
INTERNATIONAL REPORTS



Rise and Fall of Regional Powers

INTERNATIONAL REPORTS

3|2016

Editorial

Dear Readers,

A constant struggle for power and influence between states has always figured among the main characteristics of international politics. Regional powers can be considered the middle management of world politics: sufficiently powerful to make their mark on the region and take on a political and economic leadership role, but not yet or no longer powerful enough to be able to fill this role at the global level as well.

In this connection, particular attention is due to those countries that have succeeded in developing into significant powers with regional influence or even further. This applies first and foremost to China, which has become considerably more influential in political, economic and military terms within just a few decades. One of the vehicles China uses to pursue its global political aims is the BRICS association which several authors deal with to start this issue off. While the article gathers different perspectives on BRICS, it illustrates above all one main point: the recent economic problems in most of the member states have strengthened China's dominance within the group even further.

The economic development in Vietnam, the second emerging economy in Asia investigated in this issue, over the last three decades has meant that this country also plays an increasingly important role in the region. Apart from Vietnam's economic strength, this has above all to do with the importance of its location on the South China Sea in terms of regional and geopolitics, although this not only entails opportunities, but also some risks, as Peter Girke reports.

On the African continent, there are actually several potential regional heavyweights waiting in the wings. In his article, Terence McNamee looks at Nigeria, Kenya and South Africa, investigating in particular the question as to the conditions that need to be created for these countries to be able to develop their full potential and play a positive role in shaping developments in their neighbourhood.

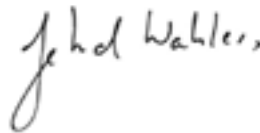
Hüseyin Bağcı and Çağlar Kurç explain that Turkey has a disputable record as a regional power. Once a successful mediator in regional conflicts, the country has managed to alienate itself from all sides in recent years through its foreign policy conduct. According to the authors, Turkey will only be able to regain credibility and influence in the region if it succeeds in reprising a constructive regional and international role.

Latin American Venezuela has also come increasingly under the spotlight. Despite its wealth of natural resources, the country has come to be at the brink of economic collapse, not to mention the political circumstances. Henning Suhr predicts that without a fundamental change in course Venezuela will find it difficult to take on an important role in the region despite its oil riches.

Whether we are looking at countries on the rise such as China and Vietnam or those on the decline such as Venezuela, we nevertheless only see a snapshot of the constant struggle for power and influence. And because nothing is as constant as change, as anyone knows, the rise and fall of regional powers will continue to characterise the international system.

I wish you a stimulating read.

Yours,

A handwritten signature in black ink that reads "Gerhard Wahlers". The signature is written in a cursive style with a large, looped initial 'G'.

Dr. Gerhard Wahlers is Editor of International Reports, Deputy Secretary General and Head of the Department European and International Cooperation of the Konrad-Adenauer-Stiftung (gerhard.wahlers@kas.de).

Rise and Fall of Regional Powers

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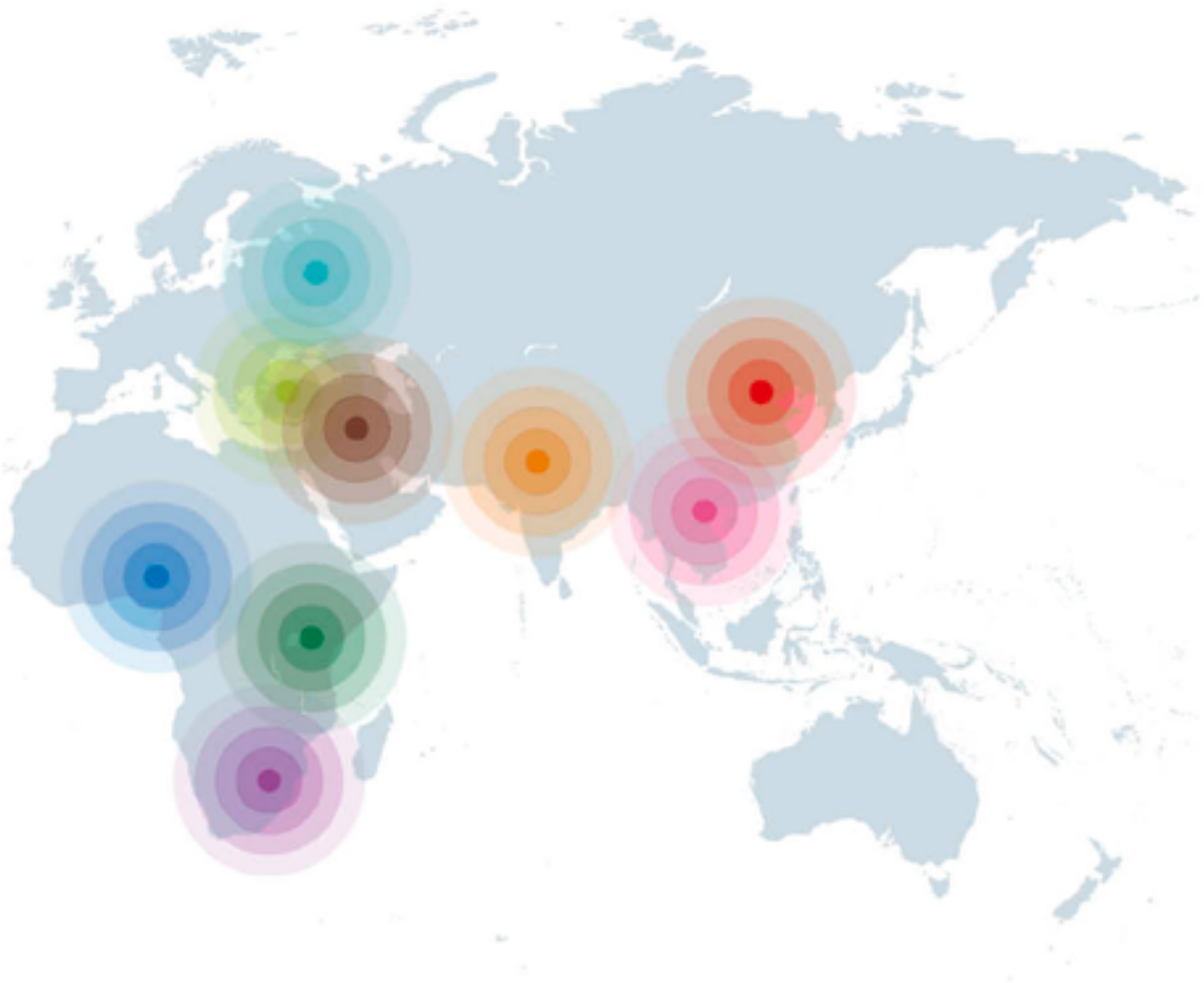
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One Plus Four

BRICS – Ambitions for Geopolitical Reform
and Chinese Dominance

Christian E. Rieck / Lars Peter Schmidt / Mark Alexander Friedrich /
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The BRICS are in crisis. The economic malaise in the majority of member states intensifies asymmetries within the group and thereby consolidates China's dominance. All members use the BRICS for pursuing their own economic interests and for avoiding isolation whilst making controversial foreign policy decisions. But it is Beijing that strategically uses its growing influence gained by control of access to its markets and investments.

1. Introduction: Global Ambitions and Lagging Domestic Reforms

Christian E. Rieck

Under the presidency of India, the eighth BRICS summit will be held in Panaji, Goa, from 15th to 16th October 2016. Once again, the images this annual summit will produce are intended to symbolise the unity of a “post-Western world”, a productive alliance between strong, ambitious, regional powers that want to combine their efforts to shape the future – without the West. At the turn of the millennium it seemed inevitable that power would shift away from the worn-out West to this dynamic group of emerging nations and a clever investment banker invented the acronym BRIC (later BRICS) to label the new “investment opportunity”. As long as their economies were flourishing, Brazil, Russia, India, China and (since 2011) South Africa could see themselves as political, economic and military powers, indeed as the voice of their respective regions.¹

Until recently, the “rise of the others” seemed unstoppable. The BRICS grouping confidently describes itself as “a key element of a new system of global governance, first of all, in the financial and economic areas” and as a “new model of global relations, overarching the old dividing lines between East and West, and North and South”.² The group's integration reached its temporary high point with the New Development Bank BRICS (NDB BRICS). On several occasions, BRICS has already converted this

confidence and the associated potential for mobilisation among emerging and developing nations into a concrete power of veto. In terms of security policy, the BRICS nations have also staked out their own spheres of influence.

However, the non-Western narrative of emergence has faltered in light of the economic downturn being experienced by the BRICS nations. The BRICS euphoria has peaked and is now declining. In the ongoing economic crisis – which in some BRICS countries has now been accompanied by a political crisis – the power within the alliance has continued to shift steadily towards China, which is by far the group's largest economy (and it is still growing). The economic asymmetries between China and the other BRICS nations have always been a structural characteristic of the association, and the weakness of the other countries reveals how China has purposefully and skilfully used this platform to promote its own interests and its ambitions to become a superpower. It will be interesting to see to what extent this Chinese dominance becomes a structural problem for the other members (and, as a result, for the association as a whole). After all Beijing has other means of projecting itself as a major power – including the ambitious *One Belt – One Road*, (OBOR) initiative, a development strategy for establishing a massive infrastructure and transport network with a view to linking continental Asia with Europe.

Despite China's dominance, the BRICS nations are still trying to draw on the global South's reserves of legitimacy. However, BRICS is not

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Not on a level playing field: The weakness of the other BRICS countries reveals how China has purposefully and skilfully used this platform to promote its own interests and its ambitions to become a superpower.

Source: © Kim Kyung Hoon, Reuters.

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just another in a long line of traditional (often inefficient) institutions set up collectively by the Global South, such as the Non-Aligned Movement or the G77: The BRICS group also does not handle sensitive topics such as the advance of democracy and human rights. Instead its democratic member states have transferred these issues to the IBSA Dialogue Forum. This was set up in 2003 to promote the exchange of knowledge, skills and technology between India, Brazil and South Africa. The BRICS format is looser and less institutionalised. In this, it resembles more closely the G7, with which it shares the aim of playing a role in regional and global governance based on the economic and political strengths of its members.³

Against this backdrop, the present study will look at the current situation and outlook from the point of view of the five countries involved – as individual BRICS members and as a group. We will be asking the following questions:

- What is the state of the economy in each member state?
- What specifically are the members hoping to achieve through BRICS specifically?
- How does their relationship with China affect the member states?

Since the turn of the century, the BRICS nations have certainly been causing a stir. Does this mean that the spread of Western liberal institutions – the oft-cited “unipolar moment”⁴ – has had its day? Or, 15 years on, does it mean that the parallel BRICS project is not destined to last either?

2. India: BRICS as a Building Block in a Multipolar World

Lars Peter Schmidt /
Mark Alexander Friedrich

Critics complain that BRICS is just a random group of nations with nothing in common and therefore a purely symbolic union,⁵ but India

does not see it this way. India is still hoping to increase cooperation within the union, and has particularly high hopes of the NDB BRICS (founded two years ago) and of a number of its own initiatives. Everyone knows that China carries a lot of weight in the BRICS group. However, as far as India is concerned, the union provides a forum for working with China through its institutional structures, ongoing consultation, and the creation of conflict resolution mechanisms in a multipolar international system. This collaboration also has to be viewed in the context of other mechanisms for international cooperation.

India's Confident Claim to Leadership

Since the Modi government took office (*Bharatiya Janata Party*, BJP) in 2014, India has woken up from the political and economic slumber that characterised the Singh government's second term. Many reforms are still dragging their feet because of the government's lack of majority in the upper house, but some new legislation is now being pushed through. A new insolvency law has been passed, along with a historic GST (Goods and Services Tax) reform. Land reform and an overhaul of employment law are also on Modi's agenda. Above all, the new government has created a new mood in the country. This, along with low world prices for raw materials, has spurred growth in the Indian economy, which according to the World Bank stands at 7.6⁶ per cent for the 2016 financial year.⁷ In this, India is different from the other BRICS nations, which have been beset by economic problems, political unrest and military conflicts. So this year the country was in a position to confidently take over the BRICS presidency, and it has set some ambitious goals.

There are a number of reasons why India views BRICS less critically than the West. For India, the BRICS union has four key functions: first of all, it coordinates foreign policy among countries that have common interests as a result of similarities of size and economic potential. Secondly, it is a community for development and learning. India sees it as a source of mutual learning, a platform for sharing experiences and success

stories relating to social transformation, fighting poverty, social justice, urbanisation and good governance. Thirdly, the people of India still hold certain prejudices against the West as a result of their colonial experiences. Correspondingly, the country attaches great importance to working towards a multipolar world order and establishing political, economic and institutional safeguards outside of existing Western institutions and cooperation mechanisms. From India's perspective, BRICS makes a contribution to creating this more multipolar system. Its membership of the group goes hand-in-hand with India's commitment to reforming the UN Security Council, to regional, bilateral and multilateral cooperation, and institutions such as the Asian Development Bank (ADB). Fourthly – and this is connected to India's suspicion of the former colonial powers – it believes Western institutions of global governance are too dominant which ought to have a counterweight. The NDB BRICS is certainly the most prominent, but not the only example in this respect. In June 2016 a Memorandum of Understanding was signed for India to join the Shanghai Cooperation Organisation (SCO). In the future, BRICS also aims to reduce its dependence on others, including issues of technical infrastructure, as is shown by the planned BRICS satellite system to reduce disaster risk.

Heterogeneity within the Group

The heterogeneity of the BRICS member states is immediately obvious when we look at India's relations with its partners. But it is also clear that India has shared interests and a great deal in common with the other four BRICS nations. Its relations with Brazil are shaped by common values based on the character of both nations as liberal democracies and constitutional states. They also have common interests and ideas, for example with regard to the structure of global trade, global environmental standards and the reform of international institutions, above all the United Nations and Security Council. Economic ties between the two countries have grown steadily over the last ten years. Trade between India and Brazil more than doubled⁸ between 2008 and 2014 and should be monitored and stimu-

lated through regular consultations at the ministerial level. Both countries have some major challenges to deal with in the area of infrastructure, providing starting points for closer cooperation. Brazil and India have also joined forces with South Africa to form the IBSA Dialogue Forum. These three countries are united by their democratic form of government but also by increasing social inequality – at least as a long-term trend – despite their growing economies. They also share a desire to reduce their dependency on the West. As a union of emerging, multi-ethnic, multicultural democracies, the constellation is certainly more homogeneous than BRICS, but it does not compare in terms of significance. This is also shown by the fact that IBSA is actively seeking to increase cooperation with Russia and China.

For India, a strong Russia acts as an additional counterweight to China.

India and South Africa share a history as part of the former British Empire. This is reflected in their membership of the Commonwealth and in South Africa's large, lively Indian minority. India played a key role in the diplomatic battle against the apartheid regime, and South Africa and India reopened diplomatic relations in 1993. Since then they have conducted a lively debate on issues relating to defence, culture, health, settlement policy, public administration, science, education and technology. Its relations with South Africa are very important to India. Unlike China, South Africa supports India's entry to the Nuclear Suppliers Group (NSG). Despite the good relations, there is still a great deal of potential on the economic front. Trading volumes between the two countries have grown steadily since South African independence, but have still only reached one third of the volume of trade between China and South Africa.

India has traditionally had good relations with Russia. Despite its nominally non-aligned status during the Cold War, India had closer relations





Hard work: Today, India is on the best way of becoming a prospering national economy. This is one of the reasons why it performs self-confidently in this year's BRICS chairmanship. [Source: © Shailesh Andrade, Reuters.](#)

with the Soviet Union than the USA. This trust was built up over decades and still affects the two countries' relations to this day. Like South Africa, Russia supports Indian entry into the NSG. For its part, India did not take part in the sanctions against Russia. Traditionally the two countries have always worked closely together on military matters. Between 2004 and 2014 Russian arms made up three quarters of Indian arms imports with a total value of 30 billion U.S. dollars. Bilateral trade volumes have increased sharply over the last 15 years, but recently dropped as a result of falling raw materials prices.⁹ The two countries have set themselves the goal of increasing

bilateral trade to 30 billion U.S. dollars by 2025. This seems optimistic, as it would mean current volumes would have to almost quadruple. For India, a strong Russia means another friendly face in a multipolar world, and hence another counterweight to China.

India's relations with China are more complex than with the other BRICS nations. For many years their relations were dominated by trade, cultural and philosophical exchange and a generally peaceful co-existence. But today they are under pressure due to unresolved border issues, geopolitical and economic competition,

the Tibet question and the Chinese navy's incursions in the Indian Ocean. In parallel, economic ties and mutual interests in the region have intensified – such as in the area of infrastructure expansion – and provide opportunities for closer collaboration. These can particularly be found in the *Make in India* campaign, the rail industry, nuclear power plant construction and renewable energy utilisation.

India is interested in strengthening economic ties with China and keen to attract more Chinese investment, particularly in IT, residential construction and infrastructure. Indian projects and firms are now being financed by Chinese banks and investors, particularly in the IT sector. Trade increased sharply at the beginning of the decade, but since then has stagnated.¹⁰ India has had a significant trade deficit for many years. Other trading channels are to be opened up through institutionalised partnerships, such as within BRICS. There are also regular consultations at both the ministerial and working group level.¹¹ As far as India is concerned, the integration of China into institutional structures, ongoing coordination and the creation of conflict resolution mechanisms – which it sees as being facilitated by BRICS – are just as necessary as establishing safeguards through working with other regional powers. So the government is building relations with potential partners in the Pacific region, such as the USA, Japan, Vietnam and Australia.

BRICS Is Set to Continue

With a view to intensifying the partnership between the BRICS members, in 2015 Prime Minister Modi put forth his plan “Das Kadam – 10 Steps for the Future”.¹² This includes a BRICS trade fair; a BRICS railway research center; cooperation among supreme audit institutions; a BRICS digital initiative; a BRICS agricultural research center; a state/local government forum for BRICS member states; more cooperation among cities in the area of urbanisation; a BRICS sports council; an annual, as yet unspecified, sports council; a film festival; and a proposal that the first major NDB BRICS project should

be in the field of renewable energy. The Indian government is planning to push ahead with this initiative during its presidency of BRICS and during the summit. The Modi government also has some far-reaching aims for its presidency, including visa relaxations and working together to support SMEs.

To India, the BRICS are both an advantageous economic project and an influential political instrument.

From India's perspective, the argument put forward by some economists that the BRICS era is over because of the current economic situation must seem a little strange. As far as India is concerned, the project is not just economic, but also political. It brings together key players of the non-Western world to discuss social issues, so economic issues are not the sole factor for measuring the value of the union. Many Indian economists also believe India's membership of BRICS has already given the country more global influence. Regardless of the economic components, for India, BRICS is an instrument of active foreign policy in an increasingly multipolar world.

3. Brazil: Beset by Crisis and Increasingly Dependent on China

Jan Woischnik / Alexandra Steinmeyer

The massive crisis in Brazil's economy and politics has turned the spotlight on the structural problems of this formerly booming country. The political problems at home mean little attention is being paid to foreign policy projects. Brazil has also not succeeded in establishing itself as the region's leading power. So today Brazil's strongest argument for BRICS membership is no longer the anti-hegemonic narrative but the need for privileged access to its biggest trading partner, China.

After the turn of the millennium, the Brazilian economy was booming and it doubled in size between 2002 and 2014. This was mainly as a result of the rise in commodity prices on the world market, such as ore, oil, soya and meat, which made up 64 per cent of Brazil's exports in 2014.¹³ The Brazilian economy recovered very quickly from the global economic and financial crisis because the emerging nation was attractive to investors who wanted to move their capital away from crisis-hit USA and Europe, and the government artificially increased demand through major investment projects. This growth was felt by broad sections of the Brazilian people thanks to social programs such as the conditional cash transfer program *Bolsa Familia*, and household incomes grew 1.7 times between 2002 and 2014.

However, the boom in Latin America's largest economy proved to be unsustainable. It was built on commodities exports and at home was largely based on an extreme expansion of consumer credit rather than on long-term investment. As a result, the collapse of commodity prices on world markets after 2014 heralded Brazil's most serious economic crisis since the 1930s, with inflation and employment climbing to the low double digits in 2016. In 2015 alone, per-capita income fell more strongly than during the whole of the "lost decade" of the 1980s. Brazil is still dependent on imports despite its industrial base,¹⁴ so rising prices and falling currencies led to a deterioration of its terms of trade and caused inflation to increase.¹⁵ Over the past 15 years, its external debt has also increased by nearly two thirds, partly because of the government's lack of budgetary discipline. The currency effects should have boosted exports, but these have been going backwards since 2012 as years of protectionist policies have left them uncompetitive on global markets.¹⁶ Brazil may be the world's leading exporter of orange juice and sugar (the country is the world's second-largest producer of genetically modified crops), but over recent years exports have only made up about one eighth of Brazilian value added. So

the domestic market remains the prime engine for growth for the Brazilian economy. However, the engine is itself crisis-ridden.

The structural causes of this crisis, however, do not lie in the economy but in unfettered bureaucracy,¹⁷ a poor-quality educational system (apart from a few elite schools), and public expenditure that is almost at German levels, but without an adequate welfare program to counter the country's enormous social and economic inequalities. In the political sphere, parties are lacking strong agendas and dominated by clientelistic structures. The impeachment trial against President Dilma Rousseff (*Partido dos Trabalhadores*) and the pending proceedings for the annulment of the last presidential vote are a clear expression of the country's crisis and leave Brazil's future economic and political situation difficult to predict. The revelations of the *Lava Jato* scandal, the largest corruption network in Brazil's history, has also shaken people's faith in their politicians.

Regional Leaders or Dependence on China?

In the face of its domestic problems, foreign policy is currently taking a back seat in Brazil. Since the country returned to democracy in 1985, its foreign policy has focused on a range of issues. It initially had a strong orientation towards Europe and the USA, and during his presidency from 2002 to 2009, Luiz Inácio Lula da Silva (PT) set a tone of South-South cooperation inside and outside the South American region. As the region's most powerful player in terms of economic growth, population size and surface area, Brazil also attempted to build corresponding political influence, including within regional projects and institutions.

Mercosur¹⁸ was founded in 1991 with the aim of creating a single South American market. It resulted in the relaxation of visa requirements but the hoped-for economic integration failed to fully materialise. By the time Venezuela joined in 2012, hopes of reviving the forum were dwindling, and free trade negotiations with the European Union have remained unresolved for more than 20 years. In 2008 Brazil created UNASUR,




Trouble spot: Massive economic and political problems paralyse Brazil's domestic policy. This is one of the reasons why the public awareness of its BRICS membership is still limited. Source: © Ricardo Moraes, Reuters.

a political union that has had some diplomatic success and initiated a number of infrastructure projects. In both these unions, Brazil set itself up as the leader and pushed through its own agenda. However, both of these attempts at regional integration – and hence Brazil's leading role in South America – depended on individual heads of state and government and were not consolidated at both the social and administrative level. Within the region, Brazil is not considered to be the undisputed leader, and in the past countries like Venezuela and Argentina have claimed this position.¹⁹

Lula's successor Rousseff (president from 2010 to her removal from office in August 2016) initiated no foreign policy projects of any signifi-

cance. Instead, largely driven by economic concerns, Brazil turned its gaze to China. Since 2009 China has been Brazil's largest trading partner²⁰ and an important creditor. In 2016 Brazil is likely to be the country with the most direct Chinese investment in Latin America, particularly in the raw materials and energy sector and²¹ infrastructure.²² These strong economic ties increase the need for political dialogue between Brazil and China, but relations between the two countries are very asymmetrical: China is setting precedents with its strategic investment, not only in the economic area. Brazilian experts also believe Brazil lacks the necessary expertise to deal with China, and that as a result the relationship could become even more asymmetrical in the long term. Brazil's new government is focusing on



economic policy, and here China's investment could help it find a way out of the crisis. This would, however, intensify Brazil's dependence on China as an unequal partner.

