

**GEOSTRATEGIC
MARITIME
REVIEW**



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**On the publication of this first issue of the *Geostrategic Maritime Review*,
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From the Editor's Desk

The Observatory of the Black, Gulf and Mediterranean Seas was founded in 2011 with the primary objective to observe strategic phenomena on the periphery of the EU in countries bordering three major bodies of water on the Black, Gulf and Mediterranean Seas.

With this in mind, this publication, digital for the first two issues, addresses the challenges of the Observatory, which is to conduct studies and research on the principal artery and common denominator of the Observatory, which is water, a precious resource, source of life, source of conflict, without which, we could not survive.

Given the geopolitical upheaval on the periphery of the EU, going back to the fall of the Berlin Wall in 1989, to the dissolution of the USSR in 1991, which were markers of geopolitical and geoeconomic evolutions, we will examine the phenomena that have taken place in the countries bordering these seas and how they have and will affect the security situation in their regions and how they reverberate well beyond. We will be addressing the major challenges of this era, so as to better anticipate and prevent conflict in these regions, dissect specific and regional phenomena, engaging regional experts to enlighten us on their vision and from a historic and cultural viewpoint on how these events affect our regional and national security; our decision-making process at the national and supra-national levels, be it in politics, economics, social issues, energy issues, educational challenges, energy security and deliveries, environmental and ecological imbalances.

Looking back on the Color Revolutions in Georgia and Ukraine or more recently to the Arab Spring revolts which started in Tunisia and went on to mobilize the Egyptians, we will examine these upheavals in their regional geopolitical and

gocioeconomic contexts, so as to gain understanding of new phenomena that have evolved out of the balance of power struggles which were born out of an ideological void and which affect all levels of power, be it national, regional, international or even supra-national.

The contributors to this first issue will write about the security on the periphery of the EU and how the EU can be an example of good governance, rule of law, democracy and respect for minorities. The EU is also, from its conception, a model for our market economies, with trade being the major driver, linking countries in a socioeconomic paradigm. But the struggle for regional domination exists, even as we witness the decline in defense spending in West, due to the financial crisis and bulging deficits, increased social expenditures and rising unemployment all in the face of an aging population. Are we moving from a warfare state to a welfare state model?

The next article will concern the Black Sea arena, where the Russian Navy has renewed its lease until 2042 and will examine the geopolitical and geostrategic challenges Russia will face in a renewed climate of instability in the Middle East, where the Syrian crisis is in its second year. Will Russia give up its warm water port in Tartus/Latakia and pivot to the Pacific, as the Americans have done? Or will it continue to be a major security provider and player in the Middle East/Levant?

The next article will pick up on the strand of the necessity of privatizing maritime security, given the budget restrictions and reductions in defense in almost every country, which brings us to rethink how a sovereign nation can subcontract its sovereign defense out to third and often foreign parties. Are we losing the notion of sovereignty of a nation-state? Have not non-state entities, pirates and terrorists, challenged in an asymmetrical manner the integrity of sovereign states?

Staying in the Mediterranean and certainly directly related to the privatisation of maritime security, we will take a closer look at the dependency relationship between the EU and the Maghreb region for its energy, be it with Algeria or Libya, and the outside players in the sector, such as China and Russia. And look at the conflicts that

arose from this fight for energy resources, as in the recent “war” in Libya, and those to come between major European oil companies. Libya, largely unstable, is producing well under its 1 million b/day pre-war production level, as its oil production and refineries are vulnerable to insurgent or militia attacks due to insufficient security parameters.

Next, we zoom in on a case study of a city on the brink, which is Tripoli in Lebanon, a port city on the Eastern Mediterranean with much potential, but living in political and economic isolation from the administrative capital, creating a situation of conflict between Shia'as and Sunnis, rich and poor, educated and illiterate, all living on the banks of the Nahr Abou Ali River, which has become an open sewer. Not only are there economic, political and social consequences of the lack of good governance but a regional environmental and ecological disaster is unfolding.

Finally, our interview segment brings some perspective together for the MENA region in general, as well as details the risks, the opportunities and the challenges that lie ahead. This interview underlines the immense potential and wealth of the region, not only in its natural resources, but in its youth, who must be able to garner the support and acquire the tools to ensure their own future, fostering economic prosperity, peace and stability in the region overall.

In the Fall, our Scientific Council and our Research associates, each working under a Chair Director (Black, Gulf and Mediterranean Seas), will produce proposals and roundtables around major subject areas of strategic importance to these geographic arenas, be it in the security, economic, social, energy or environmental realm. Our Scientific Council will ensure the scientific value and orientation of our future research, positioning the Observatory as a think tank of reference, engaging the scientific and international community, raising awareness on major issues of concern, such as pollution or climate change, or the privatisation of maritime security, or the oil/gas drilling off the Levant coastline, illegal migration, illegal fishing, etc. What do these issues have in common? They are all matters of national and international sovereign security interests and also of geopolitical and regional importance.

Based in France, we have made the decision to publish in English and hope to garner support and interest in this way, as we reunite scholars from over a dozen countries. Should you wish to contribute to the coming issues of our review, please send us your biography with a list of publications to secretaire@obgms.org .

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Our logo



Dr Yana Korobko, one of our founding members, is the artist behind our logo. Here is her personal perception and interpretation of the logo

« The idea of the OBGMS logo was born out of the principal conception of the organisation, which is the surveillance of the three seas : the Black, Gulf and Mediterranean Seas, which are represented here through a stereoscope.

The blue color tone is part of the maritime orientation of our organisation, as the gold tint is the expression of the sun rays that shimmer on the waters.

The logo is surrounded by memorable elements such as the name of the organisation, as well as the year of its founding and the place.»

Introduction

Slavtcho Neykov, Energy expert

DEAR READER,

Now, when you are holding the first edition of the bi-annual GEOSTRATEGIC MARITIME REVIEW, I hope you are sharing the curiosity and the expectations towards this new look at the interdependence between states and policies, which the Observatory of the Black, Gulf and Mediterranean Seas provides us.

It is worth recalling that the three geographical areas in question refer to overall 35 countries on three continents; despite this fact, they are getting more and more increasingly interlinked. A look at these regions even on an individual basis indicates their substantial role also for the world economy both as corridors and providers of goods and services. Trade, tourism, investments, energy - they outline the face of a background, which underlines the role of the Black, Gulf and Mediterranean Seas and these interdependencies and connections.

In parallel, the regions show substantial cultural, historic and political differences. Nevertheless, from nowadays perspective, this only provides a broader field and attractiveness for cooperation. Thus, although differences exist, sharing a set of common problems and challenges is a fact, which influences not only everyday communication, but also geostrategic and geopolitical considerations. And despite the unique stand of the individual countries in these regions, it is evident that each of them – regardless of its size and in its own way – plays a substantial role, contributing to the world cultural heritage and to the economic cooperation while preserving its individuality.

Further, a closer look at the countries in these regions indicates more than a background for in- depth elaboration on another issue – this is the social status of the population there. Although the overall number refers to approximately 11% of the Earth population, the worldwide discrepancy between rich and poor according to UN accepted standards is tremendous even in those countries, which are rich in natural

resources. The complexity of these processes and relations certainly requires more knowledge and objective analysis. Thus, the initiative of the Observatory of the Black, Gulf and Mediterranean Seas to provide and streamline such expertise and make it broadly available via the GEOSTRATEGIC MARITIME REVIEW is most welcome. Following both the developments so far and the upcoming trends in detail, the Observatory will certainly assure up-to-date analysis of all crucial issues, which underline the specificities on national levels, but reviewing them in regional and global perspectives.

And the first edition of the GEOSTRATEGIC MARITIME REVIEW sets already a high level standard in this direction.

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PERSONAL DONATION. Your personal donation is tax deductible the following fiscal year up to 66% of the donation and limited to 20% of your taxable revenue. If your donation exceeds 20% of your taxable income, you can apply this exceedant over five years.

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In order for your company to be listed as a sponsor or to insert an advertisement in Issue n°2 , Spring/Summer 2014, please go to our website to fill out the necessary forms : <http://obgms.org/geostrategic-maritime-review/> . Please send all required information to secretaire@obgms.org before December 31st, 2013.

Thank you for supporting the Observatory of the Black, Gulf and Mediterranean Seas.

Securing the periphery of the EU : Mission impossible?
Ellen Wasylina¹

“L'Europe, qui a fait la paix en son sein, estime n'avoir plus d'ennemis et se conduit comme si cette situation devait durer. Dans sa quête d'identité sur la scène internationale, elle semble prête à se priver d'un outil militaire incontournable pour peser sur la scène mondiale, affaiblissant ainsi son message pacifique, favorable au multilatéralisme et à la coopération internationale. Or la France, qui est, avec le Royaume-Uni, le seul pays européen à disposer d'une armée complète appuyée sur la dissuasion, a une responsabilité éminente. De ses décisions dépendra pour beaucoup l'avenir de l'autonomie européenne dans les relations internationales.”²

Abstract : This essay outlines the difficulties and the possibilities of securing the periphery of the EU and addresses four main themes, such as the External menaces and the security response of a Transatlantic European Defense. We take a brief look at how Europe is organized in its defense arena, its partnership with its allies in different international or supranational organs and frameworks. We then examine the internal menaces and the government's response based on the rule of law and how a country or the group of countries that make up the EU can combat internal menaces and insecurity challenges. We take a brief look at the challenges of immigration and who comes to Europe and how, as well as identifying the major migration routes towards Europe and the security, political and economic challenges they present; and finally a panoramic view of Energy security through the looking glass of the EURONEST session held in September 2012 in Brussels. Energy holds the key to all our prosperous, democratic, peaceful societies and guaranteeing and securing energy inflows allows our economies to produce our national products and create the economic terrain attractive for investment, growth and jobs.

¹This essay was written by the OBGMS President, Ellen Wasylina, and is based on a paper presented at the 5th Geopolitical Festival at ESC Grenoble in April 2013. This paper was written with the intention of introducing some of the topics in discussions in the French capital, as well as in the Brussels, the EU capital. It is without a doubt that these subjects will be treated in depth in the coming issues of this publication by our team of scholars and research associates.

² http://www.lemonde.fr/idees/article/2012/09/18/europe-de-la-defense-mythes-et-realites_1761684_3232.html , Pascale Joanin, Director General of the Robert Schumann Foundation

PART ONE : SECURITY

The dissolution of the Soviet Union at the end of the Cold War opened the door to identity and ethnic dissensions via separatist, nationalists movements in the « far abroad » provinces. The Russian Empire, which once contained 300 million inhabitants in 1991 found itself amputated of half of its population through the social economic failure of the soviet communist system, which reduced it back to its 19th century borders. Losing the Caucasus was the result of strategic regional changes, such as the rise in Turkish and Muslim influence in the region, the loss of enormous energy and mineral resources and above all, the loss of the status of a glorious empire of the past.

Dimitri Fourman explains how the Russian people identify themselves with Imperial Russia, very proud of its past linked with glorious conquests by their rulers. Russia was and will continue to be a dominant actor in the Caucasus : first, through a long period of conquest; second, by the discovery of petrol in Azerbaijan (which was supplying 50% of the world's demand for petroleum in 1914); third, followed by a period of wars and conflicts between regional powers, which ended with a long period of economic, administrative and cultural sovietisation, which dominated these countries until 1991.

And this is one of the biggest challenges of the EU today : changing or adapting these Soviet political systems that can not function, that are not transparent, that can not implement reforms to modern, market-based economies, based on the rule of law and accountability.

1) External threats : transatlantic European security and defense. Intervene by preventive action on the periphery for collective security reasons.

Alexander Wendt wrote that NATO could be the first and best example of a post-Westphalian governance operating as « *an international State* » that has a transnational structure capable and ready to assume certain traditional functions that had up until now

been performed by a nation- State. Amongst those traditional functions is that of being a security producer. Wendt says that NATO could do it « *by virtue of its system of collective security* », characterised by its conjoint control of potential organised violence in a transnational space.

Why did NATO want to extend its security guarantee and its influence to countries in Central Europe? Charles Zorgbibe covers this subject at length in his book, *Histoire de l'OTAN*, wherein he describes the geopolitical context in the Central European countries as being « *a diffuse insecurity, a zone 'void of alliances', the(ir) refusal of neutrality, national security 'apparatus' to be rebuilt and their political will to 'anchor' themselves in the West.* »

It then became apparent that for common European security reasons (conflict overflows/extensions, the reconversion of communist countries to democracies, anticipating the flux of refugees, the great menace of trafficking, and the clandestine dispersion of large stocks of conventional and unconventional weapons), it was necessary that these countries integrate either the EU or NATO. NATO was seen as a priority for most of these countries, such as Poland, one of the first to want to become a member, which demonstrated its engagement in Iraq as a true ally. It was necessary to ensure security, both military and political, which would in turn allow the economy to flourish, encourage FDI inflows, prevent migration.

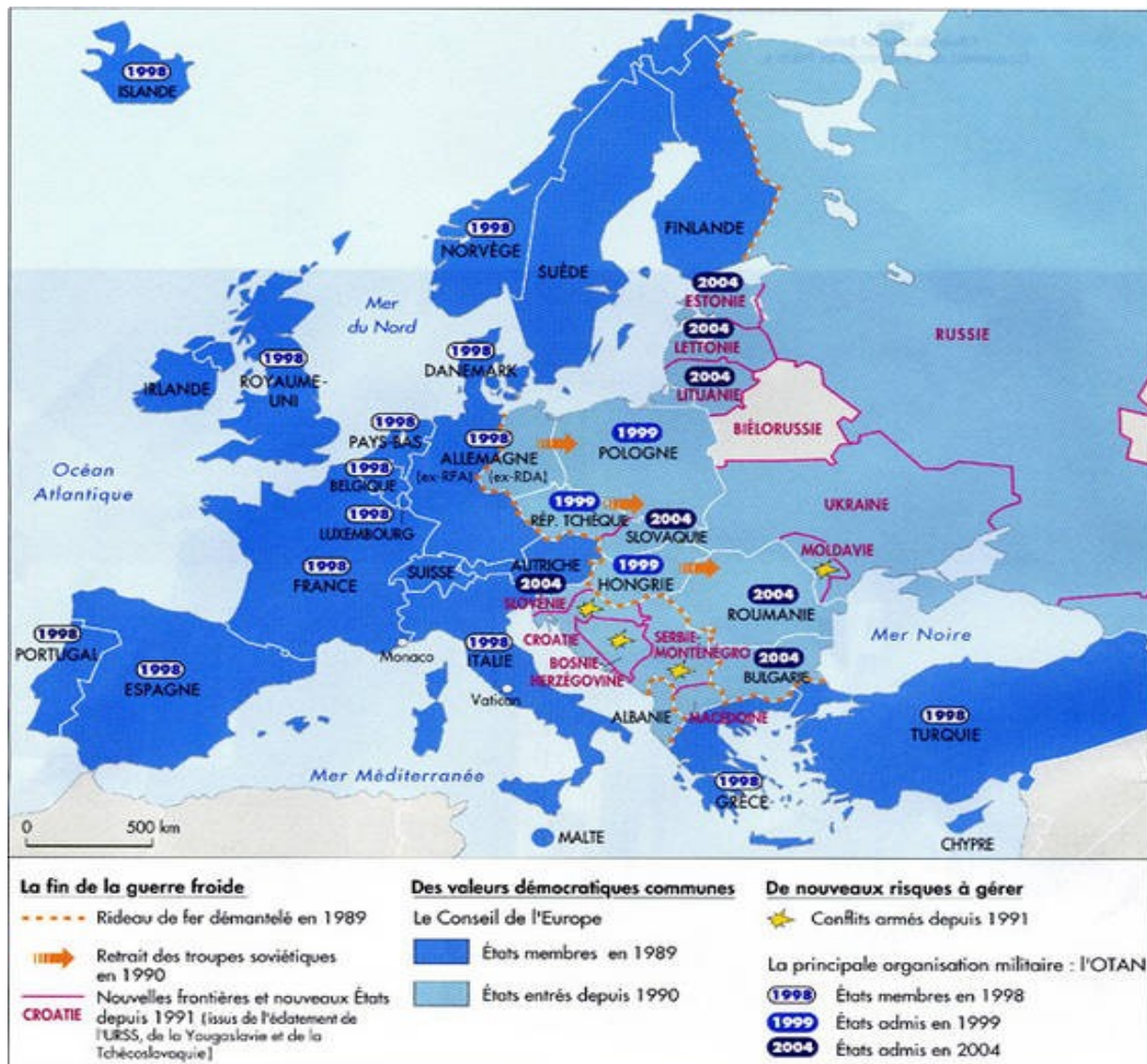
Becoming a member of NATO was much easier than becoming a member of the EU, which demanded that certain economic conditions be respected, notably the « **Critères de Copenhague**³ », not easily or realistically accomplished in the short term. On the contrary, NATO required the updating of the security apparatus, which directly incited the depolitisation process of the military and the demilitarisation of the political apparatus.

But does NATO really promote democracy?

³ Critères de Copenhague : 1) avoir les institutions stables garantissant la démocratie, la primauté du droit, les droits de l'homme et la protection des minorités (**critère politique**); 2) avoir une économie de marché viable et la capacité de faire face à la pression concurrentielle au sein du marché intérieur de l'Union européenne (**critère économique**); 3) avoir la capacité d'assurer les obligations d'adhésion et de souscrire aux objectifs de l'Union politique, économique et monétaire (critère de la reprise de **l'acquis communautaires**).

La nouvelle Europe

Source : http://www.cndp.fr/fileadmin/user_upload/POUR_MEMOIRE/chute_mur_berlin/nouvelle_europe.jpg



PREVENTION is the key to distancing the menaces on the EU's borders and to keep radical, dangerous elements from penetrating the country, which explains the controversial wars in Afghanistan and Iraq deemed “necessary or chosen”⁴. There are distinct conditions that lead States to conduct aggressive, defensive foreign policies, as we have been witness to following the attacks on 9/11.

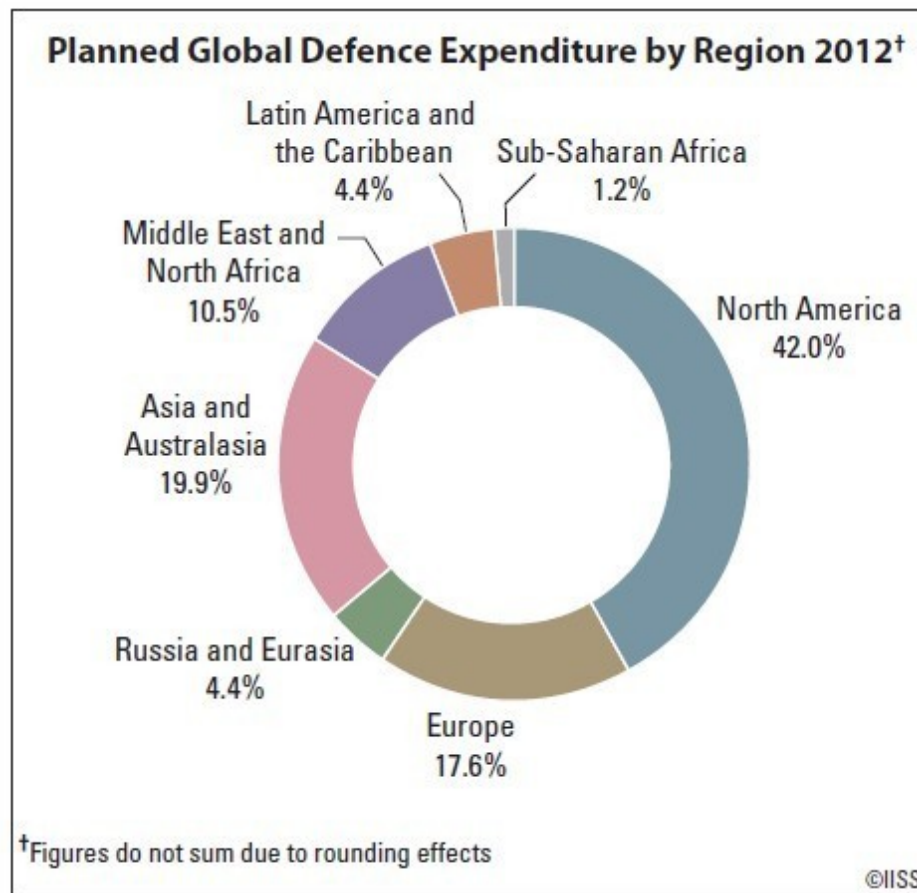
There is however, a rational explication for intervening on the periphery : the *logrolling theory*, for example, explains how a great power will intervene on its periphery in response to domestic incitements. Jack Snyder explains how a great power will over-invest, deploying aggressive military and diplomatic tools (coercive diplomacy, for example) to provoke the formation of a hostile coalition and to continue until the ROI is obtained.

The *offensive realism theory* predicts that a great power will pursue expansionist policies in response to growing regional powers, given the international opportunities available. The great power needs to maintain its power or relative influence because only the most powerful States can guarantee their own survival. These States are always searching for power because they do not know where the next menace will come from. This theory predicts that great powers will seek to obtain a global hegemony and thus resolve the *security dilemma* by establishing itself as the only regional power. These superpowers will only be limited by their national resources, which in turn will determine and define their international ambitions.

How credible is the EU as a security provider? The European Security Strategy is credible thanks to the means and capacity available. In 2011, 26 EU member countries (excluding Denmark) had a total defense budget of €180 million, which is down from that of 2010, which amounted to €194 million. According to the IISS chart below referring to defense spending in 2012, the EU only makes up 17,6% of global defense spending, compared to the North America (42%) or Asia (19,9%) . It is noteworthy that China's defense expenditures increased by 8,3% in 2012 and in Asia overall, by 4,94%. In 2013 all the North and South countries, the latter being more affected by the

⁴ « *War of Necessity, War of Choice* », Richard N. Haas, Simon & Schuster, New York, 2009, 336 pages

financial crisis, have all made cuts in their budgets, with the exception of Sweden, which is the only country to increase its defense budget. The IISS notes an 11% reduction under austerity policies in France, Great Britain, Germany, Italy and Spain.



Source : International Institute of Strategic Studies, London

So how does Europe remain credible even while budget cuts are *de rigueur*? On March 22, 2013, 500 members of the European Defense Community met in Brussels to talk about « *Defense, it matters* », where the Director General, Claude-France Arnould underlined the importance of « *political will* », essential to guaranteeing soldiers the equipment, training, jobs and logistical support they need. And the European Defense Agency fills that role of a natural interface with the Commission, “*servicing the defense community and working on synergistic civil-military optimisations. The Agency makes its expertise available to the States, EU institutions and agencies, so as to encourage their dialogue and to best take into account the defense specificity in European*

initiatives, for example with radio frequencies, the unique European sky, cyber defense, drones or space policies...» The Agency finds common ground with the European Commission on the tasking of competencies relative to the European Defense equipment market, so as best to take into account the specificity *vis-à-vis* civilian markets.⁵

Hélène Masson, Research Fellow at the FRS (Fondation de la Recherche stratégique), specialist in the Defense industrial sector, spoke at IFRI (Institut Français des Relations internationales) on March 28, 2013, reminding us that military production is first and foremost a political decision and that the State has the pivotal role in arms production. In her presentation, she spoke of the axis of development, creating competition amongst the « *unique* » or « *monopolist* » suppliers and explained the evolution of the State suppliers and their privatisation, which will require a new axis of governance. She also underlined the necessity to cooperate with other European countries and spoke of Article 346 of the European constitution that makes reference to the communitisation of the market and how EU members can pull together and mutualise their resources, using it towards crisis prevention, such as in Georgia (2008), in Tunisia (2010), in Egypt in (2011) and in Mali (2012) and the importance of coalition building, coordination, which seems necessary if not vital to face new asymmetrical threats, both internal and external.

