic foundations and empirical evidence. *Review of Economics and Statistics*, *67(3),* 474–481.

Bergstrand, J. H. (1989). The generalized gravity equation, monopolistic competition, and the factor-proportions theory in international trade. *Review of Economics and Statistics*, *71(1)*, 143–153.

Bergstrand, J. H. (1990). The Heckscher-Ohlin-Samuelson model, the Linder hypothesis, and the determinants of bilateral intra-industry trade. *Economic Journal*, *100(403),* 1216–1229.

Bergeijk, P. A., & Brakman, S. (2010). The Gravity Model in International Trade: Advances and Applications, *Cambridge University Press*. USA

Batra, A. (2006). India's Global Trade Potential: The Gravity Model Approach. *Global Economic Review, 35* (3), 327-361.

Cinar, E. M., Johnson, J., & Geusz, K. (2016). Estimating Chinese Trade Relationships with the Silk Road Countries. *China & World Economy, 24*(1), 85–103.

Govt. of Pakistan. (2017). *Economic Survey of Pakistan*, Ministry of Finance, Islamabad, Pakistan

Gul, N., & Yasin, H. M. (2011). The Trade Potential of Pakistan: An Application of the Gravity Model. *The Lahore Journal of Economics, 16(1)*, 23-62.

IMF (2017). *The direction of Trade Statistics,* International Monetary Fund, Washington, D.C., USA

IMF (2017). *International Financial Statistics*, International Monetary Fund, Washington, D.C., USA

Leamer, E. (1974). The commodity composition of international trade in manufactures: An empirical analysis. *Oxford Economic Papers*, *26(30)*, 350-374.

Leamer, E., & Stem, R. M. (1970). *Quantitative international economics*. Boston, MA: Allyn and Bacon.

Linnemann, H. (1966). *An Econometric Study of International Trade Flows,* Amsterdam: North-Holland.

Malik, S., & Chaudhary, A. R. (2012). The Structure and Behavior of Pakistan's Imports from Selected Asian Countries: An Application of Gravity Model. *Pak. J. Commer. Soc. Sci., 6*(1), 53-66.

Magrini, E., Montalbano, P., & Nenci, S. (2017). Are EU trade preferences really effective? An impact evaluation assessment of the Southern Mediterranean Countries' case. *International Review of Applied Economics, 31*(1), 126-144

Pastore, F., Ferragina, A. M., & Giovannetti, G. (2009). A Tale of Parallel Integration Processes: A Gravity Analysis of EU Trade with Mediterranean and Central and Eastern European Countries. *Review of Middle East Economics and Finance, 5*(2), 1475-3693.

Tinbergen, J. (1962). *Shaping the World Economy*, New York: Twentieth Century Fund

World Bank (2017). *World Development Indicators*, the World Bank, Washington, D.C., USA

Appendix A

Figure 1. Export, Imports, and Trade Balance of Pakistan, (1995 to 2016)

Source: Authors construction. Data were taken from World Development Indicators, Jan 26, 2018.

JGPG (2018) 7: 85-88

OPINION

Towards a Global Rule of Law[1]

Fernando Ayala*

JEL Classification: R00; K33; K42

Developed countries presume that in their societies the rule of law which guarantees the separation of powers, respect for the law, human rights and private property which means security for foreign investors, among other things. All this is true, with the respective nuances, also for many developing countries, where equality before the law applies to all citizens - in theory at least.

The rule of law of a society is characterized by respect for a legal order emanating from the will of its citizens that has been expressed without obstacles, within the framework of a representative democratic system, where free, competitive elections under equal conditions exist.

The United Nations defines the rule of law as "a principle of governance in which all individuals, institutions and entities, public and private, including the State itself, are subject to laws that are publicly promulgated, enforced equally and applied independently, in addition to being compatible with international human rights standards and principles [1].

No democratic country today doubts the importance of the rule of law - on the contrary, one seeks to extend it to those countries where it has not been fully developed. However, little is done to *aggiornarlo* within the international system, i.e. the United Nations, where agreements are negotiated for the benefit of humanity. This would make it possible to perfect the construction of a solid juridical framework of multilateralism to move towards a real global governance due to the complexity of the problems and threats that we face today, not as individual countries but as a human species. This obviously takes political will, because it would be a matter of subtracting national sovereignty and delivering it to a body that should be

[1] This article is originally published in Wall Street International Magazine, 21 January 2019, https://wsimag.com/economy-and-politics/48818-towards-a-global-rule-of-law
Reprint with Author permission.