Brazil in BRICS – All Talk but Little Action

Brazil's structural economic problems and its (neither accepted nor consolidated) claim to leadership of the South American continent are in stark contrast to the global ambitions that the country is pursuing within BRICS. The country joined the other growing economies of the BRICS group under the aegis of former president Lula. He used the global window of opportunity to push Brazil's growing economic significance and increase its status on the world political stage. Lula was personally very important to Brazil gaining membership of BRICS. The BRICS euphoria in Brazil can be mainly traced back to Lula's narrative of a new, multipolar world order at a time of global economic and financial crisis. Even outside the country's borders, he was an articulate advocate for the project, and no other founding father of the BRICS group could match his charisma. An interesting aspect for the West is the fact that – within certain limits – historically and culturally Brazil sees itself as part of the West, so it plays a special role as moderator within BRICS. However, Lula caused some irritation when he negotiated a nuclear deal with Iran in 2009 that failed to meet the approval of the West.

Under Lula, Brazil's membership of the BRICS project was spurred on by a desire to gain a voice on the world stage. But it soon became clear that the other member states shared few of Brazil's interests, apart from a desire to reform international financial organisations and other bodies. Nevertheless, Brazil was able to push through its own agenda and increased intra-BRICS cooperation in the areas of security policy, public health and combating climate change.²³ However, particularly during Rousseff's presidency, Brazil's foreign policy has lagged behind its global responsibilities as the world's fourth-largest democracy. This was also the case within the BRICS group – under Rousseff Brazil brought a few of its own initiatives to the BRICS forum and failed to take

a firm stance on a number of issues, including the refugee question that is currently such a major global challenge. This also applies to IBSA, which should actually be the most appropriate forum for debates on human rights. Instead, the motivation for staying with the BRICS project shifted when, for economic reasons, Brazil began to focus on the importance of direct relations with China. Bilaterally, Brazil would not have gained such privileged access to China, for whom it was mainly a supplier of and market for food and raw materials (and therefore largely replaceable).

Brazil's new president Michel Temer (*Partido do Movimento Democrático Brasileiro*, PMDB) did not give the post of foreign minister to a diplomat, as had been normal in the past, but to a party politician and former minister José Serra (*Partido da Social Democracia Brasileira*, PSDB). This is a sign that foreign policy is a priority for the new government, albeit to date this has mainly been in the form of bilateral cooperations.²⁴ At the moment, BRICS is being largely ignored in the Brazilian debate. Instead, the country is overly focused on its huge political and economic crisis, and in the next few years it is likely that the political agenda will remain dominated by domestic issues. This would be welcome, as Brazil can only create the conditions for its global ambitions if it undertakes structural reforms. In so far as these domestic construction sites still leave room for a foreign policy agenda, Brazil will continue to stay with BRICS because it guarantees political access to the economic giant that is China. In this way, it could continue to act as a bridge between the West and the – predominantly Asian – emerging nations.

4. South Africa: The Cape of Disappointed Hope

Tilman Feltes

As the youngest BRICS member, South Africa has found it difficult to meet general expectations since its entry. If South Africa's great potential is wasted in future, its economic and political significance within the BRICS association will dwindle.



The Gatekeeper as Underachiever

South Africa has come back to earth with a bump. The achievements of former Presidents Mandela and Mbeki (economic stability, social cohesion, regional leadership) are being called into question, and many areas of the country's social, political and economic life are in deep crisis. In the wake of the overthrow of apartheid and the (still ongoing) transition to democracy, there is increasing concern and scepticism both at home and abroad about the direction the country is taking and about the stability of a country that was once considered to be a model for others to follow.²⁵ Of all the BRICS nations, South Africa has the highest rate of unemployment (over 25 per cent,²⁶ of which an estimated 50 per cent are young people), the highest levels of inequality between rich and poor,²⁷ and one of the worst state-funded school education systems.²⁸ One of the reasons for this is the country's lack of growth – the IMF has predicted near-stagnation of 0.1 per cent for 2016.²⁹ Over the last year the political upheavals that are unusual for South Africa³⁰ have also had an effect on foreign direct investment, which fell by 74 per cent compared to the previous year. It is assumed that this situation will not change until a new leader of the ANC (African National Congress) is elected in late 2017. Until then, it is likely that South Africa will simply continue to tick over.

BRICS in Africa

At first, things looked promising for South Africa when the country joined the BRICS group in 2011 and attempted to expand its area of influence on a continent that has the greatest potential for growth. At the time, South Africa's president Jacob Zuma (ANC) described his country as the "gateway to Africa". Of all the BRICS states, he

claimed it would offer businesses the best access to the region's raw materials and markets. But right from the start, South Africa lagged behind the other members on the economic front. After South Africa joined BRICS, a surge of euphoria led to predictions of trade between Africa and the BRICS countries increasing to 500 billion U.S. dollars in 2015. But in the end it barely reached 300 billion U.S. dollars,³¹ and by 2016 the idea of South Africa as the gatekeeper was looking questionable. Many analysts³² believe the BRICS states would still invest in the continent, particularly East Africa, if South Africa were not a member.³³ Now the BRICS nations are busy in Africa with their own "Africa strategies": Brazil is pursuing its economic interests mainly in the PALOP countries (for example, in the mining sector), while India is focusing on East Africa, and China on the continent as a whole.

Chinese Economic Imperialism in Africa?

China's growing involvement in Africa is particularly noteworthy. In 2011, for the first time China ousted the USA as Africa's biggest trading partner. In the next three years alone, China is planning to invest more than 60 billion U.S. dollars in Africa.³⁴ In the past, Chinese assistance with the construction of all kinds of public infrastructure was offered on the basis of "raw materials for infrastructure", but the effects on sustainability and good governance remain modest. At the same time, South Africa has been actively pursuing its own interests on the continent and, outside of BRICS, it has started a regional project in southern Africa involving regional development corridors as a means of bringing the sub-region closer together. To date, however, conflicts of interest between the two actors in Africa have been kept within limits. South Africa sees its leadership role as being more political, while China is (still) concentrating on trade and business. As long as this remains the case there are unlikely to be any major conflicts of interest.

In South Africa itself, China has been the main trading partner since 2009, but at present the People's Republic reaps more economic benefits from this than South Africa. For example,

← Breaking point: The yawning gap between rich and poor marks South Africa within the BRICS group and endangers political stability needed by the country to pursue its role in the BRICS effectively. Source: © Johnny Miller / Millefoto, unequalscenes.com, fb.com/unequalscenes, twitter.com/unequalscenes.

in March 2016 South African imports of Chinese goods were twice as high as South African exports to China.³⁵ However, this could change after the signing of a number of cooperation agreements to facilitate access to the Chinese market for South Africa's partially state-owned South African railway and mining companies.

Not only from the economical but also from the ideological perspective, China becomes an increasingly important partner for South Africa.

However, alongside economic ties, it is the country's political and ideological affinities with China that have played a particular role in South African foreign policy over recent years. South Africa has skilfully and frequently made use of its BRICS membership to consolidate bilateral relations and curry favour with China as an ideological partner, sometimes combined with a strongly anti-Western rhetoric. It remains to be seen how this rhetoric will play out in South Africa's future policies and actions. There have already been some politically questionable decisions, such as the entry ban on the Dalai Lama.

Economic access to Chinese capital, know-how and investment is important for South Africa, but to a lesser extent than for other developing nations in Africa. Overall, South Africa's membership of BRICS is useful for diversifying South African export markets, but the African nations' trading structure with the BRICS countries is often similar to that with its Western partners – raw materials in return for industrial goods and services. The best opportunities for South Africa and Africa as a whole are in processing these materials locally. As Africa's most industrialised country, South Africa is in a good position in this respect. There is a great deal of potential for value creation in processing the country's most popular export products (precious minerals such as gold, diamonds and platinum).

An Instrument of Anti-Colonialism and Hardening Attitudes at Home

The involvement of the BRICS countries in sub-Saharan Africa increasingly contains elements of classic South-South cooperations that are designed to reduce the dependence of countries of the global South on the industrialised West.³⁶ Unlike traditional donor-recipient relations with the West, the five regional powers have an advantage in that, at first glance, they are not weighed down by a colonial past, and indeed some of them were themselves European colonies. Although South Africa does not always satisfy this post-colonial requirement and often appears hegemonic in its actions, this anti-colonial stance is becoming increasingly prevalent in daily politics in South Africa. Western actors and South African critics are branded as “spies” or “CIA spies”.³⁷ South Africa also, at least symbolically, stands behind its BRICS partners, such as in the case of economic sanctions on Russia.

The cooperation and friendship between Russia and South Africa has historical roots. During the apartheid era, the Soviet Union provided exile for ANC activists (and to an extent still does so today), including training and supplying arms. The two countries have signed a nuclear deal and also an agreement to train South African doctors in Russia in order to combat the shortage of doctors in South Africa. With regard to India, the large Indian diaspora in the harbour city of Durban ensures there are lively cultural and economic ties with major Indian investors, particularly in South Africa's technology and media sectors. Ties with Brazil have been stagnating since the euphoric beginnings under President Lula, largely due to the Rousseff government's preoccupation with domestic affairs. Overall, South Africa's membership of BRICS has led to increased visibility in terms of foreign policy and to the country becoming the voice of a whole continent as it emphasises the Africa Rising narrative.

Currently, South Africa's democracy is under pressure both at home and abroad. In general, the country's economic policy is vacillating between

taking a rational approach (social market economy) and an ideological approach (nationalisation). Over the previous two decades, liberal economic and social structures played a more prominent role, along with IBSA relations with Brazil and India, but since Zuma took power in 2009 the ruling ANC has increasingly focused on state control and intervention.

Despite this, South Africa's entry to the BRICS group is one of the country's key foreign policy successes and supports the country's claims to be a regional power. The country also has huge potential because young people under 25 are its largest population group. This means that the country has a strong labour pool to draw on for the future, indeed it is larger than that of the other BRICS states relative to total population, and in the coming decades this could lead to increased growth and stability for South Africa.³⁸ The predicted doubling of Africa's population by 2050 and associated urbanisation also offer the potential for new export markets for industrial goods from the BRICS states. But if all this potential remains untapped the country runs the risk of turning the Africa Rising narrative into one of Africa Falling. This would also have a negative impact on the interests of the other BRICS states in Africa, particularly China.

5. Russia: An Ambitious Member of BRICS

Claudia Crawford

It initially seems somewhat surprising that Russia was keen to be categorised as an emerging nation when BRICS was established. After all, as the leading state in the former Soviet Union, Russia was once a world power. Its standard of living, level of education, and economic and technological development are still ahead of other emerging nations by a wide margin. However, Russia's high rates of economic growth in the 2000s had a more fragile basis than the other BRICS members. On the one hand, like Europe, Russia is undergoing demographic change and has an aging population. This is not the case in the other BRICS nations, with the exception

of China, but here the sheer size of the population is enough to ensure steady demand. But in Russia demographic change is raising questions about adequate domestic demand and the country's potential for future innovation. On the other hand, its high growth rates were mainly based on soaring raw materials prices during this period rather than on having a particularly dynamic and competitive economy. It failed to use its enormous budgetary surpluses to diversify the economy and broaden income structures on a permanent basis. As a result, the Russian economy is dependent on world market prices to a greater degree than the other four BRICS countries. This lack of diversification means that current oil prices pose a particularly thorny problem for Russia.

Russia's Return to the World Stage and the Creation of a Counterweight

A closer look reveals that Russia's political leaders have good reason to consciously identify with BRICS. For image reasons alone, it makes sense to belong to a group of countries that is considered to have great global potential. This is not only important with regard to the international community, but also at home. A positive image abroad helps politicians to convince their people that their policies are successful. President Putin also realised early on that this alliance of otherwise very heterogeneous BRICS members could be used to counter the perceived dominance of the West.

The BRICS nations seem to have good evidence proving the dominance of the West. The BRICS states make up 40 per cent of the world's population and today produce over 20 per cent of global economic output. But they are not correspondingly well represented in global financial institutions such as the World Bank and the IMF. This is where BRICS is calling for changes in voting rights. Certain steps in this direction have been taken in recent years, but they are not enough to satisfy the regional powers.³⁹

For Russia and its foreign policy, it is particularly hard to deal with the huge decline in significance



Left behind: The number of Russians living below the poverty line has increased by nearly four million between 2013 and 2015 alone. *Quelle:* © Sergei Karpukhin, Reuters.

that it has experienced since the collapse of the Soviet Union. As the successor to the USSR, Russia retains its seat on the UN Security Council, but this has often failed to have a political effect. It was also affected by the major economic decline under President Boris Yeltsin in the 1990s, which was felt as a humiliation, even though the West was not responsible for this difficult economic situation. However, hoped-for debt relief from the West was not forthcoming, and the liberal government under Mikhail Kasjanov (May 2000 to February 2004) felt that it had been left in the lurch.

When Vladimir Putin took over as the country's president, this coincided with an unforeseen surge in oil prices. This gave him more room for manoeuvre than his predecessor, Boris Yeltsin. He was not only able to pay back the country's debts, but it was even possible to expand social services. He also pursued a clever financial policy by creating two sovereign wealth funds, which are sustaining Russia during the latest crisis. This development created the basic conditions for Russia's increasing strength and for its classification among the rising regional powers of BRICS.

The BRICS members have remained neutral regarding issues of foreign policy as e.g. with the annexation of Crimea.

Right from the start of his presidency, Putin was determined to bring Russia back onto the world stage. Wherever possible, he has underlined the country's desire to be its own pole in a multipolar world. Along with BRICS membership, this function is mainly fulfilled through the nascent Eurasian Economic Union. However, as a political project that is being driven forward by the Russian president, the non-Russian members are avoiding politicising the economic union. They emphasise the purely economic nature of this union and have demonstrated this in a number of ways, such as not taking part in Russia's food sanctions against the West during the Ukraine crisis.

Although membership of the Eurasian Economic Union – like BRICS – might not lead to building a coalition, the non-Russian members still tend to act with a striking degree of passivity in their foreign policy. This is highlighted by Russia's annexation of the Crimea, which the other members neither condemned nor recognised. It seems that both of these unions are a way for Russia to “neutralise” the other partners.

Strengthening Relations with China

For Russia, BRICS is a project that, more so than the Eurasian Economic Union, should demonstrate that Russia has a respected position in the international community and is a player on the world stage. Its relations with China are key here, because the two countries have worked together for many years (though not without certain problems). China has taken over from Russia as Europe's most important economic partner.⁴⁰ The fact that both these countries hold a veto on the UN Security Council and keep their distance from the Western business model also increases their sense of political solidarity and, for the

time being at least, allows their rivalry to take a back seat. But of course the rivalry is still there: with the OBOR project in particular, China is displaying its interest in Central Asia, a region that Russia views as its natural sphere of influence because of its common Soviet era. However, China has left Russia trailing thanks to its impressive economic growth and strong development in the area of technology.

Above all, China wants Russia to satisfy its hunger for energy. It remains unclear whether Moscow will be able to capitalise on this. After six months of orientation towards China, many Russian companies have turned away in disappointment and are expressing a strong interest in rebuilding stronger economic relations with the West (particularly Germany), because of its greater reliability and better quality products.⁴¹ But in public Russia still proclaims its orientation towards the east. At present, both sides are benefiting from their orientation towards each other, although observers in Moscow are in no doubt that in the long run Russia would lose any competition against China. But Russia has only limited alternatives on the world stage.

This has been highlighted over the last two years, in view of Russia's dramatically deteriorating relations with the West. In response to the annexation of the Crimea in March 2014, the USA and EU imposed sanctions on Russia that targeted the country's leadership, banks, dual-use products and high-tech areas of the oil industry. In turn, Russia imposed import bans on many foodstuffs, a move that further weakened its economic ties with the West. Since 2014 the West has also restructured most of the international fora for dialogue and talks. Russia has been forced out of the G8, the NATO-Russia Council has suspended its work, Germany has cancelled its German-Russian governmental consultations and the Parliamentary Assembly of the Council of Europe has withdrawn the vote from the Russian delegation. In light of all this, Russia has accused the USA and EU of throwing Russia out of the European security structures and of seeking to leave it internationally isolated. As a result, BRICS has gained in importance as an alternative geopolitical forum.

BRICS as an Alternative Platform without the West

If Russia plays an active role in BRICS this should therefore prove that Russia cannot be banished to international isolation. This was particularly noticeable at the BRICS summit held in Ufa in July 2015. The website for the BRICS Russian presidency⁴² noted that Russia was interested in strengthening cooperation between BRICS countries and developing new cooperation mechanisms. In parallel with the summit the NDB BRICS began work, mainly on supporting infrastructure projects in their countries. Russia was a keen advocate for setting up the bank. However, it is not possible to say whether Moscow actually has a long-term commitment to BRICS, nor to assess its specific vision for integration.

President Putin used this summit mainly for domestic ends. The presence of the foreign guests of state gained a great deal of media coverage and was intended to underline Russia's strength and independence. However, the difficulty for the Russian political elite lies in the fact that such media images are short-lived and quickly overtaken by the realities of everyday life, which have been deteriorating for the Russian people since mid-2013. This is mainly as a result of the economic sanctions, but also because of the slump in oil prices in an undiversified economy, and the associated drop in the rouble.⁴³ The number of people who have slid into poverty is soaring. During 2013 15.5 million Russians (10.8 per cent) were living below the poverty line; by the end of 2015 it had risen to 19.2 million (13.4 per cent).⁴⁴ In light of this, Russia was hoping for more solidarity from China within the BRICS alliance.

Russia's economic weakness is thus felt not just by the Russian people but also by other countries. Russia is in danger of failing in its ambition to be a leading player on the world stage. If its desire for power is not backed up by a strong economy, Russia's "return to the world stage" is at risk. Of course this also applies to Russia's role in BRICS: the weaker Russia is, and to a large extent this refers to its economic power, then the less power it will have to shape BRICS.



6. China: A Driving Force among Unequal Partners

[Thomas Awe / Tim Wenniges](#)

For many years, China's ascent to becoming a regional and global power received only marginal media coverage. The focus of international attention was on China's incredible economic growth rates, which it exceeded every year. Initially China took a cautious approach at the international level, with a "peaceful rise" policy that emphasised the benevolent, peaceful char-



Next door: Growing disparities within the country are one of the dark sides of China's rapid growth. Nonetheless, China is still on the path to economic success. [Source: © Jianan Yu, Reuters.](#)

acter of China's development. However, the turn of the new millennium also brought increased efforts on the part of Beijing to gain a stronger voice in international organisations. China also soon identified the opportunity for strategic cooperation with emerging powers, particularly in the framework of the BRICS group.

China paid particular attention to this "club of rising regional powers" when it wanted to forge alliances that would help Beijing in its multilateral negotiations. Driven by a vision of creating a counterweight to the U.S.-dominated

hegemonic structure of international relations, China gradually set itself up as the voice of the emerging nations and increasingly began to pull the strings among the BRICS countries. It is responsible for 85 per cent of trading volumes within the group,⁴⁵ and with Chinese companies' increasing focus on their "going out" strategy, and accordingly their greater interest in global structural issues, China is the key player in BRICS. But it is also facing specific geopolitical issues with Russia and India, which is why the other BRICS countries view China's overly dominant role with a degree of scepticism.⁴⁶

This motivation can be clearly seen at the moment in China's geostrategic initiatives relating to the OBOR strategy, the Asian Infrastructure Investment Bank (AIIB), set up to provide financing, the NDB BRICS and the strong role of China in the G20.

China's Economy in Flux

After China hogged the headlines over the previous decade with its spectacular growth figures of up to 15 per cent, since then the Chinese economy has settled into a "new normality" and levelled off at an annual rate of six to eight per cent. During the boom of the early 2000s the country managed to lift millions of people out of absolute poverty and catapult itself to the head of the global community, measured by the size of its economy. In 2010 China knocked Japan out of its position as the world's second-largest economy, irrespective of per-capita income. But this rapid growth also had its dark side. Along with the growing disparities within the country (the widening urban-rural gap), the environment has borne the brunt of China's unsustainable economic plans. But this problem is now being recognised and "green development" has been declared part of its national development strategy. In order to move away from its environmentally damaging, labour-intensive, export-driven economic structure, the government is now trying to achieve moderate economic growth by increasing domestic consumption and the service sector. Whether this will be workable as part of the current Five-Year Plan (2016 to 2020) is somewhat questionable. In particular, the fragile situation of the Chinese equity market could destabilise the country's economy. The speed with which this can happen was demonstrated in 2015 when the Shanghai and Shenzhen stock exchanges collapsed by up to 30 per cent and millions of private investors were plunged into financial crisis. After the country's leadership had encouraged the population to invest in shares over the previous years, which forced up share prices, the stock market's regulatory commission imposed new regulations on buying shares on credit in June 2015, which led to countless small investors selling their shares. The stock

market crash sent global share prices tumbling and, along with the weakening of the renminbi, this created enormous pressure as a result of the withdrawal of many international investors from Asia. Emerging countries that were already struggling economically were badly hit in particular.

The BRICS group's ability to shape policy is at its strongest whenever an important matter of China is concerned.

BRICS as a Test Bench for China's Global Ambitions?

Apart from improved economic cooperation and more closely interconnected trade policies between member states (to be achieved through regular BRICS summits and a series of permanent working groups), China has also used the alliance to achieve its geopolitical objectives. As Beijing cautiously feels its way towards a global leadership role at the international level, it has been testing this out within the BRICS framework. It has done this by calling for stricter regulation of the global financial architecture (2009);⁴⁷ through vehement efforts to persuade the International Monetary Fund to carry out corresponding quota and governance reforms;⁴⁸ and through coordination in the Euro Crisis of 2012, when China was prepared to tie up an IMF bailout package that would involve BRICS nations alone contributing 70 billion U.S. dollars (China's share was to be 43 billion U.S. dollars).⁴⁹ So there are a few examples of firm, coordinated action under the leadership of the BRICS countries. As the "lawyers of the global South" China and BRICS have set themselves the task of representing the demands of developing nations, for example by declaring their "common but differentiated responsibility" with regard to climate change, and emphasising the historic responsibility of the industrialised nations towards developing nations. However, the underlying social

and economic conditions among members of the group are clearly very different. They also have different roles within regional and trans-regional power structures and varying abilities to shape global politics. The BRICS group's ability to shape policy is at its strongest when it revolves around an issue that is of concern to China. An example of this is the internationalisation of the renminbi, which gained its first partial success when it joined the basket of currencies used by the IMF in 2015.