Is globalisation a threat to democracy and security, where modern technologies, instant transmission of communications and personal data expose States to the worst means of computer piracy, terrorist attacks, infiltration and distribution of energy resources or chemical substances by everyday ways of transport and transmission? We have been following the Edward Snowden revelations, a young subcontractor from Booz Allen, who left his post at the NSA (National Security Agency) in Hawaii to flee to Hong Kong, where he transmitted documents to Glenn Greenwald, a journalist at The Guardian, concerning the spy program « Prism », that shook the EU-US at its heart as they start negotiations for the Transatlantic Trade and Investment Partnership (TTIP).

⁵ http://www.rpfrance.eu/IMG/pdf/110922_Agence_europeenne_de_defense_2_.pdf

Can superpower Europe in its security and defense version get by without the supranational organisation and decision-making process? Will we see a division, a regionalism develop within EU countries, with the rise of nationalism and extremist parties? With Croatia joining on July 1st, Europe is now 28 strong...or 28 weak? Will the EU follow through on the integration process all the way to the sixth and last step, which is political integration? Will this be the final step to creating a legitimate European political will, which will ensure national defense policies for all? Or will Europe remain a sum of powers?

Since the September 11, 2001 attacks, President George W. Bush went on a campaign to promote democracy everywhere and especially to counter terrorism. It had to be fought with « *soft diplomacy* », peacekeeping and economic aid. In a speech made on September 17, 2002, President Bush laid out his objectives to protect the homeland, which was his ultimate priority, and at the same time, in parallel, to help weak States, where people live in poverty, where there is an absence of institutions, which are under the influence of corruption and drug lords. Thus, the importance of alliances, which support the liberty of all peoples, participative democracy, confidence-building measures and *in fine* auto-determination.

And we had to adapt to these asymmetric menaces and strengthen our alliances, coupled with the use of new technologies, new military doctrines, such as the « *Strategic Concept* » of NATO defined in 2010. The 12th Secretary General, Anders Fogh Rasmussen, encouraged the allies to invest in « *key capacities* » to reinforce collective defense against ballistic and cyber-terrorist attacks. The Alliance encourages the Russian dialogue, leaving the door open to European democracies. Since the beginning of the globalisation era, many national barriers have fallen to create the Schengen space, with the free circulation of people, goods, money, information, education, art and culture, thus well on the way to completing the regional integration of Europe; but, which also introduced security threats and menaces such as the trafficking of persons, money laundering and the latest food chain scandal where horsemeat was sold as beef by Findus and Spanghero.

PART TWO : GOUVERNANCE

But security is not limited to military security. It also implies and includes security for people, merchandise, financial instruments, environment and energy. And we insist here on the dangers coming from within our societies, in the form of poverty, hunger, misery, illiteracy, inequality, and the importance of respecting minority rights and above all, women rights.

1) Internal threats/menaces : governance based on the rule of law

Europe needs not only to ensure the stability in its internal affairs, but also in its immediate neighborhood, thus enlarging the security zone on its immediate borders. Europe needs to take an active part in reinforcing an international order governed by the principles of multi-lateralism, good governance, transparency, social responsibility and the exchange of good practices, capacity building, monitoring, evaluations and peer reviews.

Let's now look at the EUROMED partnership, which is also called the Barcelona Process, created in 1995 in Barcelona at the initiative of the EU and 10 littoral States on the Mediterranean Sea (Algeria, Palestinian Authority, Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia and Turkey). Albania and Mauritania joined the organisation in 2007, while Libya, which has observer status since 1999, normalised its relations with the UE in 2004, but has suspended those relations since 2011.

The principal themes of EUROMED are peace, security and prosperity. Euromed is founded on mutual exchange, such as free trade and immigration and has joined the fight against terrorism. And the EU gave its financial support to the organisation to the tune of 16 billion Euros from 1995-2007. These ten States mentioned above benefited from an additional two billion Euros through the MEDA program of the European Investment Bank (EIB).

Following the Rose Revolution in Georgia, which provided new perspectives towards a

democratic transition and a market economy to the East, the Council decided in 2004 to integrate Georgia, Armenia and Azerbaijan in its new policy renamed ENP (European Neighborhood Policy), which includes the following countries: Ukraine, Moldova, Belarus, Georgia, Armenia and Azerbaijan. These countries are all members of a cooperation called Black Sea Synergy, which includes Russia and Turkey.

In order for concrete changes to occur, the ENP framework is set up to implement political and economic reforms to the former Soviet administration system using EU instruments. The key articles which comprise the legal basis of the ENP are **Article 8** (special relations with neighboring countries) and Title V (External Action service) of the EU Treaty; **Articles 207** (Commerce); and **Articles 216 to 218** (international accords) of the Treaty on the functioning of the EU.

This framework promotes bilateral relations which foster partnership and cooperation agreements with Eastern European countries and association agreements with Mediterranean countries, as well as negotiations on the association agreements, which should be signed in Vilnius in November for the following countries : Moldova, Georgia and Ukraine. From the start of the negotiations, Russia clearly indicated that it did not want to participate in the ENP as it was going forward. EU-Russian relations were articulated around four common spaces, and much more recently, within a partnership of modernisation. It is useful to note that Russia joined the WTO in August 2012 and is presently in talks to join the OECD.

The ENP is based on the association agreements and the Euro-Mediterranean accords that were drawn up between 13 of the 16 countries concerned. The bilateral action plan of the ENP constitutes the main policy instrument, which leads to the elaboration of an action plan once the validation of the Association agreement or an accord with Euromed has taken place. The Commission begins by drawing up an action plan that is negotiated with the neighboring country concerned. The action plan is then approved by the instances created by the ENP and Euromed. Each ENP action plan lays out a framework of objectives to be achieved in terms of political and economic reform and stipulates concrete measures to be undertaken to achieve these objectives.

In the ENP framework, the EU will not be able to apply or adapt its legislation or jurisprudence. There is clearly an absence of encouragement to make progress by those candidate countries which would ultimately allow them to reach membership at the end of the framework. And without the incitement of membership, it looks very well possible that reforms will not occur.

Take the example of Ukraine : 7 objectives were achieved out of 62 recommended in 2012.

The EU contributes financially to this European Partnership instrument to the tune of 11,18 billion Euros for the period from 2007-2013, two thirds of which are allotted to the Southern sector and one-third to the East, a less densely populated zone, which amounted to 350 million Euros. It is interesting to note that the tiny country of Moldova (3,5 million inhabitants) receives the most allocations per capita in the Eastern zone. The ENP countries also benefit from loans at favorable conditions from the European Investment Bank : from 2007-2013, 8,7 billion Euros were attributed to the ENP South and 3,7 billion Euros to the ENP East and to Russia.

The European instrument for Democracy and Human Rights (IEDDH) also contributes to these Neighborhood policies and supports civil society organisations by the intermediary of its EU delegations in ENP partnership countries. Several of these countries have also set up stability instruments for nuclear security, for example.

From the last reports presented to the European Commission in May 2010, the overall results of the ENP were exposed, establishing real progress in putting into place infrastructures for cooperation with the EU and its partners, as well as putting into place a number of instruments allowing for commercial exchange and economic integration. As far as democratic governance is concerned, the ENP was shown to not have had any incidence on progress in this area. But it goes both ways : if the EU is not prepared to deepen its relations and increase investment and ultimately propose membership to these ENP countries, then it can not expect progress to be made in adopting good practices, EU standards and legislation. Directly linked to the promise of membership

is the attraction, of course, of the EU, its economy, its 500 million population marketplace, its stability, its prosperity and its democracy. And this attractiveness was demonstrated by the number of people trying to migrate to Europe and the security threat that it poses.

EUROPEAN MIGRATION MAP : <http://www.frontex.europa.eu/trends-and-routes/migratory-routes-map>



- Western Mediterranean** : 6,400 migrants
- Central Mediterranean** : 10,380 migrants
- Eastern Mediterranean** : 37,220 migrants
- Eastern terrestrial border** : 1,600 migrants
- Western Balkans** : 6,390 migrants
- Western Africa** : 170 migrants
- From Greece to Albania** ; 5,500 migrants
- Apulia and Calabria** : 4,700 migrants

It was underlined in a conference held in Paris on June 18 in Paris at the EU representation office, that a common European border can not replace national responsibilities of controlling immigration. How can EU countries safeguard their borders from piracy, trafficking and migration? We can break down migration into three categories : 1) economic immigration; 2) refugees; 3) asylum seekers. The EU must resign itself to accept legal immigration, to allow migrants to leave their country and migrate to Europe, allowing them to pass through the legal channels of immigration; if not, many of them will try to enter Europe through the asylum mechanism.

Since the creation of the Schengen Space, which guarantees the free circulation of people and goods, is controlling the EU borders the most appropriate way to control and regulate migration flows? Marie-Christine Vergiat, European Socialist Deputy, of the sub-commission of Human Rights, spoke of the Lisbon Treaty and the security drift and remarked that the EU externalises migration influxes to those countries which do not respect human rights, such as Libya, and Tunisia under their former leaders. She also underlined the fact that if these countries did not take back their citizens, they would no longer receive financial aid.

But does one have the right to leave one's country?

Antonio Vitorino, former European Commissions of Interior Affairs, reminded us that the EU's population is aging and that we need immigration, which would require more migratory flexibility, such as exists between Morocco and Spain, and that would require a political response. Should not the EU liberalise its visa conditions by a decision taken by the Foreign Affairs Ministry? A dialogue with third party countries should be opened, with Turkey, for example, that lets its citizens and other migrants pass through its territory and enter Europe.

How should the EU deal with the lucrative business of trafficking, which generates annual revenues of approximately €7 million?

Where is the equilibrium point between Security, Liberty and Democracy?

PART THREE : ENERGY

And maritime security and law are of course directly related to the final subject, which is energy, without which our economies could not function nor prosper. The number of piracy attacks have doubled in the last years and will probably continue to do so as ships become bigger and carry more containers, more merchandise, thereby increasing their value and thus inviting more attacks.

After military security, after internal security, governance and immigration, it is now time to bring all of these aspects of security into perspective with energy security through the looking glass of the EURONEST session that was held in Brussels in September 2012, dedicated to the EU-Eastern Partnership.

Several themes stand out from this day of briefings, one of which was developing energy independence (Europe is dependent on Eastern energy inflows for 60% for petrol and 40% for gas), but one that would ensure independent economic development, all dependent on finding new routes, ensuring existing and building new infrastructures, energy transparency, energy efficiency and the harmonisation of legislation and grids on both sides of the EU borders. Murman Margvelashvili, Director of World Energy Studies in Georgia, underlined the importance of civil society and the role it can play as a watchdog for big industry. He also underlined the importance of the longevity and the sustainability of natural resources.

Another aspect that should be underlined, as demonstrated by Slavtcho Neykov, former Secretary General of the Energy Community in Vienna, is energy poverty. He said that many people in the ENP arena must choose between eating or heating. In a letter addressed to the President of the Energy Community, Mr Neykov recommends an « *energy acquis* », such as the Copenhagen Criteria mentioned above, a right to energy, the key to a social energy strategy. This of course must be discussed with energy regulators and social partners, separating out the necessary reforms to be taken in light of the existing social vulnerability.

Mikhailo Gonchar, Président of Energy studies in Kyiv, spoke of a transparency deficit in the energy flows. He underlined the fact that there isn't a European vision for energy security and recommended that the *statut quo* be clarified, so as to prevent future conflicts and to not undertake projects that aren't European priorities. He also opened the subject of protecting politicians when they try to make courageous decisions.

Azerbaijan clearly positions itself as the alternative route for bringing energy to Europe, as Fuad Muvador, Deputy Chairman of the Energy Commission in the Azerbaijan Parliament, proposed that his country is positioned to be that second, alternative route for bringing energy to Europe. It is reclaiming its historic role mentioned above.

Getting energy to Europe is one thing, but using it intelligently and efficiently is another. As 80% of a nation's energy consumption is used for urban use Kristina Dely, Executive Director of the Covenant of Mayors, has engaged 48 countries and the mayors of their big city to reduce carbon emissions with better insulation techniques, to reduce CO² outputs by 160 million tons, creating 80,000 jobs at a cost of \$4 billion.

To end the session Edit Herczog, rapporteur for the Commission on Energy and Research asked some good questions : what are our common challenges? Our energy demands will double in 2015. How can we ensure the energy flows at prices that continue rise? Consumers have a right to have access to energy. Is Nabucco doable? Which model should we follow? Is there a lack of political will? Is this a conversation we can have one on one or is it rather a conversation of one against 27? She ended her remarks by saying that Europe needs a European Energy agency and that all the pipelines should be connected with this agency.

Thus, the importance through ensuring the energy line, ensures and secures energy supplies for Europe and its periphery, linking both. The EU is seen to offer a model of stability, of regional integration and regional security in all of its dimensions, internal and external. The EU is a security producer that is still in process and requires some consolidation at the policy and decisional level.

Christophe Leclercq, founder of Euractiv, wrote on this website on June 7, 2013, saying that EU membership should evolve towards a «*focused EU membership*», thus adhering to a Europe that is centered on stability and a unified market. He sees a return to the defunct CEE, excluding transfer of national sovereignty to the supranational body, without a referendum. This could be of interest to other countries that are presently in the Union and to those that are candidate countries. As far as the Euro-zone is concerned, it would be necessary to regroup complementary elements of sovereignty. All in all, it would be best to create “*an economic government*” that is absent from the Euro-zone, which would lay down the foundations of solidarity in Europe that could best define this new union.

So can this “economic Europe” provide security on the periphery? Certainly it can, as an economic model to follow, allowing trade to lead the way, followed by education, thus creating economic growth and political security and stability, which in turn will seep seamlessly across the borders around the the Union. The EU may not be able to realise a political union, but can certainly reach out to the countries on its periphery to provide them with their model of security, governance, inclusion and prosperity.



Geostrategy of the Russian Navy in the Black Sea

Irina Isakova⁶

In 2013 the Russian Black Sea Fleet celebrated its 430th anniversary, tracing its roots to 1783, when Russia conquered the Crimea and established the port of Sevastopol. From its formation the fleet asserted a strong strategic presence in the Black Sea region and a swift response to any threats against the nation.⁷ It's current reshaping symbolises renewed attempts of turning Russia's only year-round warm-water fleet into a viable force capable of conducting a wide range of maritime operations.

Growing importance. In the last decade the Russian military and political establishment characterised the national security risks coming from the Arctic North and the South as severe and the most challenging due to the global trend of redistribution of the natural resources.⁸ The Arctic and the Black Sea regions were also named as the most underdeveloped but promising as potential areas of natural resources in Europe.⁹ Because of the concentration of regional and transcontinental interests in the Black Sea region, which is seen as a transportation, trade and energy hub for Asia, Europe and MENA, the first priority was given to the needs and requirements of the Russian South Military District (the MD South). The Black Sea Fleet is assigned to the South Military District along with the Caspian Flotilla, the 4th Air Force and the Air Defence Command and Ground Forces, as well as four Russian military bases located abroad - in South Ossetia, Abkhazia, Armenia, and Ukraine (Sevastopol, the BSF HQ).

The Russian Federation's Marine Doctrine, The Basics of the Russian Federation's Naval Policy, and The Concept of the Navy's Application of the Russian military doctrine – all provide the basic generic guidance to the geopolitical analysis of the Black Sea Fleet activity. More practical assessments could be acquired from the new addition of Russia's Foreign Policy Concept, which was approved in February 2013 and inflicted changes to other national defense and security documents. On 5 July 2013 Russia's Security Council authorised to amend the defence doctrine by requesting

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⁷ <http://www.usni.org/magazines/proceedings/2011-02/russias-black-sea-threat>

⁸ http://www.gazeta.ru/politics/2013/06/28_a_5398025.shtml

⁹ <http://oborona.ru/includes/periodics/navy/2012/0424/14198258/detail.shtml>

adjustments to be made in view of new political-military, military and international developments and the evolution of current risks to stability and national security. Priority was to be given to defence planning and introduction of changes to the Defence R&D programme. The amended version is expected to be ready by 2015. According to the after-meeting clarification given by Russian Minister of Defence, Sergei Shoigu, special attention was to be put on the needs of Strategic Forces, missiles technologies, cyber capabilities (C4SI) and the RF navy.¹⁰ Even prior to these decisions, the Russian Navy was named as one of the main recipients of the national defence procurement programme. Until 2020 more than a quarter of the entire defence budget (with total worth of \$116 bn) is allocated to the Navy.¹¹ A steep (63%) increase in defence spending is planned till 2016; and 16% of the state budget for the financial year-2013 is allocated to defence needs.¹²

The current parameters for the modernisation of the Black Sea Fleet were formulated in 2010, immediately after the signing of the Russian–Ukrainian agreement on the lease extension for the Sevastopol base till 2042. Until then BSF mainly was comprised of “frigates and anti-submarine warfare (ASW) ships dating back to the 1970s”¹³ Though the service life of the fleet's flagship, the Moskva guided-missile cruiser could be extended thanks to its considerable modernization potential, the procurement problem was considered acute.¹⁴ Despite the initial intention to upgrade the BSF with the vessels transferred from the North Fleet, the decision to equip the Black Sea Fleet only with new modern weapons and systems prevailed. According to Admiral Vladimir Vysotsky, then the Commander of the Russian Navy, the fleet was authorised to receive 10 frigates (22350 и 11356 series) and 5 non-nuclear submarines.¹⁵ Four out of six frigates (Project 11356) are currently in the production cycle. The lead frigates ship in these series, the Admiral Grigorovich, is to be ready for service in 2013. Project 11356 frigates are designed for anti-ship and anti-submarine warfare on the high seas, and for

¹⁰ <http://en.ria.ru/analysis/20101013/160945118.html>; <http://www.itar-tass.com/c96/799597.html>

¹¹ http://en.rian.ru/military_news/20130707/182106098/Russian-Navy-to-Receive-36-Warships-in-2013.html

¹² <http://ria.ru/economy/20130702/947174813.html>

¹³ <http://en.ria.ru/analysis/20101013/160945118.html>

¹⁴ <http://en.ria.ru/analysis/20101013/160945118.html>

¹⁵ <http://www.newsru.co.il/arch/world/23jun2010/rf8005.html>

anti-aircraft operations, both independently and as an escort ship.¹⁶ The ships are to be armed with an eight-cell launcher for Kalibr and Klub (3M54E) anti-ship and surface-to-surface missiles, a 100-mm main gun, Kashtan gun/missile close-in air defence systems, Shtil vertical-launch air defence missile systems, two torpedo tubes, an anti-submarine rocket system and a Ka-28 or Ka-31 helicopter.¹⁷ The Project 22350 (stealth) was to follow.¹⁸ The June-July 2013 decisions on the BSF procurement programmes, based on the assessments of the “surprise January 2013 drills”, were accelerated by the 3 trillion rouble-boosts to the shipbuilding industry. Contrary to the experts’ assessments,¹⁹ the new vessels are expected to be delivered between 2014 and 2016. At least two new Kilo class submarines (out of six to be built for the BSF) are to be deployed in Novorossiysk by mid-2014.²⁰ They are to join the only Kilo class submarine, the Alrosa, currently in service in the Black Sea Fleet.²¹ With the steady deliveries of the new non-nuclear vessels arriving for service to the BSF and the introduction of new unified principles of basing for submarine fleets throughout the Russian Navy,²² the efficiency of the multifunctional missions by the BSL is bound to improve. Though formally the future role of the aircraft carriers in the Russian Navy is still to be addressed around 2020-25, Moscow is completing the construction of its own multimillion training facility for its carrier-based fixed-wing pilots in the city of Yeisk, on Russia's Black Sea coast. Previously Moscow used Ukraine's Nitka Naval Pilot Training Centre as the only training facility for its carrier-based fixed-wing pilots under the 1997 bilateral agreement. The official notification to Kiev regarding Moscow's decision to discontinue training at NITKA, the ground-based naval aircraft training facility near the city of Saki, was sent in April 2013. The decision was influenced by the fact that Ukraine allowed foreigners, including the Chinese, to share information and equipment at Crimean NITKA, thus providing uncontrolled access to technologies developing carrier-based aviation and aircraft-capable ships.²³

¹⁶ http://en.ria.ru/military_news/20130415/180651782/Russia-to-Lay-Keel-for-4th-Project-11356-Frigate.html

¹⁷ http://en.ria.ru/military_news/20130713/182213396/Russia-Lays-Down-New-Frigate-for-Black-Sea-Fleet.html

¹⁸ <http://www.itar-tass.com/c96/799597.html>

¹⁹ <http://www.nti.org/db/submarines/russia/>; <http://www.globalsecurity.org/military/world/russia/mf-reform.htm> ; <http://www.waronline.org/forum/viewtopic.php?p=554772>

²⁰ http://www.ng.ru/cis/2013-06-20/6_ukraina.html

²¹ http://en.rian.ru/military_news/20120817/175263174.html

²² <http://army.lv/ru/V-Rossii-sozdaetsya-edinaya-kompleksnaya-sistema-bazirovaniya-atomnih-podvodnih-lodok/406/301822702.2011>

²³ Ilya Kramnik, “Ukrainian NITKA: Grasp ALL, Lose All”, The Voice of Russia, 30 January 2013.

Mission statement. The renovation of the Black Sea Fleet was prioritised due to the fleet's expanding missions. The Black Sea Fleet's policy goals and objectives are:

- addressing the security risks to the mainland;
- contributing to the nuclear deterrence capabilities;
- providing maritime security;
- exercising naval diplomacy.

Adequate projected power capacity: Though the main efforts in security stabilisation for the Caucasus and mainland is done by the army and special forces, nevertheless the Navy played and plays a subordinated but important part in joint efforts. Thus, one of the missions of the BSF is to provide maritime support to other units and services in safeguarding the coast line and the Black Sea basin, as well as to prevent insurgencies coming offshore, prevent illegal migration and arms trafficking to the volatile regions from abroad, etc. The combat readiness, resilience of the forces doubled since the joint unified command for all services in the MD South was completed.²⁴ The security threats were identified where the contribution of the Black Sea Fleet was envisioned.

Firstly, the BSF participation was essential where the security risks were linked to the spread of radical Islam and rise of terrorist activities in the Russian Federation due to several short-term and mid-term factors. For instance,

1. Expanding instability of the ME and Mediterranean conflicts that might trigger spill over effects to the RF territory, undermining security of the RF Northern Caucasus and Caucasus as a whole (especially as the flow of returned mercenaries increases from the conflict regions back to their places of permanent residency);
2. Rise of radical Islam and terrorist activities especially in the Northern Caucasus, the Volga region and neighbouring Central Asia as the result of the Taliban insurgencies, especially after the completion of the ISAF mission in Afghanistan and during the time of relocation of the ISAF units;
3. Increasing level of terrorist activity aimed at disrupting the Sochi Winter Olympic Games-2014.

