Weekly analysis

LATEST DEVELOPMENTS IN EUROPEAN UNION'S SECURITY AND DEFENSE POLICY

On December 11, 2017, the Council of the European Union (EU) established a mechanism called the Permanent Structured Cooperation on security and defense (PESCO) with twenty-five EU members participating, except for Denmark, Malta and the United Kingdom (UK). PESCO is a treaty-based framework aimed at strengthening defense cooperation among the EU member states to better respond to common security challenges. At this stage, PESCO legally binds the participating states to implement 17 collaborative projects, each involving different sets of states. Broadly, these projects can be divided into two interlinked dimensions, namely, the capability development and the further integration and strengthening of defense cooperation among the EU members. If implemented, it is expected that the member states' armed forces would be more easily deployable for common military operations.

The establishment of this form of military cooperation is part of the Global Strategy for EU's Foreign and Security Policy (EUGS) announced in June 2016. The idea behind this strategy is to achieve EU's "strategic autonomy" regarding the external crisis management. The growing instability and ongoing crises in the southern neighborhood of Europe (Middle East and Africa) and the growing pressure of the United States on its European NATO allies had given rise to the concept of strengthening the capacity of the EU to independently undertake certain military and civilian tasks in response to humanitarian crises and failed states. It is important to note that unlike NATO this strategy does not provide for the establishment of a collective defense agreement and is primarily focused on responding only to challenges falling short of the North Atlantic Treaty's Article 5 threshold. This is why the document itself recognizes NATO as the foundation of the European defense. Overall, the EUGS security and defense component is built around three strategic priorities 1) responding to external conflicts and crises; 2) building capacities of EU partner countries; and 3) protecting the EU and its citizens. In fulfilling these strategic priorities, in November 2016 Federica Mogherini, EU High Representative for Foreign Affairs and Security Policy and Vice President of the European Commission, presented the Implementation Plan on Security and Defense that, among other things, provided for the four mechanisms that were subsequently established during 2017: 1) Coordinated Annual Review on Defense (CARD); 2) PESCO; 3) European Defense Fund (EDF); and 4) Military Planning and Conduct Capability (MPCC).

PESCO is closely interlinked with and designed to complement the other initiatives of the implementation plan such as CARD and EDF. The first CARD report due to be released in November 2018 will provide most up-to-date and detailed information from the EU member states on their future defense spending plans that would help identify capability gaps and prospects for collaboration, while EDF provides financial incentives by covering up to 30% of the total cost of capability development projects implemented within the framework of PESCO. The role of MPCC is to plan and carry out all military non-executive missions (operations to support a host nation with an advisory role only) in coordinated and coherent way.

Therefore, apart from strengthening military capabilities (e.g. projects to create a prototype of next generation tanks or a system for maritime mine countermeasures, etc.), selected 17 PESCO projects also envisage creating more integrated forces, so that additional capabilities are operated by a single structure for command, logistics and training. Although it is still unclear to what extent there will be concrete military cooperation between the EU states, the already existing Belgian and Dutch naval cooperation is a rough example of how this kind of cooperation could work. At present, the navies of both states acquire the same type of ships, share maintenance facilities and train marines together. As a result, newly acquired forces, although owned by individual states, would be operated by a single structure. As argued by observers, these projects would not only strengthen the member states' armed forces but also ensure that they are more easily deployable for civilian and military missions sanctioned by the Common Security Defense Policy (CSDP) mechanism. Since the creation of the EU Police Mission in Bosnia and Herzegovina in March 2002, some 30 civilian and military missions and operations have been launched under the CSDP.

Another important factor supporting of the launch of PESCO is more efficient defense investments in military capabilities. Launching projects requires considerable investments from the PESCO state parties. Under its framework, the participating states commit themselves to increase defense budgets in real terms, though without spelling out specific numbers and timelines. Nevertheless, considering the fact that they have all signed up to the NATO guideline to reach the 2% of GDP defense spending level, it seems reasonable to assume that the numbers under PESCO would be no less than those under NATO. What is more important to consider in this context is that the PESCO framework requires the participating nations to spend 20% of their total defense budget on equipment procurement (35% of that to be spent on European collaborative equipment) and 2% on research and technology. Since PESCO provides for the designing, building and procuring all the future major equipment together, experts argue this "pooling and sharing" of common resources would help reap benefits of economies of scale, enhance interoperability between the participating armies and strengthen the European defense industrial base. Former German Foreign Minister Sigmar Gabriel called it smart spending since "working together is more economical than if everyone does the same".

To sum up, PESCO is still at the early stage of its development as the governance mechanism for the implementation of joint projects, including sanctions for non-compliance, is still in development. Some observers argue that the realization of PESCO that was first set out in Articles 42 (6) and 46 of the Lisbon Treaty has been accelerated by the uncertainty that emerged in the transatlantic community following U.S. President Trump's rhetoric about "obsolete" NATO and Europe's low defense spending, which led the European states to believe that the United States was withdrawing from Europe. This perception has coupled with Brexit, as the UK being the sceptic of a "more united Europe" is no longer in the capacity to block closer security and defense cooperation within the EU. However, given the nature of PESCO, which envisages cooperation in the narrowly defined areas without providing for definite steps towards the close integration of the EU armed forces or contributing to a great extent to the capability development, the question remains if the ultimate goal of Europe "to act alone" as the EUGS points out would go beyond statements.