More than ever before, the People's Republic now defines itself as the representative of the Global South, particularly in its dealings with the USA. The role of BRICS also has to be viewed in this context. China mainly uses the global attractiveness of the BRICS platform to gain a louder voice in debates and votes held in international organisations.⁵⁰

BRICS – a Key Component of Chinese Foreign Policy?

Official statements by the Chinese government and state-controlled media rarely voice any criticism of the BRICS association. This is largely due to the fact that China has itself been a key driver of recent initiatives (such as NDB BRICS, and special reserves of 100 billion U.S. dollars). However, by the time the OBOR project was announced in 2013 and the AIIB was established in 2014, China's interest in the BRICS group was clearly waning.⁵¹

The group of five regional powers has been lagging behind in recent years, particularly when compared to Beijing's role in the G20 and regional fora such as Asia-Pacific Economic Cooperation (APEC), the more security-oriented SCO and ASEAN+3. There are many reasons for this. Firstly, China's role in its own OBOR initiative and the AIIB is more central and prestigious than in the BRICS alliance. It also prefers to concentrate on regional institutions in which a number of neighbouring countries are represented, rather than on an alliance where members are geographically very far apart. Beijing's main focus is on creating a stable environment that is

positive for China.⁵² In addition, all other BRICS states, just like China itself, are themselves members of the G20, which also concentrates on economic development. This year China holds the G20 presidency, so its importance for Beijing will increase still more with regard to addressing specific topics and ensuring the international development agenda is to the liking of Beijing. The high levels of interest in issues that are important to Germany, which will take over the G20 presidency next year, shows how important it is for Beijing to prepare and negotiate a forward-looking agenda for the summit in Hangzhou in September 2016.

In contrast to this, there are many factors that stand in the way of restoring the former significance of the union. These include the economic weakness of BRICS members Russia and Brazil, but also South Africa, which last year posted growth of less than one per cent (lack of diversified economic growth models); Russia's international isolation (Crimea crisis, collapse of the oil price); and the political chaos in Brazil and to a lesser extent in South Africa (social frustration and a dysfunctional state).

Despite vanishing interests and weaknesses of individual BRICS states, China is going to hold on to the group.

However, overall it seems possible that the success of BRICS and the strategic expansion of the union depend largely on Beijing, and the spotlight is now on a low-cost agreement within BRICS. As Beijing forges more international ties, common interests can be placed on the agenda and have the potential for a successful outcome. In future the BRICS group will still put forward individual initiatives when the unequal partnership can be expected to produce good results. In spite of NDB BRICS, which has been based in Shanghai since 2015, and a financing agreement similar to that of the AIIB, at present it seems unlikely that China will take any more interest

in the BRICS union. It also seems unlikely that the BRICS nations will forge a common identity, as was earlier the case with the G5 and now the G7. The BRICS countries are too different in their structures and regional roles for this to be the case. The association's potential for development is also undermined by the members' diverging interests and bilateral points of conflict.

**7. Conclusion:
Structural Problems Remain,
as Does China's Predominance**

Christian E. Rieck

BRICS is a new kind of integration format involving major, non-Western regional powers that are not territorially adjacent and that do not share a political or ideological affinity. The global attention that the BRICS format enjoys 15 years after its founding hides the fact that the group's power – and blockades – continue to be located at the domestic level. However, the non-Western narrative of emergence has faltered in light of the economic downturn being experienced by the BRICS nations.

What Is the Situation Regarding Economic Growth in the BRICS Member States?

Despite the current economic gloom in almost every member state, BRICS remains a union of ambitious regional powers that all possess significant resources and (mostly regional) influence.

The crises in the individual states have a number of causes, yet the BRICS nations' geopolitical ambitions for reform still have no domestic counterpart. The associated Goldman Sachs investment fund has now been closed down⁵³ underlining how these countries are losing their attraction for investors.

The loss of the BRICS' function as an economic model has been accompanied by a decline in its ability to mobilise the Global South. The symbolic power of the BRICS group in international relations depends greatly on the perceived success of its members. It is also striking to see how China, the economic powerhouse, plays a particularly ambitious and successful role in this group.

On top of this, the current economic crisis has demonstrated how a growing economy in the "post-Western world" is a crucial foreign policy resource. The shift in power towards China that this has caused within the group has created structural problems for the BRICS format that have no clear solution.

What Specifically Are the Members Hoping to Achieve through BRICS?

Membership of the BRICS association entails few costs and many advantages. First, the union as a platform provides its members with international visibility and hence prestige, which they can draw on in their own negotiations at the global

Fig. 1: The Goals of Member States in the BRICS Grouping

Interests	China	Rest of BRICS
Membership of a club of rising regional powers	Proof of power to shape international policy, symbolic power	Proof of power to shape international policy, symbolic power
Privileged access to partners	Privileged market access, activation of investment capital from partners (e.g. NDB BRICS, AIIB)	Privileged access to Chinese markets, capital and investment (e.g. infrastructure)
Neutrality in terms of foreign affairs	No public criticism of projections of power in the South China Sea	No public criticism of policies that are disputed in the West (e.g. Ukraine, democratic backsliding)

Source: Own compilation by the author.

and regional level. In addition, their membership increases their power to block other more established or more powerful actors in international negotiations. The association's flexibility also allows a strategy of risk minimisation, in that it still remains possible for them to participate in more Western-influenced organisations (hedging, forum shopping).

However, the group still has its structural problems: All the BRICS states have earned their place in the association in various areas of activity: Russia in institutionalising the group after 2009; Brazil on climate change and combating poverty; and China with regard to the development bank and financial sector. But it is difficult for these individual contributions to create a coherent whole because of the huge differences between the BRICS states with regard to their economic power, political systems, stage of development, foreign policy orientation and traditional power resources.

In the long-term, the BRICS association will not be more than the sum of its parts.

As long as the BRICS lack a common geopolitical vision, it will fail to meet the expectations that some of its members had when it was founded. The grouping will not mature into a robust non-Western or anti-Western alternative to the existing world order. Moscow's attempts to build an anti-Western counterweight and India's view of itself as the voice of anti-imperialism are balanced by pro-Western interests in Brasília and (at least until recently) Pretoria, which prefer to take a more neutral stance towards the West and its global structures.

So, at both the regional and global level, the BRICS members have very divergent interests and power resources in terms of foreign policy.⁵⁴ In other words, reaching a clear consensus on the direction of the BRICS forum is hampered by the dominance of China within the association,

because it keeps the other members at arm's length. However, China still has a basic interest in remaining a member (Fig. 1).

The more the interests of BRICS members in the areas of trade, climate, energy and security move away from those of the developing countries and closer to those of the established major powers, meaning that they themselves turn into status quo powers, the more difficult they will find it to gain the allegiance of the Global South. So there will not be a global Beijing Consensus (nor can there be). This does not mean that the BRICS association is coming to an end, but the divergence of interests among its members will continue to impede it in the future, so that in the long term it will be no more than the sum of its parts.

It is the end of the utopia. But the many attempts to drive integration forward within the union show that the BRICS countries are still interested in selective and pragmatic cooperation within the grouping. However, this policy-specific alliance-building can only serve to selectively create countervailing power on the international arena. Since the emerging nation euphoria died down after the turn of the millennium, it has become clear that the transformation from blocking to creating global governance is still a difficult one. This is not the way a "G7 of regional powers" will mature, but no doubt the BRICS association will continue to grow through its arduous efforts at the level of pragmatic, technical cooperation.

How Are the Member States Affected by their Relationship with China?

The competing expectations of the BRICS members also include the definition of the role of the association in terms of its internal relations with China as the group's major power. It may appear presumptuous of the smaller BRICS partners to hope that their privileged access to China will allow them to influence Beijing's future policy. But on the other hand it is not sufficient to think of the union simply as a Chinese "self-service store". This is to misunderstand the dynamics of intra-BRICS cooperation.



Continued rise? In view of massive crises in individual BRICS countries, today a further ascent of the group is out of the question. This is not the case with India and especially China, whose political power holds strong appeal for the other countries to adhere to the BRICS format. [Source: © RIA Novosti, Reuters.](#)

A substantive argument for being a member of the BRICS union association (particularly during the current crisis) is the proximity it provides its members to China and India, the up-and-coming g_eoeconomic and g_eopolitical superpowers. China is already one of the key trading partners for all the other BRICS nations. Here, joint membership leads to a better understanding of Chinese interests and visions (such as in the area of development), and also to potential benefits in direct relations with China. As BRICS members it is easier to adapt to these new realities, but without having to follow the Chinese example in all cases (such as in the area of internet governance).⁵⁵ At the same time, however, it is clear that China is very skilled at using BRICS as a platform for its own global ambitions. For China, even more than for the other members, it is the

economic and g_eopolitical advantages of BRICS membership that are most important.

Will China continue to support BRICS, even if Beijing's foreign policy priorities turn towards a different format, such as OBOR? Yes, because the extent of technical cooperation below the head of state and government level shows that the cooperation is based on joint interests, at least on a technical level (e.g. standard-setting). However, this does not mean there is a g_eopolitical agreement, or even a real "BRICS identity" that goes beyond the fine words of summit declarations.

Despite what is suggested at the BRICS summits, the collaboration of the members is not limited to sweeping declarations and strategies directed at the world's public. Instead, a series of working

groups have been set up within the association to look at a range of areas for technical cooperation in order to prepare for greater integration (particularly in the economic area) and learn from each other in policy areas such as combating poverty and protecting the environment. There are also other processes that accompany the BRICS format (track II integration), such as dedicated think tank networks and twinning schemes for cities. Today, these “intra-BRICS cooperations” give the union a certain depth and breadth that goes beyond the current crisis. The fact that the BRICS format has not been subjected to lasting domestic pressure within its member states also shows that the intra-BRICS cooperation is tied up with concrete hopes for economic and other forms of integration.

All this, along with the low cost of membership, should put the association in a position to survive any shift of foreign policy priorities in Beijing. But it seems likely that the ongoing economic and structural crisis in the individual BRICS members will continue to have a negative impact on the grouping’s relevance for global governance.

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- 1 In the eyes of many emerging powers, the BRICS project was linked to the hope that the stigma of the “poor South” would now be ousted and given a new label, the “power South”. Cf. Acharya, Amitav: *The End of American World Order*, Polity Books 2014. Here Acharya discusses the “power South vs. poor South”-dynamic.
- 2 Cf. Itamaraty 2014: Sixth Summit Fortaleza Declaration and Action Plan, <http://brics.itamaraty.gov.br/category-english/21-documents/223-sixth-summit-declaration-and-action-plan> [23 Aug 2016].
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- 12 Dipanjan Roy Chaudhury 2015: *Ten Steps for the Future: PM Narendra Modi’s 10-point initiative for BRICS nations*, in: *The Economic Times*, 10 Jul 2015, in: <http://articles.economictimes.indiatimes.com/2015-07-10/news/64282835> [23 Aug 2016].
- 13 Cf. Lyons, John / Kiernan, Paul 2015: *How Brazil’s China-Driven Commodities Boom Went Bust*, in: *The Wall Street Journal*, 27 Aug 2015, in: <http://on.wsj.com/1JmXnMT> [23 Aug 2016].
- 14 Particularly with regard to imports of industrial goods and raw materials such as refined oil.
- 15 In June 2016 the country’s currency, the real, matched its 2002 low at approximately 0.25 U.S. dollars.
- 16 With just a few exceptions, such as Embraer, the world’s fourth-largest aeroplane manufacturer.

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Only Problems

How Turkey Can Become an Honest Mediator
in the Middle East, Again

Hüseyin Bağcı / Çağlar Kurç



Turkey's former "zero problem" policy transformed into "only problems with neighbours" as the country increasingly became obsessed with being a regional power. Despite its foreign policy failures, Turkey could still become the source for peace and stability in the region. It just needs to return to the foundational principles of Turkish foreign policy: caution, neutrality and peace.

When Turkey declared its new foreign policy under the headline "zero problems with neighbours," the government believed that historical and economic ties would be enough to provide a leading role for Turkey in the region. At the time, Turkey's good relations with both Arab states and Israel as well as increasing bilateral trade agreements in the region provided a solid basis for Turkey to mediate between conflicting parties, spread peace, and encourage democratisation. However, Turkey missed its opportunity. First, Turkey increasingly became obsessed with being a regional power with the aim of reviving Ottoman heritage throughout the Middle East. Second, Turkey, like the entire Arab world, was unprepared for the explosive and unpredictable nature of developments in the Middle East. When these two factors came together, Turkey had already lost its opportunity to become a force for conflict resolution in the region. It veered into taking sides; thus moving away from the main goal of the new foreign policy agenda. Despite its foreign policy failures, Turkey could still become a source for peace and stability in the region. It just needs to return to the foundational principles of Turkish foreign policy: caution, neutrality and peace.

The Roots of "Zero Problems with Neighbours"

Turkey's new foreign policy, "zero problems with neighbours," was hailed as the unprecedented new dynamism for an inward-looking country,¹ although it was rooted in the legacies of previous governments. The "new" policy aimed at a pro-active independent foreign policy

that sought to mend Turkey's problems with its neighbours, improve relationships with a wide-range of states, and diffuse and mediate regional conflicts. Ahmet Davutoglu, the founder of the "new" Turkish foreign policy, deeply believed that Turkey's historical heritage compels it to intervene in conflicts outside of Turkish territory in order to diffuse them, but also in order to protect Turkey's interests. To this end, Turkey's political, economic and mental accumulation should be harmonised to tap its full power potential. In his conception, the power potential also included a capable defense industry, and, therefore, increased military strength.² Consequently, the time has come for Turkey to assume the role of a regional power and a global player. Actually, Justice and Development Party (*Adalet ve Kalkınma Partisi*, AKP) was not the first government to aim at improving Turkey's relations with its neighbours and bidding for regional leadership.

Although pursuing good relations with Europe and the United States had been the traditional anchorage of its foreign policy, Turkey always had some level of flexibility in engaging with other countries in its region. When Turkey became increasingly isolated in international politics due to the Cyprus dispute in the 1960s, it initiated a "multidimensional" foreign policy. According to this new policy, Turkey sought to improve its relations with its neighbours. The rapprochement between Turkey and the Soviet Union began when the Turkish Foreign Minister Feridun Erkin visited Moscow in October 1964. Turkish-Soviet economic relations began to improve and become stronger by 1966, as the

Soviet Union agreed to help Turkey with financial aid as well as with investments in Turkish industrial capabilities. By the end of the 1960s, Turkey received more aid than the Warsaw Pact countries altogether.³ Furthermore, Turkey also attempted to improve its relations with the Arab world. Turkey shifted its attention to the Arab states and attended the first Islamic summit conference in 1969, gathered to discuss the issues of the arson at the Al-Aqsa Mosque and the status of Jerusalem following the Six-Day War in 1967. During the 1973 Arab-Israeli War, Turkey asked the United States not to use its bases in Turkey to support Israeli war efforts but allegedly allowed the Soviet Union to cross Turkish air space to supply Egypt. Following the U.S. arms embargo in 1975, which continued for three years, Turkey sought the support of the Arab states more aggressively.⁴ Although this course of action hurt Turkey's relations with Israel, improving relations with both the Soviet Union and Arab states did help the Turkish economy. Thus, a Saudi offer of a 250-million U.S. dollar loan and an expansion of bilateral trade relations lent a hand⁵ to the fragile Turkish economy between 1979 and 1981. When Turkey realised that, in addition to disagreements with Iraq and Syria over access to water resources and their support to the PKK, it could not muster Arab support for the Cyprus dispute, Turkey turned towards Israel. The rapprochement between Israel and Turkey began in 1986, and relations reached their peak in the mid-1990s through various defense agreements.⁶ In the post-Cold War era, Turkey continued to follow a rather active foreign policy although at times derailed by internal problems. During the Prime Ministry and later Presidency of Turgut Özal (1983 to 1993), Turkey followed an active and multidimensional foreign policy with the resurfacing of "Neo-Ottomanism" – the belief that the historical and cultural heritage of Turkey compels the country to assume leadership in the Middle East. But it was short lived due to Turkey's focus on the fight against the PKK, rendering security the country's primary concern of its foreign policy.⁷ Ismail Cem, the Foreign Minister of the coalition government between 1999 and 2002, also favoured the multidimensional pro-active foreign policy, which paved the

way for normalisation of relations with Greece and Syria.⁸ Therefore, when the AKP came to power in 2002, Turkey had already initiated the process of improving relations with neighbours, well entrenched in its accumulated experience in conducting a pro-active foreign policy. The AKP greatly benefitted from the legacies and experiences of previous governments when formulating the "new" Turkish foreign policy approach.

The Islamic roots and brand of conservatism of the AKP government facilitated rapprochement between Turkey and Arab states.

The novelty of the new foreign policy was that the government aspired to attain a leadership position in the region. In other words, the government believed that Turkey could shape Middle East politics according to its interests rather than just improving relations with its neighbours. This represented a significant shift from the former model. The new model entailed establishing good relations with neighbours and becoming embroiled in regional conflicts and disputes. Thus, mediation was seen to be the key for acquiring more influence in the region. In comparison to the previous government, the AKP government had a slight advantage: Its Islamic roots and brand of conservatism facilitated rapprochement between Turkey and Arab states, thereby developing closer cultural, diplomatic and economic ties, as the AKP government was more comfortable in engaging with the Arab states and the Islamic world in general.⁹ Furthermore, while previous governments have also followed a multidimensional pro-active foreign policy, the AKP government showed a clear tendency to act independently from the Western alliance, especially in relation to major regional and international conflicts,¹⁰ thereby weakening the traditional anchorage of Turkish foreign policy. Combined with the previous governments' normalisation processes and multidimensional



Political weather: Good relations with the U.S. and the European Union constitute one fundamental anchor in Turkish foreign affairs. However, the relationship to its Western partners was recently under considerable strain.
Source: Jason Reed, Reuters.

foreign policies, its Islamic roots and its tendency to act independently allowed Turkey to improve its cultural and economic relations with the Middle East, which served to bolster its mediator role in the region.

Based on cultural and improved economic relationships across the region, Turkey engaged as a mediator. The image of the neutral and credible actor was the main asset of Turkey in its mediation efforts.¹¹ Thus, as long as Turkey maintained its neutrality between conflicting parties, the countries were open to Turkish mediation. For example, under Turkey's mediation, Syria and Israel engaged in indirect talks in 2008. Turkey also arranged a meeting between Israeli and Pakistani foreign ministers– the first contact

between the two countries– in September 2005.¹² In 2010, Turkey attempted to broker a nuclear deal between Iran and the P5+1, which is a prime example of Turkey supposedly acting with good intentions although this was to some extent perceived as an interference with Western interests.¹³ Following the announcement of the nuclear deal, the United States accused Turkey and Brazil of undermining their efforts in putting pressure on Iran.¹⁴ Despite the West's criticism, Iran welcomed Turkey's actions and reiterated its willingness to accept Turkey's mediation efforts even though parties failed to reach an agreement.¹⁵ During the crisis in Bahrain in 2011, Turkey initiated communication between the conflicting parties of Saudi Arabia, Iran and the United Arab Emirates as well as between the Bahraini state

and the opposition groups – again, owing to its neutral position.¹⁶ Therefore, countries in the region accepted and welcomed Turkey’s mediator role as long as Turkey remained neutral towards the conflict parties. While neutrality and multilateral engagement were the strengths of the “new” Turkish foreign policy under the AKP, they unfortunately contradicted the aspirations of the leadership in the region.

What Went Wrong?

The obsession with obtaining regional power status blinded Turkish policy makers to the ever-shifting realities on the ground and the power play of the international actors in the Middle East. Turkish policymakers, departing from the Neo-Ottoman approach, believed Turkish leadership can shape the Middle East. Such a posture, without a doubt, alienated Arab decision makers, who saw the Ottomans as a colonial power, rather than a benevolent state. Turkish activism was not a critical problem as long as Turkey did not force itself upon the Arab states and kept its distance. This is the main reason why Turkey was accepted as a mediator in the region in the first place. Unfortunately, Turkey has not refrained from attempting to shape the Middle East, although it was ill-prepared for becoming involved in Middle East politics. In the end, Turkey was forced to make tactical decisions that defined its policies and defused its influence in the region.

Turkey’s support of the Muslim Brotherhood in Egypt impaired the relationship with some Arab countries in the region.

Turkey sided with the Muslim Brotherhood in Egypt and Tunisia because it planned to project its power through the Brotherhood, which shares similar ideologies with the Turkish government. When President Morsi was deposed from power, Turkey reacted impulsively and burned bridges with Egypt. As Turkey invested its political

capital in the Brotherhood, rather than taking a neutral position, the ousting of Morsi neutralised Turkey’s influence. Turkey’s support to the Brotherhood not only alienated the al-Sisi government and severed Turkish-Egyptian relations; both Saudi Arabia and UAE took offence.¹⁷ Following the removal of Morsi, Turkey criticised its western allies, the Gulf states, the Arab League and the Organisation of Islamic Cooperation for their silent acceptance of the situation.¹⁸ As the Brotherhood was deposed from power, Turkey’s chances for greater influence in regional politics slipped right through its fingers. Since then, Turkey’s actions have made the country’s position worse.

When the rebellion started in Libya, Turkey was very successful in getting all of its citizens out of the country. However, it failed to show the same kind of success in reacting to the unfolding events in Libya. Initially, Turkey was cautious to get involved in the conflict, which was the right policy to follow in the face of uncertainty. This is due to the fact that Turkey had considerable economic stakes in the country and it was not clear which side was likely to win. However, the problem was that Turkey failed to alter its policy when European powers – France and the United Kingdom – got involved in the Libyan conflict and created a no-fly zone. Initially, Turkey was against the no-fly zone and criticised the coalition – going so far as to accuse the West of double standards.¹⁹ Although Turkey eventually called for Gaddafi’s removal and providing access to Turkish facilities for NATO operations, Libyan rebels took note of Turkey’s action. Thus, when Turkey changed its mind, it was too late. Relations between Turkey and Libyan rebels deteriorated when Turkey was accused of supporting the *Fajr Libya* militia, which has inclinations towards the Muslim Brotherhood, and the Jihadist group *Ansar Al-Sharia*. Although Turkey denied these allegations, the country had already lost its credibility in the eyes of Libyan

Under fire: The course of action against the →
PKK – as in Diyarbakır – is driving a wedge between
the government in Ankara and the Kurdish population.
Source: Sertac Kayar, Reuters.



rebels, who threatened to shoot down a Turkish aircraft, accused of supporting the Operation Dignity.²⁰ Failure to act and inconsistency alienated the rebels, with Turkey losing its position and possible influence in shaping the future of Libya.