²⁴ <http://www.regnum.ru/news/1526686.html>

Secondly, the activation of the BSF was envisioned in case of resumed conflicts and military hostilities in conflict zones in the Caucasus or the Caspian regions that could have destabilising potential to the security situation near Russia's borders, for instance in Nagorny Karabakh. On 27 February 2013, major bilateral agreements between Russia-Abkhazia and Russia-South Ossetia were signed. The documents covered all aspects of bilateral relations including military assistance clauses. Russia received the right of deployment of forward forces on the territory of South Ossetia and Abkhazia and took obligation to provide security and defence to both republics. South Ossetia would host a base in Dzhavy, near Tskhinval. A logistic support centre for servicing the BSF would function in Ochamchire in coordination with the airbase in Gudauta (Abkhazia). According to Vladimir Ovseev, analyst from the Centre of International Security IMEMO RAS, agreements were reached about two multifunctional bases though scattered in several facilities throughout both republics.²⁵ During the Cold War, Ochamchire was a Soviet naval base for border-patrol boats, minesweepers, and other support craft. According to Western analysts, "*A new naval base there—with close proximity to Georgia proper—would be a strategically important facility that could allow the BSF to better support maritime operations in the eastern Black Sea. While the port's shallow waters do not allow large warships, such as the Moskva, to dock, it can accommodate smaller ships with low drafts.*"²⁶

With the completion of the rail/transport network Kars(Turkey)-Akhalkalaki-Tbilisi (Georgia)– Baku(Azerbaijan) (or known as KATB), Moscow envisioned new security risks associated with the possibility of uncontrolled shipments, including arms and drugs trade, etc., potentially targeting areas of still unresolved territorial, ethnic and religious disputes in the Caucasus, North Caucasus and the Volga region. The KATB rail project would connect the states involved with the Mediterranean Sea , on the one hand and, on the other hand, with the European rail system vis-à-vis the Bosphorus Straits road tunnel²⁷ with expected annual trade turnover of 30 million tonnes.²⁸ The completion of the eastward connection between the KATB and the rail-maritime route

²⁵ <http://www.ng.ru/forum/messages/forum3/topic12298/message12363/#message12363>

²⁶ <http://www.usni.org/magazines/proceedings/2011-02/russias-black-sea-threat>

²⁷ <http://ebrd2013.com/videos/bosphorous-tunnel/#sthash.VJeO9mZn.dpuf>

²⁸ [http://www.newsgeorgia.safeguardingmissions\(energysecurityandtrade\);ru/politics/20130708/215768142.html](http://www.newsgeorgia.safeguardingmissions(energysecurityandtrade);ru/politics/20130708/215768142.html)

“Baku (Azerbaijan)–Aktay (Kazakhstan)” to China²⁹ would open a shorter land/maritime connection between China and Europe than the existing transnational transport links through Russia’s territory. The KATB is offered by the Georgian government to be used as the main land route for ISAF (or other NATO related logistic) purposes.

Addressing the challenges, the BSF is to prevent and stop potential armed conflicts near the RF borders, as well as deter other state and non-state actors of any aggressive acts against the RF or its friendly countries. In addition, the militarisation along the the East-West Black Sea-Caspian Sea Corridor was seen as a factor requiring a multilevel and multilateral response, increasing the Russian participation in the international anti-piracy missions and monitoring activity aimed at preventing illicit arms, illegal migration, international crime, drugs smuggling, environmental and other disasters.

Maritime balance and marine deterrence: The BSF is tasked to respond to traditional security concerns, such as the intensified militarisation of the Caspian Region and the Black/Azov Seas basins, paralleled with “creeping NATO enlargement”, accompanied by the rising visibility of the US military presence in the Black Sea region, enforced by the deployment of land/naval-based elements of the Euro Missile Defence (MD) system. Though NATO was not qualified as a threat by Russia's military doctrine (2010), the document implied a possibility of conflict of interests at regional and local levels. It covered potential threats in connection with unilateral steps toward the bloc’s expansion. In the last decade the Western sector of the Black Sea showed intense mil-to-mil cooperation under the NATO umbrella. The US and other NATO member-states are stepping up cooperation with Ukraine and Georgia, as both are seeking NATO membership. The deployment of any MD components in the Black Sea basin is considered to be a threat to Russian nuclear deterrence capabilities. Special concern is voiced regarding plans to complete the operational stage of the deployment of MD interceptors on bases in Romania and Bulgaria by the end of 2015. As the result, the new version of the military doctrine is expected to treat any attempts undermining the checks and balances of the nuclear deterrence as severe risks to its national security. Inability to receive legally binding security guarantees regarding the US/Euro MD

²⁹ <http://www.apsny.ge/analytics/1150822399.php>

elements positioned along the RF borders will prompt the Russian security establishment to consider taking practical countermeasures.³⁰ The BSF contribution to maintaining adequate maritime nuclear deterrents should not be underestimated. In view of the growing instability over its southern borders the Russian military is upgrading its anti-missile and anti-air defences. The new MD early warning system Voronezh DM (with 6000km operational diameter) was put in service in Armavir, Krasnodar region in 2013. It's one of the seven early warning systems to be deployed around the country by 2018.³¹ The BSF is also expected to receive a new strategic missile complex RUBEZH (according to the Russian technical experts, its characteristics allow it to penetrate current/future Missile Defence systems).³² In 2013, the naval aviation was brought under the Navy command, redrawing the decision of 2011, which affected the speed readiness and synergy between maritime and air components of the RU Naval defence. Finally, the BSF hosting base facilities (Novorossiysk, Sevastopol, etc.) are expanding and being modernised, allowing to receive substantial upgrading forces.³³

Safeguarding missions (energy security and trade): The Black Sea is in the crossroads of evolving trade and communication routes that have profound impact on Southeast Europe, the Caspian Sea, the Middle East and European markets. The region accommodates around 10% of the world's tourists' flows, which makes it a potential target for terrorist/criminal activity. The Black Sea region became a transport hub for oil and gas supplies moving from the East and South into Europe.³⁴ In the last several years the offshore drilling and increased hydrocarbon production in the Azov and Black Seas brought major international energy corporations, like Exxon Mobile, Chevron, Shell, and China National Offshore Oil Corp. (CNOOC)³⁵ to the region. According to the Russian regional experts, the risks of physical interference with Russian energy infrastructure and trade supplies routes in the Black Sea, the Mediterranean Sea and wider Great Middle East region increased with the opening of competing networks of pipelines and supply routes, like the Blue Stream, the South Stream, the TAP, the

³⁰ <http://news.bcm.ru/world/2011/11/15/324538/1>

³¹ <http://www.itar-tass.com/g65/4152.html>

³² <http://www.bfm.ru/news/221417?doctype=news>

³³ <http://lenta.ru/news/2013/07/16/disprove/>

³⁴ <http://www.ogj.com/articles/2010/04/black-sea-lng-agreement.html>

³⁵ <http://www.ogj.com/articles/2009/02/cnooc-looks-to-develop-ukrainian-black-sea-gas-fields.html>

Azerbaijan-Georgia-Romania-Interconnection (AGRI) LNG project and those originating along the geographical parallels from the South etc. Russia as a gas/oil supplier takes responsibility for securing the functioning of its pipeline systems. Besides technical and technological maintenance, the pipelines require protection from external factors, including deliberate acts of terrorism or vandalism. Safeguarding pipelines and supporting infrastructure in the maritime terrain is provided by the Black Sea Fleet units.³⁶ The Fleet's missions are to ensure the protection of its coastal waters, as well as its oil/gas transportation routes (in coastal and blue waters), deep water installations, sea communications as well as mineral, hydrocarbon and bio-resources, which are concentrated in the exclusive economic zone and offshore.

The analysis of the Russian military and regional policy experts has seen mounting instability in the Middle East and the expanding conflict in Syria as primarily linked to the changing patterns of energy supplies. The Strategic Culture Foundation circulated analysis based on the assumption that the eruption of the violence in Syria coincided with the decision to build the so-called Islamic pipeline (the Friendship Gas Pipeline project) linking Iran, Iraq and Syria that would provide gas to Lebanon, Jordan and South Europe from Shia dominated states. The ratification of the agreement by Iraq (February 2013) was followed by the increased involvement of Iraqi and Iranian fighters in Syrian conflict. Gas will be produced from the Iranian South Pars gas field in the Persian Gulf, which Iran shares with Qatar, and holds estimated reserves of 16 trillion cubic meters of recoverable gas.³⁷ The pipeline, a competitor to the recently collapsed Nabucco/ Nabucco-West project, was aiming to reach consumers in Southern and Western Europe, and is seen as a complementary gas supply to the Russian-backed South Stream project. On the other hand, the Qatar-backed gas pipeline linking Saudi Arabia, Turkey, Syria (with Muslim Brotherhood backing in Jordan and Syria) is aimed to cover and exceed the consumer demands of European customers of both the Islamic pipeline and the South Stream. Thus, the mounting tensions in the Mediterranean and in particular around Syria are seen by the Russian experts community as part of a wider "Shia vis-à-vis Sunni" conflict in the Greater Middle East, and in particular³⁸ over the

³⁶<http://www.ng.ru/forum/messages/forum3/topic9417/message9486/#message9486>

³⁷<http://alethonews.wordpress.com/2013/02/20/iran-iraq-syria-gas-pipeline-project-agreement-finalized/>

³⁸http://russiancouncil.ru/en/inner/?id_4=449#top

energy distribution to Europe markets.³⁹ Information regarding the opening of the Iranian air-base, near Latakia, a major Syrian port (2010) under the bilateral Iran-Syria agreement, contributed to the rising security concerns for the region. Several reports produced in Russia in 2013 directly linked the support for radical elements in the anti-President Assad opposition with Saudi Arabia and Qatar.⁴⁰ It's not surprising that the spill over effects from the Syrian conflict were feared to have a negative impact on the North Caucasus, Central Russia, the Volga region, the Central Asian region and in the Crimea, where Islamic radicalism was promoted with the assistance and financial support from Saudi Arabia and Qatar. Recent statements circulated in Russia were promoting the idea that it is not in the US long-term interest to take sides in "Shia vis-à-vis Sunni" conflict, as the changes in strategic balance and counter Iran policy might not be fully in the interests of the USA. In other words, the difference in assessments and policies towards Syria or developments in the Mediterranean region do not automatically lead Russia to anti-American actions or sentiments.⁴¹

However, due to regional tensions, Moscow raised the level of combat readiness expected from its navy and the armed forces. In addition, the Black Sea Fleet's vessels were to provide military escorts to ships under the Russian flag delivering military and non-military shipments under the internationally recognised contracts to its customers in the volatile area (if needed). Moscow was among those 23 abstained members of the UN that linked its future support for the Arms Trade Treaty (ATT, April 2013) on the condition that amendments forbidding the third party re-export and authorising sales only to legitimate governments be incorporated into the document; but they were rejected.⁴² The doubts about the implementation of the ATT forced the RF political authority to consider providing military convoys to accompany its maritime deliveries, which were contracted in compliance with international law and are not burdened by embargo restrictions.⁴³

³⁹ <http://www.warandpeace.ru/ru/commentaries/vprint/80431/>; <http://www.fondsk.ru/authors/dmitrij-minin-199.html>

⁴⁰ <http://www.warandpeace.ru/ru/commentaries/vprint/80431/> <http://www.fondsk.ru/authors/dmitrij-minin-199.html>

⁴¹ http://russiancouncil.ru/en/inner/?id_4

⁴² http://english.ruvr.ru/2012_07_06/Arms-trade-the-Russia-position/

⁴³ See: www.oborona.ru

The Straits: Traditionally the core missions of the Black Sea Fleet were to provide a security zone in the Black Sea basin and free access to the Blue Waters vis-a-vis the Straits, thus safeguarding free trade, defending the mainland and critical infrastructure facilities; and in the case of emergency, having the ability to seal the straits' bottlenecks as a preventive measure from external aggression.⁴⁴ Among the existing legal frameworks for the Black Sea region the agreements regulating the "Straits' access regime" are essential for understanding the dynamics of maritime policies thereto. They are the Montreux Convention Regarding the Regime of the Straits (1936) and the Kerch agreement (2004 & 2012). The Montreux Convention gives Turkey control over the Bosphorus Straits and the Dardanelles and regulates the transit of naval warships. The Convention allows Turkey full control over the Straits and guarantees the free passage of civilian vessels in peacetime. It restricts the passage of naval ships not belonging to Black Sea states to the Mediterranean. Though initially opposing the Montreux Convention, Moscow learned to use the restriction on the number of foreign warships passing through the straights (duration of stay, seizure, purpose of entry) by ensuring that any nation other than Turkey would be discouraged from sending unmonitored warships through the Straits.

The Russian-Ukrainian Kerch Agreement (2004) fixed the legal status of the Sea of Azov and the Kerch Strait as inland waters of the two countries. The Kerch Agreement (2012) that followed secured a joint use of the Azov-Kerch water area and the man-made Kerch-Yenikal Channel, which is used as a transit route to the river basins of the Don and Volga rivers, and eventually to the Caspian Sea. The Kerch Agreement de facto banned the entry of warships of third countries without mutual Russian and Ukrainian consent. The Straits' agreements became to some extent an informal tool for monitoring⁴⁵ traffic along the East-West Black Sea-Caspian Sea Corridor,⁴⁶ which was seen as a complimentary and parallel to the reestablished New Silk Road, connecting Asia and Europe. Though the Caspian Flotilla became independent from the Black Sea Fleet as part of its division after the breakup of the USSR in 1997, both the Caspian

⁴⁴ <http://www.fondsk.ru/news/2013/03/16/flot-rossii-v-sredizemnomore-i-19554.html>

⁴⁵ <http://www.strategic-culture.org/news/2012/07/13/russia-ukraine-agree-on-maritime-border-delimitation.html>;
<http://lenta.ru/news/2012/07/11/kerch/>

⁴⁶ The concept of the maritime route introduced as complementary to the New Silk Road by U.S Secretary of State Hillary Clinton in 2011.

Flotilla and the BSF belonging to the South Military District are capable to reinforce each other in case of rising security risks.

Returning to the Mediterranean: monitor, prevent, secure and deter: “*The Black Sea Fleet is expected to become one of Russia's most active fleets, projecting its naval power out into the Mediterranean Sea and across the Indian Ocean.*”⁴⁷ On 11 March 2013 the decision was announced to form the Mediterranean Task Force because of the need “*to defend its national interests*” in view of the increased international tension in the eastern Mediterranean. It was proclaimed that the mission of the Mediterranean Task Force, the naval combined group of forces, is to revive and duplicate the tasks of the 5th operational squadron of the Soviet Union Navy, which was deployed in the Mediterranean Sea from 1967 until 1992. The core mission of the Mediterranean Squadron at that time was to counter the US Navy's 6th Fleet. During the Cold War it consisted of 30-50 warships and auxiliary vessels at different times deployed in the Mediterranean Sea. The capabilities of the present Mediterranean Task Force is significantly less impressive, but it is clear that the declared core task would be to deny the US Navy the ability to deliver strikes or provide logistical support to any offensive against the Russian nuclear deterrent or its nation's vital interests in the area of its responsibility. The combined joined task force in principle was to operate in the Mediterranean Sea on the permanent bases and under certain conditions to perform duties in the Atlantic and Indian oceans. The task force is to be formed on a rotating basis from five to six warships and vessels from three main fleets – the Black Sea, the Baltic and the Northern Seas (in some cases with a contribution even from the Pacific Fleet) and to be under the chain of command of the Black Sea Fleet HQ (located either in Sevastopol, Ukraine, or Novorossiysk, Russia). Depending on the scope of assignments and their complexity, the number of warships (frigates and cruisers) in the task force may be increased and the task force may be enlarged to include nuclear submarines. Adm. Vladimir Komoyedov, head of the parliamentary defence committee of the Russian parliament, told the Russian news agency RIA Novosti that the Mediterranean Task Force should be comprised of 10 warships and support vessels as part of several tactical groups - attack, antisubmarine, and minesweeping.⁴⁸ The new

⁴⁷ <http://en.ria.ru/analysis/20101013/160945118.html>

⁴⁸ http://en.rian.ru/military_news/20130319/180115067/Russia-Reveals-Details-of-Mediterranean-Task-Force-Command.html

commanding officer appointed in May 2013 has extensive experience at the commanding level in the three fleets.⁴⁹ The headquarters of Russia's Mediterranean Task Force is to be set up in the Summer of 2013. The 25 officer-strong mobile HQ will be deployed on board of one of the flagships in the Mediterranean Sea.

The return to the Mediterranean Sea patrols implies a necessity to have a permanent place for secure logistical support or a full-fledged strategic base in the Mediterranean. Russian naval authorities confirmed their interest in preserving the Tartus technical maintenance center⁵⁰ and extending the lease agreement for the foreseeable future, as well as to expand the options by opening additional hosting base(s) in the Mediterranean basin.

Tartus, Syria - located about 250 km north-west from the capital and 90 km south from the sea port Latakia is a logistical facility for material and technical maintenance of Russian vessels, assigned to the Russian Black Sea Fleet. Russian naval activity off the coast of Syria could be seen as an essential part of the initial lease agreement between Russia and Syria (1984) regarding the E&T in Tartus. In accordance with this bilateral agreement Russian and Syrian military were to coordinate their actions in case of breakout of war hostilities.⁵¹ The close proximity of the major oil storage facilities in Baniyas, and the location of the major Syrian pipeline, stretching from the north-east areas of the country to the Tartus port, contributed to the Russian determination to prevent a direct offensive on the Syrian offshore and energy complex. However, one should mention that Russia's interests to keep the naval maintenance center in Tartus is only in line with Moscow's fundamental position rejecting the principles of external humanitarian intervention.⁵²

In early 2010, the Russian navy informed about the forthcoming modernization of the E&P facilities with a view to increase logistical capacity of the port so Russian vessels can carry out their duty in the Gulf of Aden, provide for the replenishment of Russian

⁴⁹ http://en.rian.ru/military_news/20120207/171194565.html

⁵⁰ <http://www.dw.de/russia-flexes-its-muscles-in-the-mediterranean/a-16913760Mediterranean>

⁵¹ http://russiancouncil.ru/en/inner/?id_4=271#top

⁵² Dmitry Trenin, "Vladimir Putin's Fourth Vector", Russia in Global Affairs, 2 July 2013; http://russiancouncil.ru/en/inner/?id_4=2061#top

ships remaining off the harbor, to moor anti-submarine warships and logistic support ships. In September 2010, the Commander-in-Chief of the Russian Navy informed about further plans for the modernization of the E&P in Tartus, which was to be developed as a stationing site for ships and cruisers, with the first stage of the modernization to be completed by 2012. According to the report “Russia-Syrian “Present-Future: naval aspect”, by Aleksey Sarabiev, scholar from the RAS Institute of Oriental Studies, published in October 2011:

*“In September 2010, Russian Minister of Defence announced Russian plans to supply Syria with mobile coastal missile systems Bastion equipped with 300 km-range anti-ship supersonic guided missiles Yakhont. These missile systems are, among other things, called upon defending the Tartus E&P. Apart from the missile systems there was discussed the possibility of supplying to Syria over-the-horizon radar (OTH radar) Monolith B which would significantly enhance air- and anti-submarine defense of the Syrian coast.”*⁵³

If such systems were delivered to Syria they would allegedly be able to protect the major part of Syrian territory from air strikes and considerably raise the fatalities toll from any offshore insurgency.

Limassol, Cyprus - the busiest ports of the Mediterranean transit and the largest port in Cyprus located on Akrotiru Bay on the island's southern coast. The principal understanding was reached regarding the use of Limassol port by the Russian navy vessels for refueling and ship servicing. Another agreement on the use of the Andreas Papandreu air base near Paphos, Cyprus, by the Russian Air Force was initialed (23 June 2013).⁵⁴ An extended military–technical cooperation agreement covering in details the above arrangements is expected to be signed during the forthcoming visit of the Cypriot President to Russia later this year. The document is expected to specify conditions under which the RF forces are allowed to use the Cyprus military infrastructure.⁵⁵ In addition, the Mediterranean Task Force could use the ports in

⁵³ http://russiancouncil.ru/en/inner/?id_4=271#top

⁵⁴ <http://www.finmarket.ru/z/nws/news.asp?id=3383474>

⁵⁵ 26 June 2013, Red Star, http://blackseafleet-21.com/news/26-06-2013_andreas-papandreu-zhdjot-druzej

Montenegro (Kotor) and Greece (multiple locations) as resupply points according to the Russian Ministry of Defence.⁵⁶

Judging by the estimates provided by Russian and western analysts for the forthcoming three to four years, the main bulk of the ships grouped for the Mediterranean missions is going to consist of vessels, currently serving in the Russian Fleets and is going to be represented by joint task forces of the Black Sea/Pacific Fleets or the Black Sea/Baltic Sea Fleets.

Naval Diplomacy - International cooperation: There are three major economic/security “game changes” that influenced Russia’s approach and its vision regarding participation in international cooperation, including the defence/security sphere in the Azov/Black Seas’ Basin. They are the following: the strategic partnership between Rosneft-Exxon Mobile in developing the energy sector of the Black Sea and beyond;⁵⁷ the evolving Chinese presence (in the energy and defence spheres) and the expanding Saudi/ Qatar influence in the wider region.

These are the factors that to some extent shape the forms of Russia’s cooperation with the littoral states and the West. Despite the growing concerns of possible conflicts of interests in the area, Moscow signaled its interest to keep and expand cooperation with its foreign counterparts, including the NATO-member states’ navies. The Black Sea Fleet’s international maritime activity increased in 2013. Moscow expanded and in some cases resumed maritime cooperation with Ukraine, Romania, etc. Russia agreed to joint anti-piracy drills with NATO member-states in the Black Sea, though previously such proposals coming from Brussels were rejected immediately. In early July 2013, a decision was taken regarding opening the way for Russian cooperation with foreign partners, primarily with France, Italy and Germany, on joint R&D, production and marketing of maritime vessels and equipment.⁵⁸ The joint anti-piracy and counter-terrorist operations with Western partners are envisioned as well. It’s obvious that there is an opened window of opportunity for further “tying the knots of cooperation” in the Black Sea region, but the geostrategic situation is very fragile and could be influenced by the external factors quite easily.

⁵⁶ http://en.rian.ru/military_news/20120817/175263174.html

⁵⁷ <http://vz.ru/news/2013/7/16/641432.html>

⁵⁸ <http://www.itar-tass.com/c96/803153.html>



Outsourcing Nation-States' Maritime Security Sovereignty

Ioannis Chapsos⁵⁹

Abstract

Contemporary maritime security encapsulates challenges that urged states to outsource their hitherto obligation and application of their sovereignty rights to the private security sector. This article discusses the transformation of the traditional and applied strategy of naval powers and the abolishment of their monopoly in maritime security provision. Although their sovereignty is questioned by this process, the privatisation of security is a debatable global trend, applied broadly in the maritime domain as well.

Key words: naval power, maritime security, piracy, private maritime security companies

Introduction

States and great naval powers in particular are aiming at their dominion and global reach through the maritime domain throughout the history of humankind; the control of sea trade lanes and the safeguarding of the 'freedom of the seas' offers them global access, forwarded naval bases and increased opportunities for trade. However, security has always been, and always will be directly related to economics. Hence, in this globalised era where the financial crisis is limiting the available funding in terms of security provision, states are no longer reluctant to outsource hitherto monopolies in order to sustain their economies while simultaneously introducing alternatives for security.

Their sovereignty and monopoly in terms of force projection and security provision was questioned when the private security sector emerged, developed and deployed to a great extent in land based conflicts. Yet, the sharp rise of modern pirate attacks in the Gulf of Aden and Horn of Africa created the perfect field for Private Maritime Security Companies to be leveraged. Their services offered to the terrorised shipping industry, which was experiencing huge damage inflicted due to the large number of hijacked ships off Somalia, broadened and expanded the debate stemming from the legal,

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operational and ethical concerns for their deployment in the vast and lawless oceans.