Fernando Ayala*

Former Ambassador of Chile, is a graduate economist at the University of Zagreb in Croatia and holds a master's degree in Political Science from the Catholic University of Chile. He is currently consultant for FAO in Rome headquarter, on South-South cooperation, academic and parliamentary issues. For almost for decades, he worked for the Chilean Foreign Service, since 2004 in the rank of Ambassador. He quit the diplomatic career on March 10, 2018. As a Foreign Service official, he served in Ecuador, South Korea, Sweden, the United States and Italy. He was Chile's Ambassador to Vietnam, Portugal, Trinidad and Tobago, Italy and to the UN agencies based in Rome: FAO, IFAD and WFP.

reformulated, including the powers of the Security Council and the Secretary General. A substantive reform would contribute to increase the legal security of the international community and protect the equality of the States.

We are talking about starting a democratization of the current international system that has an authoritarian enclave imposed by the winners of the Second World War in the San Francisco Conference in 1945, as is the veto power of the 5 big ones: United States, Russia, China, the United Kingdom and France. This responded to a moment in history that has been overcome and that does not adjust to current challenges. These five countries together with 10 non-permanent members that rotate by geographical regions every two years make up the Security Council in charge of ensuring peace and security in the world.

Real power is concentrated in the countries named above, which limits the exercise of multilateral democracy by transforming it into deeds, into a kind of "protected multilateral democracy". Voting is useless in the framework of the General Assembly, where the principle of equality of States translates into "one country one vote", if finally, that will is subject to the power of 5 States, where it is enough that one opposes to leave without effect what is approved by the majority [2].

Between 1946 and 2016 the veto has been applied on 236 occasions, almost half of which correspond to the former Soviet Union / Russia and the other half to the United States, France and the United Kingdom. The Soviets did not consult anyone when their tanks entered the countries of their orbit or when they invaded Afghanistan in 1979. Nor did China when it invaded Vietnam in 1979. President Reagan did not inform even his most loyal allies when he occupied the small Caribbean island of Granada in 1983, neither did President Bush with Panama in 1989.

It is in the use of force that this anomaly is best appreciated - according to the Charter of the United Nations, this must be approved by the Security Council [3]. This provision has been violated in 2018 with the joint bombing of Syria by the United States, France and the United Kingdom [4]. After the Civil War in Yugoslavia (1991-1995), which left more than 100 thousand Yugoslavs dead and around 4 million displaced, there was the so-called Kosovo War (1998-1999), which was the continuation of the first and which included the bombing of the city of Belgrade for almost 3 months by NATO forces, leaving a frightening balance [5] that included the death of three Chinese diplomats in their own embassy [6].

In the opinion of organizations such as Amnesty International and under the rules of International Law, the use of force by the United States and its allies constituted a violation of the United Nations Charter and its acts constituted war crimes [7]. Thus, it is paradoxical, to say the least, that the European Union, in its celebrations for the 60th anniversary of the signing of the Treaty of Rome, has defined it as "the longest peace period in the history of Europe" [8].

Although it cannot be said that the use of force without the approval of the Security Council is a habitual fact, it can be said that in practice, there are no consequences or sanctions if one of the 5 major powers "breaks the global rule of law" and skips the rules of what is the legal order or "the Constitution" of the international system that

governs us as it is the Charter of the United Nations. Regarding the use of the veto enshrined in the Charter, in 70 years it has been used on average 3.3 times per year.
Two Secretary General of the United Nations have tried to reform the Security Council, without success naturally: Kofi Annan and Ban Ki-Moon; being the cornerstone the reform of the right to veto or the inclusion of new members on an equal footing.
Numerous proposals have been made developing different models of composition of the organism driven by countries that would like to enter the exclusive club of the 5 permanent ones and that have enough resources, as in the case of Germany, Japan or India; the latter with atomic weapons and more than one billion inhabitants. To this list are added Brazil, Mexico, Italy or South Africa, among others. Currently the Security Council operates with 15 countries where each of them has one vote and decisions are made with a majority of 9, if there is no opposition from some of the 5 permanent members.