Written by Abulkhairkhan Zhunisbek,
Eurasian Research Institute, Kazakhstan

Politics, Foreign Affairs and Security

- According to Chairman of the Central Election Commission of Azerbaijan (CEC) Mazahir Panahov, incumbent President and Chairman of the New Azerbaijan Party Ilham Aliyev gained 86.02% of votes in the April 11, 2018 presidential election. It was noted that 3,962,123 out of 5,332,817 voters cast ballot in the election. Chairman of the Whole Azerbaijan Popular Front Party Gudrat Hasanguliyev garnered 3.02% of votes, while self-nominee Zahid Oruj and Chairman of the Azerbaijan Democratic Party Sardar Mammadov gained 3.12% and 3.03% of votes, respectively. Other candidates, Chairman of Modern Musavat Party Hafiz Hajiyev, Chairman of the Social Democratic Party Araz Alizadeh, and Chairman of National Revival Movement Party Faraj Guliyev, received 1.52%, 1.38% and 1.17% of votes, respectively, while Razi Nurullayev nominated by the Frontists Initiative Group gained 0.74% of votes.

- President of Turkmenistan Gurbanguly Berdimuhamedov appointed Chary Gylyjov the Deputy Chairman of the Turkmen Cabinet of Ministers responsible for the trade sector. Moreover, Mammetkhan Chakyev was appointed the Deputy Prime Minister responsible for transportation and communications, while Myratgeldi Meredov was appointed the Deputy Prime Minister responsible for the oil and gas industry. The former deputy prime ministers were dismissed, as officially stated, due to their transfer to other jobs.

- During his official visit to Ankara, President of Kyrgyzstan Sooronbay Jeenbekov met with President of Turkey Recep Tayyip Erdogan to discuss expanding bilateral relations and establishing a higher level political dialogue. As a result of the visit, the parties signed a package of documents, including the cooperation protocol in media and information, as well as the agreements in agriculture, culture, sports and social security.

- During his official visit to Ashgabat, Foreign Minister of North Korea Ri Yong-ho met with Foreign Minister of Turkmenistan Rashid Meredov to discuss proposals for the development of cooperation in various spheres and further intensification of relations between the two countries paying special attention to the issues of strengthening regional and international peace and security.

- During his official visit to Lisbon, Deputy Minister of Foreign Affairs of Belarus Oleg Kravchenko met with Director General for Foreign Policy at the Ministry of Foreign Affairs of Portugal Pedro Da Costa Pereira to discuss the current state and prospects of the Belarusian-Portuguese relations, as well as the interaction within international organizations focusing on deepening the Belarus-EU dialogue. As a result of the meeting, the parties agreed to set up a joint commission on economic cooperation.

- During his official visit to Ankara, Chairman of the Standing Committee on International Affairs of the House of Representatives of the National Assembly of Belarus Valery Voronetsky met with Chairman of the Committee on International Affairs of the Grand National Assembly of Turkey Volkan Bozkir to discuss a wide range of issues of mutual interest, including the elaboration of a strategy for bilateral cooperation within the PACE and the OSCE PA.

Economy, Finance and Energy

- According to the Central Bank of Uzbekistan, the country's foreign trade turnover equaled $7.9 billion in January-March 2018. During the reporting period, Uzbekistan's exports reached $4.1 billion, while imports amounted to $3.8 billion. The balance of foreign trade totaled $249.4 million.

- The Korean truck producer Evergreen Motors announced its plans to set up, together with Posco Daewoo, the production of Hyundai trucks in the Kokand free economic zone in Uzbekistan. The project cost is estimated at about $130 million.

- According to the Asian Development Bank, Azerbaijan's GDP growth is forecasted to reach 1.7% in 2018 on a rebound in construction and accelerate further to 2% in 2019 as the industrial sector begins to expand. It is noted that private consumption is expected to rise as the exchange rate stabilizes and economic activity improves. On the supply side, the industrial sector is forecasted to contract by 0.5% in 2018 with a further drop in oil production, though the launch of the Shah Deniz II gas field in the second half of the year will offset some of the decline.

- According to the Turkish Ministry of Economy, the government adopted a new $34 billion project package in an effort to create new jobs and push down the country's rising current account deficit. In accordance with the scheme, 19 companies will be granted incentives for a total of 23 projects, through which 35,000 new jobs are to be created directly. In addition, the planned investments are expected to create 134,000 indirect jobs.

- According to the Central Bank of Iran, the country's oil revenues have increased by 38% during the first 11 months of the last fiscal year (March 20, 2017-Feb. 20, 2018). The country earned 824 trillion rials ($21.9 billion) of revenues through the sale of crude oil and oil products during the 11-month period.

Society and Culture

- Since April 13, 2018, the protests have swept Armenia's capital, Yerevan, on the news that the country's outgoing president Serzh Sargsyan plans to become the prime minister. The demonstrations in Yerevan are led by parliament member Nikol Pashinian, the leader of Armenia's Civil Contract opposition party, who announced the launch of a peaceful people's revolution.

- Georgian Foreign Minister Mikheil Janelidze opened the NATO days in Georgia, aiming to raise public awareness about the alliance and boost public support for the Georgian membership in the organization. The NATO days will last until May 1 and will be held in eight Georgian regions. Georgia is holding the NATO days for the 11th time. The event is organized by the NATO and EU Information Center, with the support of Georgia's Foreign and Defense ministries, the NATO Liaison Office in Georgia, and the Embassy of Bulgaria.

- According to the Civil Aviation Committee of Kazakhstan, a new direct flight will be opened by the Latvian air carrier Air Baltic between Almaty and Riga. It is noted that the air carrier plans to start flights on this route on April 29, 2018 with a frequency of three times a week.

- According to the Russian space agency Roscosmos, it signed a $58-million contract to buy three Soyuz-2.1a carrier rockets from the Russian state owned Progress Rocket Space Center. The three rockets will be used in missions to take the Progress-MS spacecraft into orbit.