Naval Power and Nation – States

Naval power is undoubtedly a significant branch of national power, since it affects to a great extent both its latent and applied power, as well as its structural context in the international environment. The definition of sea (or maritime) power refers to the entirety of the use of the sea by a nation, comprising political, diplomatic, economic and military aspects ([Vego 2008:8](#)). Although the terms land and air power are synonymous to solely military means, navies as the instruments of sea power cannot be separated from geostrategic purposes, since they are deployed for ‘... the control of international trade and commerce; the usage and control of ocean resources; the operations in war; and the use of navies and maritime economic power as instruments of diplomacy, deterrence, and political influence in time of peace’ ([Tangredi 2002:2](#)).

Similarly, modern sea power is defined respectively as ‘...the combination of a nation-state’s capacity for international maritime commerce and utilization of oceanic resources, with its ability to project military power into the sea, for the purposes of sea and area control over commerce and conflict, and from the sea, in order to influence events on land by means of naval forces’ (Ibid: 3).

Thucydides (460-395 B.C.) introduced among others the significance and strategic dimension of naval power in the first ever Nation-State in human history. In his epic book *The Peloponnesian War*⁶⁰, the cornerstone and the founding discipline of international relations, social sciences and grand strategy, he identifies naval power as the means for the city-state of Athens to prevail in ancient Greece. The invincible fleet it built engendered both advantage in military superiority while leading an empire of subject states (City-States in the Aegean, Thrace, and Asia Minor) that initially allied with Athens to fight against the Persians and remained organised in the Delian League, and economic wealth from the established trade routes in its ‘international system’ with littoral neighbours and colonies.

The pioneer and founder though of ‘maritime strategic thinking and the role of naval power’ is definitely Alfred Thayer Mahan (1840-1914), an officer who taught at the US

⁶⁰ Thucydides, *The History of the Peloponnesian War* (Loeb Classical Library, 1989)

Naval War College. His concept focuses on the primary objective of coastal states which should be the command of the seas and none could doubt that critical political outcomes were produced by the result of naval battles and supremacy at sea ([Bartholomees 2012:323](#)). Mahan draws a distinctive line between sea and naval power, the former being defined as a nation's total capability at sea—'...not only the military strength afloat, that rules the sea or any part of it by force of arms, but also the peaceful commerce and shipping...' while naval power is the armed element of sea power ([Mahan 1890:25-26, 28](#)). Hence, Mahan briefly defined the three pillars of 'sea dominance' to be overseas commerce, naval and merchant fleets, and naval bases arrayed along the sea lanes to support the ships having the advantage of 'global reach'. This way the navy should protect the state's trade, which will in return offer part of the profits to support the navy, following the paradigm of Ancient Athens ([Yoshihara and Holmes 2006:26](#)). For Britain, this was interpreted as global dominance and uniquely applied, as Lord Nelson's legacy demonstrated: a superior fleet monopolising the secure seaborne transportations, as well as colonies providing the advantages of naval bases around the globe and deposits of vast material, mineral, supplies and manpower resources.

Although Sir Julian Corbett (1854-1922) had never served in the navy and consequently had no previous naval experience, his approach to naval issues from a historical perspective and commentary aspect and his affiliated thoughts and theories around naval warfare, legitimised his reputation and appointment as the Admiralty's chief unofficial strategic advisor; but, which simultaneously offered him a position in English and global history as one of the pioneer strategist of the optimum utilisation of sea power for command and control of the seas, hereof promoting a state's interests ([Gough 1988:56-58](#)). His overall approach was different from his contemporary competitor's Mahan, stressing that since '...men live upon land and not upon the sea, great issues between nations at war have always been decided—except in the rarest cases—either by what your army can do against your enemy's territory and national life, or else by the fear of what the fleet makes it possible for your army to do.' ([Corbett 1911:2](#)).

During the two World Wars and the ‘Cold War’ era, the principles that Mahan and Corbett introduced in maritime strategy and power were the guidelines for all warring parties, following a mostly realistic approach to security. In the threshold of WWI, the United States, Germany and the United Kingdom respectively materialised the maritime rivalry for sea dominance ([Rose 2007:5-40](#)); on the eve of WWII, Mahan was required reading in UK, USA and Japan’s Naval War Colleges ([Adams 2008:8](#)); and the apogee of both maritime rivalry and naval diplomacy was the common practice among the two superpowers and their spheres of influence during the “Cold War” ([Klare 1975](#)).

Given that a warship is considered as an extension of a state’s sovereign territory wherever she might be, the term ‘Naval Diplomacy’ was broadly used during the Cold War in order to express the applied strategy to send them on ‘show the flag’ voyages to foreign ports, to facilitate the establishment of favourable trading relationships, to obtain docking rights, to protect the status of nationals ashore, and to help solidify client/patron relationships (Ibid).

Consequently, the global reach, the adaptability without any delay to reconfigure, the role in naval diplomacy and enforcing international sanctions (such as a naval blockade), as well as maintaining the good order on the high seas, are some of the advantages of blue-water navies that states were reluctant to abolish due to the primary objective of promoting national interests ([Till 1994](#)).

Contemporary Maritime Security and Modern Piracy

The end of the Cold War introduced among others a significant shift in international security, in terms of approach, perspective, application and provision. The maritime domain could not be excluded from this security transformation process; following the paradigm and eruption of new land-based security challenges, the off-shore security environment has been redefined respectively.

In this framework, the United Nations Secretary General in his 2008 report to the General Assembly under the title ‘Oceans and the Law of the Sea’, after citing that

there is no universally accepted definition, but different versions and meanings are attributed to the term depending on the context and the user ([UN General Assembly 2008:15, par.38](#)), he identified seven specific threats to maritime security: piracy and armed robbery at sea, terrorist acts involving shipping, offshore installations and other maritime interests, illicit trafficking in arms and weapons of mass destruction, illicit traffic in narcotic drugs and psychotropic substances, smuggling and trafficking of persons by sea, illegal, unreported and unregulated fishing and intentional and unlawful damage to the marine environment. The Secretary General also refers to the ‘narrow conception’ of maritime security, in state-centric terms, such as threatening its territorial integrity with projection of naval power and use of force by naval assets. Yet, his report refers to a broadened human-centric approach, calling states towards a more collective security, since the new evolving threats go beyond the use of force and state boundaries, reflecting the human insecurity conditions ashore (Ibid:17-33).

Following this definition, the US Naval Operations Concept ([USA 2010:35](#)) declares that ‘... Maritime security is a non-doctrinal term defined as those tasks and operations conducted to protect sovereignty and maritime resources, support free and open seaborne commerce, and to counter maritime related terrorism, weapons proliferation, transnational crime, piracy, environmental destruction, and illegal seaborne immigration’.

Piracy was the major security challenge to attract the international community’s attention, due to the sharp rise of attacks and ships’ hijackings in the Indian Ocean, the disruption of sea trade lanes and the significant implications in economic, food, energy and human security inflicted. In the United Nations Convention on the Law of the Sea (UNCLOS), piracy is defined as any of the following acts⁶¹:

- (a) any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and directed:
 - (i) on the high seas, against another ship or aircraft, or against persons or property on board such ship or aircraft;

⁶¹ See UNCLOS, Article 101, pg. 60-61

- (ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any State;
- (b) any act of voluntary participation in the operation of a ship or of an aircraft with knowledge of facts making it a pirate ship or aircraft;
- (c) any act of inciting or of intentionally facilitating an act described in subparagraph (a) or (b).

Since ships of all states are threatened, piracy is labelled as '*hostis humani generis*'⁶², hence all nations are provided with the authority to assert jurisdiction over pirates, the right to self-defence, but also the obligation to suppress it. However, it is not an international crime such as genocide that can be prosecuted at the International Criminal Court at the Hague; it is a '*...domestic or municipal crime of universal jurisdiction...*' which according to the international law means that this jurisdiction can be asserted through domestic criminal law systems ([Kraska 2011:106](#)).

The existence of fragile states which provide sanctuaries and safe havens for modern pirates highlighted the vulnerability of the UNCLOS definition, which limits the perpetration of the crime in high seas. Hence, in case a pirate attack occurs within the 'state's' territorial waters it is labelled as 'armed robbery at sea'. Yet, the legal aspect in terms of universal or any other jurisdiction is absolutely different from piracy, since the coastal sovereign state is the only entity authorised and responsible to act for its suppression. Although the term 'armed robbery at sea' has been broadly used in UN Security Council Resolutions⁶³, the term is not subject to the UNCLOS – it does not even appear in any of its clauses. Hereof, in January 2009 the International Maritime Organisation (IMO) convened a high level meeting between states from the Western Indian Ocean, the Red Sea and the Gulf of Aden, in order to establish a 'Code of Contact for the Repression of Piracy and Armed Robbery' against ships in this specific region. The aim was to promote regional cooperation and enhance the efficiency in preventing, interdicting and prosecuting perpetrators of the referred crimes. The 'Djibouti Code of Conduct'⁶⁴ –as named since its adoption- defines armed robbery at

⁶² '*Hostis humani generis*' is the legal term meaning 'enemies of all mankind'

⁶³ See UN Security Council Resolutions 1816, 1838, 1846, 1851, 1897, 1918, etc., all issued between 2008 and 2010 concerning the situation in Somalia

⁶⁴ Available from <http://www.imo.org/OurWork/Security/PIU/Pages/DCoC.aspx> [last visited 18 June 2012]

sea as:

- (a) unlawful act of violence or detention or any act of depredation, or threat thereof, other than an act of piracy, committed for private ends and directed against a ship or against persons or property on board such a ship, within a State's internal waters, archipelagic waters and territorial sea;
- (b) any act of inciting or of intentionally facilitating an act described in subparagraph (a).⁶⁵

States' Anti-Piracy Response

Although NATO's operation 'Operation Ocean Shield' was already active in the Horn of Africa⁶⁶ as collateral to the Mediterranean's anti-terrorism operation 'Active Endeavour'⁶⁷, the European Union launched in December 2008 its first ever naval operation in the framework of its Common Security and Defence Policy (CSDP): a counter-piracy mission named 'Operation Atalanta'⁶⁸, under UN Security Council Resolution 1846. Its mission was to provide protection to World Food Programme ships delivering humanitarian aid to Somalia and conduct anti-piracy operations in its coastline and territorial waters, which beside prevention included boarding of suspected vessels, detention of suspected pirates and use of lethal force if necessary.

Additionally to those two, the Combined Task Force (CTF) 151⁶⁹ along with the 5th Fleet based in Bahrain, is the major US led multinational maritime force, assigned to counter violent extremism and terrorist activities in the Arabian Gulf and Arabian Sea. Numerous nations contributed assets and advisors⁷⁰ at the Combined Maritime Forces to fulfil the difficult task of patrolling more than 2.5 million square miles of ocean, including the Gulf of Oman, the western Indian Ocean, the Arabian Sea, the Red Sea and the Arabian Gulf. It is noteworthy that the above vast area of operations includes

⁶⁵ See DCoC, Article 1 (2), pg. 8

⁶⁶ See <http://www.mc.nato.int/about/Pages/Operation%20Ocean%20Shield.aspx> [accessed 31 July 2012]

⁶⁷ See http://www.nato.int/cps/en/natolive/topics_7932.htm [accessed 31 July 2012].

⁶⁸ See EUNAVFOR Somalia, available from <http://www.eunavfor.eu/>

⁶⁹ The CTF 151 Commander –a three star US Admiral- actually controls 3 different international CTFs -150,151 and 152- who are assigned to deter maritime terrorism and enhance 'good order at sea' in the Gulf of Aden and the Somali Basin.

⁷⁰ Besides the USA, contributing nations include Australia, Bahrain, Belgium, Canada, Denmark, France, Germany, Greece, Italy, Japan, Kuwait, the Netherlands, New Zealand, Pakistan, Portugal, Singapore, South Korea, Spain, Turkey, United Kingdom and the United Arab Emirates. Jordan, Qatar and Yemen are non-members, contributing only staff-members.

the Suez Canal, the Strait of Bab el Mandeb, the Gulf of Aden and the straits of Hormuz, which are choke points of strategic importance ([Kraska 2011:92-97](#)).

In terms of individual states' undertaken action, China deployed three modern vessels on anti-piracy mission (first deployment in Dec. 2008), which has been its first 'long range' mission since the 15th century ([Ong-Webb 2011](#), [Greenberg 2010](#)); simultaneously it considers the establishment of a permanent base in the Gulf of Aden (more likely in Yemen)⁷¹ with the justification to support its anti-piracy operations.

Russia, India and many other states are individual contributors and operationally active in this multinational anti-piracy effort in the region. It is also indicative that India, China and Japan recently agreed to coordinate their ships' escorts in the high-risk area of the Gulf of Aden ([Lowe 2012](#)). So while the USA, India, China, Japan and Iran share intelligence and collaborate in counter-piracy operations there are issues tied to their having little diplomatic bonds; this fact, on the one hand highlights the extent of contemporary Naval Diplomacy, while on the other urges analysts and scholars to consider the potential that this may lead to a rivalry for naval supremacy in the region ([Lowe 2011](#)).

Albeit the international naval presence in the region for more than two years, piracy in the Horn of Africa reached its zenith point in 2010, with 174 attacks in total from which 47 were successful⁷² and obviously resulted on vessel hijackings. But beyond the profound inefficiency of the applied measures, the lack of governance in Somalia, the weakness of the security sector and the inability to prosecute and imprison the arrested pirates, resulted on the operating Naval Forces' 'catch-and-release' problem ([Kontorovich 2010](#), [Roach 2010](#), [Chang 2010](#)), according to which '...most suspected pirates captured by international warships are released because other nations don't want to jail them, and most Somali prisons and courts are not up to international standards'⁷³. Yet, 2011 proved to be the culmination point for Somali piracy (so far). According to the statistics, albeit the highest ever numbers of overall perpetrated attacks, from the

⁷¹ See BBC News (30 Dec.09) 'China floats idea of first overseas naval base', available from <http://news.bbc.co.uk/1/hi/world/asia-pacific/8435037.stm> [accessed 20 Jan. 11]

⁷² See <http://cf.gcaptain.com/wp-content/uploads/2013/05/Numbers-635x197.png> [accessed 5 June 2012]

⁷³ See The Washington Post (March 29, 2011) 'Pirate prison opens in Somalia to help relieve burden on other nations affected by piracy'

176 recorded, only 25 were successful. Definitely, 25 vessels hijacked is not a number that offers relief and can be overlooked, but since nothing actually changed in the navies' applied tactics, why did the rest of the perpetrated attacks fail?

	2008	2009	2010	2011	2012	2013
SUSPICIOUS EVENTS	8	59	99	166	73	11
TOTAL ATTACKS	24	163	174	176	35	3
OF WHICH PIRATED ⁴	14	46	47	25	5	0
DISRUPTIONS ⁵	0	14	65	28	16	3

Table 1: Piracy Facts & Figures⁷⁴

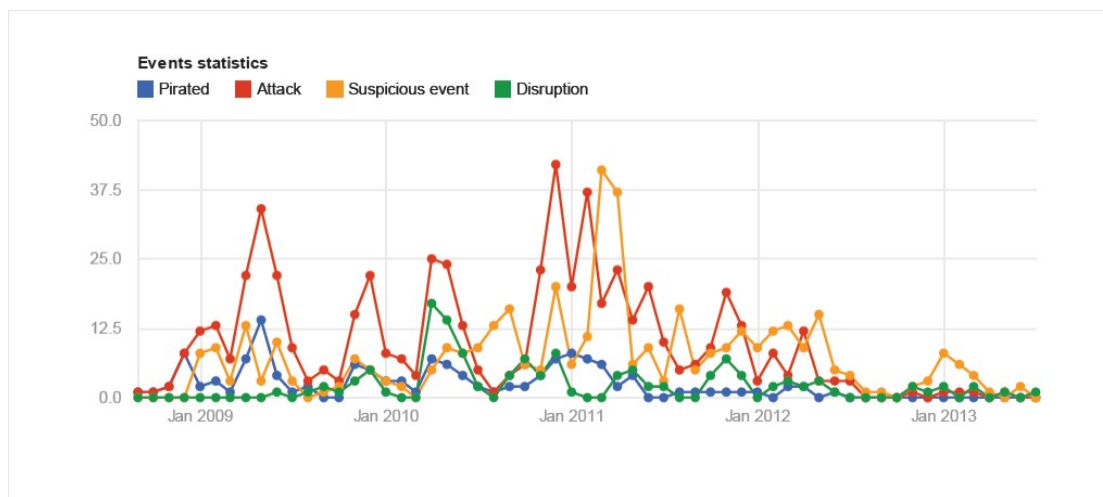


Table 2: Pirate events' statistics⁷⁵

Most likely the answer lies on the shipping companies' tactics and the private sector's security response, which adopted the deployment of armed guards on board ships, to enhance their protection against pirate attacks, during their transit in the high risk area.

⁷⁴ See EUNAVFOR 'Key facts and figures [online], available from <http://eunavfor.eu/key-facts-and-figures/> [accessed 20 June 2013]

⁷⁵ See EUNAVFOR 'Key facts and figures [online], available from <http://eunavfor.eu/key-facts-and-figures/> [accessed 20 June 2013]

Private Maritime Security Provision

In the framework of the overall transformation of international security after the end of the Cold War, as already discussed, states demonstrated the will to partly and selectively outsource the monopoly of security provision and force projection to the free market. The case studies of African wars in general; the active engagement of controversial private security firms in Sierra Leone and Angola in particular; the extensive involvement of private contractors in Iraq (where Private Security Companies [PSCs] were the second largest member of the “coalition of the willing”) and Afghanistan; the privatisation of security trend was introduced ashore, with many debatable legal, operational and ethical issues to prevail in international mainstream media and academic analyses stemming from the extensively applied tactics of contracting private security providers.

The number of private security providers boosted during the 1990s; between 1994 and 2002, US-based PSCs received more than 3,000 contracts worth over \$300 billion from the US Department of Defence. During the Democratic Republic of Congo civil war for example, the ‘white legions’ (composed of Serbian and other European individuals) made the press frequently and in Chechnya their activities resulted on similar outputs. Approximately 200 such companies were in the news’ headlines between 1995 and 2004 and trained military personnel in more than 42 countries in the same period ([Avant 2005:7-9](#)).

What was hitherto perceived as the security obligation and proper function of the legitimate, healthy and sovereign state is outsourced to the private sector. However, from the security industry’s perspective, the proliferation of market opportunities and the promise of reward due to profitable and long term contracts expanded the level of privatisation and governance fragmentation. Hence, on the one hand, this is an attempt from the states to reduce the allocation of funds for security provision by filling security gaps with private contractors, without completely abolishing the security provision and sovereignty obligations, but rather relocating it. On the other hand, it demonstrates the states’ effort to make social actors of all levels more actively engaged with their own security, especially due to the increasing demands of the contemporary security

environment. Undoubtedly the free market and private industry emerged as a ‘third sector’ of security provision, operating in parallel with the law enforcement and judiciary sectors of the state, albeit the controversial nexus between governance, power and privatisation. This model includes the state as the node of security, reflecting hereof the shift from government to security governance, operating as a potential manager of the established networks. Yet, although the interests of those who participate in the network differ, the final objective of security provision and governance remains the primary objective, while the state retains the legal, symbolic and material capacities, critical for its achievement. This nodal model can also be transnational, especially in cases where the states are reluctant to undertake the specific tasks, hence assigning them to the well-established and continuously growing global security market ([Abrahamsen and Williams 2011:62-5, 83-7](#)).

The traditional perception that the state was the sole security provider was evident also in the marine industry. Shipping companies, commercial associations and trade unions were strictly loyal to this perception, not only because the freedom of the seas and ensuring the openness, safety and security of sea trade lanes –following the Mahanian theory of naval power- was the states’ exclusive task, but because they were also reluctant to accept this additional cost of paying for their own security while at sea ([Berube and Cullen 2012:4](#)). Yet, the need to address the sharp rise of piracy attacks in the Indian Ocean changed drastically this practice: statistics say that in 2012 more than 26% of merchant vessels transiting the high risk area and the Gulf of Aden in particular, officially contracted Private Maritime Security Companies (PMSCs) and consequently deployed armed security guards onboard⁷⁶, for their security against potential attacks ([Brown 2012:5](#)).

A far more controversial development emerged, due to this growing practice, which led the IMO Maritime Security Committee (MSC) to urge States to issue guidance on their

⁷⁶ The figure is estimated to have risen up to 35% as of the first quarter of 2013, despite the sharp decline of Somali piracy the last year.

use⁷⁷, selection and employment⁷⁸. However, the MSC circulars make it quite clear that the IMO does not endorse the use of PMSCs. Instead, they state that their recruitment and deployment onboard ships with their firearms remain subject to Flag State legislation and policies, and that it remains a Flag State decision about if and under which conditions they will be authorised, as an enhancement to other Best Management Practices' measures, and not as an alternative ([Sloan and Griffiths 2012](#)).

The blurred distinction between state and private security is clearly demonstrated also by the use of Military Vessel Protection Detachments (VPDs). According to this practice, states are privately hiring armed military teams to shipping companies, for protecting commercial vessels registered and flying their flag, or even to companies controlled by the state's nationals. The limited requirements in the state's defence budget compared to the deployment of naval assets in the other side of the globe, provided a convincing justification for adopting these tactics. The debate that emerged regarding this practice was that states were desperately trying not to abolish and outsource completely their monopoly in maritime security provision, while more business oriented analysts were advocating that states were just trying to take their share from the security provision pie, within the contemporary anti-piracy business model. Obviously, the paradox in this case is that a state's military detachment is hired to protect private commercial interests in international waters.

From the shipping companies' perspective, there were theoretically even more advantages. The guaranteed high level of military training, the reduced price for contracting VPDs comparing to PMSCs, their flexibility and legal status as state entities in terms of carrying weapons through transit ports of call and their protection from the state in case of wrongdoings attracted many companies to contract them ([Chapsos 2013a](#)).

⁷⁷ See MSC.1/Circ.1405/Rev.1 (16 September 2011), Revised Interim recommendations for Ship owners, Ship masters, and Ship operators on the use of Privately Contracted Armed Security Personnel in the High Risk Area. Available from <http://www.imo.org/MediaCentre/HotTopics/piracy/Documents/1405-rev-1.pdf>

⁷⁸ See MSC1/Circ.1406 Rev 1 (16 September 2011), Revised Interim recommendations for Flag States Regarding the Use of Privately Contracted Armed Security Personnel in the High Risk Area. Available from <http://www.safety4sea.com/admin/images/media/pdf/2011.6.3-MS-C.1-Circ.1406.pdf>

Conclusion and Future Trends

The dividing line between state and private security is even murkier in the maritime domain than it is ashore. Although the projection of naval power, use of force and security provision in the maritime domain was states' traditional and undeniable sovereign right and hitherto obligation, its outsourcing and fragmentation are a deed and a process that is still in progress.

In practical terms, the private maritime security sector takes advantage of the unemployed, retired and well-trained military personnel to develop an already booming and well established business model.

On the other hand, states take a dual award for the defence budget expenditure invested in their training. Not only does it minimise the allocation of funding required for the deployment of assets on the other side of the globe, but also generates income in terms of taxation from the private sector activities.

Finally, irrespective of the fact that global public opinion is in favour or against the deployment of PMSCs onboard merchant vessels – given the numerous ethical, operational and legal concerns stemming from their applied practices, the shipping industry inevitably addresses them as the sole means of security provision in high risk areas and as the guarantee for the safety and security of both the seafarers and their cargo (Chapsos 2013b).