If the Rule of Law must reflect equality in a substantive way, where no one is above the law and where everyone is entitled to equal protection and benefits[9], then the international community should advance in the same terms towards a State of Global Law, which guarantees a real governance in an increasingly insecure world, where the production of weapons does not diminish - on the contrary, it increases along with the permanent danger of the eventual use of nuclear bombs. We can add many threats that now threaten the survival of the human species and the planet, such as climate change caused by human beings, pollution of seas and cities, the irrationality of the liberalization of the international financial system and consumer capitalism that seems to have no end.

Uncertainties about the future are growing, which should lead us to a reformulation of our way of life, and this requires a true world governance, which ensures our survival. While today it is impossible to think that the 5 countries that maintain the monopoly of power in the United Nations are going to cede and democratize the organization, all that remains is to insist and mobilize civil society and the political movements concerned about the future, while other roads are not visible, before it's too late for everyone.

References

[1] ¿Qué es el Estado de Derecho?

[2] There are many examples; you can review the times in which each member country of the Security Council has exercised its right to veto.

[3] Charter of the United Nations, chapter VII.

[4] Flagrante violación del derecho internacional. Flagrant violation of international law. Vladimir Putin declared that if Washington takes new actions against Damascus there will be 'inevitably' a chaos in international relations.

[5] 19 countries of the Western military alliance began their campaign from the ships in the Adriatic and four air bases in Italy. NATO launched 1,300 cruise missiles, more than 37,000 cluster bombs that killed some 200 people and left hundreds injured. According to the estimates of the Serbian government, at least 2,500 people, of which 89 children,

died during the attacks (according to some sources, the total number of deaths was almost 4,000), while more than 12,500 people were injured and damages to the economy and infrastructure were estimated at 100 trillion dollars. During the aggression, NATO carried out a total of 2,300 air strikes in 995 installations throughout the country, while 1,150 fighter jets launched almost 420,000 missiles, see Serbia marks anniversary of start of NATO bombing.

[6] La CIA asume su culpa en el bombardeo de la Embajada china.

[7] Charter of the United Nations, chapter VII.

[8] European Union

[9] Louise Arbour, Histórica Reunión de Alto Nivel sobre el estado de derecho celebrada en las Naciones Unidas.

JGPG (2018) 7: 89-91
DOI 10.14666/2194-7759-7-2-006

JUNIOR RESEARCH WORKING PAPER

EU Common Foreign and Security Policy: the Case of Civilian CSDP

Yi Sun

JEL Classification: F50; F55

Common Security and Defense Policy (CSDP) of the European Union consists two dimensions of missions: the military CSDP and the civilian CSDP. The former serves strategic military missions through Military Planning and Conduct Capability. The latter is developing more and more prominently under nowadays complex global politics and focuses on crisis management and conflict prevention. The coordination and nexus of military-civilian missions contribute together to international peace and security. The civilian CSDP addresses problems such as terrorism, crimes, poverty, human rights, law reform, climate change, sustainable energy, cyber security, corruption, trade, justice and human affairs (JHA), just to mention.

The civilian CSDP aims at peacekeeping and international security through an approach of "pre-emption, empowerment and resilience, rather than risky and costly intervention"[1]. The EU has deployed 34 civilian missions of CSDP such as the rule of law mission in Kosovo since 2008, the border assistance mission in Libya since 2013, the advisory mission in Iraq since 2017, and many other less known and relevant examples. The Civilian CSDP Compact was renovated in April 2018 after the conclusions of European Council, aiming to set up a more flexible, integrated, adaptable and fast CSDP. Meanwhile, there are challenges that EU faces while developing and implementing a civilian CSDP, such as how to allocate the recourses, whether the member states are willing to fulfill their recruitment commitments, how to coordinate among different member states, and to consider the more relevant tasks. Liberal intergovernmentalism may provide a theoretic approach to analyze the challenges.

Liberal intergovernmentalism was proposed by Professor Andrew Moravcsik based on adaption and development of intergovernmental institutionalism. The three core elements of liberal intergovernmentalism are: "the assumption rational state behavior; a liberal theory of national preference formation, and an

[1] http://www.europarl.europa.eu/RegData/etudes/BRIE/2018/630295/EPRS_BRI(2018)630295_EN.pd

Yi Sun*(✉)
Graduated at UIBE University, Beijing, China
Boston College, Massachusetts, USA and ending this year at Freie Universität Berlin in International Relations
email: yisun17@yahoo.com

intergovernmentalist analysis of interstate negotiation"[2] This theory argues that the integration is a result of bargains and negotiations on two levels - among domestic interest groups and among the member states in EU, influenced by factors such as economic interests, relative power of institutions, and reliable promises. The negotiations have three stages: national preference formation, intergovernmental negotiation and institutional delegation.