The Syrian conflict is another example of how unprepared Turkey was for the complexities of Middle East politics. In Syria, Turkey was one of the first countries to take an anti-Assad stance and to begin supporting Syrian rebels. Turkey wanted to be at the table to shape the future of Syria, and probably thought the conflict would be over within months, just as had been assumed for Libya. Consequently, even when Turkey tried to persuade Assad to introduce reforms and end the clashes, according to the Syrian Foreign Minister Walid Muallim, Turkey wanted to bring in the Muslim Brotherhood, which had been banned since 1963, to the political process in Syria.²¹ The mediation was doomed to fail when the Syrian government perceived that Turkey was trying to bring in a political actor that poses an existential threat to the Assad regime. In addition, another problem was that Turkey again failed to read international politics correctly. In the Libyan case, European powers were eager to intervene, and the rebels, despite the existence of different groups, were able to act under the unified command of Mahmoud Jibril.²² In Syria, in comparison, no one was willing to get involved by supplying arms to the Free Syrian Army which had slowly started to disintegrate in smaller factions with different goals. Furthermore, Russia had taken an unyielding pro-Assad stance since the beginning of the conflict. While Turkey insisted on deposing Assad, the realities on the ground have shifted significantly. Under the reluctance of its Western allies, Turkey's calls for establishing a no-fly zone and humanitarian corridors in northern Syria and increasing support for moderate rebels failed to materialise.²³ So-called Islamic State (IS), which turned the weaknesses of Syrian rebel alliances to their own advantage, took control of large swathes of territory in Syria and Iraq. Founded on a very radical interpretation of Islam, IS poses a greater threat to both the West and Russia. However, Turkey failed to

recognise the IS threat and remained focused on the Assad regime. Turkey was unwilling to shift its position despite the significant changes taking place in the Syrian conflict. Had Turkey acted more cautiously and tried to find common ground with Syria and the rebels, the situation could have been much different, at least for Turkey. However, Turkey opted for becoming involved heavily in the conflict, supporting rebel groups with questionable allegiances. In other words, Turkey could be considered one of the big losers of the developments in Syria so far; based on miscalculation and misperception of the developments in the Middle East.





Demarcation: Turkey fears the creation of a separate Kurdish state at the Syrian and Iraqi borders. Next to other factors, this explains why Turkish forces have taken actions against Kurdish militia in northern Syria recently. Source: Fatih Saribas, Reuters.

Furthermore, Turkey's uneasy relations to its Kurdish population have reflected upon its policy decisions in the Syrian conflict. Turkey is worried about the peculiar status of Kurds in Iraq and Syria. Turkey considers a possible emergence of a Kurdish state in the region to be the greatest threat to its national security interests. Turkey fears an independent Kurdish state in both Syria and Iraq could make irredentist appeals to Turkish Kurds in Southeast Anatolia.²⁴ Furthermore, the government fears that a strengthened Kurdish unity could alter the power balance during peace negotiations in Turkey. As Salt argues: "Erdogan wants to negotiate from a

position of strength, and that means controlling the Kurds on both sides of the Turkish-Syrian border."²⁵ Driven by security considerations and power struggle, Turkey positioned itself against strengthening Kurds in Syria. To prevent this, Turkey dragged its feet whenever Kurds needed help. The prime example was Turkey's inaction during Ayn-Al Arab (Kobane) siege. When IS approached Ayn-Al Arab (Kobane) in October 2014, Saleh Muslim, the leader of the Democratic Union Party (PYD), travelled to Turkey to seek military assistance against IS. Turkey demanded that Syrian Kurds should be aligned with the Free Syrian Army, which was being supported

by Turkey. This was unacceptable to Saleh and he had to return to Ayn-Al Arab (Kobane) empty handed.²⁶ Furthermore, Turkey did not allow Kurdish reinforcements to pass through Turkish territory for a long time. As Turkey's fight against the PKK intensified, uneasy relations to the Kurds in the region became even more complicated.

Because of the renewed fighting with the PKK, the Turkish government feels "betrayed" by the Kurdish groups and politicians altogether. Although the PKK and its affiliate TAK (Kurdistan Freedom Falcons) are both classified as terrorist organisation by western allies,²⁷ it is distressing for the Turkish government to see that its allies fail to provide assistance in the – from the official Turkish point of view – legitimate fight against terrorism. Additionally, while the Turkish government considers the fight against terrorism to be legitimate, the fights in the cities drive a wedge between the Turkish government and the Kurdish population. Consequently, the ongoing clashes stall initiation of a comprehensive "peace project" started by the AKP government in 2013.²⁸ In contrast, Northern Iraqi leader Barzani also expects Turkey to fight against the PKK. Thus, failure to do so could worsen relations between Turkey and Northern Iraq. Turkey's close cooperation with Barzani, at times, alienated Iraqi central government. For example, the Iraqi central government was concerned by the increased number of Turkish troops in Bashika Camp without consulting with them about the matter. However, Turkey could have chosen a different path, one that truly seeks peace and stability in the region, and this is still possible.

Solution?

The pursuit of becoming a regional power is a fictional and damaging venture, and it is time for Turkey to abandon that pursuit. Turkey does not need to be a regional power to become a major actor in the region. In other words, the country can still be an influential actor in the region without imposing its will persistently and taking sides in regional conflicts. Turkey could have followed the stance Sweden and Norway have taken in world politics; engaging with conflicting sides

while staying neutral and credible. Had Turkey remained neutral and credible, it could have used its influence over the Brotherhood in Egypt to moderate its policies while trying to establish common ground between different actors. Turkey could have helped the Kurds during the siege of Ayn-al Arab (Kobane), which could have paved the way for reconciliation with the Kurds in the region as well as in Turkey. This could have put Turkey in a much stronger position. However, these are missed opportunities.

Without internal peace Turkey cannot promote the peace process within the region.

Turkey can still return to its previous position of an "honest mediator", though it would be a difficult task, given the positions Turkey had taken over the years. Nevertheless, this is the only position that is beneficial for Turkey, as well as for the international community. Not only are Turkey's current policies far from having a stabilising effect on the region, they even pose the danger of destabilising Turkey. The European countries in particular should encourage Turkey to stand back and disengage from the Syrian conflict. This is all the more true after Turkish troops have recently fired on U.S.-backed Kurdish militia in northern Syria.

Both the United States and Russia welcomed and supported Turkey's military operation, the Euphrates Shield, in Syria following the G20 Summit since this military operation is not against the territorial integrity of Syria. It aims to free the southern border of Turkey from terrorist organisations. The problem is that all major actors have different definitions of the terrorist organisations, and thus have divergent priorities. The United States and Russia support Turkey as long as it remains focused on fighting IS. Turkey, on the other hand, is more concerned with preventing Kurdish forces to gain a foothold in the western bank of the Euphrates River. The difference in the priorities has created some

friction between Turkey and the United States. Thus, when Turkish forces clashed with the U.S.-backed Kurdish militia, the United States criticised the clashes and urged Turkey to focus on IS.²⁹ While the crisis has been resolved when the Kurdish forces agreed to withdraw from the western banks of the river, the uneasy relationship between Turkey and Kurds in northern Syria continued to be a possible destabilising factor in the region. This uneasy relationship hinders Turkey from acting as an “honest mediator” and a stabilising actor in the Middle East.

Even if Turkey alters its foreign policy position and aims to become neutral in regional conflicts, its uneasy relations with the Kurds will continue to be a problem. This will continue to shape Turkey’s threat perceptions and interests abroad. Although Turkey initiated the peace process with the Kurds in Turkey, the recent clashes in the cities froze the peace process. The fighting also creates obstacles to a possible Kurdish-Turkish rapprochement in Syria, which could greatly benefit the war against IS. Turkey needs to make peace with its Kurdish minority; and Europe and the U.S. need to support Turkey in making peace within its borders. Without internal peace, Turkey cannot defuse the conflicts and support peaceful settlements.

Turkey’s ineffectiveness is the consequence of the country’s decision to turn away from its role as the “conscience of the Middle East” and thus become a “lonely country” in less than a decade, transforming a “zero problem policy” into “problems with all neighbours” along the way. The public perception of Turkey is at its lowest point since the establishment of the Republic in 1923. Unless the AKP government manages to set aside these “inflexible” policies, Turkey’s poor foreign policy is likely to persist.

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What if Africa's Regional Powers Did Better?

South Africa, Nigeria and Kenya
as Potential Drivers of Peace and Prosperity

Terence McNamee



Nigeria, Kenya and South Africa are some of the biggest regional powers in Africa. Although they possess an estimable economic and political potential, they do not manage to fulfill it. Quite to the contrary, Africa is the least integrated region in the world economy and repeatedly troubled by internal security issues. Doing better domestically is the first step towards overcoming the obstacles to playing a more important role in global policy making.

Introduction

For many years the best performing states in Africa have been tiny. Atop the list of most major human development rankings are Seychelles, Mauritius and the “big” one of the lot, Botswana. Along with the latter two, the tiny island state of Cape Verde is the best governed, according to the 2015 Mo Ibrahim Index of African Governance. Of the top five countries ranked by GDP per-capita, Botswana is the largest by population at just over two million. That is about one-tenth the size of Nigeria’s largest city, Lagos.

Apart from all the benefits accruing to their own people – they are usually safer, healthier, richer and better ruled than other Africans¹ – Africa’s smallest states have not had much impact beyond their borders. The only countries carrying considerable weight are the regional powers.² Such states can generate substantial political and economic effects – positive or negative – in their region and continent in ways that smaller states typically cannot. That is why their performance bears particular attention. Here, the United States, Japan and Germany instantly come to mind.

Since independence, Africa’s regional powers have not done very well. Their large territories and populations amplified the Herculean challenges faced by the first generation of post-independence African leaders. Notwithstanding their own failings, none could have been prepared to manage relations between the fragmented ethnic groups perilously bequeathed into their new states by colonial rule. At the same time,

basic economics would suggest that big states have inherent advantages in creating economies of scale and lower costs of trade. But for various reasons Africa’s larger states cannot fulfill their potential. Thus we rarely consider how different the continent would look if the reverse were true.

In the African context there are three specific reasons why the performance of regional powers merits particular scrutiny. The first relates to regional integration. Africa’s economic prospects are strongly linked to how effectively clusters of neighbouring states cooperate, club resources and support each other. A recent study by Yale University found that Africa is the least integrated region in the world economy. Comparative advantages exist within all its sub-regions – in building infrastructure, diversifying supply chains, combining tourism products – but are almost never exploited. The second reason is security. Global experience suggests that regional powers have a propensity to use diplomatic and, if necessary, military might in order to counter regional security threats and are generally better “stabilisers” than external interveners. The third reason is Africa’s role in the international system. Africa is at the margins of global politics. The interests of the great powers still prevail on issues of international justice, finance and security. But the global distribution of power is not static. Resource-rich Africa, with a population predicted to reach two billion by 2040, must play a greater part in shaping that new future. Strengthening Africa’s voice globally will rest to a significant degree on the ability of regional powers to forge a common narrative and approach to



Gloomy outlook: The three promising powers Nigeria, Kenya and South Africa are in a difficult phase amid their struggle for peace and prosperity as they have to build up their efforts on conditions heavily burdened by a turbulent past. [Source: © Zohra Bensemra, Reuters.](#)

issues of concern to Africa and the world, such as reform of the UN Security Council. Ideally the African Union (AU) should play that role but the organisation is still finding its feet and unable to represent the African agenda internally or globally as effectively as joined-up regional powers (potentially) could.

For the catalytic power of these states to be harnessed for the betterment of their regions, the continent and the world, their domestic powers need to be made efficient. They cannot manage or develop regional economic bodies if their own economies are mismanaged or dysfunctional. They cannot act as a stabilising force in their region if they themselves suffer from major internal conflict and violent divisions; instead

they become exporters of insecurity. And they cannot galvanise regional or continental consensus around the key issues of our time if they are not acknowledged as leading nations, which represent and advance certain shared values and interests.

This paper examines three countries in sub-Saharan Africa – South Africa, Kenya and Nigeria – which are particularly illustrative of the importance of regional powers to the continent’s prosperity. Relative economic and diplomatic weight, location and level of international integration (regionally and globally) are key factors which *could* make these countries engines of regional growth and stability. But these qualities are not exclusive to the countries examined here.

Ethiopia, Angola, even resource-rich Democratic Republic of Congo – owing to its capacity to spread insecurity inasmuch as its potential to ignite economic growth in Central Africa and beyond (if it ever got its house in order) – also have characteristics of regional powers.

Nigeria

Until 2016, Nigeria was the largest economy in Africa, with a GDP of 510 billion U.S. dollars, which exceeds all the countries of the ECOWAS (Economic Community of West African States) region combined. Nigeria's population is 180 million, by far Africa's largest. Both are predicted to grow much more. Estimates suggest that Nigeria's population will rise to 320 million by 2040, making it the fourth most populous country in the world after China, India and the U.S. Its economy is projected to grow to 4.2 trillion U.S. dollars over the same period. Projections such as these fuel talk of Nigeria as the "giant of Africa", the only country on the continent capable of being a global power in the future. A recent Institute of Security Studies (ISS) report even suggests that, "to a large extent, the increase in Africa's role globally will therefore be driven by the future weight of Nigeria".³

Long-term forecasts for Nigeria's economy make the country a contender for becoming a global power in the future.

Nigeria's large numbers have yet to translate into success at home or in its region. The language of (perennial) crisis and state fragility has dominated the narrative about Nigeria within and outside its borders. For more than half of the period since independence in 1960, Nigeria has been under military rule. Eruptions of violence along the country's numerous ethnic, religious and social fault lines have been frequent. The Biafra War (1967 to 1970) alone claimed more than

a million lives. For all the particularities of the Boko Haram insurgency in north-eastern Nigeria, which has claimed more than 17,000 lives since 2009, its origins and potency are profoundly symptomatic of wider failures of the state. Even as the Boko Haram insurgency appeared to de-escalate in 2016, a militant group in Nigeria's oil-producing Niger Delta region threatened to renew an insurgency in the oil-producing South East that could potentially cripple the economy.

The structural dynamics that historically have characterised the state of Nigeria are well known: endemic corruption (in its latest index on corruption perceptions Transparency International ranked Nigeria 136 out of 175), misallocation of resources, high levels of poverty, the resource curse (between 90 and 95 per cent of Nigeria's export revenue still comes from oil) and insecurity. That Nigeria has performed well below its enormous potential is unquestionable. Infamously poor governance and muddled foreign policy have led to Nigeria's relative lack of influence internationally. There have always been question marks over whether Nigeria's internal challenges are simply too grave for the country to ever project power effectively. Even within its own region, Nigeria has been unable to exercise weighty authority in the 15-member ECOWAS, despite being the largest donor and one of the driving forces behind its establishment in the 1970s. Nigeria's desultory record of being out-manoeuvred by smaller, "smarter" members of the bloc on various matters is legion. In part, Nigeria's relative lack of influence eschews from ECOWAS's "one country, one vote" system and the preponderance of non-English speaking member states (there are eight French-speaking and two Portuguese-speaking), who tend to collaborate and support one another better than Nigeria and the other four English-speaking members.

When Nigeria has managed to deploy diplomatic power, the results have been impressive. During the 1970s it was a leading voice in the global anti-apartheid movement and in the 2000s it was a central actor in various peacekeeping and diplomatic missions across the continent. Its former President, Olusegun Obasanjo, in



Pivotal moment: The peaceful election in Nigeria in 2015 could mark a milestone in the country's difficult transformation to a democracy. Source: © Finbarr O'Reilly, Reuters.

partnership with South Africa's former President Thabo Mbeki, spearheaded the creation of the New Partnership for Africa's Development (NEPAD) and together they inspired the idea of the "African renaissance" for millions on the continent. Obasanjo's election in 1999 marked a shift towards democratisation that, for all its imperfections, has since embedded itself ever-deeper into national life. The peaceful election in 2015 and subsequent orderly transfer of power could prove a pivotal moment in Nigeria's history.

Economically, Nigeria's historic addiction to petro-dollars has suppressed the development of manufacturing, commercial agriculture and other sectors. The informal sector still accounts for around 70 per cent of total employment. Low oil prices took a heavy toll on the economy

in 2015, enfeebling the nation's currency and prompting foreign investors to pull out of its stock and bond markets. Nigeria fared no better in the first six months of 2016, as its new President Muhammad Buhari struggled to make good on his promises to rein in corruption and stabilise the economy. The continued fall of its currency saw South Africa overtake Nigeria and reclaim its position as Africa's largest economy.

Beneath the gloom, however, glimpses of a brighter future for Nigeria are evident on the ground. The country holds together despite near-constant predictions of its imminent collapse. Nigeria has witnessed an explosion in entrepreneurs, innovators and professional services development. Cell phone penetration is now 100 per cent. Across banking, entertain-



Reaching for accountability: The mismanagement of public funds by Kenya's government officials repeatedly stirs public outrage. In 2013, activists symbolically burnt empty coffins in protest against a legislative plan that included an entitlement to state funerals for the Members of Parliament. [Source: © Thomas Mukoya, Reuters.](#)

ment, telecommunications, agriculture and building materials sectors, the green-shoots of a more diversified economy are sprouting. An increasingly dynamic economy and a more open political space is good news for businesses in the region eyeing up Africa's largest consumer market. Nevertheless, without addressing the underlying structural dynamics that produce deepening poverty, inequality and insecurity, Nigeria is destined to be an ever-turbulent and volatile swing state.

Kenya

Based on numbers alone, Kenya is a less clear-cut regional power than either Nigeria or South Africa. Its neighbours Tanzania and Ethiopia have more people, in the case of the latter twice as many. Eight African countries have bigger economies. Historically, Kenya has not been a

robust diplomatic or political force on the continent. It was not a significant player in the establishment of key organs such as the Organisation of African Unity (OAU) or AU, nor were its leaders especially influential internationally, unlike Tanzania's long-serving President Julius Nyerere.

Yet for most of its history since independence in 1963, Kenya was "Africa" for much of the outside world, at least the Africa it wanted to see: of preternatural landscapes and wildlife, of vibrant, liberal-minded people, of social harmony.⁴ Western countries viewed Kenya as "one of its own", a political oasis amidst the chaos of Africa. Then came the disputed 2007 election. The widespread communal violence which erupted in its aftermath altered the image of "Kenya" in the West's popular imagination. This led to Kenya being better understood now for what it actually

is, a complex country facing immense social, economic and security challenges – but also a subtle powerhouse, epitomical of the Africa Rising story.

Kenya boasts East Africa’s strongest international trade and investment links, and serves as its transport, logistics, tourism, banking and services hub, all underpinned by major infrastructure development. It has a strong blueprint for the country, “Vision 2030”. Human resource capital is perhaps Kenya’s biggest asset. Its educated, professional class has long been a source of national pride. Its culture of innovation is strong and growing. That the world-leading mobile money system, M-PESA, was created in Kenya is not an accident. M-PESA and technology in general have seeped into the fabric of life in Kenya as almost nowhere else in Africa. Such innovations give Kenya the potential to widen public access to myriad services and leapfrog traditional phases of development and industrialisation in a way few African countries could aspire to. Kenya is increasingly defined by a private sector that is multi-ethnic and arguably the most dynamic in Africa. That the 2013 elections passed off peacefully in the face of dire predictions of violence and chaos was due, in part, to the ambitious peace-building program undertaken by the private sector to ensure a free and fair outcome.

Kenya’s private sector is arguably the most dynamic in Africa.

Intra-regional trade in the East African Community (EAC) is higher than in any other region on the continent. Kenya is the chief beneficiary of the trade in manufactured products, but in driving deeper integration across other spheres it has generated positive spillover effects and helped boost neighbouring national economies, even if growth has been uneven. President Kenyatta’s government has put tighter integration within the EAC at the fore of its external policies and sought to promote the region as a single market to potential investors. According to the latest Visa

Africa Integration Index, Kenya has the highest economic integration score in the East Africa region. Globally, Kenya has effectively pursued a pragmatic approach, balancing “the best from China and the best from the U.S.” for investment and market expansion.

Kenya has been characterised as a “burning platform for change” but formidable obstacles are to be found aplenty. At independence there were about five million Kenyans, today there are nine times as many and increasing by a rate of one million a year. There are acute concerns over Kenya’s rising debt and its ability to finance the maintenance or procurement of public facilities. Kenya is poised to grow its economy above six per cent annually for the next several years but much of it recently has been “jobless growth”; the fastest growing sectors are not labour-intensive. As with Nigeria and South Africa, inequality is growing. In the latest UN human development index, Kenya ranks a lowly 147 out of 187 countries. Also as with Nigeria, institutionalised corruption has often been cited as a major factor in Kenya’s poor development performance. Gross financial impropriety and mismanagement of public funds by government officials is such that, according to the 2013/14 auditor general’s report, only “1.2% of the country’s \$10bn (£6.4bn) budget was correctly accounted for. About \$600m could not be accounted for at all”.⁵ Kenya’s President Uhuru Kenyatta recently declared that corruption was so pervasive it had become “a national security threat”.

Kenya’s new constitution, passed in 2010, is meant to enhance accountability, promote a more active citizenry and build national cohesion – and there are tangible signs that democratisation is deepening. But more open and competitive politics risks exacerbating the religious and tribal divisions that Kenya has struggled to mitigate since independence. A persistent refugee crisis and attacks by the Somalia-based Islamist extremist group, *Al Shabaab*, which have escalated since Kenyan troops intervened in Somalia in 2011 to help the African Union Mission in Somalia (AMISOM) end piracy in the Horn of Africa and to stabilise the country,

amplify the challenge of nation building. Kenya is now on one of the frontlines of the global fight against Islamic extremism. Parts of the country are becoming more difficult to govern effectively and internal cohesion in Kenya is under strain. With another election slated for 2017, the opposition mobilised thousands of people in various protests in the first half of 2016. Yet, overall, peace has been maintained. The Kenyan parliament has passed strict laws prohibiting hate speech. Politicians bent on stirring ethnic tensions to get votes – a recurrent feature of past elections – should find it more difficult. Public opinion surveys carried out in 2016 suggest that the President’s Jubilee administration – a multi-party coalition – is favoured by most Kenyans as the party able to foster greater harmony in a country where tribal loyalties have traditionally meant more than political ideology.

South Africa

For decades prior to 1994 South Africa was a malign regional power. During the apartheid era (1948 to 1994) the white regime did not confine its insidious methods to its own borders; it fomented instability in its neighbourhood in order to consolidate its domestic political order. Its vastly superior military was frequently deployed externally to counter any perceived threats to its rule at home. South Africa also towered over its neighbours economically, but apartheid precluded economic integration and much (though not all) trade within what was then known as the Southern African Development Co-ordination Conference (SADCC) region.

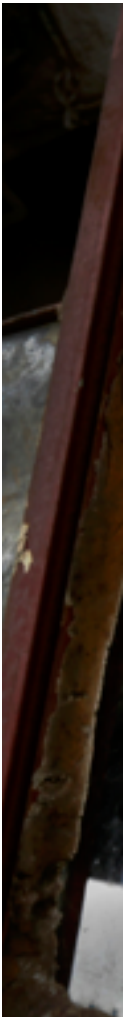
Only after the end of apartheid could South Africa emerge as a force for good. The country embarked on a massive investment and trade promotion push throughout the region and continent. Its comparatively advanced companies swept into a host of new markets with the lifting of the restrictions imposed by apartheid. Globally, South Africa enjoyed unprecedented clout for a country of its size, due mainly to the almost mystical reputation of its chief political liberator, Nelson Mandela, and the country’s remarkable transition from international pariah to non-racial

democracy which brought him to power. After 1994 Mandela’s erudite deputy and later president of the republic, Thabo Mbeki, guided the country through nearly 15 years of macro-economic stability and healthy, if unspectacular, economic growth. The concomitant change in South Africa’s external relations is nicely summed up as follows:

“Enmity gave way to amity and isolation was replaced by integration. The friendless, marauding regional power of old was transformed into an initially reluctant regional giant professing the highest altruistic intentions ... the ‘old’ South Africa’s realist thinking informed by the imperatives of survival in a hostile world, was replaced by a liberal idealist approach in which democratic South Africa would promote an ambitious reformist agenda abroad based on its internal experiences and values.”⁶

South Africa’s return to international respectability helped pave the way for the resolution of longstanding conflicts in the region, notably in Namibia and Mozambique. Today, South Africa is Africa’s most sophisticated economy. It is the only African country that is a member of the G20 and BRICS⁷ (the Brazil, Russia, India, China and South Africa grouping), as well as one of the European Union’s ten global strategic partners.