In this framework, fragile states without the necessary means to enforce maritime law and order within their territorial waters and exclusive economic zones will turn towards contracting PMSCs to perform and safeguard their sovereign rights, following the paradigm of the land based practices. But even more importantly, developed states and regional/ international organisations, will very soon mandate private contractors to replace multinational naval forces in maritime security operations. Although the presence of private security providers is evident in all contemporary peacekeeping operations, the expansion of this practice and tactics in the maritime domain will transform the hitherto perception of international security in general and maritime

security in particular. Given the current international economic restraints, it will be more cost effective for states and regional organisations (such as e.g. NATO and EU) to contribute and share the financial burden of contracting PMSCs to do the job, with a local or regional mandate, rather than allocating funds from the already tight defence budget to deploy naval assets on the other side of the globe, in order to enhance maritime security on behalf of fragile states. But even further, this fast approaching concept will also provide the internal and external legitimisation to fragile states to outsource sovereign rights to private security providers to perform the tasks that they are incapable of executing; but also developed states will not have to go through the internal struggle to persuade public opinion in this present financial crisis that tax revenues should be allocated to deployed assets in faraway seas rather than meeting social demands at home.

In addition, PMSCs already provide security services to the offshore oil industry, consultancies to governmental bodies and commercial companies; what we expect to see is the extent of their engagement also in maritime security challenges other than modern piracy, such as illegal fishing and trafficking related crimes at sea.

Yet, if we want to enhance maritime security, a longer term strategy has to be applied with common standards, regulation and policies at international level. The planning process has to bring together all the stakeholders – government, military, private sector and academia – in order to implement policies and practices of mutual benefit that go far beyond short term profit.

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European Union Energy Security : the Role of North Africa

Nicolas Mazzuchi⁷⁹

Since its creation, the energy issue has always been the center of Europe's concerns. From the ECSC to the current European Union, energy has unleashed the passions of member states resulting in a careful avoidance of a "Europe of energy" like what happened to "the European defense". The subject is highly complex. Firstly, the problem of country-specific energy mix broadly differs on the old continent and it is unclear how to harmonize positions as far apart as the two neighbors and major continental powers, France and Germany. Be it in nuclear, oil or renewable energies, there is no typical European energy profile. Nuclear issues and the fight against climate change - even after the adoption of the "20-20-20" package - remain the main bones of contention among Europeans. However, if the old continent's countries can agree on one thing, it's on their glaring weakness in terms of fossil fuels as they are among the world's largest per capita consumers of oil and gas. The use of these fossil fuels going beyond mere power generation but extending to domestic, industrial and transport consumption needs, Europe, given its level of economic development, shows extreme dependence on fossil fuels that it produces in very small quantities. Indeed, within the exception of the North Sea countries (Netherlands, Norway, United Kingdom), the European Union has no conventional oil and gas resources and is forced to look to its neighbors for supplies. If relations between Russia and Europe on the one hand and between Europe and the Persian Gulf countries on the other hand have been particularly well studied in geo-economic terms, those between Europe and the Maghreb have been as yet insufficiently addressed. It is important to ask what the role of North African countries is in European energy security and how it will evolve? Similarly, in a year marked by recent political unrest, how do European countries apprehend the "Arab Spring" changes ? The development of relations between the Northern and Southern shores of the Mediterranean provides us with diverse elements to better understand the current dynamics of non-European oil and gas companies as they increase their

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presence. The competition between different actors, often beyond the simple framework of a supply-demand relationship, has been evolving as rulers have changed following the "Arab Spring".

UE-North Africa relations, a historical perspective

Relations between the countries of the Northern and Southern shores of the Mediterranean are strongly marked by the weight of the past. The North African countries were colonies of European powers as evidenced by the French presence in Algeria since 1830; this country being not only its first colony, but also its primary base off the mainland for more a century. The extension of the French (Algeria and Tunisia in the late 19th century and Morocco on the eve of the 20th century), English (Egypt) and Italian (Libya from 1912, not counting the large Italian community in Tunisia, a long-time diplomatic issue between Paris and Rome) presence in the region brought, with the progressive dismemberment of the Ottoman Empire, total control of the MENA by the Europeans in the early 20th century. Far from the matter of oil, this colonization was primarily the result of complex geopolitical strategies related to the struggle of the great powers in Europe. The discovery and development of oil and gas resources in the region, following the independence of these countries in the mid-20th century, changes the apprehension of the region. However, the transition to independence often did not go smoothly, as evidenced by the bloody war in Algeria (1954-1962) which continues to poison relations between France and Algeria 50 years later. It is in these former colonies that there is a bitter feeling regarding the colonial period and often deep residual resentment against the colonizer.

Countries are not equally endowed with fossil fuel resources. Two countries clearly stand out, Algeria and Libya⁸⁰. After the Evian Accords of 1962, Algeria, whose oil began to be exploited at the end of the colonial era, quickly became one of the leading African oil producing countries. It now ranks as the third African country in terms of oil resources after Nigeria and Libya. The young Algerian state, aware of its economic weaknesses but also of the tremendous opportunity that represented their oil and gas reserves, created their national petroleum company, Sonatrach, in 1963, which has

⁸⁰ Source : USGS.

been one of the pillars of the state ever since. This company, controlled covertly by the ruling military power of the country, is the main source of Algeria's wealth. Responsible alone for over one third of the country's GDP (36.7% in 2011), Sonatrach is a state within the state, the Algerian economic policy's *fer-de-lance* and its external relations principal actor. Thanks to oil that linked Paris and Algiers, despite the bloody nature of the Algeria's war, relations improved shortly after Algeria's declaration of independence.

The Evian Accords already provided in Title II, Chapter II, a strong cooperation between France and Algeria in the field of the exploitation of mineral resources and fossil fuels⁸¹. Thus, in the 60s, whatever the regime on both sides of the Mediterranean, the cooperation continued in the oil and gas field in exchange for preferential purchase prices for Paris. This was the case of the gas agreement signed in 1967 by H. Boumediene for a period of 20 years, which has since been renewed in 1987 and again in 2007⁸².

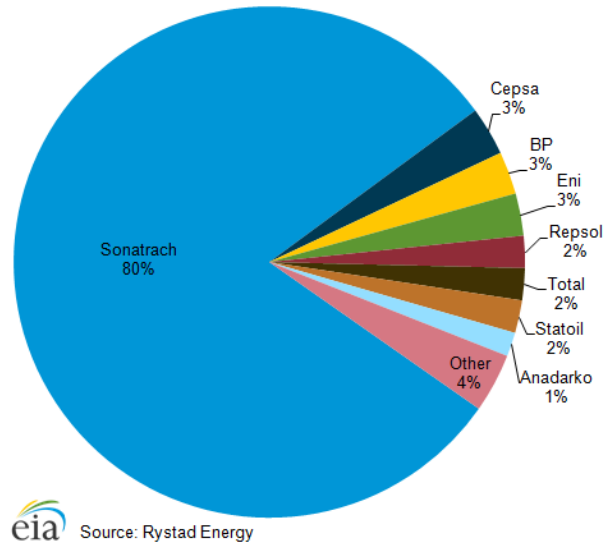
Algeria, regarding oil and gas, has also developed good relations with two other major European countries in the Western Mediterranean : Spain and Italy. Italy in particular has long been an important partner for Sonatrach through the oil company, ENI. The technical cooperation between these two companies led to the construction of an important part of Algeria's pipeline network, including the famous Enrico Mattei pipeline, named after the founder of ENI, the main infrastructure of the country. In addition, the Italian company has also been long present in oil and gas exploration and production (E&P) as Sonatrach's technology partner and supplier in many Saharan projects. The first agreement between the two companies occurred in 1972, when ENI chose Algeria as Italy's main gas supplier during Italy's economic boom. In the 1977 agreements with Italy, Tunisia and Algeria were able to build the Trans-Mediterranean Pipeline (TMP) delivering gas directly to Sicily and to Southern Italy, where it connects to the peninsula's main network. ENI has, among all European oil and gas companies, a preponderant position in the Maghreb, which is at the center of its business strategy since the mid-20th century, having chosen a more Mediterranean business orientation

⁸¹ The full text could be found at : http://www.axl.cefan.ulaval.ca/afrique/algerie-accords_d%27Evian.htm

⁸² F. Métaoui, « Je t'aime moi non plus » in El Watan , 2012 March 15th .

than other majors.

Company ownership of oil & gas producing assets in Algeria, 2012



Libya could be seen as another great bastion of ENI, maintained for many years after the end of the Italian colonization. After the end of the Second World War,⁸³ Libyan independence, didn't sever the ties between Italy and its former colony. Whether under Idris the 1st rule or under the regime of Colonel Gaddafi, ENI has remained an important partner of Libya, initially as a simple operator and later as a partner of the National Oil Corporation (NOC) established in 1970 by Gaddafi. Italy, via ENI, has always maintained good relations with North African OPEC member countries, which allowed them to supply ENI with fuel, making it one of the first oil companies in Europe.

Spain, with Repsol and Cepsa, has relatively similar relations with North African countries that Italy does. If it were not for the relative dispersion of business activities in South America, especially in Argentina until 2012, it is the first European partner of North African countries. The weight of history also plays a role in positioning these European players because each of them is closer to its neighboring countries with which it shares a colonial past. Thus, France has a special relationship with Algeria, maintained even after the latter's independence; Italy is closer to Libya, a former

⁸³ Libya was recognized independent in 1951 despite the fact that Italian rule over the country ceased in 1943.

colony; and Spain to Morocco, the latter being the link from Spain to its colony of Rio de Oro.

The situation in the Eastern Mediterranean appears historically more complex and erratic. If Egypt is also present as a potential oil supplier, its relationship with Israel and generally speaking with the West, this did not contribute to developing relations with the countries of Western Europe. France, the original builder of the Suez Canal, came out of the Egyptian sphere of relations after the 1956 crisis and the direct intervention of the army. As for Italy and Spain, they remain present in the country but Egypt, unlike Algeria and Libya, chose during the 50s, under Nasser's direction, a much more Middle Eastern orientation following the pan-Arabic theory.

The last major actor in this issue - not to omit Greece whose needs are historically limited – is Turkey, which has always expressed a Caucasian tropism in terms of fuel supplies⁸⁴. Proximity to Central Asian countries combined with the position given to Turkey by the United States after the Gulf War of 1991⁸⁵, oriented Ankara and the national company BOTAS strategies eastward. This Turkish willingness to turn to the Caucasus, despite its harsh relations with Armenia, succeeded during the 90s with the construction of the BTC pipeline and the start of the Turkish-Russian gas pipeline project Bluestream⁸⁶.

The networks and the actual situation : The Morocco-Algeria-Tunisia trio

Major gas supplier to Southern Europe, Algeria, is key to the issue of European Union energy security. The country, due to its history and geography, is a privileged partner of France, Spain and Italy. If Sonatrach, as a state company, is the key player in the exploration, production and transportation of gas, it has established numerous partnerships with European companies in these areas. On the French side, GDF SUEZ and Total, as a result of the technical cooperation provided by the Evian Accords, are well established in the country. The two French producers of fuels are present throughout the entire gas value chain in the country: E&P -Total in the TFT field and

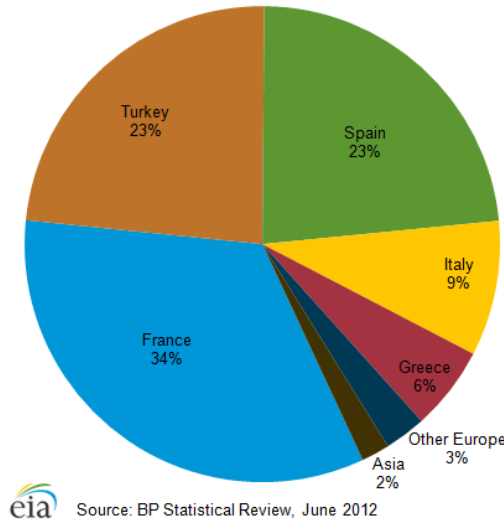
⁸⁴ Turkey oil imports are from Iran (60%), Iraq (17%) and Russia (12%).

⁸⁵ N. Mazzucchi, « *Les réseaux de pipelines, effets d'une stratégie géoéconomique* » in Actes du colloque Stratégie et réseaux, Paris, l'Harmattan, 2013 (to be published).

⁸⁶ Turkey imports 60% of its gas from Russia and only 9% from Algeria.

GDF SUEZ in the Tuat field - Transportation - GDF SUEZ is a major player in LNG in Algeria and has stakes in certain pipelines such as Medgas. Most of the French supply is made up of LNG coming in to the port of Fos sur Mer, GDF SUEZ being the largest buyer of Sonatrach's LNG. Using this LNG orientation, where France has major technological advantages, the country avoids the involvement of other intermediaries in the transportation.

Algerian liquefied natural gas (LNG) exports, by destination, 2011

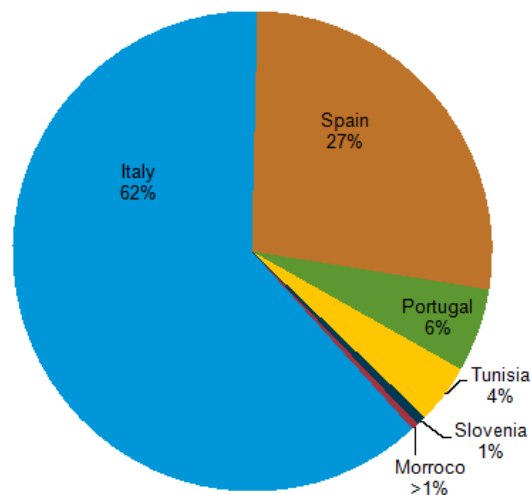



All European countries didn't make the same logistical choice as France did. For Italy and Spain, the majority of energy supplies go through pipelines. The ENI and Repsol companies, like their French counterparts, are present in the E&P, mostly in oil for ENI (Rom North field) but also in gas, and have developed a partnership with Sonatrach in different pipelines connecting Algeria to their respective territories. However, existing pipelines need to pass through the territory of the neighboring states of Algeria, Morocco and Tunisia, before reaching their final destination. The technological issue of geographical distance from the coasts of Italy and Spain to Algeria imposed the use of intermediaries. Two pipelines were built, including the TMP linking Algeria to Italy via Tunisia and Sicily. Both pipelines have enriched the resources of poor states, which have suddenly found themselves in a position to regulate supplies to Italy and Spain. Moreover, international issues between Morocco, Tunisia and Algeria, especially present in the case of Morocco, created a form of continuing uncertainty about the sustainability of this tripartite relationship. In order to solve the difficult relational equation between Morocco and Algeria, eternal enemies, Spain created the Medgaz

project, to join Almeria directly from Beni Saf in Algeria. Medgaz, built with participation of Cepsa, Gas Natural and GDF SUEZ began service in 2011. It is supposed to increase gas volumes arriving in a country that made the decision to increase the share of gas in the energy mix and to reduce import costs due to major economic difficulties. Medgaz is thus a strategic infrastructure for a country where gas is the primary source of electricity production.

Italy, whose energy and economic characteristics are similar to Spain's (energy mix gas oriented, (over 50%), economic difficulties) also chose to double its pipeline network. If until now the main route carrying gas into the country went through the TMP through Tunisia and Sicily before reaching the Italian peninsula, Italy decided to develop a project to directly connect Algeria to Italy without any intermediary. The distances being much greater than between Algeria and Spain, the GALSI project, led by Sonatrach, Edison and ENI, will connect Northeastern Tuscany to Algeria through Sardinia in two offshore sections. This project, bigger and far more expensive than the Medgaz, will be in service in 2014 and will allow Italy to receive an abundant flow of Algerian gas, accounting for 17% of the total gas purchased by ENI.

Algerian natural gas pipeline exports, by destination, 2011



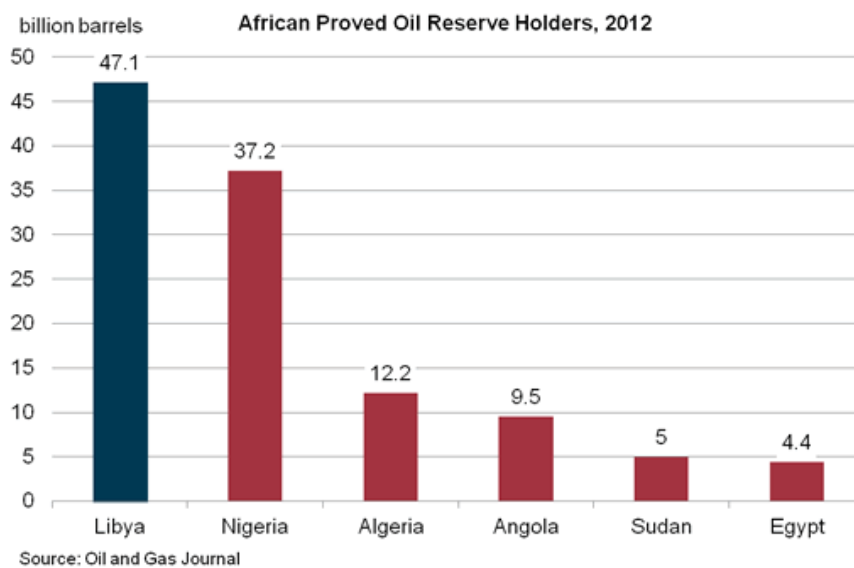
 Percentages do not add to 100 due to rounding.
Source: BP Statistical Review, June 2012

However, the most important gas supply project to Europe from Algeria is not directly related to Italy nor Spain. Indeed, Algeria's economy, which up until now has mainly been based on oil and gas revenues, with the EU as its main customers, has chosen to

become a supply hub. The construction of a large pipeline system, the TSGP (Trans-Saharan Gas Pipeline) transporting natural gas produced in Nigeria to Algerian liquefaction terminals on the Mediterranean, is, for now, conducted between Algerian (Sonatrach) and Nigerian (NNPC) companies without the technical contribution of the West. This pipeline could further strengthen the position of Algeria in the European energy security equation. Launched to shorten transit times and to lower associated costs, TSGP is also a response to the endemic security problems in the Niger Delta. Planned to start service in 2015, it is still threatened by security problems in southern Algeria, Niger and Nigeria, where various radical Islamist groups affiliated to AQIM and Boko Haram are active.

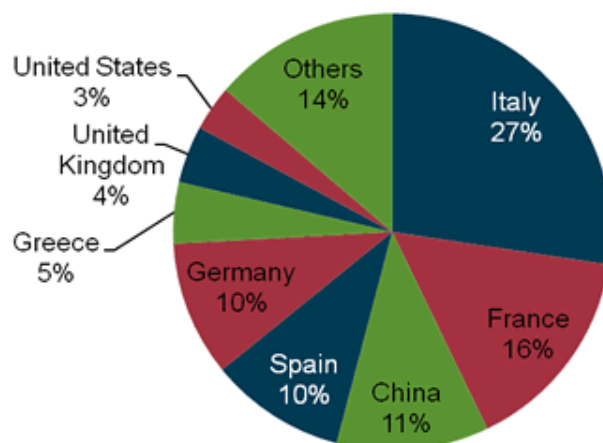
The Libyan issue

Having long been an international relations pariah on the Mediterranean, Libya has always been an important actor with regard to its oil reserves. According to the EIA, Libya holds Africa's most important oil reserves and large reserves of associated gas. The iron rule of M. Gaddafi, under international embargo after the Lockerbie bombing, had always played a special role in the region, using oil as a shield for its international posturing. Having chosen to maintain an economic relationship with its former Italian colonizers – while continuously denouncing the burden inherited during this period - Libya has been able to become an essential oil supplier for Southern Europe.



In 2010, a year before the fall of the regime, after the normalization of its relations with France, Libya had become an important partner of Paris. Without erasing the weight of incessant military clashes between France and Libya in Chad during the 70s and 80s, this new relationship put Southern Europe in good standing, garnering 50% of Libyan oil exports. The normalization of the Libyan position on the international scene during the 2000s, following Gaddafi's change of attitude, allowed Western companies to relocate their activities to Libya to provide the necessary technological competence to NOC to further develop and improve its production capacity. The lack of heavy investment over several decades combined with the need for drilling deeper, as well as technical advice on accessing non-conventional oil, had forced Libya to rely on foreign expertise.

Libya's Crude Oil Exports by Destination, 2010



Sources: Global Trade Atlas, U.S. Energy Information Administration

The Libyan revolution of 2011 created turmoil in this new posturing. The chaos of the civil war, which largely opposed Tripolitans against Cyrenaics, resulted in a very unstable situation. The current political unrest in Libya and the various maneuvers of Western emerging oil companies taking advantage of the new political situation, makes the Libyan oil sector particularly volatile and unstable. The lack of visibility prevents long-term investment and tends to paralyse the situation. The position of the major European actors such as ENI, Total and Repsol, three of the most important partners of the NOC, appears strengthened; however, French aspirations to get new concessions following their military intervention against the Gaddafi regime seem doomed to

failure. Foreign oil companies often double their onshore presence with offshore E&P blocks announced development, which should most likely boost the domestic oil sector. In addition to its presence in the oil sector, ENI is also a major gas player in Libya. Not wanting to depend solely on Algeria for its Mediterranean gas imports, ENI signed an agreement with Libya which culminated in the construction of the Greenstream pipeline interconnecting the Italian network in Sicily. It began service in 2004 and provides a substantial proportion (17%) of Italy's natural gas supplies.