To apply liberal intergovernmentalism into the case of negotiations of Civilian CSDP, negotiations take place in both domestic and international levels and undergo the three stages. Firstly, domestic interest groups seek for their own social, economic educational, researching and new technologies interests where to integrate and compete with each other, contributing to the national preference formation.

Secondly, after setting the national preference and interests, the states will act as main actors in transnational negotiations, for example, revise the compact terms or budget. Again, mentioning the case of the Baltic Sea region countries, such as Lithuania, Latvia and Estonia, we can perceive how they were cautious about the civilian and military development of CSDP because fearing that it may weaken the NATO and trans-Atlantic relations. However, they did not want to object to EU biggest members such as France or Germany. Therefore, these Baltic Sea region countries maintained that they would support the civilian and military CSDP on the condition that "this would lead to an increase in defense spending and a boost in military capabilities, and would not duplicate NATO." Finland was an active participate in the debate of CSDP as it viewed the integration through CSDP contributes to its own national security. Czech Republic were very supportive of the development of CSDP as well[3]. There different national preference set up the standing points for negotiations and make it challenging to develop and implement civilian CSDP as different states have their own concern and interests.

Thirdly, the states will seek institution delegation, settling negotiations and reaching agreement through international institutions. This is a decision process. In this case, European parliament takes the role of institution delegation. It announces the Civilian CSDP Compact in November 2018, "following up on the December 2017 European Council (…) and after consultations with EU Foreign Affairs, Interior and Justice Ministries, the Commission and other stakeholders"[4]. The parliament has called for the debates and negotiations through summits or council meetings such as The December Summit on CSDP, European Parliament's May 2018 conclusion for strengthening civilian Common Security and Defense Policy (CSDP)., and etc. The EU leaders have to make decisions and detailed guideline on the strength of civilian CSDP. However, supranational institutions have limited influence on states, who are rational actors focusing on their own interests and avoiding risks. Whether the member states will uphold to the Civilian CSDP Compact will be a question in its implementation.

[2] http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.463.7692&rep=rep1&type=pdf

[3] https://www.osw.waw.pl/en/publikacje/osw-commentary/2017-06-28/csdps-renaissance-challenges-and-opportunities-eastern-flank

[4] Nicoletta Pirozzi, The Civilian CSDP Compact A success story for the EU's crisis management Cinderella? European Union Institute for Security Studies (EUISS), October 2018

My findings are that CSDP is really the achievement of a political drive in EU toward both military and civilian dimensions and actions to make credible Europe as a major Security and Defense actor in EU and in the international regional crises. The civilian dimension of missions gives EU added-value in conflict management and peacekeeping. However, the integration of EU still faces various challenges, both internally and externally.

GSDP was a “Cinderella” story but now it has been put into an action plan. As quoted from Nicoletta Pirozzi , “Civilian CSDP will need three essential elements to succeed: (1) a renewed and credible strategic framework; (2) adequate operation - al capabilities; and (3) a solid commitment by relevant stakeholders”.

Volume 25 · Number 2 · Autumn/Winter 2018

Journal
Transition Studies Review

PAPERS

Rules for Authors of *Journal of Transition Studies Review are available at www.transitionacademiapress.org*

Transition Academia Press
www.transitionacademiapress.org

ISSN Print Edition 1614-4007

ISSN e-Journal 1614-4015

Journal
Global Policy and Governance

Copyright information

For Authors

As soon as an article is accepted for publication, authors will be requested to assign copyright of the article (or to grant exclusive publication and dissemination rights) to the publisher (respective the owner if other than Transition Academia Press). This will ensure the widest possible protection and dissemination of information under copyright laws. Authors submitting articles for publication warrant that the work is not an infringement of any existing copyright and will indemnify the publisher against any breach of such warranty. More information about copyright regulations for this journal is available
at www.transitionacademiapress.org

For Readers

While the advice and information in this journal is believed to be true and accurate at the date of its publication, neither the authors, the editors, nor the publisher can accept any legal responsibility for any errors or omissions that may have been made. The publisher makes no warranty, express or implied, with respect to the material contained herein. All articles published in this journal are protected by copyright, which covers the exclusive rights to reproduce and distribute the article (e.g. offprints) as well as all the translation rights. No material published in this journal may be reproduced photographically or stored on microfilm, in electronic data base, on video disks, etc.. without first the publisher. The use of general descriptive names, trade names, trademarks, etc.. in this publication, even if not specifically identified, does not imply that these names are not protected by the relevant laws and regulations.