The colours of the so-called Rainbow Nation have never been dimmer, however. The language of crisis has become ubiquitous as debates rage over how close South Africa might be to a tipping point. 2015 witnessed various forms of mass action, chaos and violence in the national parliament, fraught labour relations, national electricity shortages, a resurgence of xenophobic attacks and increasingly racialised politics, critical failures of state-owned enterprises and rising corruption. Factionalism and leadership gaps within the governing African National Congress, which has ruled South Africa since 1994, impaired policy implementation across government. The country’s economic growth prospects have fallen sharply and investor confidence has plummeted. In a recent Ipsos Socio-Political Trends Survey, only 44 per cent of South Africans now believe



that the country is “moving in the right direction”, down from 76 per cent in 1994 and 71 per cent in 2004. Various data could be marshalled to explain why, though perhaps the unemployment rate offers the most potent explanation: 40 per cent of black South Africans, who comprise nearly 80 per cent of the total population, are unemployed.

More than two decades on from the end of apartheid, South Africa is still at peace with its region, unlike Nigeria and Kenya. But South African foreign policy lacks the clarity and muscle shown in

its first decade of democracy. At his inauguration Mandela averred that South Africa would engage the world with a principled, highly moral foreign policy. For a time, it appeared to be more than just rhetoric. South Africa became a leading voice in the Nuclear Non-Proliferation Treaty (NPT) regime, head of the Non-Aligned Movement and peacemaker in Burundi, Sudan, the DRC and Zimbabwe.⁸

Yet today South Africa confronts a host of legitimacy problems. Crass patronage appointments have tarnished its once-vaunted diplomatic



Ambivalent perspective: The South African youth sees clouds looming on the horizon while the country's leading party is becoming more regressive after Mandela's death, seemingly abandoning important parts of his legacy in order to enhance the wealth and power of its leadership. Source: © Yannis Behrakis, Reuters.

service. Critics charge that post-apartheid South Africa's initial moral stature and diplomatic finesse on the continent have given way to coarse exceptionalism and bullying, exemplified by its bellicose campaign to elect one of its own – Nkosazana Dlamini-Zuma – as African Union Chairperson in 2012. “South Africa can be heavy-handed when it comes to diplomacy”, observes Jakkie Cilliers, “and there is a sense that South Africa speaks more than it listens in Africa”.⁹ Globally, the lustre of Mandela's rainbow nation has melted away, with no less than *The Economist* suggesting that South Africa's foreign policy could become a “laughing stock”, and deriding an ANC discussion paper published in 2015 as “clueless and immoral”.¹⁰ If South Africa – once touted as Africa's “natural leader” – is becoming more “regressive”, opting for “ideology over content and outcome”, as two analysts recently questioned,¹¹ then what might that portend for southern Africa and the continent as a whole?

South Africa's economy is an important anchor of economic stability in southern Africa.

South Africa's economic weight in the Southern Africa Development Community (SADC) region is similar to that of Germany's in the Euro area. Across nearly all key sectors such as telecommunications, retail, finance and mining, South African companies are heavily invested throughout the region. They act as drivers of growth in those economies, impacting civil societies and people on the ground in myriad ways. That South Africa's economy is an “important anchor of economic stability” in southern Africa and even further into the continent is beyond doubt.¹²

Becoming more successful regional powers

Banal as it may sound, being successful at home is key to being a successful regional power. “Success” does not mean being excellent on all levels *simultaneously*. Progress is bound to be

uneven and subject to reversals, especially in Africa where nation-building processes are still in their infancy. And the basic ingredients for success – effective and inclusive institutions, political stability, sound policy choices – are often easier said than attained. History, as historians continually remind us, always unfolds in a contingent way. Amidst the particular challenges affecting Kenya, Nigeria and South Africa, however, one key contradiction – elegantly framed by Johns Hopkins University scholar Peter Lewis – that all three must confront boldly is evident: transparency without accountability. Underway in each are a raft of commissions and investigations on issues vital to their future prosperity: official corruption, policing, state-owned enterprises – the list is long and growing. Transparency, a crucial component of good governance, is strengthening. But this is largely meaningless unless it translates into more prosecutions, reforms and *real* accountability, which has yet to happen on a concomitant scale in any of the regional powers.

A major hurdle to overcome for each, though to a lesser extent for Kenya, is convincing their neighbours and the continent as a whole that their external agendas are not entirely self-serving. No one should underestimate how deeply fear of dominance runs in Africa's middle and smaller states. The robust spirit of Pan-Africanism has always co-existed with strongly nationalistic tendencies. Africa's leaders have been fiercely reluctant to lessen the sovereignty of their states by surrendering powers to any supranational body despite the ethic of “African Unity”. In part this stems from fear that more powerful states will use Africa's regional economic communities (RECs) to further their regional hegemony. South Africa has come under particular scrutiny in SADC for what some neighbouring states perceive as “aggressive” economic policies and also for putting their own global pretensions – exemplified by their BRICS membership – ahead of regional commitments. West African states have long feared that Nigeria might use ECOWAS to extend its own hegemony, which may partly explain why other members cohere so frequently to frustrate Nigeria's agenda.

Kenya has arguably been most successful at achieving greater regional and continental influence through quiet diplomacy and collaboration. The indictments against Kenya's president and other officials by the International Criminal Court illustrate the point, however one might feel about the merits of the charges (later withdrawn). Kenya deftly marshalled broad African support behind its cause without disengaging from the institution or its international partners that support it. In doing so, Kenya escaped relatively unscathed from what could have been a potentially devastating diplomatic crisis. The country would appear to understand better that there is a particular onus on regional powers to build (or repair) trust in Africa's regional frameworks, not least because their own agendas are questioned the most. Kenya's demonstrable commitment to building and empowering the East African Community (EAC) – the most integrated regional bloc in Africa – affords the rest of Africa salutary lessons on the benefits of integration. Perhaps above all, it shows what is possible when the “politics” of regional integration give way to practical solutions.

Doing more to facilitate private sector regionalism should be a key priority. Business is already driving key regional initiatives. Corporate Pan-Africanism, exemplified in the major investments across borders by Nigerian cement mogul Aliko Dangote or South Africa's SABMiller or Kenya's ICT companies, is creating new identities and new connectedness outside the traditional spheres. By eschewing protectionism and instead promoting greater freedom of movement for business and labour, regional powers will help Africa address the pernicious “*us* (government) *versus them* (business, society)” dichotomy.

Relations between regional powers are vital to the success of continental organisations. The European Union's success would not have been possible without the complete transformation in relations between France and Germany in the second half of the 20th century. South America's leading trading bloc, Mercosur, would not have been possible if its economic giants and close strategic partners, Argentina and Brazil, did not put aside

mutual hostility and a dangerous nuclear rivalry in the 1980s. Both the EU and Mercosur currently face testing political and economic conditions, arguably the sternest since their respective inceptions. Navigating a way through the current tumult will rest disproportionately on the shoulders of their strongest members. In the same way, the future success of the AU and the attainment of its Agenda 2063 – the aspiration for “an integrated, prosperous and peaceful Africa, driven by its own citizens and representing a dynamic force in the global arena”¹³ – rests significantly on how the likes of Nigeria, Kenya and South Africa get along and club together.

Africa's regional powers need to do more to facilitate regional integration.

People-to-people links between Africa's regional powers are a key part of their relations. Currently, they are unsteady. Educational, cultural and other types of exchanges between their respective citizens are, by international standards, comparatively meagre, and mostly confined to business. In the case of South Africans and Nigerians, levels of trust are low. Nigerians living in South Africa are often caricatured as gangsters or drug peddlers; the reputation of South Africans is scarred by the eruptions of xenophobia against other Africans and their own “delusions of exceptionalism”. In business, South African companies are very active in Nigeria but this is a one-way street: Nigerian (and other African) firms frequently cite South Africa's protectionist policies and BEE regulations as barriers to entering its market and a hard brake on intra-continental trade.

At the government level, much of the rhetoric suggests the two are in a battle for economic dominance in Africa and power projection globally. Much repair work will need to be done if the heady days of cooperation between then presidents Thabo Mbeki and his Nigerian counterpart Olusegun Obasanjo – originators of NEPAD – can

be reinvigorated. Nigeria and South Africa's approach appears to differ from Kenya's "softer" diplomacy although relations between Kenya and South Africa in particular have suffered on account of the latter's strict visa requirements which have deterred the flow of businesses and tourists. Regional powers need to do more to facilitate interaction between their citizens, not just in business and trade, but through the free movement of people and ideas. A common agenda and greater understanding will remain elusive otherwise.

Predictions based on quantitative data and trend analysis suggest that, from a global power perspective, for the next 25 years Africa is most likely to remain where it is currently: at the margins. Yet regional powers could alter that prognosis significantly if they become, for lack of a better word, successful. Everyone has a stake in thinking about how to achieve that aim.

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- 1 The top three countries by life-expectancy in Africa are Cape Verde (75), Mauritius (74) and Seychelles (74) – significantly higher than the next ranking country, Namibia (68). Botswana is the outlier, ranking only 10th in Africa (64), though it is reasonable to assume that it would be ranked first or thereabouts were it not for the devastating impact of HIV/AIDS during the past two decades. Botswana currently has the third highest HIV infection rate in the world and life expectancy has only just returned to slightly less than 1990 levels, after plummeting to 35 in 2005. Between 1995 and 2002 total life expectancy fell by 36 per cent on account of the HIV/AIDS epidemic, cf. World Life Expectancy 2016: Life Expectancy Africa in: <http://worldlifeexpectancy.com/life-expectancy-africa> [16 Aug 2016].
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Run Down

Venezuela's Road to Ruin

Henning Suhr



Venezuela is facing economic and social collapse, but the government is clinging to its failed course as much as it is clinging to power. Consequently, there is not much hope left for success for either the recall referendum initiated by the opposition or international efforts to initiate a dialogue. If no political solution can be found, the country is at risk of facing catastrophic consequences in view of the deepening crisis.

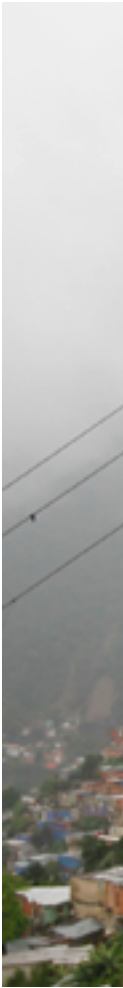
Human rights violations, an economy of scarcity, looting, violent crime, the breakdown of the healthcare system, power cuts, shortage of drinking water, mass emigration, three-figure inflation, a record deficit and insolvency looming: there has not been any good news coming out of Venezuela for quite some time, and all indications are that things could get even worse. Instead of a robust economy and a prospering welfare state, a mirage that the outside world had been duped into believing for a long time, the country now appears to be a prime example of a fragile state. Incapable of conducting economic reforms, President Nicolás Maduro continues to pursue the policies of his predecessor and former standard bearer of the International Left, Hugo Chávez Frías, ignoring the risk of the country's economic as well as social collapse. While the government denies the historical crisis with the usual propaganda and even rejects offers of urgently needed aid supplies from abroad, the population is suffering increasing hardship. Considering the disastrous policies, it is hardly surprising that international solidarity with the Caracas government is dwindling. With its wealth of oil and other natural resources, the country could in actual fact play a considerably more important role, both in the region and at international commodity exchanges. How did it come about that Venezuela – previously an influential actor in Latin America – managed to deteriorate into a disruptive and destabilising factor in the region?

The Rise of Hugo Chávez

Prior to 1999, Venezuela had a two-party system for four decades, in which the social-democrat party *Acción Democrática* (AD) and the *Christian-*

social party *Comité de Organización Política Electoral Independiente* (COPEI) alternated in power. Matters of state were no longer dominated by the military but by a civilian elite, based on a representative democracy.¹ In 1975, the social-democrat President Carlos Andrés Pérez nationalised the oil industry and set up the oil company *Petróleo de Venezuela S.A.* (PDVSA), which became one of the most profitable state-owned companies in the world. This then allowed major infrastructure projects and social programs to be funded – thanks to steady oil revenues – and won Venezuela the reputation of a Latin American star pupil in matters of economic policy and democratic standards.

However, the nationalisation of the oil sector caused an even greater integration of political and economic powers, which reinforced the “rentier mentality” and brought about significant changes in society.² State inefficiency as well as corruption, embezzlement and nepotism among a party elite, which became increasingly remote from the electorate, resulted in inadequate attention being paid to social issues in the country. The dissatisfaction boiled over for the first time in 1989 in a brutally suppressed riot, which entered the history books as the *Caracazo* (roughly translated “great Caracas riot”). Subsequently, the traditional parties came under increasing pressure as they did not succeed in resolving the economic crisis and regaining the trust of the electorate.³ In 1992, Hugo Chávez, who was an officer at the time, saw the chance of mounting a coup for the first time; however, this attempt was a miserable failure and the later president was convicted to a jail term. In 1998, Chávez, who had been pardoned by then,





Close to the edge: This picture of a house destroyed by a landslide near Caracas is symbolic of Venezuela's financial situation. Despite its abundance of natural resources, decades of mismanagement have brought Venezuela to the verge of collapse. Source: © Jorge Silva, Reuters.

sought another route. He entered the presidential race as an independent and emerged the winner. Many Venezuelans, who were longing for change, were impressed by his purposefulness and biting rhetoric condemning the democratic party system that had become discredited.⁴ Unlike his competitors, Chávez came from the predominantly dark-skinned lower class and he was adept at using rhetoric and emotions to gain the support of this part of the electorate in particular. He deployed classic populist tools, such as simple language, simplification, stressing the role of victims, as well as distinctive friend/foe images. A long-time companion of Hugo Chávez

once described him as “primitive and not well-read”, but as a leader with “keen perception and great emotional intelligence”, who “acted independently, even when dealing with the Castro brothers”.⁵

From the beginning, Chávez pursued the goal of restructuring the state, initially somewhat haphazardly, but as the years went on with greater planning and a more radical approach. The systematic destruction of institutions, the creation of new institutions for his own and party-political purposes as well as the increasing marginalisation of dissidents provided the foundation.⁶

A Military Man in Power

With the new 1999 constitution, Chávez initiated fundamental changes aimed at centralising the political system, in line with the military logic of its initiator.⁷ The executive was strengthened considerably, for instance by giving extensive powers to the National Electoral Council, the Supreme Court, the General Comptroller and the Chief Public Prosecutor. The Senate was scrapped as the second parliamentary chamber, thereby eliminating the possibility of the president being impeached by this body.⁸ While Chávez did not seek to introduce a socialist model from the beginning, he did take an interest in socialist ideas and made no secret of his admiration for Fidel Castro, who provided him with substantial support in return.

The political opposition Chávez elicited culminated in 2002 in a failed coup attempt led by Pedro Carmona, who by no means had the support of all opposition representatives. This was quickly followed by the *paro nacional*, essentially a general strike of the oil industry, which was aimed at deposing Chávez. The president responded by organising strikebreakers and sacking 20,000 PDVSA employees. The events of 2002/2003 would change Chávez and are still referred to by those in power to legitimise their suppression and marginalisation of the opposition, comprised predominantly of liberal-democratic groups, parties and activists.

A so-called recall referendum initiated by the opposition in 2004 was not successful either. Chávez took his revenge by sacking voters who had voted against him in the referendum from public sector jobs. At least 65,000 Venezuelans demonstrably lost their jobs.⁹ Due to these experiences, many Venezuelans fear repression during elections until this day.

Retaining Power above Ideology

It was not until after the 2004 referendum had been won that the presidential administration began to develop a concept-based ideological foundation for the “Bolivarian Revolution”.

Before that time, the direction in which Chávez wished to develop the state had not been clearly defined.¹⁰ With their military background, he and his allies had always had an extremely nationalist outlook. Socialist ideas, which Chávez had never been averse to, flowed in from left-wing ideologists.¹¹ It was during this period that the definite reorientation towards socialism took place, which was given an ideological underpinning by the concept of *el salto adelante* (“The step forwards”) put forward by Chávez’s mentor Haiman El Troudi.¹² A new “unprecedented” socialism was announced using flowery language and vague wording. While it remains unclear how this utopia is to be achieved, the basic concept describes in concrete terms how power can be concentrated, consolidated and defended against the enemies of the “revolution”. The *raison d’état* is predominantly about securing power rather than pursuing social and economic progress. The document explicitly praises the political benefit of pragmatic action, as long as it serves to retain power.

When the demoralised opposition parties refused to take part in the parliamentary elections of 2005 by way of protest, it was no surprise that the Chavistas took advantage of this opportunity for their own purposes. The majority in parliament allowed Chávez to expand his power even more and claim democratic legitimacy. He also won the 2006 presidential election by a large margin. During the election campaign, he had made it abundantly clear that he would pursue a socialist model of government.

The expansion of state welfare and measures to give the existing social programs a new red overtone to win popular support allowed enthused Chávez supporters at home and abroad to indulge in dreams of having found a new alternative socialist model after the demise of the Soviet Union and the Eastern Bloc. Of course, historically high oil prices helped the new government to fund its welfare handouts. Instead of investing the oil revenues in safeguarding the future, Chávez encouraged consumption purposefully, yet by no means sustainably. Particularly the lower class, which had previously been neglected,



Mic Drop: Hugo Chávez, who has been described as “primitive and not well-read” by some companions, instantly knew how to captivate the lower classes on a rhetorical and emotional level. [Source: © Jorge Silva, Reuters.](#)

benefited from state handouts and thanked Chávez with their loyal support. Redistributive measures created large-scale dependence on social programs, which *líder máximo* Chávez was able to greatly capitalise on.¹³ He consequently did not have to fear elections.

Immediately after his election victory of 2006, Chávez used his overwhelming power to announce that he was introducing the “Socialism of the 21st Century” in Venezuela.¹⁴ The announcements were followed by a wave of aggressive expropriation of properties and businesses, particularly in the media sector and in the agricultural and food industry. These sectors were of particular strategic importance for the social and political control of the poor strata of the population. In most cases, loyal members of the military were appointed to manage the businesses; they did not know much about business, but quickly

developed a strong mentality of personal enrichment. While Chávez was not able to push through his constitutional reform, which envisaged (his own) unlimited re-election by means of a referendum, the “Socialism of the 21st Century” prescribed the future government line. All political action was subordinated to central government control and to the goal of retaining power.

Bringing the Public and the Media in Line

The media landscape was gradually taken over by the state, be it by expropriation, the revoking of licences or other forms of obstruction. The aim was not only to control television and the press, but also to enforce a homogenised language and specific forms of communication reminiscent of an Orwellian regime. The increasing focus on Chávez in the media took on messianic overtones.

It was and still is important to the government to gain sole power to define certain terms or to establish new terminology and bring it to life. Over the following few years, the persecution of critical journalists increased, which led to self-censorship that is still widespread today.¹⁵ Censorship also exists insofar as certain events are no longer being reported or are not allowed to be reported. Critical media coverage remains to be found, which the government allows to operate undisturbed as they are mostly irrelevant to its own electorate and as this maintains the illusion to the outside world that there is an independent free press in Venezuela. Over the years, the media has turned into a gigantic propaganda machine in the government's service. The "Bolivarian Revolution" was depicted as a grand spectacle. In a type of "politainment", supposed "revolutionary achievements" of the government are described in overblown terms or invented with the aim of painting a distorted picture of Venezuelan reality.¹⁶ The information or more correctly manipulation broadcasts of the state, which are tailored to the poorly educated strata of the population, have taken on grotesque forms, such as the several-hour-long *cadena*s, seemingly interminable direct transmissions of ad-hoc speeches by the president, the weekly live broadcast by Chávez entitled *¡Alo Presidente!* or that by his successor entitled *En Contacto con Maduro* and finally the TV broadcast *Con el Mazo Dando* ("Giving with the truncheon"), in which the former President of the National Assembly Diosdado Cabello reads selected secret service reports about members of the opposition, voices threats, tells sentimental stories about the late leader Chávez or spouts propaganda on class concepts. The government rhetoric involves the usual idealisation of the lives of the lower classes, which has tradition in Venezuela and is more likely to help cement rather than overcome existing social conditions.¹⁷

Autocracy at All Levels

The socialist communal state, which was already mentioned in the *salto adelante* concept, was introduced step by step by means of a slew of laws in 2009 and 2010.¹⁸ Under the guise of

"political participation", numerous socialist communes were established. These are institutions which exist in parallel with the democratically elected local councils and mayors and receive state funding. Without attracting a great deal of attention, the government thereby succeeded in developing a structure at the local level that is directly dependent on it and that serves to exert social and political control at the base. In the new communal state, the "people", in government propaganda generally interpreted as supporters of Chavism and set against "right-wing bourgeoisie", supposedly makes decisions in matters relevant to its own interests while it is, in fact, dependent on government handouts.¹⁹ The extensive use of state funds for party-political purposes or for Chavist groups was underpinned in legislation and is extremely important for voter mobilisation. Political scientists such as Ángel Álvarez and Benigno Alarcón Deza therefore class Venezuela as a "competitive autocracy". The election process still plays a crucial role for legitimisation, but dishonest means are used to bring about a decision in favour of the Chavist side if the outcome is in doubt.²⁰

Petro-Diplomacy the Chavist Way

While Venezuela used to conduct traditional regional politics with its vast reserves of oil, Chávez subordinated petro-diplomacy to his ideological goals and to securing his power in the region. In addition to a number of bilateral agreements, Venezuela also forged some regional alliances.²¹ In most cases, the cooperation involved oil deliveries at favourable prices in turn for political support for the Caracas regime. In collaboration with Cuba's Castro brothers, Chávez pursued the aim of forming a broad anti-U.S. alliance. Caracas makes regular efforts to paralyse regional forums with a strong U.S. influence, such as the Organization of American States (OAS), while establishing new ideological alli-

Youth protest: Mainly students were protesting → for weeks against the Venezuelan government in 2014. The riots were put down violently.
Source: © Christian Veron, Reuters.

ances at the same time. These include first and foremost the “Bolivarian Alliance for the Peoples of Our America” (ALBA), which is dominated by Venezuela. Venezuela has also cleverly leveraged its influence in other alliances in the past, including the “The Union of South American Nations” (UNASUR) and the “Southern Common Market” (Mercosur).