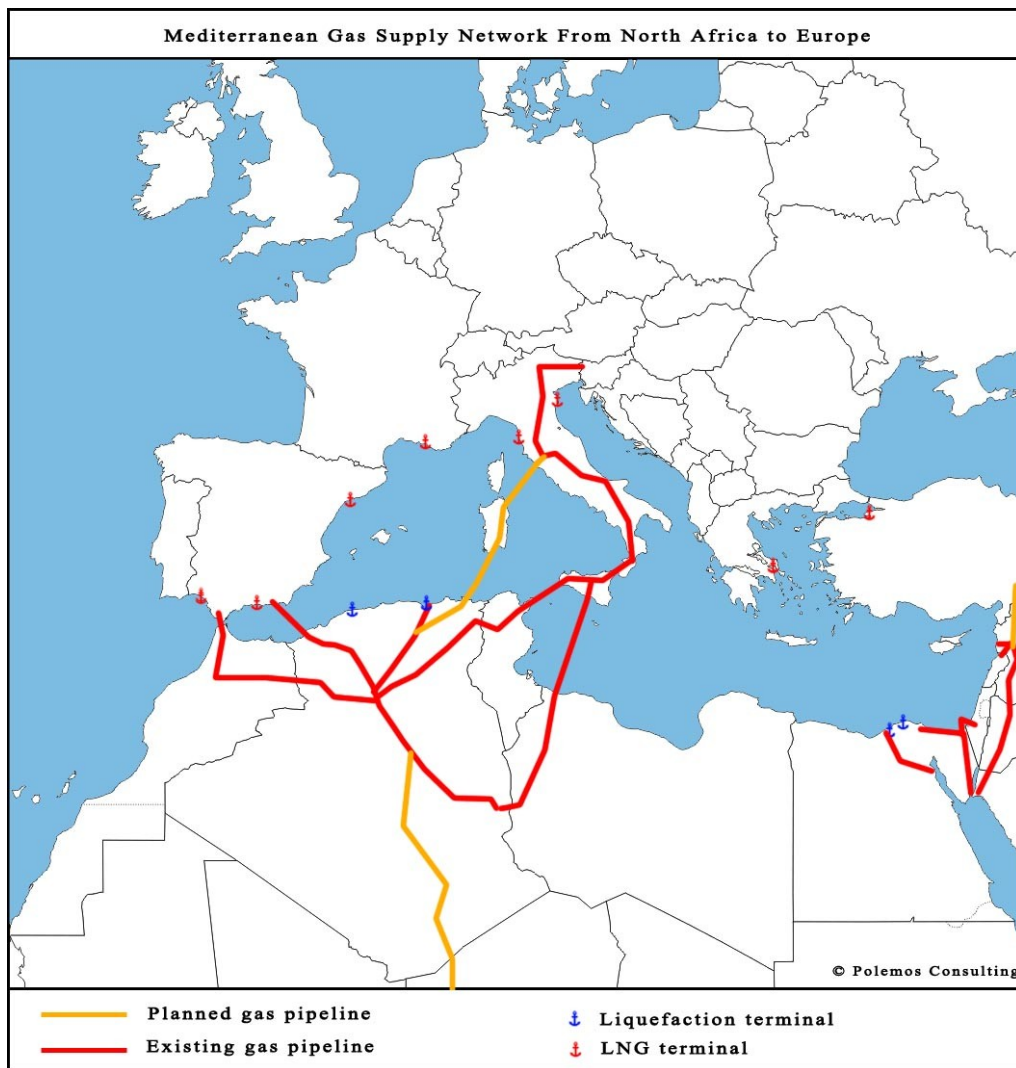
Egypt on the margin

Egypt occupies a marginal position in Europe's energy supply security. Given Europe's infrastructure, the Old Continent is Egypt's first LNG customer. However, in the case of oil exports, the country looks more towards Asia and the Arab world than to Europe. Indeed, despite having oil and LNG terminals at Damietta, Egypt chose the construction in 2004 of the AGP (Arab Gas Pipeline) which links the Middle East to Turkey as its main export route. Although it has been attacked on different sections during the wake of political unrest in 2011, it remains one of the economic veins of the country, linking it to a more Arabic than African cultural and economic tradition⁸⁷. This orientation towards the East is confirmed by oil exports. India appears to be the first oil customer of the country and, if ENI has long been present in Egypt, Italy prefers to focus on its partners in the Western Mediterranean. The political instability in the country since 2011 and the economic mismanagement of the Morsi administration largely dampened the confidence of foreign investors.

European actors' positions

If European actors have established themselves as predominant partners of North Africa's national companies it's primarily due to technological excellence as a common history, although sometimes troubled. However, to cope with competition from non-European companies, they had to adapt and offer new forms of partnerships. The direct involvement of nation-states such as France, Italy or Spain, as well as European institutions, has proved fundamental in building relationships with oil companies. The special position of the Maghreb countries, relying on either natural resources or tourism, pushed them to seek out other technological solutions.

⁸⁷ The U.S. also considers Egypt to be part of the Arabic region as the country isn't included in the AFRICOM area but in the CENTCOM area with Arabic, Central Asia and AfPak countries.



Oil and gas for renewables

As in any country with fossil fuel resources, Algeria, Libya and Egypt have a very diversified energy mix. Algeria and Egypt have a strong gas oriented electricity matrix (respectively 97% and 70%) and Libya an exclusive oil-gas mix (52-48%). Even countries such as Morocco and Tunisia, which have little or no resources, are heavily dependent on fossil fuels: gas, oil and especially coal. This overarching dependence, in connection with the issue of climate change and the willingness to achieve technological improvements, has led MENA countries in the past few years to turn to cleaner energy sources⁸⁸. Coastal countries with strong sun and wind, North African countries are uniquely positioned to implement renewable energy (REN) pilot projects.

⁸⁸ H. Kempf, « Les énergies vertes prennent pied au Maghreb » in *Le Monde*, 2013 January 30th.

In addition, the desire to develop a real technological advance in North Africa, particularly through technology parks as the Smart Village Cairo, El Ghazala in Tunisia or the Technopark in Casablanca, Morocco, incite North Africa's states to seek technology partnerships with foreign companies especially in renewable energies.

European countries understood this need for clean technologies when they launched the Union for the Mediterranean (UFM) project in 2008. Originally proposed by France, it was far from being limited to an economic alliance between the countries of Southern Europe and the MENA. France also launched the Mediterranean Solar Plan (MSP) project, which aims to take part in reducing carbon emissions from the continent as well as in the development of energy partnerships with the Southern shore⁸⁹. In this context, the Desertec project is a prime example of trans-Mediterranean cooperation in energy. Created by Germany on the European side and with Algeria, Morocco, Tunisia and Egypt on the African side, the project aims to develop a system of full energy integration between the two shores of the Mediterranean - as well as with the Middle East, as Jordan is one of the main partners of this project. The Desertec project was launched in 2003 but it was not until 2011 that the first projects were implemented in Morocco. Receiving funding from the European Union, under the European Neighborhood Policy, and from the German state, Desertec has enabled the establishment of wind farms in Morocco. However, the road is still long to reach the overall project objectives announced in the study published by the Desertec Foundation⁹⁰ in 2012, entitled "Desert Power 2050", which foresees an intercontinental connection and integration between Europe and MENA, the former succeeding in reaching its carbon emissions reduction targets by importing more than 20% of its electricity from the latter. On the other hand, according to this study, the countries of the MENA region could transform their fossil fuel income into an estimated EUR 63 billion annual electricity revenue. The main technologies involved are the Concentrated Solar Power (CSP) and, at the margin, the harnessing of wind power with the establishment of an entire Mediterranean supergrid.

The list of Desertec partners, grouped in the Desertec Industrial Initiative, is

⁸⁹ European Union MSP Experts Group, Mediterranean Solar Plan Strategy Paper, February 2010.

⁹⁰ Desertec Industrial Initiative, Desert Power 2050, Munich, June 2012.

particularly interesting due to the presence among the shareholders of the German company EON, a significant actor in renewables in Germany, but also an actor of E&P gas in Algeria in the Rhourde Yacoub field and in LNG in Egypt. Germany plays a dual role in the gas sector, which remains its primary area of expertise, and at the same time is positioning itself as an actor in the technological development of the MENA countries. However, the project, given its importance, especially as concerns the supergrid, would require substantial investment from and cooperation with other European partners. For now only Germany, trying to secure the project within the UFM, is really concerned.

Indeed, facing the Desertec project monopolized by Germany, France, Spain and Italy have developed partnerships with different countries through their energy companies and financial instruments. GDF SUEZ, already present in the gas sector in Algeria, is also expanding in renewable energies in North Africa by developing wind projects in Morocco (Tarfaya). In 1996, Henry Boyé, then Africa director at EDF, coordinated a report that laid out the future development of the company's position in the North Africa, based on REN development⁹¹. Ten years later, the French firm is also present in Morocco, where it is building a wind project in Taza in partnership with Mitsui. Similarly, Alstom and Nareva, a Moroccan renewable energy company, which is already a GDF SUEZ partner, are developing a wind farm project in Akhfennir in tandem. Alstom is also present in Algeria as a major actor in the 2011 renewable energy development plan⁹². At the same time, the French Development Agency (AFD) has opened several credit lines for the development of energy projects in North Africa. For example, in Tunisia, according to the Tunisian Solar Plan, the AFD provided a loan of EUR 40 million for the production of photovoltaic and concentration projects. Similarly, in Morocco, the AFD helps the Moroccan Solar Plan finance the first solar power station in Ouarzazate with a EUR 100 million loan.

⁹¹ H. Boyé (dir), *Le Maghreb et EDF, L'avenir des pays du Maghreb et des secteurs énergie*, Paris, Dunod, 1996.

⁹² This plan intend to create a large solar sector with the goal of 37% of Algeria's electricity in 2030.

	Morocco	Algeria	Tunisia	Libya	Egypt
AFD engagements for the 2007-2012 period (M EUR)	1 849	87.7	878	0.3	834

Source: AFD

The AFD therefore stands out as a major actor in French aid to North Africa, as does the European Union, following the implementation of the Deauville Partnership, itself subsequent to the Arab Spring revolutions, which extended the mandate of the European Bank for Reconstruction and Development (EBRD) to the southern shores of the Mediterranean in 2011. In April 2012, responding to France's call⁹³ G8 members agreed to disburse more than 70 billion USD in aid to these countries. As regards other Southern Europe countries, financial cooperation and assistance is made directly through European organizations such as the EBRD, which is already active in Tunisia, or the European Investment Bank (EIB), which is very active in the energy sector where investments reach 40% of the total funds allocated to the Mediterranean.

Partnership FEMIP⁹⁴.

Italian and Spanish energy companies, like the Italian Enel through its subsidiary in Morocco, a former Spanish company, Endesa, are also present in the field of conventional and renewable energies in North Africa. However, the investments and implications of Italy and Spain can not be compared to those of France, or even Germany, each trying to impose itself as the European leader in the MENA-EU energy relationship. This privileged relationship offers many opportunities for development outside the context of renewable energies.

Development opportunities

The events of the "Arab Spring" have changed the political situation in North Africa. Beginning in Tunisia in January 2011, its impact can still be felt two years later as evidenced by the recent overthrow of M. Morsi in Egypt. Leading more or less peacefully to the departures of H. Mubarak, Z. Ben Ali, to the death of M. Gaddafi and the opening of the Mohammed VI regime, the "Arab Spring" greatly renewed the local

⁹³ Text available on the French Foreign Ministry website: <http://www.diplomatie.gouv.fr/fr/politique-etrangere-de-la-france/diplomatie-economique-901/gouvernance-de-l-economie-mondiale/l-action-de-la-france-au-g8-et-au-colonne-droite-21347/derniers-sommets/le-sommet-du-g8-de-deauville-26-27/article/g8-partenariat-de-deauville-11-12>

⁹⁴ Energy was the central focus of FEMIP 8th conference in April 2010.

political field as well as the international relations of these countries. However, the fragility of the new powers, as evidenced by the ousting of M. Morsi in July 2013, brings to temper the immediate impact of the revolutions. Despite the region having experienced a real revolution, the policy mistakes of governments unfamiliar to wielding power, have had a significant impact on the economy, emitting distressing signals to investors and tourists.

The massive oil and gas exports to European countries significantly weigh in the trade balance with North Africa. However, as North African countries are often trapped in a resource-based economy, such as oil and gas or tourism, they need technology and know-how for development. Out of this dependency relationship grew a new basis for relations between the two regions. Beyond the relations in REN, representing in the best case future medium-term relationships, it is especially in the immediate relations of technological cooperation that European countries can have a distinctive advantage. The new governments, eager to revive their aging economic machinery, severely affected by successive conflicts or wars, must be able to reassure foreign investors.

Notably the companies that were forced to evacuate their staff in emergency conditions, are still wary of the North Africa countries. But here is something they all could agree upon: non-conventional fuels. The risk of depletion of certain fields or certain resources brings more and more states to turn to heavy oils and shale gas, given the astounding turnaround for the U.S. economy since the shale gas boom started in 2009. Companies with technologies for the exploitation of these unconventional resources can now find new fields of cooperation as ENI has done in Algeria, which signed a global agreement with Sonatrach for the development of shale gas in 2011.

Western companies such as Total or BP, established leaders in unconventional fuels, could find a way to broaden their cooperation with national companies like Sonatrach or NOC in this new strategic direction. Given these partnerships, Libya will likely further develop the gas sector, as the European energy demand gives preference for natural gas and less oil consumption.

Foreign competitors

The rise of Russia

Russia's desire to develop projects to supply Europe with natural gas collides with the traditional European suppliers (Italy, Spain, France) looking to North Africa. Moreover, the preponderance of Algeria in the Southern Europe gas supply system isn't a positive signal for the development of the South Stream project. As it was designed to bring gas from the Black Sea to Central Europe and Italy according to the different planned routes, it must eventually become one of the branches of the Russian gas trident gripping Europe with the Ukrainian pipeline system and Nord Stream running through the Baltic Sea. In this context, Russia has chosen to transform oil producing countries of North Africa into allies rather than adversaries. Thus, during the gas war with Ukraine, the state company Gazprom began to develop its position in North Africa. Choosing to partner with Sonatrach to provide the Algerian company its technological know-how, Gazprom has been directly competing with European gas companies since 2008. Positioned in El Assel, Gazprom explores the various fields under its concession, and plans to expand to the entire gas value chain in Algeria from E&P to distribution and transportation.

The same strategy is used in Libya. Long-time partner of the USSR and after 1991, with Russia, M. Gaddafi granted Gazprom several offshore and onshore oil E&P licenses. Since the normalization of the international position of Libya in the mid-2000s, several production blocks and refineries have been entrusted to the Russian company. The willingness of Gazprom's international development in countries geopolitically close to Russia, coupled with the need to compete with Europeans on their Mediterranean supply bases, made Libya a key ally for Moscow. However, the fall of M. Gaddafi, strongly supported by V. Putin, combined with the NATO intervention in Libya, created a danger for Gazprom's future in the country. It has suspended operations since 2011 and relishes the local political chaos to cling to existing contracts. The establishment of a stable political system by the NTC could lead to the ousting of the Russian company, based on Russia's historic support for the former regime.

And Gazprom has used the good relations woven between these countries and Russia since the heydays of the Cold War. After Algeria's independence, the FLN opened up to Moscow in order to get military support and economic assistance. Russia remains an important partner for Algeria, especially in the military domain since the recurring tensions between Algeria and Morocco led to an arms race between the two countries. In this context, Russia is the largest arms supplier to Algeria. In 2006, at the conclusion of the first MoU between Sonatrach and Gazprom, a Russian arms contract was signed for a total of USD 3.5 billion consisting of heavy equipment (main battle tanks, fighter-bombers, anti-aircraft missiles). This cooperation continues with the Algerian Navy, which is almost entirely equipped with Russian or Soviet ships and submarines. Despite the rumors of succession surrounding Boutlefika's recent attack in May, even with the upcoming elections in 2014, Algeria looks relatively stable. Longtime partner of Algiers, Moscow seeks to further develop cooperation between Sonatrach and Gazprom, underlining the arguments of military cooperation, as well as cooperation in civilian nuclear energy. However, other non-European actors interested in the potential of Algeria, are competing with the Russians to gain influence in North Africa.

The U.S. majors

Present for many years in some North African markets, the U.S. majors represent the strongest competitors to European companies. If Egypt is a US-UK controlled market with the preponderant presence of companies like Exxon-Mobil, BP, Shell and especially Apache Corp., the foremost foreign partner companies in the petroleum industry after ENI, the other countries seem more complex and risky to approach. If the geopolitical orientation of Algeria has forever been a problem and not a priority for Washington, it is also important to mention that Africa in general has not been seen on the US radar, with the exception of Nigeria, as a high-priority oil area. Indeed, Latin America, Canada and the Middle East have been the focus of attention for Washington. So, North Africa has interested more secondary companies like Andarko, Hess Corp. and Apache rather than historical majors, with the exception of ConocoPhillips, which operates in Algeria in partnership with ENI.

However, since the normalization of relations with M. Gaddafi and moreover since his

fall, Libya is seen as a new territory to conquer for American companies. The oil potential of Libya, the first in Africa, combined with the political change that could see the ousting of Russian and Chinese companies, suggests there may be opportunities for companies like Chevron-Texaco or ConocoPhillips (already a member of the Waha Oil consortium). The expertise of American companies in unconventional oil & gas onshore could be the key to the development in the country.

Other non-European actors

Beyond the two Cold War powers, a number of non-European players are also interested in North Africa's fossil fuels. China in the first place, given its needs⁹⁵, seeks to establish more of its business in North Africa. In recent years, China's major oil companies have deployed massively in North Africa, starting with Algeria. While China is already present in the Algerian market, particularly in the construction industry, the Chinese presence in the oil and gas sectors continues to grow. CNPC, present in the country since 2003, operates in the entire oil and gas value chain from the E&P in the Adrar field to the Skikda refinery. Similarly, the CNOOC and Sinopec are also present in the country. China's desire to develop all the African oil markets can be seen in North Africa since CNPC is also present in Libya and Tunisia. Like Russia, it made the choice of investing in Libya under M. Gaddafi's rule to avoid too much competition with the U.S. majors. CNPC has positioned itself not only on the E&P but also on the construction of infrastructures with the Wafa-Mellitah pipeline for transporting extracted oil from the Sahara to the Mediterranean coast.

Other emerging countries are also involved in the competition for resources in North Africa. India, a major oil partner of Egypt, is now looking to expand to Libya through its ONGC company. Launched in the early 2000s, their Libyan development strategy to avoid competition with Western majors was part of the Indian company's African development strategy towards countries such as South Sudan. Another giant of an emerging country is Brazil's Petrobras, which is also present in Libya, providing its technological expertise in the offshore E&P, especially in non-conventional oil, wherein the company is one of the world's most advanced specialists.

⁹⁵ Since 2011, China is the world's 1st oil importer and a growing actor on the LNG market.

The development of geo-economic relationships based on fossil fuels between the two shores of the Mediterranean have allowed each party to strengthen its economic position. Northern countries have ensured their supplies via adapted infrastructures, pipelines or oil and gas harbors; while Southern countries have benefited from the incoming revenues to develop their economies at a higher level than most of the African countries. However, this relationship necessarily induces a double dependency. On the one hand, Europeans must rely on their suppliers even if they sometimes play a complex political game and, on the other hand, the countries of the Southern shore are dependent on their customers whose oil and gas purchases often represent a substantial portion/percentage of their GDP. This explains that in the geopolitical and geo-economic relations between the two regions, states are eager to intervene with all sovereign instruments at their disposal to gain influence over companies and governments. However, the geo-economic proximity between the two shores of the Mediterranean is deliberately, in the field of oil and gas, very powerful in creating a counterweight to Russian ambitions in Europe. The overwhelming presence of European companies also enables the development of technology partnerships creating deep ties between both shores of the Mediterranean. Thus, within this Euro-Mediterranean integrated network is where we must seek the most promising energy sector projects in renewables. If competition from various countries makes the relationship between North African countries and Southern Europe more complex since the “Arab Spring”, these historic, longstanding relationships of dependency will evolve to instill mutually beneficial, longlasting, sustainable relationships.

Further readings

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A CITY ON THE SEA : Tripoli, Lebanon

Romain Aby, Nathan Sautreuil and Staff Researchers⁹⁶

The socio-economic roots of a looming crisis : Tripoli on the brink

The phenomenon of the port city of Tripoli, as well as its isolation from Lebanon's administrative capital has had a disastrous effect on the local economy. The economic tendency is on a downward slope, driven by security tensions and political cleavages, which will certainly grow as economic disparity widens among the different districts of the city. Seeing Tripoli front stage too often is a direct result of a spike in the violence between the Sunni and Alawite communities.

This study is meant to lead to a profound reflection on the local economy which is in great difficulty and which also has a direct impact on the security situation of the city specifically and on the region in general. As the capital of Northern Lebanon, Tripoli has the power to greatly influence the surrounding regions, such as Akkar in the North and Zgarta in the East and Koura in the South.

Improving the economy should be the priority today, as certain reports indicate that the poverty index⁹⁷ has reached 51% of the population, or 370,000 people⁹⁸. In 2009, Tripoli and the North of Lebanon was home to 30,5% of the poor families in the country⁹⁹. These indicators are quite worrisome and make the city a economic priority zone, along with the region of Akkar and Minieh-Dinniyeh.

According to the study by ESCWA¹⁰⁰, the poorest districts of Tripoli are Bab el Tebbaneh, Swaiqa et Souk quarter. It is not surprising to see the crystallization of

⁹⁶ Romain Aby is a doctoral student at the Institut de Géopolitique, Paris VIII; Nathan Sautreuil is a conflict analyst.

⁹⁷ Dans le cas de Tripoli avec 4 dollars/ Jour. Source : *Study shows evidence of severe Tripoli poverty*, The Daily Star (Beirut, Lebanon) - 10 novembre 2012

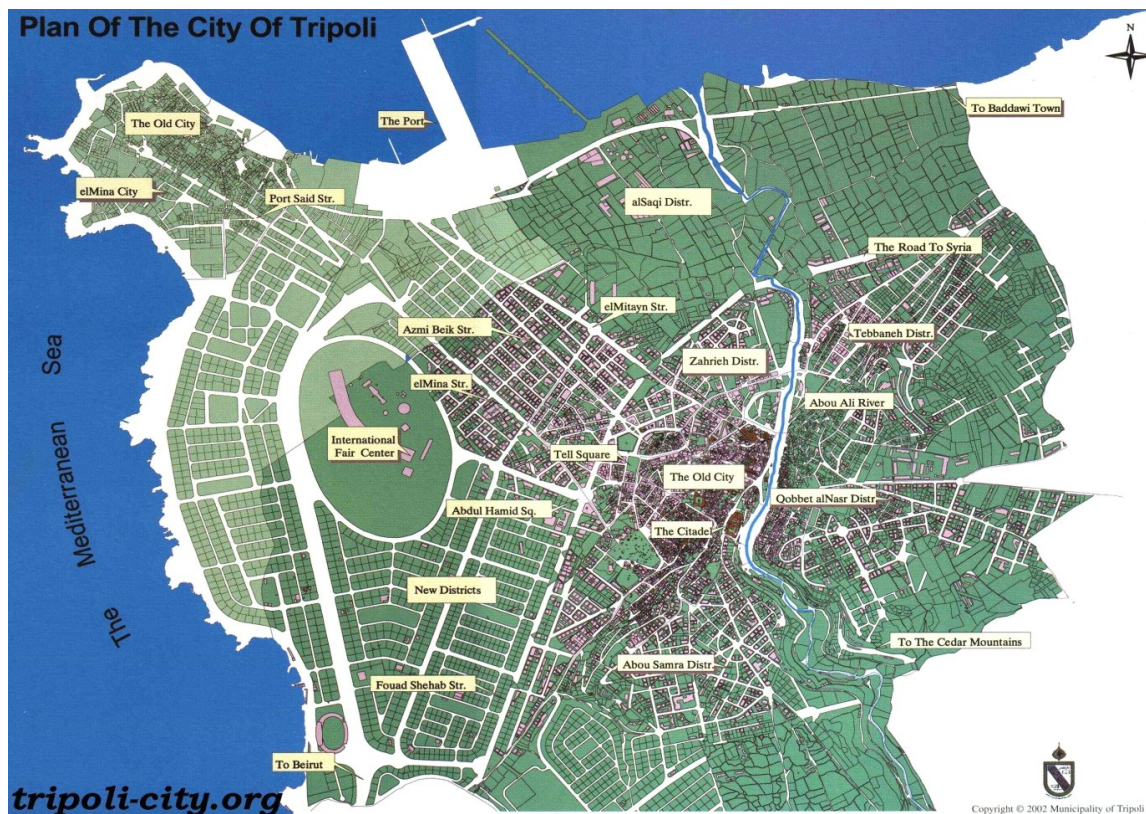
⁹⁸ Source 2011 : http://e-geopolis.eu/menapolis/TABLEAU_BORD_LIBAN.pdf

⁹⁹ Source: The "Mapping of Human Poverty and Living Conditions in Lebanon" study published by the Ministry of Social Affairs (MoSA) and the United Nations Development Program (UNDP) [in 2009]

¹⁰⁰ Economic and social commission for Western Asia

security threats originating from Bab el Tebbaneh. For example, the inhabitants of the two rival districts, Jabal Mohsen and Bab el Tebbaneh, have particularly low salaries : 50,4% of the families in these two zones live on less than \$333 a month, which puts 82% of the families earning less than \$533 dollars a month¹⁰¹.