General information

Transition Academia Press is an indipendent Journals Publisher established by Transition Studies and Research Network in Autumn 2014. Based in Venice, Italy, the Network has references in Universities and Research Centers worldwide: Singapore, Shanghai, Salzburg, Berlin, Istanbul, Santiago de Chile, Washington DC, Udine, Amman, Vienna, Rome, Munich, Beijing. More information can be found on our Aims & Scope and Bodies and Organs at the end of each Journal or on our website www.transitionacademiapress.org

Subscription Information

ISSN 2194-7740
ISSN Electronic edition 2194-7759
For more information on subscription rates please contact:
Transition Academia Press
info@transitionacademiapress.org

Electronic edition

An electronic edition of this journal is available at http://www.transitionacademiapress.org

For Orders and Inquires

Transition Academia Press
Dorsoduro 3593, Venice 31023 ITALY
email: info@transitionacademiapress.org

Cancellations must be received by September 30th to take effect at the end of the same year.

Policies and ethics for authors

Transition Academia Press assumed as appropriate also for us the general Ethics aspects by Elsevier Researcher Academy here selected regarding publishing in Social Sciences at large bur specifically in Economics, Finance, International Relations, Innovation, Technologies, Environment, Defense, Military Spending, Cultural and Social issues and analyses tools and applications)

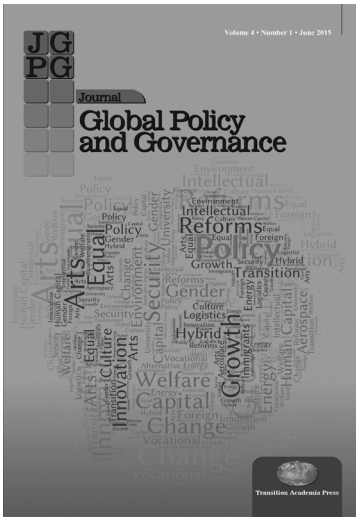
The publication of an article in a peer-reviewed journal is an essential building block in the development of a coherent and respected network of knowledge. It is a direct reflection of the quality of work of the author and the institutions that support them. Peer-reviewed articles support and embody the scientific method. It is therefore important to agree upon standards of expected ethical behavior.

Find information about how to publish ethically under the "Ethics" topic on **Elsevier Researcher Academy** (researcheracademy.elsevier.com/publication-process/ethics). Other useful information specifically developed for editors but useful for anyone with a deep interest in the topic is the **Publishing Ethics Resource Kit** (www.elsevier.com/editors/perk).

Ethics topics to consider when publishing:

- **Authorship of the paper:** Authorship should be limited to those who have made a significant contribution to the conception, design, execution, or interpretation of the reported study. Transparency about the contributions of authors is encouraged, for example in the form of a CRedit author statement.
- **Originality and plagiarism:** The authors should ensure that they have written entirely original works, and if the authors have used the work and/or words of others, that this has been appropriately cited or quoted.
- **Data access and retention:** Authors may be asked to provide the raw data in connection with a paper for editorial review, and should be prepared to provide public access to such data.
- **Multiple, redundant or concurrent publication:** An author should not in general publish manuscripts describing essentially the same research in more than one journal or primary publication. Elsevier does not view the following uses of a work as prior publication: publication in the form of an abstract; publication as an academic thesis; publication as an electronic preprint. Note: some society-owned titles and journals that operate double-blind review have different policies on prior publication. Information on prior publication is included within each Elsevier journal's guide for authors.
- **Acknowledgement of sources:** Proper acknowledgment of the work of others must always be given.
- **Disclosure and conflicts of interest:** All submissions must include disclosure of all relationships that could be viewed as presenting a potential conflict of interest.
- **Fundamental errors in published works:** When an author discovers a significant error or inaccuracy in his/her own published work, it is the author›s obligation to promptly notify the journal editor or publisher and cooperate with the editor to retract or correct the paper.
- **Reporting standards:** Authors of reports of original research should present an accurate account of the work performed as well as an objective discussion of its significance.
- **Hazards and human or animal subjects:** Statements of compliance are required if the work involves chemicals, procedures or equipment that have any unusual hazards inherent in their use, or if it involves the use of animal or human subjects.