The anti-U.S. stance has dominated Venezuelan foreign politics since 1999. This has also involved the Caracas government cooperating with other states critical of the USA, such as Russia, Belarus, Iran and China. The cooperation with China has gone so far as to establish a joint development fund. Venezuela pays for most Chinese development projects with oil deliveries; however, due to falling oil prices, these are increasing more and more in volume, which reduces the revenues of the Caracas government. Since 2005, the coun-

try has amassed a huge debt of some 65 billion U.S. dollars to China.²²

The USA is still one of the most important buyers of Venezuelan oil and one of its most significant trading partners. The anti-U.S. stance does not bring any benefits as far as international politics is concerned; but domestically, it fulfils the important role of presenting the people with a fake scenario of a foreign threat and of winning over leftist groups at home and abroad. The Venezuelan government regularly uses the political wrangling between Caracas and Washington to divert attention from its own failures or to fend off international criticism, for instance in connection with the serious human rights violations in the country. Thanks to a number of traditional supporters, including Bolivia, Ecuador, Cuba and Nicaragua, some states whose silence was bought, first and foremost the Caribbean states,



and some relativists, including Brazil under Lula and Rousseff until very recently, Caracas has managed to fend off international pressure. The more the regime got into hot water due to economic problems and the louder the protests within the country became, the stronger the repression. Under the eyes of the international community, 2014 saw the brutal crushing of some protests that had been initiated mostly by university students. Instead of sending clear signals to the Venezuelan government, the Latin American as well as European governments lost themselves in debates about the correct interpretation of the protests and effectively let President Maduro and the military carry on unchallenged.

The Military as a State within the State

With the concept of a “civilian-military union”, Chávez aimed at letting the military spearhead his “Bolivarian Revolution”. This resulted in the military becoming politicised and aligned to the government so that Chávez no longer had to fear any threat from that quarter. However, when he fell ill with cancer in 2011, increasing numbers of military personnel pushed their way into political offices. While the military had felt sufficiently well represented by Chávez, this did not seem to apply to the same extent in the case of his successor Nicolás Maduro. As someone who did not come from the ranks of the military himself, securing their loyalty cost Maduro dearly and he had to grant them greater influence. This explains why roughly a third of all cabinet minister posts and significantly more deputy minister posts are now held by people with a military background. Members of the military can also be found at the head of state-run businesses and in the diplomatic service. The historian Luis Alberto Buttó, an expert in the correlations between the military and civil society, comments that the Venezuelan generals – contrary to their self-image – frequently have no idea about how to run affairs of state or a business and manage things extremely inefficiently.²³

Not only does the military have its own supply systems of food and medicine, frequently to the

detriment of the general population, it also has a newly founded bank at its disposal, a TV station and since the beginning of this year also its own oil and mining company, the *Compañía Anónima Militar de Industrias Mineras, Petrolíferas y de Gas* (CAMIMPEG), over which the military has exclusive control, including its revenues. To the director of the NGO *Control Ciudadano*, Rocio San Miguel, it is clear that Maduro has bought greater support from the military with this step. She also maintains that the constitution does not permit the military to be involved in oil production or mining because that would only encourage corruption within the military.²⁴

During the years of government under Chávez and Maduro, the militarisation of Venezuelan society has increased significantly. Members of the military are omnipresent not only in government circles but also in everyday life and they frequently perform police functions. The military leadership likes being celebrated as “Simón Bolívar’s heirs” in folkloristic scenes on state television and occasionally organises exercises intended as dubious deterrents to the U.S. “Empire”. The claim to power and the preferential treatment of the military are ubiquitous and accepted by the population even in the case of rank and file soldiers, for instance where food allocation is concerned; consequently, people forget that a civilian republic had existed for almost four decades up to 1999. Besides politically motivated intervention by the military, a significantly greater threat these days emanates from the generally feared *colectivos*. These are mostly motorised gangs armed by the government. Where it is deemed necessary, these groups spread fear and terror among opposition activists and dissenters. As the *colectivos* also perform some “social work” in their neighbourhood, they are talked up and idealised by Chavists and left-wing ideologists. However, over the years many *colectivos* have transformed into criminal organisations that operate outside the law and are mainly engaged in illegal activities. The government is letting the *colectivos* act with impunity for political reasons. The same applies to the all-powerful military and security apparatus, which has a hold on the government.

In a climate of lawlessness and impunity, there have also been many links established to the “classic” Mafia, with the result that Venezuela seems to be hopelessly stuck in the quagmire of organised crime these days.²⁵

The concept of justice as understood by the ruling elite in the state and the military and their stooges is fast losing any similarity with Western-style rule of law. This manifests itself in a number of different ways.²⁶ In Venezuela, there is virtually no oversight of the executive any longer, which is why it is hardly surprising that acts of state despotism benefiting those in power are happening everywhere. In this context, the culture of embezzlement and corruption is taking on endemic proportions. Transparency International therefore places Venezuela among the ten most corrupt countries in the world.

On the Path to Economic Ruin

Chávez initiated his country’s economic ruin with waves of expropriation, which were reported on state television with populist fanfare. Further measures, such as the capping of the prices of thousands of products and particularly the fixing of the exchange rate, added significantly to the economic downturn. Displaying total ignorance of economic correlations, Chávez and his allies also turned out to be very incompetent economists.

Even the most essential goods need to be imported in Venezuela.

In Venezuela, which had had a diversification problem for decades because of the strong focus on oil production in the economy, the dependence on oil increased further after 1999. In 2015, oil accounted for an unbelievable 96 per cent of total exports.²⁷ The generation of foreign currency revenues is as a consequence in the hands of the state and is therefore control over virtually all imports.

Production levels of many nationalised companies have fallen or the businesses have shut down entirely. This also affects particularly important sectors such as agriculture. Supplying the population with many essential products therefore requires imports, which only the state is capable of transacting as hardly anybody else generates foreign currency revenues. And this effect is exacerbated by a system of different exchange rates. The true value of the currency deviates increasingly from the fixed exchange rate, which is why a black currency market has developed. Due to continuously increasing state expenditure and inefficiency, the budget deficit has grown steadily, reaching some 20 per cent of GDP in 2015. The government had to plug the hole in the budget by diverting further funds from the state-owned company PDVSA, dipping into currency and gold reserves and printing money in the domestic currency of the bolívar. These measures have fuelled inflation. The government has not been able to cover the demand for foreign currency with the U.S. dollars from the oil revenues for some time. In 2016, the black market rate for the U.S. dollar reached over one hundred times the fixed exchange rate. Manufacturing costs in Venezuela have consequently risen continuously for years, partly because some input materials have to be imported at high cost while the price capping of the products by the government hardly keeps pace. Thousands of private and state-run businesses are finding it very difficult to make any profit under the present circumstances. This is resulting in business closures and job losses, making the country even more dependent on imports that the government can no longer finance. The slowdown in domestic production fuels inflation further and increases the gap between the official and the black market U.S. dollar exchange rates.²⁸ The International Monetary Fund forecasts an inflation rate of 500 per cent for Venezuela for 2016, and it is expected to rise as high as 1,700 per cent in 2017.²⁹

Maduro as the Steward of a System in Crisis

Even before Hugo Chávez’s death in 2013, he had nominated Nicolás Maduro as his successor. Maduro was elected president on the basis



Food border: As soon as the border crossing to Colombia is opened, more than 100,000 people pour into the neighbouring country on a single weekend to stock up on necessities. Source: © Carlos Eduardo Ramirez, Reuters.

of dubious election results in April 2013 and has been conducting the affairs of the state since then in the same vein as his predecessor without implementing any genuine reforms.

The majority of the population can only afford goods these days that are imported by the state at the fixed exchange rate or produced by state-owned companies and sold in state shops. Every day, people stand in lengthy queues outside many supermarkets in the hope of getting hold of some price-regulated and affordable goods that are in short supply. Millions of people make a living purchasing these goods and selling them on, which earns them more than their regular jobs as their wages are eroded by inflation. To

the government, this system-generated dependence is in fact opportune as it also serves social control. That said, the shortages – particularly of food and medicine – have reached such proportions over the last few months that looting is becoming an ever more frequent occurrence. To feed a family of four required 4.7 times the minimum wage back in 2013. Now, in 2016, this ratio has risen to around 17.³⁰

Venezuela is facing economic ruin. Economists are already warning of serious consequences for the country in the event of insolvency. Opposition MPs are already raising the alarm: most medical supply imports can no longer be funded due to a lack of foreign currency. Every day, there

are more news reports of people dying in hospitals and of people in the slums facing starvation. A humanitarian catastrophe is looming, although the government denies this vehemently. The loss of grip on reality and ideological stubbornness have even resulted in the Catholic charity Caritas being refused permission to import aid supplies from abroad into Venezuela.

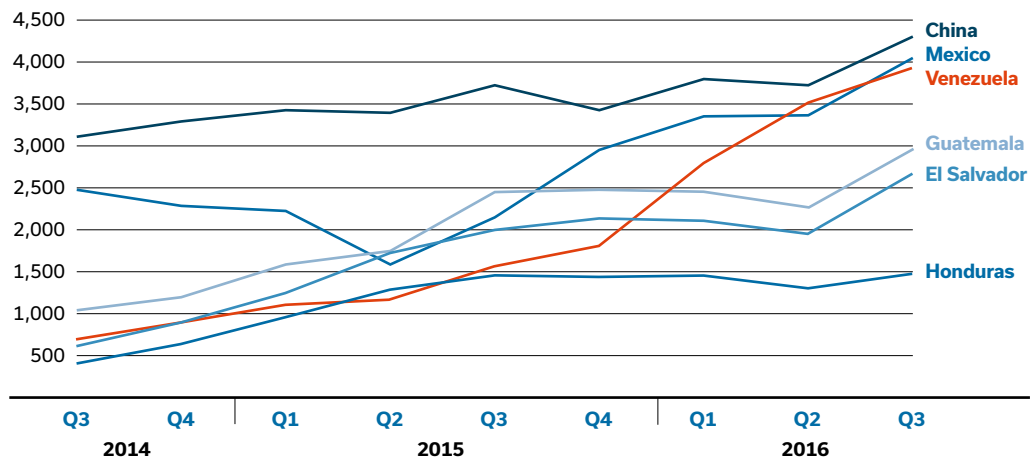
Dire Prospects

Having won the parliamentary elections in December 2015, the democratic opposition, which had joined forces in the “Democratic Unity Roundtable” (MUD), hoped to have come one step closer to Nicolás Maduro being replaced in office. But instead of recognising the huge victory of the MUD as a sign of the times, the reform-averse president chose the path of even greater repression. The parliament was effectively disempowered by each of its decisions being declared null and void by the Supreme Court, which is controlled by the government. The new parliament passed more bills in the first six months of 2016 than the previous parliament had done in its entire legislative term. However, in disregard of the constitution, not only were the law amendments scrapped, President Maduro in fact issued additional regulations whereby he granted himself unrestricted

rights, cynically invoking the constitution. While Chávez was at least able to claim democratic legitimacy, Maduro is now utilising the power pragmatism inherent in Chavism to secure his own position and political survival.

Alarmed by the worsening situation in Venezuela, the Secretary General of the OAS, Luis Almagro, attempted to invoke the Inter-American Democratic Charter. This would have facilitated collective action against the continuing human rights violations, the gradual dismantling of democracy and the catastrophic humanitarian situation. In his 130-page report addressed to the Chairman of the Permanent Council, Almagro describes the dramatic situation in Venezuela in great detail, accusing the government of placing individual above collective interests. He urgently calls upon the American states to act jointly in the dealings with the Caracas government.³¹ Venezuela’s political alliances, differences of opinion in assessing the seriousness of the crisis and the view that confrontation and sanctions are not always successful have meant that the OAS did not invoke the Democratic Charter with respect to Venezuela, but instead called for dialogue in a conciliatory declaration. President Maduro and Foreign Minister Delcy Rodríguez celebrated the declaration as a diplomatic victory, as was to be expected.

Fig. 1: Applications for Asylum to U.S. by Nation of Origin and Fiscal Quarter



Note: Only affirmative asylum cases shown. Fiscal year starts in October.

Source: Pew Research Center.



Clouds without silver lining: This picture shows inhabitants of the world's probably highest slum, an unfinished 45-storey skyscraper in the middle of Caracas. Regardless of its suffering population, the government is playing for time – while the country is running out of time. [Source: © Jorge Silva, Reuters.](#)

Deprived of the capability to take effective action in parliament, the opposition initiated a recall referendum in April 2016. The constitution stipulates that at least one per cent of all the voters on the electoral register in each federal state must have put their name on signature lists to express their support for activating the recall referendum. This hurdle was passed after just one day. In a second step, the signatures of some of the voters were validated personally in the regional centers of the National Electoral Council (*Consejo Nacional Electoral*, CNE). The majority of the voters' signatures were not accepted for validation without any reasons being given. The third step now envisages a countrywide voting process where at least 20 per cent of those eligible to vote, some four million voters, must express their support for a recall referendum. The actual recall referendum

then follows in a fourth step, in which more Venezuelans will have to vote for Maduro to leave office than had voted him into office at the last election – some 7.6 million. If the referendum is not held by 10 January 2017, there will be no new elections in the event of Maduro resigning or being voted out; instead, the vice president would take over as president for the last two years of the legislative term. It is abundantly clear that this represents a tactic pursued by Maduro, who has already declared unashamedly on television that there would be no referendum this year. Considering the dishonest practices of the government camp, it is entirely possible that the referendum on Maduro remaining in office will be delayed until next year, although there is no administrative or technical reason for this and it would run counter to the rules set out in the constitution.



Parallel to the recall referendum, various attempts at establishing a dialogue were made at an international level. The Vatican, for instance, has made efforts to mediate between the government and the opposition behind the scenes for quite some time. Then there is an initiative by UNASUR, headed by the social-democratic former heads of state Zapatero, Torrijos and Fernandez. The opposition is not averse to dialogue in principle, but fears that the government does not wish to engage in a genuine dialogue, and merely wants to win time to be able to delay the recall referendum until next year. Considering the last attempt at setting up a dialogue between opposition and government after the unrest in 2014, this is not an unfounded suspicion. At that time, the Chavist leadership already made fun of the opposition on social media while conducting a “dialogue” at the same time. Years of denigration, political persecution, use of violence and psychological harassment – a number of opposition politicians are still in jail without reason or after show trials – have left their mark on the MUD and elicited great distrust. The prospect of any meaningful dialogue is therefore probably poor.

As the government clique and the top echelon of the military would probably have to expect being prosecuted above all for the embezzlement of tax funds and illegal personal enrichment, they feel compelled to cling to power to preserve their ill-gotten gains. Neither the recall referendum nor a serious dialogue represents a desirable option for them. If international pressure continues to remain relatively modest, the government will not feel the need to engage in serious negotiation. In fact, the Chavist leadership appears to be considering removing Maduro from office prematurely next year and installing a president who cannot become a threat to it. However, this approach is not without risk either. The suffering population needs prompt assistance and fundamental reforms as hunger will otherwise drive it onto the streets. While politics is taking its time, time is running out for the country.

Henning Suhr is Head of the Konrad-Adenauer-Stiftung's office in Venezuela.

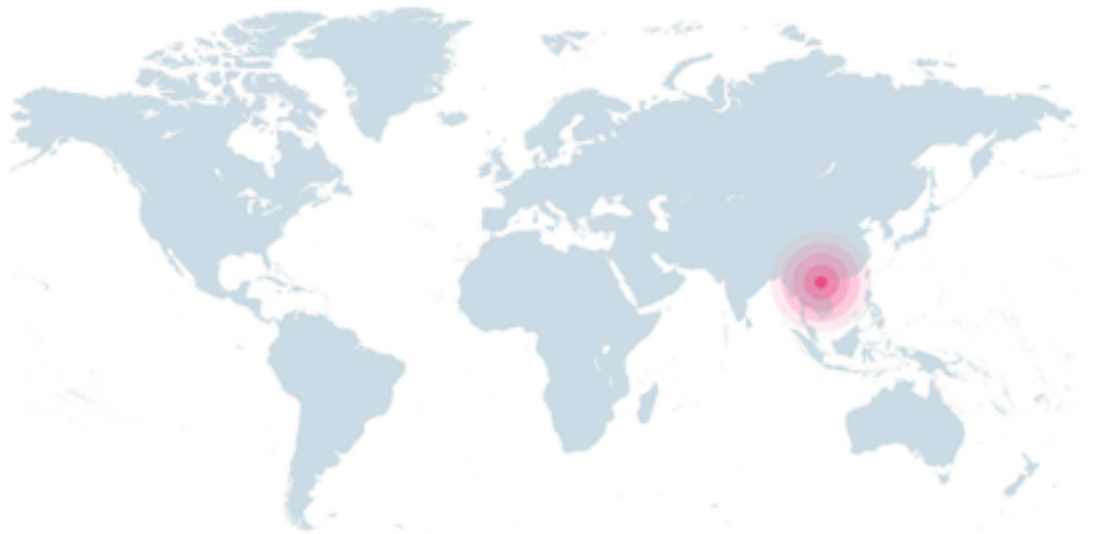
- 1 Cf. Caldera, Rafael 2013: *De Carabobo a Puntofijo – Los Causahabientes*, Caracas, pp. 121ff.; Zeuske, Michael: *Kleine Geschichte Venezuelas*, Munich 2007, pp. 159ff.
- 2 Cf. Bautista Urbaneja, Diego 2013: *La Renta y el Reclamo – Ensayo sobre Petróleo y Economía Política en Venezuela*, Editorial Alfa, Caracas sowie Briceño-León, Roberto 2014: *Los efectos Perversos del Petróleo*, Caracas, pp. 20ff.
- 3 Cf. Zeuske, n. 1, pp. 172ff.
- 4 Ibid. pp. 175f.
- 5 From a conversation between the author and a clergyman, Caracas, May 2014.
- 6 Cf. Martínez Meucci, Miguel Ángel 2012: *Apaciguamiento – El Referéndum Revocatorio y la Consolidación de la Revolución Bolivariana*, Caracas, pp. 38ff.
- 7 Cf. *ibid.* While there is no provision for it in the constitution, Chávez held a referendum on calling a constitutional assembly that the majority of Venezuelans did not take part in. 95 per cent of the members of the assembly were Hugo Chávez supporters.
- 8 Zeuske, n. 1, p. 181.
- 9 Cf. Hsieh, Chang-Thai / Miguel, Edward / Ortega, Daniel / Rodríguez, Francisco 2011: *The Price of Political Opposition: Evidence from Venezuela's Maisanta*, in: *American Economic Journal: Applied Economics*, Vol. 3 No. 2, Apr 2011, pp. 196–214.
- 10 Cf. Silva-Ferrer, Manuel 2014: *El cuerpo dócil de la cultura: Poder, cultura y comunicación en la Venezuela de Chávez*, Frankfurt a.M. / Madrid, pp. 84ff.
- 11 Cf.: *Despacho del Presidente 2004: Para Comprender la Revolución Bolivariana* in: http://ceofanb.mil.ve/images/documentos/pdf/Doctrina/Para_Comprender_la_Revolucion_Bolivariana.pdf [16 Aug 2016]
- 12 Cf. El Troudi, Haiman 2005: *El Salto Adelante – La Nueva Etapa de la Revolución Bolivariana*, in: *Colección Participación Protagónica y Revolución Bolivariana*, Caracas.
- 13 Cf. Bautista Urbaneja, Diego, n. 2, p. 421 and España N., Luis Pedro: *Una Política Social para la Transición Democrática*, in: Balza Guanipa, Ronald (ed.) 2015: *Venezuela 2015 – Economía, Política y Sociedad*, Publicaciones UCAB, Caracas, pp. 136ff.
- 14 There is still confusion about the term “Socialism of the 21st Century”. Chávez intended to introduce it with five “engines”: First, an enabling law for the “Leader”, i.e. the president, that would facilitate the “direct path to socialism”; second, constitutional reform to introduce the “Socialist Rule of Law”; third, “Morality and Enlightenment” through socialist education; fourth, a “new geometry of power through socialist rearrangement of national geopolitics; and fifth, a new socialist communal state, cf. Bautista de Alemán, Paola 2014: *A callar que llegó la Revolución*, La Hoja del Norte, Caracas, pp. 85 f.

- 15 Cf. Bautista de Alemán, Paola 2014: A callar que llegó la Revolución, La Hoja del Norte, Caracas, pp.85f.
- 16 Cf. Silva-Ferrer, n.10, pp.197-237.
- 17 Cf. España, Luis Pedro 2015: Desiguales entre iguales: Radiografía Social de la Venezuela Actual, Libros El Nacional, Caracas, prologue.
- 18 The most important basis was provided by the “The Organic Law of the Community Councils” (Ley Orgánica de Consejos Comunales), the “Organic Law on Public and Popular Planning” (Ley Orgánica de Planificación Pública y Popular) and the “Law of Communes” (Ley de Comunas).
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Powerful or Merely Important?

Vietnam as an Up-and-Coming Actor in South-East Asia

Peter Girke



Vietnam is one of the few remaining communist countries on the political world map. It regularly figures low in human rights and rule of law rankings, and the “socialist-oriented market economy” is celebrating its thirty-year anniversary. Vietnam is at risk of being crushed between China’s aggressive conduct in the South China Sea and the USA’s claim to leadership in the region. There are, however, indications that Vietnam may be able to establish itself as an influential actor in the South-East Asia Region in the medium term.

“But the reason I’m here is because Vietnam is extremely important not just to the region, but I think to the world. [...] Vietnam is a large, vital, growing country in a large, vital, and growing region of the world.” While one should allow for a certain amount of political politeness in this statement made by Obama during his state visit to Vietnam in the spring of 2016, the basic message is clear: the country has developed into an important and influential actor in South-East Asia. At first glance, this may seem to be an astonishing view as one would expect to see China, Japan, India, Australia as well as possibly Singapore and Indonesia top the list of the great and powerful actors in the broader region. What then underlies the high ranking of Vietnam? After all, this is a country that only escaped from the disorder of a war that was costly in every respect some 40 years ago, which had a poverty rating of some 60 per cent just 25 years ago, and used to be cut off to a large extent from the outside world on account of its centrally planned economy. And what risks and costs does this rise entail? Answers to these questions can be found by taking a closer look at Vietnam’s economic development, its multilateral policy approach, its geostrategic location and the necessary long-term view influencing its political agenda as well as the situation regarding human rights and the rule of law.

Economic Upturn

Vietnam is one of the Asian states whose economic growth has continued almost uninterrupted for the last three decades. This steady

upturn is also being recognised within and outside South-East Asia and is one of the reasons Vietnam’s regional significance has increased considerably over time. One of the mainstays of the country’s economic success has been the *Doi Moi* program, implemented since the second half of the 1980s, which introduced step-by-step economic policy reforms. Reconciling the communist system with a modern economic structure that is at least partly market-oriented is difficult, but Vietnam appears to manage it in principle. It is definitely the case that in this so-called “socialist-oriented market economy” the centrally controlled and subsidised state-owned businesses must accept competition from the private sector, which is highly dynamic and characterised by a strong entrepreneurial spirit. This competition is now also being conducted in areas of strategic importance. Ms Thao, for instance, the country’s richest woman, owes her wealth to the founding of the first private airline: Vietjet only recently awarded Boeing an order for the supply of 100 civilian aircraft worth over a billion euros. However, it has not only been the privatisation of state-owned businesses that have contributed to economic growth averaging some seven per cent since 1990. Improvements in conditions for foreign direct investment, measures to foster industrialisation as well as the elimination of state monopolies were crucial factors at play which were conducive to constant economic growth.