The heart of the city of Tripoli, from a demographic point of view, is situated in the corridor following the Nahr Abou Ali River, which crosses the city from North to South on its way to the Mediterranean Sea. This river, 44,5 kilometers¹⁰² in length, has its source in the Qadisha Valley in Northern Lebanon and is very polluted as it serves as an open sewer to the city's population. On the western side of the river, the zone is densely populated and makes up the districts of Abou Samra (which has become one of the poorest quarters of the city), the Citadelle, the old town and Zahrieh. However, on the eastern flank of the river, there are only Qobbet el Nasr, facing the Old City and Bab el Tebbaneh, further North, where the population density is high.



¹⁰¹Source : Tripoli, North Lebanon: The Forgotten City Al-Akhbar English (Lebanon) - 16 mai 2012

¹⁰² Source : <http://www.iwaponline.com/jwh/005/0615/0050615.pdf>

In the northern part of the capital, the illiteracy rate is 19% in Bab el Tebaneh and 13%¹⁰³ in the Old City quarter. Amongst those students in school, 65% are enrolled in the 70 public schools whose reputation for scholastic achievement is much lower than that of the 55 private schools¹⁰⁴ which enroll 35%¹⁰⁵ of the students. The rate of student drop-outs is much higher in the poorer districts of Tripoli, where more than 50% of the students leave school to help support their families¹⁰⁶. This fragilises the young people who enter a disorganised labor market, which encourages in some cases, delinquency in certain zones of the city, such as in Jabal Mohsen or Bab el Tebbaneh. The latter is known throughout Lebanon as having the highest national rate of minor delinquents¹⁰⁷.



It would be interesting to conduct a research project on the geography of education in Tripoli. Only a more targeted study would reveal that the public schools are located in poorest parts of the heart of the city; and the private schools are located on the coastal areas, in residential areas. Undertaking a study of this sort would allow the Lebanese policymakers to rethink the inefficient education system in Tripoli.

The tenuousness of the population in certain districts of Tripoli can be broken down into a certain number of characteristics which can only result from a thorough on-site study. One of the troublesome aspects is access to health care. In the northern region of Lebanon, which has the highest number of doctors, it is noteworthy that there is a high geographic disparity of doctors per inhabitant in the region. Thus, 73% of Tripoli's residents do not have health insurance, despite that more than 52% of all Lebanese

¹⁰³Source : Study shows evidence of severe Tripoli poverty , The Daily Star (Beirut, Lebanon) - 10 novembre 2012

¹⁰⁴ Source: <http://www.tripoli.gov.lb/ui/guide.aspx#Banks>

¹⁰⁵Source : Study shows evidence of severe Tripoli poverty The Daily Star (Beirut, Lebanon) - 10 novembre 2012

¹⁰⁶ *Ibid.*

¹⁰⁷Source : Tripoli's poverty is its insecurity: study The Daily Star - 4 juillet 2011

citizens have coverage. Here again, there is a gross disparity between the national average and the poor districts in Tripoli where 90% of the inhabitants in Bab el Tebaneh don't have any coverage¹⁰⁸. Even graver are the number of births that occur in the home without medical assistance, which is about 10%,¹⁰⁹ notably in the Swaiqa, Bab el Tebbaneh and the older quarter of the Mina districts. Just as the schools are separated into two distinct categories, so are the hospitals : the private hospitals take in 35% of patients needing care, while the public hospitals take in 51%; the remaining inhabitants, for financial reasons, go to the local dispensaries.

This socio-economic analysis reveals a distressing situation, which will result in an urban social, economic, sanitary and cultural crisis. The city suffers from an internal disequilibrium that will be difficult to turn around or rectify in the short term. It would be necessary for the government to inject financial aid and put monitoring into place as soon as possible. Deep and chronic socio-economic problems cannot be managed by local politics. This proposed study should help the Lebanese government in finding the solutions to resolve this crisis, as well as encourage the support of foreign stakeholders to make their contribution to the future of this city.

TRIPOLI-BEYROUTH, The broken tandem : who can lead the Northern Capital?

On the map, Tripoli and Beyrouth are only 85 kilometers apart, but are indeed separated by a political valley. The big city in the North is marginalised by the Lebanese capital. The isolation of Tripoli has repercussions on the political workings of the city. The analysis of this situation seems indispensable to better understand the local context. It is necessary to external actors to understand the city, be they from the private or the public sector.

The dissociation of the Tripoli-Beyrouth axis is the result of a process started under the French mandate at the end of World War I. Including Tripoli in the Lebanese state of the Greater Lebanon was done to “avoid it becoming a Syrian port in competition with

¹⁰⁸Source : Study shows evidence of severe Tripoli poverty The Daily Star (Beirut, Lebanon) - 10 novembre 2012

¹⁰⁹ *Ibid.*

Beyrouth.”¹¹⁰ Tripoli, largely Sunni, refuses to be diluted into the Greater Lebanon, largely Christian, and claimed belonging to “Syria”.

The marginalisation of Tripoli increased during the first years of the Lebanese civil war (1975-1990). In 1976, Tripoli and the neighboring city of Zghorta, in majority Christian, signed a peace accord. *«After that, the events in Tripoli didn't interest the country's politicians and were focused on Beyrouth and other contested zones; as a consequence, most of the cities in the North disappear from the radar screens of the central government. The situation hardens after the signature of the Taëf accords (1989), which was dedicated to sidelining Tripoli from the political sphere».*¹¹¹

The Syrian domination of Lebanon from 1990 to 2005 did not improve the revival of the city of Tripoli. Damas, reinforced by its Shia'a allies of Hezbollah and the Amal Movement did everything in its power to suppress the emergence of a Sunni leadership that would be unfavorable to it.

The assassination of Rafik Hariri and the retreat of Syrian troupes in 2005, created a void in the political leadership in Lebanon. The weak hold of the central government on Tripoli favored the local political elites. The Tripolitan political sphere escaped the authority of Beirut and organised itself around the power rivals and among influential families in the city. This intestinal infighting prevents a dominant leadership from emerging.

This configuration is reinforced by the intervention of outside actors. “The city is unique because up until 2005, the local actors received funds from several national, regional and transnational donors. They rival each other to takeover the Sunni movement. Tripoli is without a doubt the city with the broadest religious spectrum and

¹¹⁰ BALANCHE, Fabrice, Atlas du Proche-Orient arabe, Paris, PUPS & RFI, 2012, p.28.

¹¹¹ QIBLAWI, Tamara, « Events in Tripoli no longer mattered to the country's politicians, who were busy ducking it out in Beirut and other contested areas, and the country's northern-most city subsequently fell off of the central government's radar screen. The condition became more pronounced after the signing of the Taif Accord, with the accord fortifying Tripoli's sidelining from political maps.», *«Tripoli's poverty is its insecurity: study»*, The Daily Star, juillet 2011 [consulté le 12 avril 2013]. <<http://www.dailystar.com.lb/Business/Lebanon/2011/Jul-04/Tripolis-poverty-is-its-insecurity-study.ashx>>

the most fragmented Sunnism in the Arab Middle East.”¹¹²

Since the death of his father, Saad Hariri tries to affirm his hegemony on Tripoli against his Sunni «competitors», Nagib Mikati, Mohamed Safadi and the Karamé family. All the same, the leader of the «*Courant du Futur*» and of the «*Mouvement du 14 mars*» seems rather weak to gain the upper hand. The political leadership of Northern Lebanon is built on three main elements, according to Tine Gade : the clientele relation installed between the population and the «*grandes familles*», the influx «*d’argent politique*» used for charity actions, as well as for combat action. Saad Hariri, who lives outside Lebanon, is seen to be disconnected from the reality on the ground, inexperienced and lacking courage. “*He’s a businessman, he’s not a combatant; he doesn’t have military experience, as do the minority community leaders.*”¹¹³

The marginalisation of Tripoli and the absence of political leadership certainly has a direct impact on the economic foundations and structures. Regularly, attacks take place in Lebanon, as we were witness this August in both Beirut and in Tripoli and naturally affect the reputation and the attractiveness, not to mention the competitiveness of this port city, discouraging any future investors or tourists.

All the economic sectors have been affected by security, political and humanitarian crises. The El-Mina Port of the city of Tripoli, which is the second commercial port in Lebanon after the one in Beirut,¹¹⁴ has not managed to stimulate the city's economic activity and which is clearly underexploited. “The fret activity at the port has been reduced to an annual rate of 19,36%, falling to 813 610 tonnes in the first eight months of 2012, whereas it was at one million tons just a year ago.”¹¹⁵ The port of Tripoli also served as a refinery terminal center for Iraqi petroleum, brought in by the old Kirkouk-Syrie-Tripoli oleduc, out of service since 1982.

¹¹² GADE, Tine, «*Tripoli as a microcosm of the crisis of Sunnism in the Levant*», BRIMES, 2012, [consulté le 12 avril 2013], pp. 1-2. <<http://brismes2012.files.wordpress.com/2012/03/gade-tine-lebanon-brismes-2012.pdf>>

¹¹³ Ibid, p. 14.

¹¹⁴ Site du Port de Tripoli, «the second port in Lebanon after the Port of Beirut», [consulté le 13 avril 2013], rubrique «About Us». <<http://www.portdetripoli.com/about-us.aspx>>

¹¹⁵ «*Weekly Market Watch*», Crédit Libanais, septembre 2012 [consulté le 12 avril 2013], p. 8.

Tripoli's industry has all but disappeared. *“For the last five years, at least a dozen factories have closed, notably one fabricating pipes for the region because of the price of gasoline and electricity. Between 1996 and 2004, the number of industrial jobs fell from 3,000 to 300 in the greater Tripoli area.”*¹¹⁶

Thus, according to the Central Administration of Statistics¹¹⁷ *«there are only 17,000 commercial establishments in the Northern Lebanon Governorat, but there are 73,000 in the Mont-Liban and 72,000 in Beyrouth»*. There are 263 banking establishments in Beyrouth, but only 90 in the Northern Liban. *«The percentage of Tripoli banks according bank loans in the private sector does not exceed 2%, but is at 83% in Beyrouth and its suburbs.»*¹¹⁸ The fracture between Tripoli and Beyrouth is also confirmed in the transportation sector : there are 117 transport companies in the Lebanese capital but only four in Tripoli.¹¹⁹ The economic and social consequences of political paralysis in the Northern capital are distinctly underlined.

And Tripoli does not seem to be able to benefit from the immense touristic and cultural potential. With hundreds of historic monuments, such as the port and the rail line, the International Fair (the construction was left unfinished by the Brazilian architect, Oscar Niemeyer) and the resilience of its inhabitants, Tripoli should be a thriving business and touristic center. The pride of the city, the Château Saint-Gilles, is now occupied by soldiers watching over the warring quarters of Bab el-Tebbaneh and Jabal Mohsen.

Strangely enough, these weak infrastructures could be a source of future economic opportunities, which would galvanize the local economy once again. First of all, the Port of Tripoli is going to be refurbished *“notably by the construction of a new quai 1200 meters long and 15 meters wide, with a 600,000 m² fret zone”*¹²⁰, as well as

¹¹⁶ANDERSON, Brooke, *«Tripoli: Lebanon's city of lost opportunities»*, The Daily Star, juillet 2011 [consulté le 16 avril 2013]. <<http://www.dailystar.com.lb/Business/Lebanon/2011/Jul-18/Tripoli-Lebanons-city-of-lost-opportunities.ashx>>

¹¹⁷ABOUZAKI, Rasha, *«Tripoli, North-Lebanon : the forgotten city»*, Al-Akhbar English, mai 2012 [consulté le 16 avril 2013]. <<http://english.al-akhbar.com/node/7367>>

¹¹⁸Site conjoint du Ministère libanais de l'industrie et de l'Association des Industriels Libanais, [consulté le 12 avril 2013], rubrique «Banks». <<http://www.lebanon-industry.com/en/Banks.aspx>>

¹¹⁹Site conjoint du Ministère libanais de l'industrie et de l'Association des Industriels Libanais, [consulté le 12 avril 2013], rubrique «Transportation». <<http://www.lebanon-industry.com/en/Transportation.aspx>>

¹²⁰Site du Port de Tripoli, [consulté le 16 avril 2013], page d'accueil, <<http://www.portdetripoli.com/home.aspx>>

reinforcing the roads leading to the Port as well as conducting a feasibility study of building a railroad between Tripoli and Chekka. Gulftainer, which won the bid to manage the container terminal in November 2012, has promised to invest «more than \$60 million in new machinery and equipment».¹²¹ Tripoli's ambition is to attract Beirut's surplus traffic, but to also position itself as a functioning entity in light of the recent gas discoveries off the Lebanese coast.

Tripoli in a regional crisis : a study of the impact of the Syrian refugees

But the regional impact of the power struggle in Syria is undeniable and the repercussions of the Syrian crisis are already being strongly felt in Lebanon, where the Assad regime seems to do everything to get his neighbor involved in the spiral of violence. The press recounts on a daily basis the overspill of the Syrian crisis in all forms, such as : flagrant incursions and aerial bombardments on Lebanese territory, mainly in the border villages, according to the political allegiances of the villagers; the massive arrival of Syrian Alawite and Sunni refugees, power rivals that oppose the partisans of the Bachar Al-Assad regime against the insurgents, express themselves at different levels, be it local, regional or international. No where else but in Tripoli can we vividly observe the constraints exercised on Lebanon by the Syrian crisis, where one can witness a human wave of populations fleeing the protestations that have resulted in more than 90,000 deaths (the UN put this figure at 70,000 in March 2011¹²², which is over 100,000 at the time of publication).

The massive arrival of Syrian refugees on Lebanese territory and particularly so in the North of the country, keeps rising on a daily basis. This phenomenon, identified and quantified by international organisations (HCR or Lebanese or Arab NGO's financed by the Gulf) seems to have been underestimated or not taken into consideration by the Lebanese government, which initially procrastinated on taking responsibility for acting. According to an article in the New York Times¹²³, the United Nations Refugee

¹²¹Site de Gulftainer, «*Gulftainer wins Tripoli bid*», novembre 2012 [consulté le 14 avril 2013], <http://www.gulftainer.com/npr_details92.aspx>

¹²² http://www.lexpress.fr/actualite/monde/proche-orient/syrie-le-conflit-aurait-fait-pres-de-70-000-morts_1220066.html

¹²³ The New York Times, Refugee influx threatens balance in Lebanon; Focus | THE MIDDLE EAST ; Thursday, Feb. 28, 2013 (http://files.onset.freedom.com/ocregister/Focus/20130228_focusnew.pdf)

Agency¹²⁴ counts the number of Syrian refugees on Lebanese soil to be 688,414, with a funding necessity of \$1,216,189,393, with only 36% of the requirements met. The breakdown by region shows that overwhelmingly the Northern Lebanon region has absorbed 214,369 refugees, the Bekaa Valley, 236,540, while Beirut, by contrast, has taken in 152,756.

Economic and Social impacts : the fragilisation of a weak system

In Tripoli, the number of refugees is evaluated at 111,700 by the HCR, which represents approximately 28% of the total number of Syrian refugees registered in Lebanon. According to Radio France Internationale, these refugees represent approximately one-fifth of the population of Lebanon. The authorities estimate that every day, 1,500 Syrians are legally crossing the Lebanese border, especially women, children and the elderly, who are fleeing combat zones in Syria. But there are hundreds of young people that cross the border illegally, who are partisans of the opposition, Army deserters or injured personnel, who have come to receive care and treatment in Lebanese hospitals¹²⁵.

In this study, it is necessary to measure the real menace that refugees pose for the already fragile economic and social system in Tripoli, which test the economic system, based on modern industry and globalised services, but, in reality, is constructed around the archaic forms of sponsorship, corruption and nepotism, all on the backdrop of inter-confessional and communitarian tensions.

In Lebanon in general and in Tripoli, particularly, given its proximity to its neighbor in crisis, the economic reverberations are flagrant : the International Monetary Fund (IMF) revised its growth projections for Lebanon downward, tabling on a 2% instead of 3% growth rate, compared to a 5,3% for the MENA region overall¹²⁶. The European Institute of Research on Euro-Arab and Mediterranean Cooperation reports as well that Lebanese banks have underlined in their annual reports that the events in Syria have had an impact on the economic environment. In addition, Moody's degraded Lebanon's

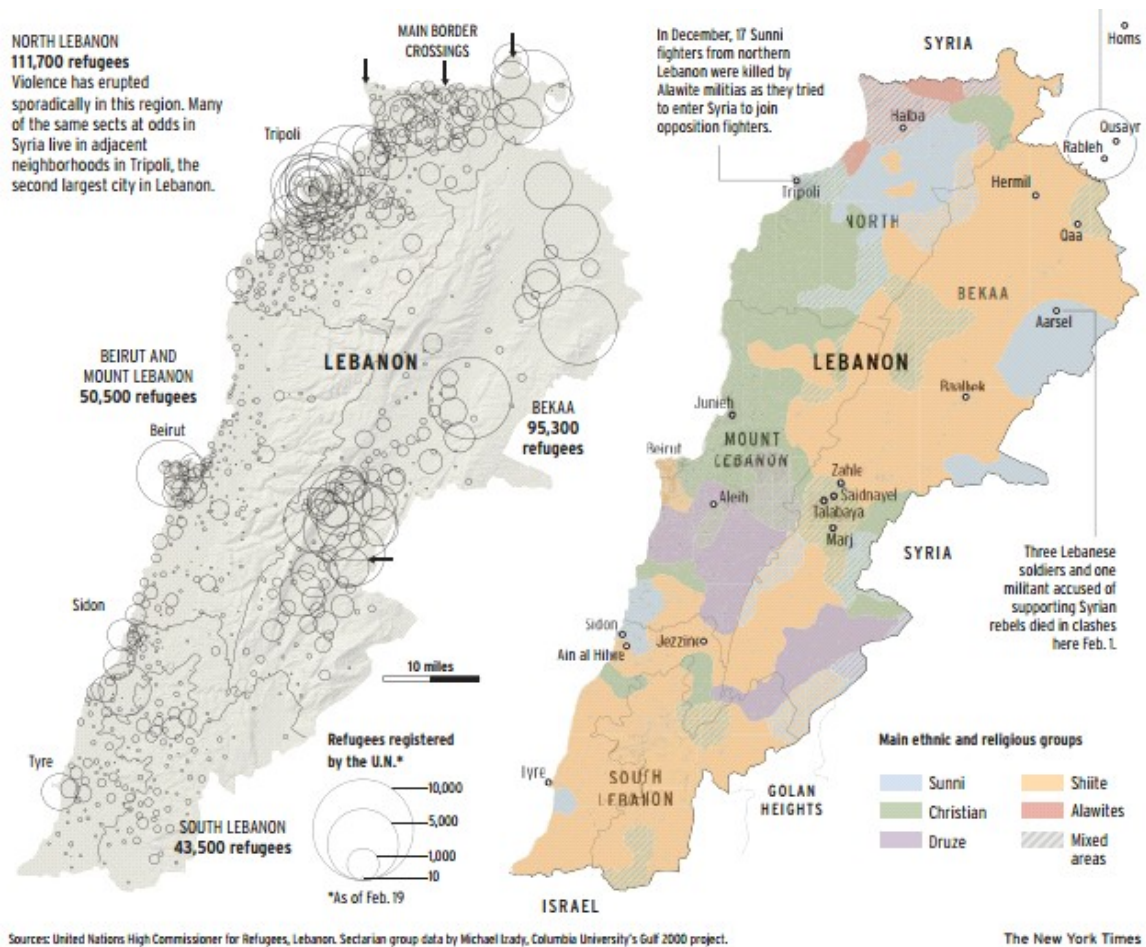
¹²⁴ <http://data.unhcr.org/syrianrefugees/country.php?id=122>, consulted 18/08/2013

¹²⁵ Paul Khalifeh, Un million de réfugiés syriens au Liban, 05 avril 2013 <http://www.rfi.fr/moyen-orient/20130405-million-refugies-syrie-liban-sleimane>

¹²⁶ Le Commerce du Levant ; Le FMI prévoit un taux de croissance de 2% pour le Liban en 2012 (<http://www.lecommercedulevant.com/node/21164>)

perspectives in the banking sector from stable to negative¹²⁷, given the deterioration of the situation in Syria.

Trade has slowed, as has the influx of tourists. According to Ward Vloeberghs, adjunct professor at the School of Governance and Economy in Rabat, a number of Lebanese companies operating in Syria had to suspend their activities, as the cost of living in Lebanon rose¹²⁸ (Lebanese buying power has declined about 40% since 2005¹²⁹).



The employment sector has been hit the hardest by the sheer demographic shift of the arrival of Syrian refugees. The Syrian workers, who work for less, tend to take jobs from the Lebanese in small businesses, such as restaurants, hair salons, or even in factories. It seems that recently Syrians were given priority in other sectors requiring

¹²⁷ Olivier Marty et Loïc Kervan, *Le Liban et a Crise Syrienne*, 25 juillet 2012, <http://www.medeas.be/2012/07/le-liban-et-crise-syrienne/>

¹²⁸ *Actuelle de l'Ifri*, *Crise syrienne : quelles répercussions sur le Liban?*, 16 octobre 2012, 5 p.

¹²⁹ Georges Pierre SASSINE | 20/02/2013 *L'Orient le Jour*, *La hausse des salaires ne suffira pas...*, http://www.lorientlejour.com/category/%C3%89conomie/article/801613/La_hausse_des_salaires_ne_suffira_pas....html

qualified workers, such as Engineering or Construction. During the last several months, 30% of the work permits were given to Syrians¹³⁰. The saturation is beginning to be felt in the housing sector, where Lebanese proprietors rent willingly to Syrian families, who reunite several families in one unit, which tends to push house rental prices higher.¹³¹

The political and security impact : deep cleavages

Since the beginning of the conflict, the United Nations has counted the number of Syrian refugees to be around 400,000; whereas it took the High Commissioner of the United Nations eighteen months to obtain the authorisation to establish a center of registration, so as to facilitate access to humanitarian assistance. The Lebanese political class, profoundly divided on the Syrian conflict (between the majority opposition, as well is in the coalition government) and officially taking a “policy at a distance” regarding the conflict, is having difficulty making the necessary decisions to assist the Syrian refugees.

No one believes the repeat of the 1948 scenario, where Palestinian refugees, who were to return home several weeks after the exodus, are still on Lebanese territory 64 years later, where they live with their children and grandchildren. These profound divisions appeared during a ministerial meeting last April 4th, which was concluded by adopting “a plan”, which was opposed by seven ministers of the CPL (*Courant Patriote Libre* of Général Michel Aoun¹³², close to Damas and to Hezbollah). They refused the adoption of this plan by the government and affirmed that Lebanon did not have the capacity to receive the refugees. Here are the details of the plan :

- Construction of security camps, closed off and placed under the control of security forces, with a capacity to receive 5 000 people, managed by an Inter-ministerial committee;
- The borders stay open, without any limit defined;
- An appeal for financial help to friendly Arab countries.