Journal
Global Policy and Governance
Editor-in-chief: G. Dominese
Co-Editor-in-Chief: B. Wang, E. Quah, E. Busek, H. Su, T. Muravska, M. Florio, P. Quang Minh, W. de Vivanco, V. Jackovich, A. Garlatti



Journal of Global Policy and Governance
Aims and scope

Global governance is a challenge of our era and us as human beings no matter where we live and what values we believe in. After a 100 years of development, international relations are so closely and tightly knit. A problem in a community might affect the life of the people in a remote part of the world and its solution might also be in the hands of these people but can't be assumed outside the more global International Relations theories and practices approach, an interrelated already practiced at every policy decision making, economic and financial levels and first of all by the main powers.

How can we manage this complex of various relations matters for our life and common future? It is the time for us to invest our wisdom and energy to make global governance work now and to give a sense to the United Nations already reduced to a zero-sum-game playing on the major emergencies and conflicts due first of all to the obsolete veto system that would be at least extended to all the 15 countries of the Security Council, being them permanent or at rotation, with the weighting of votes bringing less hypocrite the present five Jalta powers partition already 70 years ago. We are talking of the world not existing anymore.

There is no simple way and framework for global governance. Global governance is a general term which means to think globally and act globally. It is complicated because problems might be local. It is complicated because problems might be also global. It is complicated because the solution of problems might be local but also in a global framework global. That is why we need to check issues case by case carefully. We need to sort out what solution is the best choice for the problem. We need to identify who should be the persons of good will taking the challenge and adding their intellectual and scientific capabilities to the human destiny. We have to take an action

worldwide. Global issues are definitely the subjects of global governance. Meanwhile, global governance takes care of issues with local reasons and local solution because we believe the experience might be helpful for people living in other parts of the world. Interdependence of International Relations with finance, economy, technology, research and advanced knowledge until a few years ago unimaginable, new military might introduced by innovation must be some of the crucial challenges, where also our Journal Global Policy and Governance intends to contribute opening its pages, issue after issue, to faculty, experts, testimonies, articles and relevant review of books, junior researches working papers. But we know also that traditional conflicts would not have any perspective in the medium term and will bring to the defeat of the ones who are imagining a return to the past.

We intend to embrace and reach all the possible interested colleagues and fellows around the world, as choices and strategies in all the sectors involving public and private governance, nobody excluded, are under questioning and innovative evaluation. Global world is not anymore a provocative statement, a kind of utopian return to realism and the theories dominant up to the German reunification, the end of Soviet Union and the war in the Balkans have now become obsolete by definition.

Middle East, Black Sea, Eurasia, Ukraine, Baltic, Turkey have the capability to reshape the future. Even if they are now in the middle of the fire, soon the devastations and impressive mass killings will be overcome and reconstruction taking the lead in many of these countries.

But why not underline the successful 30 years development and growth of China, a unique case in the last 500 years. China is the third world power, after European Union and USA, and has now similar problems we have encountered and are still facing nowadays, needs to find a political solution to reforming and giving voice to an accountability to its almost 1 billion 500 million inhabitants.

We really have to rethink the International Relations and the theories of Global Governance and Policy Choices, accepting the pluralities of institutional architectures and ways to give voice and accountability to the citizens. The European Union represents a “non Statehood” institutional governance, without even a Constitution and the Sovereignty belonging to the member countries. Do you believe the EU will change its architecture established by the Treaty of Rome in the future? This is an illusion of the antagonists of the different strategies and policies that were adopted right up to the Euro and the high welfare and technologic standards already achieved, even in the face of a crisis on 2008 that from the Atlantic arrived to Europe three years later and is now affecting East Asia. By 2020 we will be out of this tunnel everywhere in the world. To add a valuable contribution to this scientific debate is our very aim and scope.