Favorable economic conditions also serve the Communist Party of Vietnam as a basis of legitimisation, in line with the motto: “You citizens are doing well, so keep supporting us.” Or in



Star without stripes: 40 years after the American war in Vietnam, U.S. President Barack Obama emphasises the importance of Vietnam as an economic player in the region during a visit in May 2016. Source: © Carlos Barria, Reuters.

other words: if people have a reasonable income and a solid basis for living, there is less incentive to question the constrictive rule of the all-powerful Communist Party. Indeed, according to calculations by the World Bank, Vietnam joined the league of countries with lower middle incomes back in 2012, and Vietnamese employees are renowned as Asia's Prussians. However, there is a second, riskier side to the "economic coin". Should the economy fail to develop as forecasted over a longer period, the legitimisation argument could turn against the Party and the government.

One of the strategies for shaping and securing the economy for the long term is to push the internationalisation of Vietnam's economic

relations. Negotiations on a free trade agreement with the EU were completed recently; its ratification is expected in 2016 or 2017. Vietnam is also a member of the Trans-Pacific Partnership (TPP), a free trade agreement of twelve Pacific Rim states, which comprises the USA and Vietnam as well as Japan, Australia, Canada, Singapore and Mexico, among others; it was signed in February 2016 and is due to be ratified by all member states within two years. These trade agreements entail multi-lateral strategic partnerships and, among other things, the lowering of customs duties and a reduction in regulatory trade barriers. That being said, free trade agreements may turn out to be a double-edged sword for the Party and the government. That is because they entail further privatisation and

investment protection – and therefore also legal certainty – that the partner countries are likely to insist upon. And one aspect must not be forgotten: labour productivity is relatively low in Vietnam. Agriculture and fishing are still the largest sectors of the economy. While Vietnam is one of the economically most dynamic countries within ASEAN, the ten-state South-East Asian community, it has the least economic power in comparison to the other South-East Asian TPP member states. However, this may be the very reason there is a particularly great potential to exploit the free trade agreements to the full and why Vietnam also has a great deal to gain from them, not least in importance within the South-East Asia Region.

Multilateral Trade

The internationalisation of Vietnamese trade – and the associated increase in the importance of foreign trade policy and foreign policy – is not only reflected in the free trade agreements. In 2007, after more than a decade of negotiations, Vietnam joined the World Trade Organization (WTO). This has opened up new markets to the country at a global level and brought in additional foreign investment. At the same time, the opening up of Vietnam's own market meant that both state-owned and private Vietnamese businesses were then not only exposed to the relatively new internal competition at the time but also had to compete with cheaper, better



The booming sector: Vietnam's rapidly growing footwear industry makes up one of the most important branches of the country's economy. Vietnam remains in the top three of the world's largest footwear producers alongside China and India. [Source: © Nguyen Huy Kham, Reuters.](#)

products from abroad.¹ This spurred an increase in competitiveness in the medium term.

ASEAN membership promises economic benefits and greater international participation.

Over a decade beforehand, in 1995, Vietnam's regional presence had already become stronger when the country joined ASEAN. This alliance originally focused on economic cooperation, but more recently politics and security have come increasingly to the fore as well. There are undoubtedly significant hopes invested in ASEAN as a regional organisation, but these are not necessarily being fulfilled. Vietnam links its membership to the expectation that its integration in ASEAN will generate economic benefits and that Vietnam will generally gain influence internationally as part of a larger alliance. ASEAN is also attributed some significance in its role as a multilateral forum, for instance with respect to helping to resolve inter-state conflicts at the regional level in a diplomatic and peaceful manner. However, in view of the great challenges, one should also be aware of ASEAN's weaknesses. The alliance is politically heterogeneous. The spectrum of regimes ranges from only partially functioning democracies to monarchies, authoritarian regimes and military governments, to communist one-party states. Internally, there are historically grown hostilities (e.g. between Vietnam and Cambodia) and border conflicts (e.g. between Indonesia and Malaysia) which still have a detrimental impact on current relations. In addition, every member state has differently weighted alliances with countries such as China, the USA, India, Japan, Australia and Russia. In view of this diversity, the fact that any decision requires unanimity can represent something of a hindrance in some cases.

Geostrategic Location

Even disregarding its alliances at the international level and its integration in regional cooperation

mechanisms, Vietnam has a special geostrategic significance due to its geographic location. The country borders the rich fishing grounds of the South China Sea, one of the most important and largest trading routes of the world, which has large reserves of oil, gas and minerals. The states bordering the South China Sea include China as well as the ASEAN member states of Vietnam, the Philippines, Malaysia and Indonesia. They have been in disputes about territorial claims for decades, which have not only kept diplomats, military strategists and innumerable conferences busy but have also occupied international maritime law organisations.

China claims sovereignty over some 80 per cent of the maritime area as it faces vehement opposition from the other bordering states, and justifies this claim historically, maintaining that thousands of small, uninhabited islands had always been part of Chinese territory. The People's Republic of China substantiates this claim by establishing facts on the ground: it enlarges reefs and small islands by banking them up with earth, builds harbours and landing strips as well as stationing missiles and surveillance facilities there. The other bordering states have also put up claims to parts of the same maritime domain and regard China's conduct as a real threat to their sovereignty rights – all the more significant given the existing dominance of the powerful neighbour in the north in the general economic and military situation.

Control over this enormously significant trading route is an issue of geostrategic importance, which also places the onus on the USA to take action. The military presence of the United States in the region has been significant since World War II in any case, but due to China's increasingly expansionist conduct involving the islands, the South China Sea has been coming back to the fore in U.S. politics. While both countries have repeatedly stated they are not interested in further escalation, each side seeks to secure as much influence as possible for itself.

Most of the bordering states already maintain close security links with the USA, and while this



Far from a mere walk at the ocean: China lays claim to large swaths of the South China Sea, including the Spratly Islands. The Sea is often sealed off by China for military drills as a demonstration of its political goals.

Source: © Reuters.

has only been the case for Vietnam to a limited extent in the past, there are signs of an increasing rapprochement here as well. During his visit to Vietnam, President Obama announced the complete lifting of the arms embargo. While it was stressed that this was not directed against China but merely a logical step in the course of establishing a comprehensive strategic partnership between the USA and Vietnam, one can assume that China will take this signal as being directed against it.²

In the context of the conflict, both superpowers are also turning their attention to Vietnam with its long coast bordering the South China Sea,

which places the country in a difficult position. From a strategic perspective, the question is which (security-related) political conduct will be most expedient for the country – and for the Party and the government. Benefits and risks need to be weighed up in the event that Vietnam increasingly sides with China or in the event that it allies itself more closely with the USA – the other option being to maintain a type of equidistance to both.

Vietnam has a generally difficult relationship with China despite the fact that a communist party is in control in both “brother states”. There have been frequent border clashes in the past,



which, among other things, led to a two-month war in northern Vietnam in 1979, that left over ten thousand people dead; there have also been armed skirmishes at sea, for instance in 1988, when several dozen Vietnamese lost their lives in clashes with Chinese armed forces over the Spratly Islands. In 2014, the transport of a Chinese oil rig into waters claimed by Vietnam triggered anti-Chinese demonstrations and even some violent incidents – a rarity in strictly regimented and controlled Vietnam. Despite these tensions, China is by far the most important trading partner for Vietnam; the trading relationship is by no means well-balanced, with Vietnam having an enormous trade balance deficit. Entire industry sectors in Vietnam are dependent on China, and Vietnam’s economy still represents

a source of contract manufacturing for China with little added value being created in the country itself.

The current relationship with the USA, the military enemy from the 1960s and 1970s, can be described as generally good these days, and not just since Obama’s visit. As far back as 2001, a bilateral trade agreement came into force, and the USA has developed into Vietnam’s second most important export market after China. In 2013, the two countries agreed on a “Comprehensive Partnership”, which laid the groundwork for the much-noted visit to Washington by the Secretary General of the Communist Party of Vietnam in 2015. One of the purposes of the visit was to continue the negotiations on the TPP – an agreement that excludes the People’s Republic of China. But there has also been a rapprochement between Washington and Hanoi in recent years in the military sphere, illustrated for instance by a joint exercise in the South China Sea and by negotiations about ways and conditions for the U.S. Navy to be granted access once again to the strategically important military base at Cam Ranh Bay. With the complete lifting of the arms embargo, Hanoi can now contemplate the possibility of procuring modern armaments from the USA so it can free itself from its dependence on Russian military hardware. Vietnam may be in particular need of American systems for reconnaissance and monitoring of maritime domains to improve its defence system.³

Vietnam will have to find the right balance between closeness and distance to China and the USA.

There are many voices in Vietnam maintaining that the country must cooperate with the USA to prevent Beijing from continuing to change the status quo in the South China Sea to its advantage and militarising the conflict further.⁴ However, one must also bear in mind that Vietnam would probably be well advised from a realpolitik

perspective not to let its relations with China deteriorate too far for no good reason given the extent of the country's economic dependence on China and the military might of the northern neighbour. Traditionally, Vietnam has defined its defence strategy, including its strategy towards China, by the concept of the "Three Nos": no to military alliances, no to foreign military bases on Vietnamese soil, and no to alliances that are directed against third parties. Added to this is the fact that Vietnam's leadership, which was elected at the party congress in early 2016, is regarded as having a more China-friendly stance.⁵ It would consequently be interested in shaping relations with China in a positive manner and in making efforts to avoid giving the impression that Vietnam intends to line up alongside the states bordering the South China Sea – China's forecourt as the government there sees it – influenced by the USA. In addition, a pro-China leadership, in contrast to the previous government, whose stance was more pro-Western, is arguably in a better position to convince its Chinese counterpart that Vietnam's foreign and security policy is not directed against China.⁶ As far as one can currently tell, however, Vietnamese policies have not (yet) developed significantly in a pro-China direction. It is likely in principle that the challenge to maintain a balance between closeness and distance to the USA and China will determine Vietnamese politics for some time to come. Vietnam's importance and position within the region will also depend on the country's success in maintaining or creating this balance.

In this context, one should also take a look at the military power situation. Vietnam is not as insignificant as one might assume considering the other powers active in the region. While the USA, China, but also Russia, Japan and other actors have more comprehensive military capabilities than Vietnam, the six submarines purchased from Russia, five of which were delivered by early 2016, definitely have the potential to exert a deterrent effect in the "East Sea", as the South China Sea is referred to in Vietnam. Added to this are several new frigates and patrol boats as well as fighter planes mainly of Russian origin, some of which are new, but many of which originate

from the times of the Vietnam War.⁷ Vietnam is also negotiating with India on the supply of military hardware. According to calculations by the World Bank, Vietnam's defence budget for the period from 2011 to 2015 averaged at some 2.3 per cent of its GDP (by comparison: USA: 3.5 per cent, China: 1.9 per cent, Germany: 1.2 per cent).⁸

In its foreign and security policy, Vietnam relies on international law and peaceful conflict resolution.

Vietnam makes a point of stressing that its foreign and security policy is founded on multilateral cooperation and that the country is engaging actively and responsibly particularly in regional multilateral mechanisms.⁹ That is no doubt the case – and as such partly in contrast to the approach taken by China, which believes it can leverage its strength more effectively in bilateral negotiations. Hanoi further insists that conflicts need to be resolved in a peaceful manner and that all sides have to observe international law and legal principles – a stance that makes sense for a country that does have a significant geostrategic location, but faces considerably more powerful economic and military actors in its neighbourhood. And it is therefore ultimately no contradiction that the government stresses that protection of national sovereignty has top priority, particularly given the fact that its own population is rather critical of China. In addition to the border areas in the country's interior and the roughly 2,500 kilometres of coastline, home to half the Vietnamese population, this also relates to the aforementioned Vietnamese claims to parts of the South China Sea.

Vietnam 2035

One further factor influencing Vietnam's standing in South-East Asia is the country's long-term vision underlying its actions in many strategic policy areas. One milestone along the road

Fig. 1: The South China Sea with Adjacent States and Territorial Claims



Sources: Own illustration based on Wikipedia, https://de.wikipedia.org/wiki/Territorialkonflikte_im_Chinesischen_Meer [24 Aug 2016]; © Natural Earth Data, <http://naturalearthdata.com> [24 Aug 2016].

could prove to be a strategy document that the Vietnamese government prepared in collaboration with the World Bank, which was presented to the public in the spring of 2016.¹⁰ The vision entitled “Vietnam 2035 – Toward Prosperity, Creativity, Equity, and Democracy” may well have the potential to exert some influence on the politics of the next two decades with its declared improvement objectives. The document casts a look far into Vietnam’s future, mentioning both the opportunities paving the way and the risks and topics that are regarded as particularly

problematic for the present and the future. What is remarkable about this document is not only the analytical part itself but also the process of intensive dialogue between the government and the international institution that generated it. There is mention of several areas in which the envisaged transformations should mainly take place. These include economic modernisation involving a competitive private sector, strengthening of technological and innovative capabilities, ecologically sustainable development, social inclusion as well as the creation of a modern rule



Asymmetrical fights: Human rights organisations deplore the Vietnamese government's repression of the Khmer Krom, an ethnic minority inhabiting the south-western part of the country. The Buddhist monks seen here are part of that same minority. Source: © Chor Sokunthea, Reuters.

of law and a democratic society – although these two come last in the listing.¹¹ The fact that the road will be hard and paved with obstacles is illustrated by the listing of highly diverse problem areas. There is mention, for instance, that Vietnam's productivity may not grow as would be required and that the environment may suffer even greater harm from further growth than it does already. Marginalised groups would have to be granted greater equity, and an urbanised middle class, which will have grown strongly and will have aged by 2035, will require new ideas and a reorientation in social and domestic policies, which used to focus predominantly on the rural and poorer sections of the population.¹² To allow the visionary efforts to actually

materialise, government institutions will need to become modern, transparent and fully grounded in the rule of law. The document stresses three mainstays in particular: a well organised government and administration, economic rationalism and well-functioning monitoring mechanisms between the three state powers including broad-based public participation – and with respect to the third point it is particularly worth mentioning that the government was heavily involved in the preparation of the World Bank report.¹³

The Rule of Law: An Area of Concern

It has to be said that Vietnam's development into a significant actor on the regional and inter-



national stage is being hindered by the human rights situation in the country. While it sometimes appears as if concerns about human rights are only of secondary importance in the realm of real foreign politics – the USA, for instance, is accused of not having made the lifting of the arms embargo conditional on an improvement in the human rights situation – accusations about human rights violations definitely represent a clear stain on Vietnam’s reputation, at least from the perspective of Western states and international human rights organisations. In Vietnam, there are severe restrictions in the area of human rights: freedom of speech of the individual, freedom of the press and freedom of assembly are not guaranteed. Vietnam has been classed as “not free” in the Freedom House Index since 2006 and is still listed in the lowest category with respect to “political rights”. Amnesty International, Human Rights Watch and other human rights organisations rightly call attention to the political prisoners (the number fluctuates between 45 and 200), who are incarcerated under alarmingly poor conditions, many of whom did not receive a fair trial nor any trial to begin with. These are predominantly bloggers, political activists, but also frequently Christians, who speak up about human rights, land use rights, minorities and social justice. Despite the difficult and even dangerous circumstances, there have also been more cases of environmental activists speaking out, for instance in the context of the fish scandal, where a massive fish kill took place that was attributed to a factory illegally releasing liquid waste and effluents. Amnesty International points out that while the number of human rights activists being prosecuted may have gone down temporarily, that does not necessarily mean that the pressure has reduced. Instead, tightened surveillance measures, short-term detention, other restrictions of the freedom of movement as well as physical attacks by security officers are alternative safety valves whereby pressure is released.¹⁴

Vietnam’s standing within the international community is also determined by the “location factor” of the rule of law. Of course Vietnam has been quite successful in attracting foreign direct investments in recent years despite rule

of law deficiencies. That said, membership of various trade agreements – first and foremost the EU-Vietnam Free Trade Agreement and the TPP – entail commitments to reforms in the economic and financial sectors. Some of the areas where Vietnam has a great deal of catching up to do include predictable and well-documented action by the government and the administration, adherence to the rule of law in issues relating to land and other property rights, the enforcement of rights and responsibilities on the employer and employee side, as well as an independence of the judiciary that does not merely exist on constitutional paper.

Conclusion

In summary, one can state that Vietnam’s continuing economic growth, its geo-strategically important location on the South China Sea and its multilateral trading within international and regional organisations as well as free trade agreements have contributed to the country’s success in developing into a significant actor in the region. In other words, the political efforts to become a respected member of the international community, which have been going on for years if not decades, are bearing fruit. Having said that, besides the poor human rights situation, the condition of the rule of law is one of the areas in which there is still a great deal of potential for the Vietnamese government to improve in order to gain greater influence and strategic significance in the regional and international context.

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Fighting the Symptoms

Why There Is a Long Way to Go
to Defeat the So-Called Islamic State (IS)

Nils Wörmer / Lucas Lamberty



The so-called Islamic State (IS) is under military pressure on the battle grounds of Syria and Iraq. However, offensives to recapture IS strongholds are difficult to coordinate; IS has succeeded in gaining a foothold in more of the region's countries and a high risk of terrorist attacks in Europe remains unchanged. The international community is fighting the symptoms of IS, while the causes of the rapid rise of the terrorist state still persist.

Two years after its rapid incursions and the proclamation of its caliphate on 29 June 2014, the so-called Islamic State (IS) is under military pressure on the battle grounds of Syria and Iraq. However, the offensives to recapture the IS strongholds of Raqqa and Mosul are advancing only at a faltering pace. Furthermore, the threat of terror attacks in Europe – as shown, for example, in Nice and Ansbach – is still high and IS has succeeded, among other things, in gaining a foothold in Libya, Egypt and Afghanistan. Since September 2014, Germany has participated in a U.S.-led international coalition with 65 other nations in the fight against IS,¹ and has found itself forced to pursue a security policy that only several years ago was regarded as unthinkable. Thus, for the first time Germany is supplying weapons and equipment to the Iraqi Kurds as a party directly involved in the conflict; the German *Bundeswehr* performs military training on Iraqi soil and deploys combat aircrafts – even if only for reconnaissance – in Syrian and Iraqi airspace. And in order to confront the terror threat in Germany, the capacities and powers of the German intelligence services and police have been reinforced.

The fight for the international coalition today is focused particularly on the symptoms of the multifaceted problem of IS. However, the coalition was scarcely successful in tackling the root causes which led to the rise of the organisation that can eventually be traced back to an al-Qaeda branch in Iraq; those causes include primarily the collapse of the Iraqi state, the civil war in Syria as well as the sectarian conflicts in both countries. This fact becomes glaringly obvious with regard to the challenges of planning and prepara-

tion for the liberation of Raqqa and Mosul. The partners on the ground are disunited and – if at all – only suited conditionally to hold, administer and govern the areas recaptured from IS. Sunni Arabs in the IS-controlled areas in Syria and Iraq continue to lack a political alternative. The result after two years of fighting IS is certainly mixed. The question is whether the earlier efforts of the international coalition are sufficient, how resistant IS still is in Syria and Iraq and the organisation's potential beyond its core areas.

1. The Military Dimension: A Tedious Fight to Counter Symptoms

The Coalition's Approach

From the outset, the coalition's guiding principle for devising a strategy was to minimise the deployment of its own ground troops. Hence, in September 2014 the U.S. government introduced its anti-IS strategy on the basis of three essential components.² Firstly, coalition airstrikes are aimed at eliminating IS personnel and depleting material capacities. Secondly, local partners should be put in the position of defeating IS forces with troops on the ground and pushing back the territory of the caliphate. Thirdly, as part of a political initiative, the structural causes in Syria and Iraq that facilitated the rise of IS should be eradicated in order to remove the breeding ground for IS over the long term.³

Since September 2014 the U.S.-led coalition has carried out more than 14,000 airstrikes against targets in Syria and Iraq to destroy the infrastructure of IS and to support the advances made



Peshmerga mortars: Kurdish *Peshmerga* fighters head-to-head with IS in the north of Iraq. They have been receiving training from the German army for almost two years now. Source: © Ahmed Jadallah, Reuters.

by its local partners.⁴ In addition to the airstrikes conducted, special forces from the U.S., Great Britain, France and several other countries have been active against IS in Northern Iraq. These time-limited operations on the ground inside the IS-controlled area are intended to gather intelligence about objectives, to neutralise the opponent's key personnel and to release hostages.⁵ The German participation in anti-IS combat missions was a reaction to the 13 November 2015 terror attacks in Paris. The involvement concerns deployment of a frigate to protect the French aircraft carrier *Charles de Gaulle*, a refuelling aircraft and six Tornado fighter jets for aerial reconnaissance. However, the German contribution still lagged behind the expectations of its partners. Nevertheless, the already heated debate in German politics and media high-

lighted where the limits of the German capacities and willingness to accept responsibility in the fight against IS today lie.

The allies' support entails the provision of weapons, equipment and munitions as well as training and advice. In Syria, U.S. military aid is focused on the Syrian Democratic Forces (SDF), which include the Syrian-Kurdish People's Protection Units (YPG), and operate from the predominantly Kurdish areas in the north-east of the country.⁶ Since October 2015, the U.S. has supported the SDF with weapons and 50 military advisors, and in April 2016 it deployed members of the Special Operations Forces units for direct participation in ground operations.⁷ In Iraq, during the past two years the coalition has provided 3,700 U.S. soldiers and about 2,000 soldiers

from other countries to train overall more than 30,000 members of the Iraqi security services and the Kurdish *Peshmerga*⁸ and supplied them with weapons and equipment.⁹ The German contribution is restricted to training the *Peshmerga*, and to this end about 130 German *Bundeswehr* soldiers operate a training camp in the Kurdish city of Erbil. In contrast to several NATO partners such as the U.S., Great Britain, France and Italy, Germany does not provide training in Iraq for members of the regular Iraqi army and police, nor does it participate in advising local partners with regard to planning and carrying out their operations.

The regional powers Saudi Arabia, Iran and Turkey play a key role in fighting IS. In October 2014, Turkey joined the U.S.-led coalition and, in spring 2015, by closing and reinforcing security along its border with Syria, it substantially contributed to sealing off IS-controlled areas. For a long time, Ankara allowed the border with Syria to be permeable as an indirect means to support IS as an instrument against the Syrian Kurds and the Assad regime. The closure of the border deprived the terror organisation, which is landlocked, of its resupply chain of personnel and materials or equally of exporting goods for sale. Iran is part of a coalition initiated by Russia



Devastation: Hundreds of thousands have died in the Syrian Civil War since its onset in March 2011, leading to one of the greatest refugee crises in modern history. Source: © Goran Tomasevic, Reuters.

against IS, and since August 2014 it has given immense support to the Shiite militias in Iraq and the Assad regime in Syria.¹⁰ Saudi Arabia plays a central role not only in battling IS ideologically, but also in blocking monetary sources in the Gulf States and as a regional rival of Iran in the conflicts in Syria and Iraq. The Islamic Military Alliance to Fight Terrorism, however, which was set up by Riyadh in December 2015, has so far scarcely emerged as a military actor and seems to serve the Saudis more so as a counterweight to Iran's hegemonic ambitions in the region.¹¹



The Military Situation of IS

Since the proclamation of the caliphate, IS has had to accept considerable losses of personnel and material resources, and most recently surrendered significant areas of territory, yet without losing its capability for action. This can be traced back to the hybrid nature of IS, its partial support among the local population and flexible leadership structures. The organisation's warfare is based both on conventional military tactics as well as elements of guerrilla fighting that draw on the experiences of former officers in the Iraqi *Baath* regime and the old head of the IS-forerunner organisation known as al-Qaeda in Iraq (AQI).¹² Its mutability allows IS repeatedly to escape the attacks of its opponents and to undermine their control of recaptured areas. The organisation remains a formidable military opponent and it will require substantial efforts to defeat it.