¹³⁰ Un million de réfugiés syriens au Liban, <http://www.rfi.fr/moyen-orient/20130405-million-refugies-syrie-liban-sleimane>

¹³¹ ibidem

¹³² Paul Khalifeh, Réfugiés Syriens : les chrétiens du Liban craignent que le provisoire ne devienne définitif <http://www.rfi.fr/moyen-orient/20130105-refugies-syriens-chretiens-liban-aoun-nasrallah-yarmouk-damas> (05/04/13)

The recent resigning of the Lebanese Prime Minister, Najib Mikati, is symptomatic of the spill-over effect of the Syrian conflict, even though the Lebanese government had adopted a posture of “dissociation” with the war in Syria. Prime Minister Mikati wanted to impose a prolongation of the mandate of the Chief of the Interior Security Forces (FSI, Police), General Achraf Rifi, but the decision was not approved by the cabinet. This Sunni officer, very anti-Syrian, is the number one enemy of Hezbollah. The FSI played a certain role in getting four Hezbollah members tried by the International Penal Tribunal implicated in the fatal attack on the former Prime Minister Rafic Hariri in 2005.

The Lebanese political scene is in fact divided between the pro-West coalition supported by Saudia Arabia – hostile to the Syrian regime – and the pro Bachar Al Assad, led by the Shia'a Hezbollah. It is in Tripoli that these political divisions are most visible, where most of the quarters of the city are identified by fighting symbols. The majority of the Sunni inhabitants (500 000 inhabitants) support the revolt, but an Alawite minority (approximately 35 000) concentrated in Jebel Mohsen and represented by the Lebanese Alawite Party (Arab Democratic Party led by Rifaat Eid), strongly linked to Damas, receive arms and even instructions from the regime. Twice this year, there were clashes between Jebel Mohsen and Bab al-Tebbaneh (the neighboring Sunni district) where more than 20 people were killed. The reasons for this intestinal fighting is that the Sunnis accuse the Alawites and Damascus of stirring the pot; and the Alawites accuse the Sunni districts of becoming back-up bases for the Syrian rebels.

Compared to other countries affected by the influx of Syrian refugees, Lebanon and the city of Tripoli are already to some extent the theater of sectarian conflict by reason of its fragile internal situation. The influx of refugees not only ignites inter-confessional and communitarian tensions, but also adds to the growing insecurity in the city. These tensions have worn this Northern Lebanese capital thin since the civil war in 1975, where the climax was reached in 1986 claiming several hundred victims as a result of infighting between Bab al-Tabbaneh and the Alawites in the Jabal Mohsen¹³³ quarter.

¹³³ International Crisis Group, Nouvelle crise, vieux démons au Liban: les leçons oubliées de Bab Tebbaneh/Jabal Mohsen (Update Briefing – Briefing Moyen-Orient N° 29 - Beyrouth/Bruxelles, le 14 octobre 2010), 19 p.

Those clashes saw the use of launch rockets and automatic weapons, which only reveals the important arms contraband in this backbase to the Syrian revolt. One year ago, three tons of arms from Libya destined for Syria aboard a « Lutfallah II » were discovered by the National Marine¹³⁴. These arms could have been sent by the Militia chief, acting on his own, or by Saudia Arabia or by Qatar, who are both against the Assad regime and have affirmed that they wanted to arm the rebels.

Above and beyond these community tensions, many young Syrians, hopeless and erring, have become delinquents and the social and economic tissue is being tested and under heavy duress. The Interior Minister evoked a 50%¹³⁵ increase in criminality. If the Lebanese army reinforces its presence regularly to have the cease-fire respected (especially between the Bab al-Tabbaneh and de Jabal Mohsen districts), it is at a loss to prevent new tensions and to prevent the radicalisation of minorities, particularly from the Salafist menace.

<http://www.crisisgroup.org/~media/Files/Middle%20East%20North%20Africa/Iraq%20Syria%20Lebanon/Lebanon/B29%20Nouvelle%20crise%20vieux%20dmons%20au%20Liban%20les%20leons%20oublies%20de%20Bab%20TebbanehJabal%20Mohsen.pdf>

¹³⁴ Trois tonnes d'armes saisies au Liban <http://www.lefigaro.fr/international/2012/04/29/01003-20120429ARTFIG00209-trois-tonnes-d-armes-saisies-au-liban.php> (30/04/12)

¹³⁵ LIBAN / SYRIE - Article publié le : vendredi 05 avril 2013 <http://www.rfi.fr/moyen-orient/20130405-million-refugies-syrie-liban-sleimane>

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THE INTERVIEW

with

Dr Rebel HANNA¹³⁶

How can Risks and Complexity be managed in the MENA region?

GMR : Describe the current environment in the MENA region.

RYH : The geopolitical and geo-economic environment of the MENA region is becoming a complex and unpredictable environment that is leading us to pay very close attention to the different developments, that in some areas, are correlated and linked, and in other areas, are isolated and specific. The world of business in the MENA remains the most affected, either positively or negatively by the developments, bringing social and cultural challenges in addition to the economical ones.

GMR : How does the MENA region look geopolitically in the face of this risk environment following the Arab Spring?

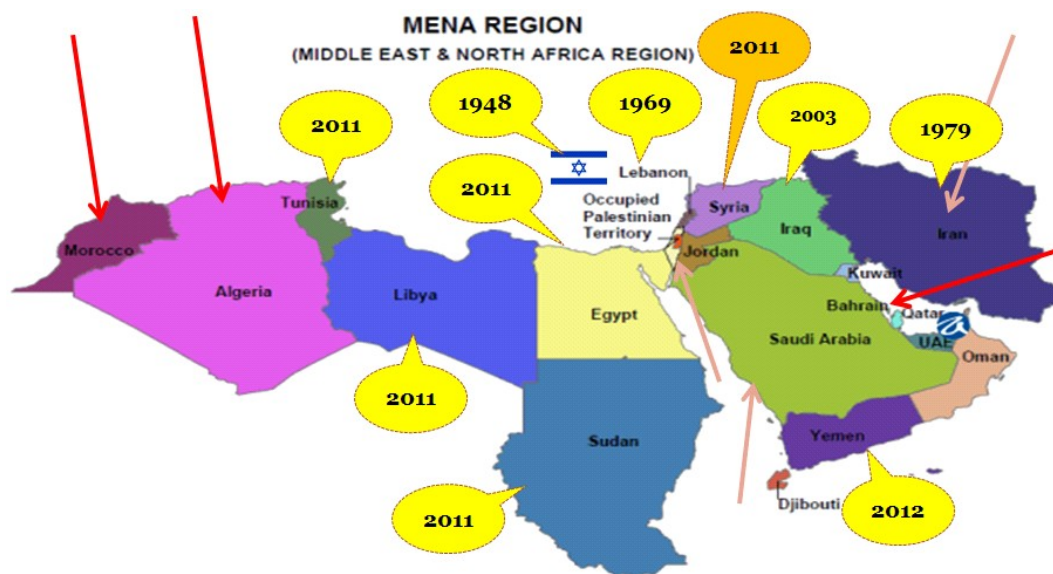
RYH : The increasing unrest, violent actions and turbulence in the region is resulting in more and more stress and creating the need to be alerted towards the situational risk factors, which are very dynamic. They can change (increase or decrease) according to the general political, economic and strategic interests of the superpowers in the MENA region, especially the United States of America, the Russian Federation, the European Union, the United Kingdom and China. For instance, sanctions imposed by the USA against Syria are not the same sanctions imposed by the EU; such divergence creates a very complex situation leading finally to disregard any opportunity in the region before a final settlement of the crisis.

The MENA countries are mainly divided into two types: The oil dependent or oil producing and the non-oil dependent or oil deficient. The oil producing economies are doing very well which is leading to a kind of stability, and, on the other hand, the oil deficient countries which have been suffering from subsidy burdens, which has resulted in higher current account deficits leading to global unrest in these countries, due to the

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unemployment, poverty and social instability.

We should thus be attentive to the recent implications of the so called “Arab Spring” and take into consideration factors of complexity of the Middle Eastern region. Until the year 2010, dictatorships reigned in all the countries of the MENA region, with the exception of Lebanon. From January 2011, a wave of popular protests swept the MENA region, which were called "Arab Spring". The "Arab Spring" has led to the rapid disappearance of Ben Ali in Tunisia and Hosni Mubarak in Egypt, and increased mass opposition to regimes in Libya (with the assassination of Kaddafi), Bahrain, Syria and Yemen. The size of the "Arab Spring" and contagious overflow set civil revolutions apart from other expressions of dissatisfaction and confirmed the extent of socio-economic and political challenges facing the region. The "Arab Spring" has revealed as well the narrow social base that has sustained dictatorial leaders for long periods in the region.



The years on the Map indicate the start of turbulence in the designated country

The arrows indicate unrest in the designated country

The events that triggered the civil revolts of 2011 originated in North Africa following the self-immolation of Mohamed Bouazizi in Tunisia in December 2010. His fate has significantly influenced people across the Arab world. This event tapped into feelings

of vulnerability and a serious threat towards guaranteeing a better future for young people who do not have adequate opportunities for employment or professional development. It highlighted the disappointment of the elderly, the inefficiency of the dictatorial regimes, which failed to manage or respond to the needs and demands of the younger generation in a rapidly changing global economy. This amplified the perception of young generations that no significant change, even hoped for, is possible within the existing political system. It is simply an inter-generational conflict imposed by globalization.

GMR : How has globalisation and global communication played a role in these revolutions and in mobilizing people in the region?

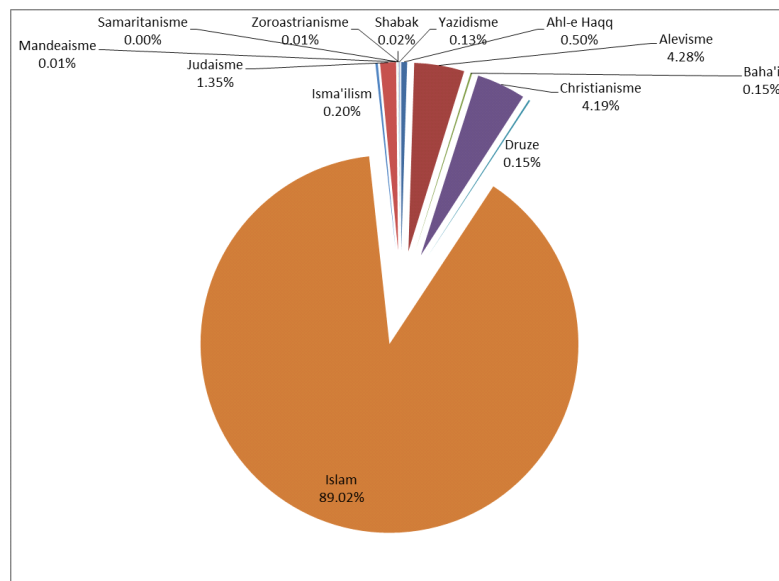
RYH : Globalization and the acceleration of global interdependence have greatly transformed the world order and the reconfiguration of the concept of state power and political authority. It encompasses the re-conceptualization of the notion of the political community in a particular form of "global politics" that works beyond the sphere of the individual nation / state. These broader relationships are reflected by the revolution in information technology and communication. This has created new forms of private spaces, public and virtual, used to mobilize, organize and channel societal demands. The social networking sites, such as Facebook, are used by a younger generation of activists, who use them for discussion and coordination of activities. In addition, these social media serve as sites to meet members of the opposite sex in places like Saudi Arabia, where it would otherwise be restricted. These new forms of communication have greatly contributed to the explosion of youth activity in MENA countries where 65% of the regional population is under 30 and as young people elsewhere, they are very tech-savvy and able to circumvent state controls to mobilize around their grievances.

GMR : How are these grievances translated into regional political, economic and social crises?

RYH : Today a social and a cultural resistance and revolution against strict and radical guidelines imposed by Muslim fundamentalists is taking place, reshuffling again what the Arab Spring brought. Another era of change is now beginning with the rapidly

evolving trends and patterns in governance across the region, such as in Turkey, Qatar, Syria and Iran.

And this can be explained by the multiplicity of cultures which constitute the make-up of the MENA region, such as Arabic, which is the dominant one, and Turkish, Persian, and Kurdish, which are minorities but are emerging, in the presence of 14 official religions.



Among these religions, three of them (i)Ahl-e Haqq,(ii) Alevism and (iii) Ismailism are classified as distinctive religions but are often included in Islam. The conditions for religions considered as minorities in the MENA region were always severe and difficult; the rule was always Muslims against non-Muslims, but never the opposite. Muslim groups and Muslim leaders in many countries of the MENA region are directly and indirectly involved in many levels of a policy of discrimination against non-Muslims. In recent years, the severe conditions to which Christians and Mandeans were exposed in Iraq have caused an exodus of these groups. Iran has conducted a policy of discrimination against religious minorities for 30 years, while other groups are protected and respected.

Accordingly, radicalization is a growing trend in the MENA region. And this has created a space for Muslim fundamentalists to play a very active role during the period

of change and transition, such as the Muslim Brotherhood in Egypt, Tunisia, Libya, and the rebels fighting in Syria against the regime. Strict and radical guidelines of Islam have been expanded, which has increased their impact on the general public. Christians have become increasingly concerned about their identity; this was the result of the pressure exercised from the Muslim majority in the past, which added to their frustration because of the lack of support from Western countries. Lately, the serious threat of the new culture brought by the Islamic Fundamentalism contributes to reshaping the demography of the region as a result of the continuous drain of the Christian community from all the countries of MENA region, leaving on the heels of the Arab Spring unrest.

GMR : Based on this patent unrest, how would you describe or define the types of risks in the region?

RYH : The perception of risks at the business level remains limited to a few industries such as Banks and Financial Institutions. The perception of complexity in business is still either absent or very poor. Identifying the risk factors that companies face in the MENA region is becoming more and more a prerequisite in order to be able to establish a sound strategy based on an accurate, reliable and realistic description of the possible ways to manage and mitigate these risks, taking into consideration the different aspects of organizational, managerial, cultural, legal, and other aspects as well.

GMR : Can you be more specific : what are the major types of risks for businesses operating in the region?

RYH : Companies operating in the MENA region and those outside dealing with companies in the region are vulnerable to abuse by a variety of individuals and groups that benefit from fast moving events in an environment where security and control are seriously lacking.

In general, two categories of risks can be identified, and for each category, different risk factors. The two different categories of risk are Conventional and Situational. And the subcategories are identified as

•**Conventional Risks** : Economic, Political, Financial, Legal, Exchange, Human Capital, Structural and Situational.

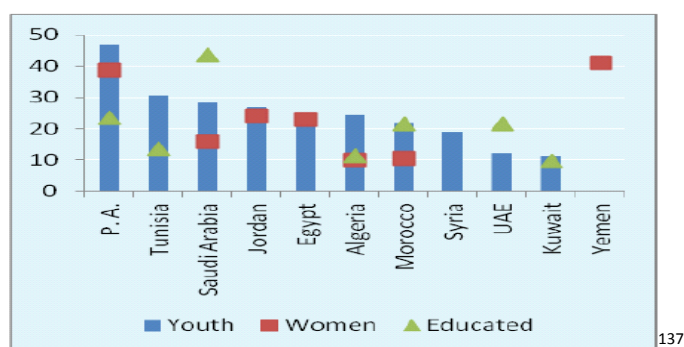
•**The Situational Risk Factors are:** Politically Exposed Persons (PEP), Money Laundering, Corruption, Financing of the Rebellion Army and Terrorism, Organized Crime and Breach of sanctions

GMR : Having identified and qualified these risks, could you speak to us about the geo-economic challenges and trends in the MENA Region?

RYH : The private sector is supposed to be the main driver of sustainable job creation, but due to cultural inheritance, it is stifled by bureaucracy, corruption and unfair practices, particularly in resource-poor countries.

The MENA region has immense reserves of oil and natural gas that make it an essential source of global economic stability. According to the Oil and Gas Journal (January 1, 2009), the Oil and Gas reserves of MENA region are: 60% of world oil reserves = 810.98 billion barrels; and 45% of global natural gas reserves = 2,868,886 billion cubic feet. These reserves grant the countries of the MENA region a super bargaining power that was never exploited for the benefits of these countries and their relevant population.

Despite these indicators of wealth of these energy-dependent economies, the unemployment rate remains stubbornly high, especially among the youth, women and graduates. Unemployment is particularly acute among young people (18-24 years) which is on average 25% for the MENA region : about 25% in Jordan and Egypt; nearly 30% in Saudi Arabia and Tunisia; and nearly 50% of the Palestinian Authority. Each year, 2.8 million young workers enter the job market but face difficulties in finding formal and regular employment. A striking feature of unemployment in the MENA region is that it is also high among the most educated: more than 43% in Saudi Arabia, 24% of the Palestinian Authority, 22% in Morocco and the United Arab Emirates, 14% in Tunisia, more than 11 percent in Algeria. Youth unemployment is amplified due to (1) weak economic growth, (2) tight public budgets and (3) limited expansion of employment in the public sector.

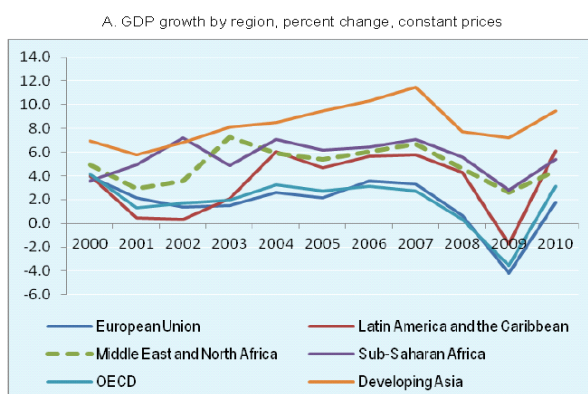


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GMR : How has this high unemployment affected doing business in the region?

RYH : Economic performance in terms of GDP growth in the MENA region has been generally positive, although volatile, during the last decade. Although the economic growth slowed in 2009 due to the global economic and financial crisis, MENA, Asia and sub-Saharan Africa were the only regions witnessing positive growth thus far. The GDP of the MENA countries (including Iran) increased by 5.2% from 2000 to 2008, compared to only 2.4% in the OECD economies.

Despite this sustained growth, the World Economic Forum (2011) identified the existence and weight of the educated workforce as being one of the most problematic factors for doing or developing business in the Arab world. There is a persistent gap between the skills acquired at university and those needed in businesses, which in turn explains one of the major reasons for the high level of youth and graduate unemployment.



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¹³⁷ World Bank 2011 a

¹³⁸ IMF 2011d et OECD 2011c

GMR : How can FDI inflows and private investment reforms improve the economic situation and benefit the region?

RYH : Business in the MENA region has benefited from the change in government policy in FDI. These reforms have led to increased flows of FDIs; but this increase never reached expectations. They are supposed to provide a steady GDP growth as well as to create jobs in the markets; however, this has not materialized at the GDP level and has had very limited impact on the unemployment ratio. This positive trend has been severely affected by the negative effects of the current global economic crisis and the negative effects of the "Arab Spring". Several countries in the MENA region are facing difficulties due to changes in the economic environment. Some countries have adopted protective measures that have reduced the freedom of investment and the movement of capital and goods. Such measures contributed in reinforcing the negative effects of the crisis by increasing unpredictability and uncertainty for businesses and discouraging foreign investment. Openness to trade and investment is essential to ensuring a favorable environment leading to sustainable economic growth.

GMR : What have these revolutions revealed or changed about the way business is conducted in the region?

RYH : The revolutions that impacted the MENA region have revealed widespread corruption, particularly in the political sphere, in the form of stolen assets by supposedly all the fallen leaders. Many elements also confirm the existence of widespread favoritism, nepotism and complicity between the public and private sector. These practices have substantially contributed to a growing social unrest and public protests in the region, and thus a poor appetite for FDI flows.

Such measures reinforce the negative effects of the crisis and show that the level of corruption is very high in many countries of the region, like Egypt, Jordan, Libya, Morocco and Tunisia. Corruption creates a number of challenges which are common to several countries in the MENA region. These include contextual factors such as chronic insecurity and institutional factors such as the lack of access to information, weak legal or enforcement mechanisms and inadequate laws. Specific forms of corruption are also

multiplying in some countries, such as political corruption, complicity between the public sector and the private sector, as well as favoritism everywhere.

Despite these commonalities, there are cultural, social and political differences within and between countries, making it thus difficult to provide a consistent overview of corruption in the region. According to the Governance Indicators of the World Bank, the countries of the MENA region are below average in terms of transparency, expression of opinions, accountability and control of corruption. All these indicators have a direct influence on the business world. Other social and cultural factors also have negative influences on companies such as the Family (ie Family Legacy) and Women (ie Rights, Freedom, Labor).

In the business communities of the Gulf and beyond, the issue of corporate management is coming to the fore in the wake of the global slump that has exposed the inadequacy of informal business practices. Many of these establishments and family owned companies are reaching a size where they need to raise funds on capital markets. The personalized and family-based nature of many business relationships in the Gulf in particular, will come under pressure to formalize the way they do business, and this should open the way for a new generation of business leaders to take the helm.

	Saudi Arabia	UAE	Egypt	Kuwait	Qatar	Oman	Bahrain	Total
Total Mkt Cap (USD bn)	366	106	70	94	129	20	12	796
Mkt Cap as a % of Total Mkt Cap	46%	13%	9%	12%	16%	2%	2%	100%
# of Listed Stock	170	120	258	215	42	135	44	984
Total Top 10 Mkt Cap (USD bn)	206	74	34	59	98	12	11	492
Total Top 10 Mkt Cap as % of Total	56%	70%	48%	63%	76%	61%	87%	62%
Last 12-Mth ADT (USD m)	2,068	74	67	98	67	10	1	2,385
Avg 2007 ADT (USD m)	2,752	577	N/A	542	155	24	2	4,052
Upside Potential: 12-Mth ADT to pre-2008 ADT	33%	682%	N/A	451%	133%	130%	63%	70%

Source: J.P. Morgan, Bloomberg.

The Gulf countries and Egypt represent a market capitalization of \$ 800 billion (ie only 2% of world market capitalization). On average, the top 10 companies account for about 60% of total market capitalization in the region.

GMR : What is the role that women play in this business culture?

As in many societies in transition from traditional ways to modern and urbanized lifestyles, a central issue currently facing women in the MENA region is the increasing cultural struggle between the woman's traditional, mainly home-based, role as wife and

mother, and her modern role in higher education and the workforce, which brings her out into the public sphere. In some of these countries, women are still legally unauthorized to drive a car or to have a driver's license.

Attempts to balance these conflicting roles, both valued by different elements of a modern MENA society, may be quite stressful for women who are trying to define their place in society. This stress may cause heightened anxiety and depression due to women feeling unfulfilled in one of their roles: either not living up to their responsibility to their family and community, or neglecting their own self-realisation and autonomy.

GMR : With all the uncertainty in the region and the recent uprisings in Egypt, political assassinations in Tunisia, what political and economic outcome do you see for the near future?

RYH : In general, the perception of risk in the MENA region cannot be approached in a way that allows considering a rational decision, due to the uncertainty in the region, particularly in countries that are currently under the "Arab Spring" waves. It is almost impossible to figure out this perception of risk. The "Arab Spring" is still an unfinished process, and is not expected to witness an end soon. On the contrary, the process is undergoing a continuous metamorphosis which is reshaping the entire political environment, definitely still immature. This has a direct impact on the economic environment as well. Accordingly, we are unable to predict its final form.

To conclude, we can thus ask ourselves a series of questions, which may guide us in trying to predict the way the region will look in the near future in terms of political and economic governance : which political system will we see emerging? Democratic regimes or rather a strengthening of autocratic monarchies? Can we expect the return of hungry dictatorships or an Islamic order or at worse, chaos? Which Economic system will apply? Which of the following systems will emerge : Traditional capitalism, Modern capitalism, Socialism, Communism or Islamism? What kind of Trading System? What Monetary System? What Legal System?