Bodies and Organs

Editors Board

Journals Authors with Transition Academia Press 2014-2018

Ákos Kengyel, *Associate Professor, Jean Monnet professor of European Economic Integration Institute of International Studies, Corvinus University of Budapest, Hungary;* ***Alice Spangaro,*** *Department of Economics and Statistics, University of Udine;* ***Andrea Molent,*** *Dipartimento di Management, Università Politecnica delle Marche, Italy;* ***Andrzej Cieślik,*** *University of Warsaw, Warsaw, Poland;* ***Ani Avetisyan,*** *Department of Economic Theory and the Issues of Transition Period Economies, Institute of Economics and Business, Russian-Armenian University, Yerevan, Armenia;* ***Anthony Abbam,*** *Department of Economics Education, University of Education, Winneba-Ghana;* ***Antonella Pocecco,*** *Department of Human Sciences (DISU), Udine University, Italy;* ***Antonino Zanette,*** *Dipartimento di Scienze Economiche e Statistiche, Università di Udine, Italy;* ***Armine Aghajanyan,*** *Department of Economic Theory and the Issues of Transition Period Economies, Institute of Economics and Business, Russian-Armenian University, Yerevan, Armenia;* ***Avag Avanesyan,*** *Russian-Armenian (Slavonic) University, Yerevan, Armenia;* ***Avagyan Harutyun,*** *American University of Armenia, Yerevan, Armenia;* ***Aviral K. Tiwari,*** *IBS Hyderabad, a Constituent of IFHE (Deemed to be) University, Hyderabad, India;* ***Awal Hossain Mollah,*** *Associate Professor and Chair, Dept. of Public Administration University of Rajshahi,Bangladesh;* ***Bence Zuti,*** *Faculty of Economics and Business Administration, University of Szeged, Hungary;* ***Bernadette Andreosso-O'Callaghan,*** *Ruhr University Bochum, Germany;* ***Blerim Halili,*** *College Pjeter Budi, Pristina, Kosovo;* ***Chiara Cancellario,*** *Ph.D. Candidate in Political Theory and Political Science LUISS – Department of Political Science;* ***David Goginashvili,*** *Keio University, SFC Research Institute, Tokyo, Japan;* ***Deepak Iyengar,*** *Department of Finance and Supply Chain Management, College of Business and Economics, Central Washington University, Ellensburg ;* ***Der-Chin Horng,*** *Institute of European and American Studies, Academia Sinica, Taiwan;* ***Elen Karayan,*** *BA student in Business at American University of Armenia, Yerevan;* ***Elvin Afandi,*** *Islamic Corporation for the Development of the Private Sector (ICD),Jeddah, Saudi Arabia;* ***Emmanuel Carsamer,*** *Department of Economics Education, University of Education, Winneba-Ghana ;* ***Enzo Valentini,*** *University of Macerata, "Department of Social Sciences, Communication and International Relations", Macerata, Ital;* ***Fumitaka Furuoka,*** *Asia-Europe Institute, University of Malaya, Kuala Lumpur;* ***Gábor Kutasi,*** *Corvinus University of Budapest, Hungary;* ***Gao Yan,*** *Ph.D. Professor at School of Economics and Management, Northwest University;* ***Garima Sharma,*** *Centre for the Study of Law and Governance-Jawaharlal Nehru University, New Delhi;* ***Gilles Paché,*** *CRET-LOG, Aix-Marseille University, France;* ***Giovanni Covi,*** *Department of Economics and Finance, University of Verona, ItalyMarket Operations Analysis, European Central Bank, Frankfurt Am Main;* ***Hanafiah Harvey,*** *Pennsylvania State University, Mont Alto;* ***Ho-Ching Lee,*** *Center for General Education, National Central University, Chungli, Taiwan;* ***Huu Tuyen Duong,*** *University of Transport & Communications, Hanoi, Vietnam;* ***Ikuo Kato,*** *Center for Economic Growth Strategy, Yokohama National University, Japan;* ***Imlak Shaikh,*** *Department of Humanities and Social Sciences, Indian Institute of Technology*

Publications

JTSR - *Journal Transition Studies Review - Transition Studies Research Network, Venice, Italy*

JGPG - *Journal Global Policy and Governance - Transition Studies Research Network, Venice, Italy*

Volume 7 · Number 1 · Spring/Summer 2018

Journal Global Policy and Governance

PAPERS

Rules for Authors of *Journal of Global Policy and Governance are available at www.transitionacademiapress.org*

Transition Academia Press
www.transitionacademiapress.org

ISSN Print Edition 2194-7740

ISSN e-Journal 2194-7759