Since its vast expansion in the spring of 2015, IS has lost about one third of its territory, but still it continues to control huge areas in Syria and Iraq including the million-strong city of Mosul. The previous territorial losses primarily included areas in which Sunni Arabs form a minority and the Kurdish and Shiite-Arab militias can rely on the support of the local population. This factor does not hold in the fight for the Sunni-Arab core area of IS, and thus it is to be anticipated that prolonged battles will continue especially with regard to the recapture of territory around Mosul and Raqqa. The heavy losses incurred during the "liberations" of the comparatively small cities of Ramadi and Fallujah were merely a foretaste in this context. Moreover, even after the recapture of these areas by the coalition partners, IS will be able to continue the fight by terrorist means.

A series of IS "cabinet" members – including Abu Bakr al-Baghdadi's deputies in Syria and Iraq, Ali al-Anbari and Muslim al-Turkmani – have been killed in the past two years. However, the organisation has functioning rules of succession for all levels of its hierarchy, and according to the model of the former *Baath* regime, it is built on



Preliminary exercise: With U.S. backing, Afghan security forces were able to push back IS into a small territory in the east of the country. [Source: © Parwiz Parwiz, Reuters.](#)

leadership structures balancing each other out.¹³ On the lower echelons, the commanders largely have a great deal of autonomy, thereby making it easier to replace them in the event of their death.¹⁴ Even after the elimination of half of its leadership – as rumoured by the U.S.¹⁵ – IS has shown itself as capable of action as it had been before.

Sources within the security services estimate the strength of IS' core units – after losses of about 25,000 fighters solely as a result of the airstrikes during the past two years¹⁶ – at 20,000 to 40,000 fighters.¹⁷ In 2015, the number of newcomers among the foreign fighters¹⁸ fell on average from 2,000 to 200 per month due to

the loss of access routes for reinforcements and the deterrent of permanent airstrikes.¹⁹ In terms of its numbers, IS is clearly inferior to its opponents. However, poor training, internal conflicts and inadequate coordination ultimately reduce the strength of over 200,000 fighters of the coalition's local partners on the ground.²⁰

In 2014 and 2015, the advance of IS in Syria and Iraq could be stemmed by military means and partly revised. If success should emerge in recapturing the entire territory of IS, a plausible scenario would be a renewed metamorphosis of the organisation back to an underground movement. How quickly the comprehensive recapture of IS-controlled areas could take place, and

whether the regression from “state” to terror organisation can succeed substantially depends on the local partners of the coalition and the ongoing political developments in Syria and Iraq.

2. The Political Dimension: Civil Wars and State Collapse as Deep-Rooted Causes

The Raqqa Offensive in the Context of the Syrian Civil War

More than five years after the start of the Arab Spring, the civil war in Syria continues, and no timely political or military outcome is in sight.²¹ The Assad regime, which is supported by Russia, Iran and Lebanon’s Hezbollah, as well as the rebel movement mainly comprising Islamist groups supported by Turkey, Saudi Arabia and Qatar are confronted with a military stalemate situation. Although the U.S. and Russia continue to jointly call for a political solution, the peace negotiations in Geneva have hitherto failed. In this conflict-ridden environment and the resulting humanitarian disaster it is difficult to undermine the support among the local population for IS, which despite its reign of terror, has brought about some degree of stability in north-eastern Syria. Even more so, as the current offensives against areas around Raqqa, which are occupied by a majority of Sunni Arabs, are led by the Kurdish YPG. Their numbers dominate the SDF, and there have been repeated conflicts among SDF ranks between Arabs and Kurds.²² A recapture of the areas by the army of the Assad regime, which started an offensive in Raqqa province at the same time as the SDF, is bound to be met by serious mistrust. Without the support of the local population, the advances risk driving the local people further into the grip of IS.

Collapse of the Iraqi State and the Mosul Offensive

The situation in Mosul is even more complicated; this is the ideological center and real stronghold of IS. In Mosul, two major problems manifest the collapse of the Iraqi state: weak central government as a result of ethnic and confessional power struggles and the margin-

alisation of Sunni Arabs. The recapture of the second largest Iraqi city is therefore of extra-ordinary significance as far as domestic policy is concerned.

The Iraqi anti-IS coalition has clearly been weakened by rivalry among the leading actors in domestic politics – the Shiite militias, the central government in Baghdad and the Iraqi Kurds – as well as the regional powers of Iran and Turkey seeking influence in the country. In mid-April 2016, battles flared up between the *Peshmerga* and the Iranian-backed Shiite militia *al-Hashd al-Shaabi* in the south of Kirkuk.²³ The Iraqi Kurds object to the militias’ participation in the Mosul offensive. The ongoing conflict between Baghdad and Erbil over disputed territories, transfer payments and Kurdish efforts to gain independence goes as far as both sides taking unequivocal positions on Mosul. Still, there is no continual communication between their forces, thereby rendering a coordinated attack far more difficult. To counterbalance Iran’s influence in Iraq, contrary to the will of the government in Baghdad, Turkey has stationed more than 1,200 soldiers in Northern Iraq to train and support almost 6,000 fighters of the Sunni-Arab militia *al-Hashd al-Watani* during the recapture of Mosul.²⁴ Additionally, there are conflicts between the units of the various Kurdish parties along the front north-west of Mosul.

The coalition could not destroy the underlying conditions facilitating the rise of IS.

The continued marginalisation of Sunni Arabs in the Iraqi nation and society continues to make it difficult to push back IS. In 2014, its advance was welcomed by many Sunnis as a release when compared with the sectarian and brutal politics of the Shiite Prime Minister Nouri al-Maliki. In September 2014, the accession of the more moderate Shiite Haidar al-Abadi as Prime Minister has done little to change this. This is primarily related to Abadi’s misguided reform program,

which could hardly implement any measures to improve the integration of Sunni Arabs, and to address the complicated role of the Shiite militias in fighting IS. The Shiite militias are regarded as an extended arm of Iran and have evidently committed several war crimes against Sunni Arabs in the areas recaptured from IS²⁵ though they are nonetheless integrated into the Iraqi security apparatus.²⁶ This has led to many Sunni Arabs continuously regarding IS as the lesser evil. Particularly in Mosul a majority of the population continues to support the terror organisation.²⁷

As a result, the coalition has not succeeded in ameliorating the underlying political and social conditions that first facilitated the rise and persistence of IS in Syria and Iraq. The organisation cannot be permanently defeated without winning back the local population. Meanwhile, IS has further advanced the expansion of its structures in other countries by exploiting civil wars and state failure.

IS Provinces in Libya, Egypt and Afghanistan

In 2014 and 2015 the organisation claimed a total of 20 new provinces (*Wilayat*) in areas of Algeria, Libya, Egypt, Nigeria, Saudi Arabia, Yemen, Afghanistan, Pakistan and Russia. The majority of the groups, which have joined with IS during the last two years, are local jihadist organisations such as Boko Haram in Nigeria or the Islamic Movement of Central Asia of Uzbekistan.²⁸ In most cases the leaders or individual commanders of such local groups have sworn allegiance to al-Baghdadi,²⁹ yet, to date they are hardly integrated into the leadership structures of the core organisation. Even if, until today, the branches only exert marginal territorial control, the nominal existence of provinces outside Syria and Iraq is important for IS, both for ideological and propaganda purposes, because of its aspiration to establish a worldwide caliphate. Simultaneously, they represent a growing danger for Europe. Several of the branches that operate in these provinces offer IS safe havens that can also be used to prepare attacks on European targets. Due to their geo-strategic location, military strength and political relevance, in particular the

branches in Egypt, Afghanistan and Libya are vitally important for European security interests.

The *Wilayat Sinai* in Egypt, which emerged in 2014 from the organisation *Ansar Bayt al-Maqdis* (ABM), is in the immediate vicinity of the strongholds of the Palestinian Islamists in the Gaza strip, the proclaimed IS-target of Israel and the maritime eye of the needle, the Suez Canal. The group comprises only a few hundred jihadists, yet it currently benefits from the return of Egyptian fighters from Syria and Iraq.³⁰ Another latent danger is that IS could recruit among the high number of frustrated Islamists the Egyptian state has produced through its military's repressive approach towards the Muslim Brotherhood since 2013. Until the merger with IS, the attacks by ABM were directed against institutions of the Egyptian security forces. Since then the group primarily launches attacks on tourist targets such as against a Russian passenger jet in October 2015.³¹

The greatest and potentially most dangerous IS branch in Libya now incorporates 11,000 fighters.

The *Wilayat Khorasan* in the Afghan-Pakistan border region was proclaimed in January 2015, following the declaration of allegiance to IS that was already made by several Afghan and Pakistani Taliban middle-ranking commanders in autumn 2014. Clearly, there are widely divergent estimates about the current strength of IS personnel in Afghanistan, which can be traced back to territorial losses during recent months.³² After IS was on the verge of gaining a foothold in several Afghan provinces the Afghan security forces have, with U.S. support, succeeded in pushing back the *Wilayat Khorasan* to a small zone in the Eastern Afghan Province of Nangarhar. Nevertheless, IS remains a serious threat in Afghanistan, as became obvious in the recent July 2016 attack that killed almost 100 people in Kabul. If IS is to carry on in Afghanistan in

the long term, this would further diminish the mixed outcome of the Western intervention in the country.

The IS group in Libya represents the most important branch of the organisation and maintains the closest structural ties with the leadership in Syria and Iraq. In light of this and because of geographical proximity, this branch – apart from the core organisation – represents the greatest potential terror threat for Europe. IS has deliberately exploited the state vacuum in Libya after the military intervention in 2011, and since 2013 it began to establish itself in the country. To consolidate the branches, IS strategists first transferred Iraqi commanders and 800 experienced Libyan fighters from Syria and Iraq to Libya.³³ Afterwards, the flow of Western fighters was diverted to the new province and jihadists were deliberately recruited from the Maghreb and Sahel zone.³⁴ This has allowed IS to expand in Libya from less than 1,000 fighters at the end of 2014 to currently up to 11,000 fighters.³⁵ Until August 2016, IS' territorial control was restricted to about 200 kilometres along the coastline around the Northern Libyan town of Sirte. Meanwhile, backed by the U.S., the Libyan army has succeeded in recapturing these areas. However, this does not amount to a victory over IS in Libya, since the terror organisation maintains cells in Benghazi, Tripoli and other parts of the country and therefore continues to represent a source of risk not to be underestimated.

3. The Police and Intelligence Dimension: The Long Arm of IS

The Potential and Capabilities of IS in Europe

The control of large areas in Syria and Iraq and the continuous set-up of branches give IS safe havens to carry on largely undisturbed with the recruitment and training of terrorists and the preparation of complex attacks in Europe. Following its claim for global domination in 2012, IS concentrated on the expansion of its terror activities in Europe; since the end of 2013 it has put them into practice.³⁶ The strategic goal is to carry out attacks against Western targets to

plant the seeds of discord between Muslims and non-Muslims in Europe, to instrumentalise the debate about refugees, thereby spreading discord among EU states and, as an ultimate consequence, to demonstrate the superiority of the Islamic caliphate.

IS resorts to two jihadi concepts that follow a fundamentally different logic. The first category comprises the so-called lone wolf attacks carried out by individuals who have been independently radicalised by IS propaganda – often on the internet – and have no direct link to IS. Generally, these lone operators have never fought for IS in Syria or Iraq and, moreover, they have not undergone terrorist training. IS spokesman Abu Mohammed al-Adnani laid the foundation for their indirect recruitment on 22 September 2014 with a call to all European Muslims to kill their non-Muslim fellow citizens; this was renewed at the start of the Ramadan month of fasting in June 2016. As a result, since 2014 there has been a wave of attacks by lone perpetrators in Europe, above all in France. The attacks carried out were often characterised by their restricted scope, poor preparation and inadequate weaponry, and above all, they largely led to low numbers of victims. However, the attacks on a nightclub in Orlando on 12 June 2016, where almost 50 people were killed, as well as in Nice on 14 July, where 85 people were killed, have proved that even lone operators are increasingly in a position to carry out attacks with high numbers of victims. Such attacks, which are almost impossible to prevent, enable IS to sustain a constant climate of fear without any long-term or sophisticated planning and to demonstrate its continual presence in Europe.

An even greater danger is represented by purposefully established terror cells. Here, IS deliberately selects individuals with combat experience and – if possible – the corresponding local knowledge and language skills of European countries; it trains them and sends them to Europe. This incorporates both European foreign fighters, who return to their countries of origin, in addition to fighters from countries in the Far and Middle East who are disguised as refugees

and infiltrate into Europe. For example, this was the pattern of the devastating attacks in Paris on 13 November 2015 and in Brussels on 22 March 2016. Out of more than 5,000 European citizens, who have fought in Syria and Iraq for IS, about 1,200 have already returned to Europe.³⁷ Security sources assume that these include at least 400 individuals whom IS deliberately chose and deployed to prepare attacks in Europe.³⁸

IS is skilled at exploiting weak points in the police and intelligence services' work of EU member states.

The European returnees constitute the largest threat, because they can act as facilitators and virus-like afflict their surroundings by recruiting and setting up terror cells here. Moreover, mainly due to the protection of their existing social networks in Europe they can easily avoid surveillance.³⁹ For example, the Bakraoui brothers, who committed suicide by detonating their explosive belts in the Brussels attack, had never fought for IS, but they came from the vicinity of returning fighters like Abdelhamid Abaaoud, who was behind the attacks in Paris. When forming new cells the European fighters resort to IS networks that previously served for recruitment for Syria and Iraq and are now used to plan the attack in Europe.⁴⁰ The jihadists infiltrating into Europe as refugees are either integrated into existing cells – as in the case of the two Iraqi attackers in Paris⁴¹ – or form their own attack structures. In early June 2016, for example, an IS cell was broken up in Düsseldorf that consisted of four Syrian refugees.

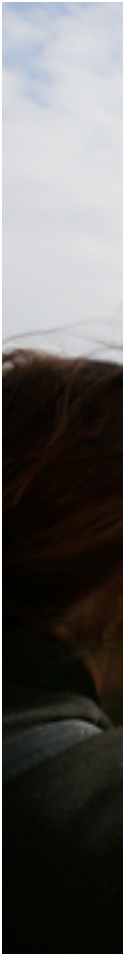
The terror cells form a European-wide network and largely act independently of the IS leadership in Raqqa. IS uses a tactic of issuing an order where the target and timescale of an attack is defined, yet the modalities of performing it are handed over entirely to the terror cell. The network involves both attack cells and support cells, which are not informed about the overall operation, and are exclusively responsible for build-

ing the bombs, procuring weapons and other supporting activities. If an IS cell is destroyed, this only has minimal effects on the operational capacity of the network as a whole in Europe. Through cross-border activity, IS is skilled at exploiting weak points in the police and intelligence services' work of the EU member states, whose information sharing to date was only used inadequately within the open border Schengen zone area. IS attacks in Europe are becoming increasingly complex and simultaneously unpredictable.

Threat Situation and Counter Terrorism Measures in Germany

For a long time, Germany was regarded as a transit country as well as a safe haven for Islamist terrorists. However, with the attacks in Würzburg and Ansbach, the IS terror has also arrived in Germany. IS has called for attacks on targets such as, for instance, the Federal Chancellery and Cologne-Bonn airport, and moreover endeavours to send back German IS fighters in Syria and Iraq in order to focus on setting up cells. More than 800 individuals from Germany, according to the Federal Criminal Police Office (BKA), have joined IS and travelled to Syria and Iraq and so far about 260 of them have returned.⁴²

As a reaction to the terror threat, in 2015, the federal government tightened anti-terror legislation, increased personnel and funding for the Federal Office for the Protection of the Constitution (*Verfassungsschutz*), BKA, Federal Police and the Federal Intelligence Service, and has campaigned within the EU for an improved assessment of terror threats and information sharing. The federal government's new counter terrorism package, which was passed in June 2016 by the German *Bundestag*, envisages more intensive cooperation between the Federal Intelligence Service and the Federal Office for the Protection of the Constitution with foreign intelligence agencies, the use of Federal Police undercover investigators to prevent threats and the presentation of ID papers to purchase prepaid cards for mobile phones. These measures are further supplemented by the nine-point plan





Commemoration: The November 2015 Paris attacks, for which IS claimed responsibility, constituted the worst in ten years. Source: © Philippe Wojazer, Reuters.

for the prevention of terrorism that the Federal Chancellor, Angela Merkel, introduced after the attack in Ansbach. Among other things, this plan envisages the operation of the German *Bundeswehr* in the event of major terror attacks, faster deportation of asylum seekers whose applications have been rejected and improved European and international information sharing. Recently, Interior Minister Thomas de Maizière unveiled plans for a further reinforcement of the capacities of the Federal Police, BKA and the Federal Office for the Protection of the Constitution. To date, the provision of 4,600 extra jobs for the federal security authorities has been approved and 3,250 of these jobs will be allocated to the Federal Police.⁴³

These measures are an important first step towards counter terrorism measures in Germany and are to be further accelerated. German security authorities assume that 1,100 individuals belong to Islamist terror groups with about 500 of them being categorised as immediate threats and perceived as capable of carrying out an attack in Germany at any time.⁴⁴ Based on this statistic, the number of officers from security agencies able to carry out surveillance is well below the European average. The security services only know the whereabouts of 40 to 60 per cent of the 800 individuals who travelled to Syria and Iraq and partly returned as jihadists.⁴⁵ According to the federal government, 76 Islamists have disappeared without

a trace and a warrant has been issued for their arrest.⁴⁶ However, even if the whereabouts are known of those who represent a threat, due to a shortage of personnel there is no possibility for round-the-clock surveillance; thus, priorities must be identified based on the threat potential. About 80 per cent of the tip-offs, which led to the destruction of Islamist structures or even to the prevention of imminent attacks, were passed on to the German security services by foreign security agencies.⁴⁷ The extra personnel and material resources for the German security forces therefore continue to have high priority. This is even more urgent as many of the almost one million refugees in Germany have initially only been inadequately processed and checked. Furthermore, Germany should reinforce its efforts with regard to the development of a comprehensive prevention strategy to counteract the trends for radicalisation over the longer term.

Action is required in the areas of personnel, prevention and the exchange of information at the EU level.

It is also important to act with respect to the legal situation. For example, generally it takes several weeks to process a G10 application (restriction of the privacy of correspondence, post and telecommunications) by the G10 Commission of the German Bundestag.⁴⁸ Since the application is related to devices and not individuals, those who pose a potential threat can easily switch their telephones during this period. In April 2016, the Federal Constitutional Court also declared important anti-terror powers of the BKA as unconstitutional.⁴⁹ Many provisions for surveillance are regarded by Karlsruhe as too far-reaching and in the opinion of the justices represent unconstitutional intervention in citizens' basic rights. Until June 2018, the legislator must now improve the law; meanwhile, numerous Federal Constitutional Court guidelines are in force to ensure that the legislation can continue to be applied.

Ultimately, there is a lack of effective intelligence sharing at the European level, and among police authorities in particular. As a reaction to the terror attacks, a European Counter Terrorism Centre was set up at Europol where 40 to 50 experts gather information from European security agencies. However, there is a continued failure to share intelligence due to the lack of willingness to cooperate by many police authorities of EU member states: 90 per cent of the information supplied to Europol come from five countries, including Germany. Different technical standards in the member states and varying definitions of "Islamist potential agitators" also frustrate the data sharing. The various sources of information – such as details of visas, flight movements, refugee flows and the "Schengen information system" – continue to be inadequately linked, and there is no standardised European database about terror suspects.

Conclusion: Fighting the Causes!

The rise and continuity of the so-called Islamic State results in a terrorist threat for Europe and the U.S. and represents a greater complexity than has been the case since the end of the 1990s in view of the operative capacities of al-Qaeda. There is a real risk for the Federal Republic of Germany and its citizens arising from the territorial area of IS on Syrian and Iraqi soil. This is fundamentally different from the threat that emerged for Germany from Afghan soil after 2011, because no caliphate existed there.⁵⁰ Today's IS terrorists have almost perfect opportunities for recruitment in Syria and Iraq as well as safe havens and the right conditions for training. Furthermore, they are able to exploit the refugee crisis, during which hundreds of thousands of people initially rushed unchecked into Europe and Germany between August 2015 and January 2016 to allow the infiltration of potential attackers. Furthermore, IS has selected Germany as one of its preferred targets, thereby confronting German counter terrorism agencies with additional challenges.

The Western community of states addresses the symptoms of this phenomenon in two respects.

In the context of the coalition, it attempts to destroy the physical growth of IS in Syria and Iraq through military intervention, which has been manageable so far; furthermore, it strives to catch the attackers sent from there with the resources of the police and intelligence agencies in Europe. To minimise the risk of attacks by IS in Europe over the longer term, the strategy must start by tackling the radicalisation, training and early preparatory phase of attacks. Since these steps take place in Syria and Iraq, and by its very existence the caliphate represents a magnet that generates supporters throughout the world, it is incredibly important to defeat IS' physical capacity here in the very near future.

The key to defeating IS lies in Iraq.

Supporters of the present strategy justify the limited military intervention and slow pace of action against IS in Syria and Iraq on the basis of the (still) absent political solutions for a rapidly emerging post-IS scenario. This can be countered by the observation that efforts to end the civil war in Syria and to stabilise Iraq since the victory of IS in summer 2014 were faltering and were confined to the local situation. The West's policy on Syria, following years of half-hearted initiatives, has only acquired a definitive form again after the Russian interventions in September 2015. However, until today there are no tangible successes to show for this. Since IS is first and foremost an Iraqi organisation, the key to defeating the caliphate lies here. However, with Iraq particularly in focus, the new kind of phenomenon posed by IS is not countered by new military and political approaches, but rather with a retrospective policy entirely characterised by the legacy of the last Iraq war. Hence, U.S. policy in Iraq is not oriented towards the political and military realities in the country but primarily follows President Obama's mission statement of bringing home all American troops. Washington's view of the situation in Iraq is in this context particularly clouded by the negative experience of the

comprehensive military intervention post-2003 and the failed state building. Great Britain associates a trauma with Iraq due to the "war lie" of its own government, the heavy military losses and the high economic cost. Germany's and France's Iraq policy until summer 2014 was characterised by the rejection of the option for intervention in 2003 and the resulting non-intervention course in the country. However, the 2015 refugee crisis and the present terrorist threat in Europe have clearly shown that Germany and other European states are more heavily affected than the U.S. by the consequences of civil war, state collapse and IS presence in Syria and Iraq. Europe's military and political efforts – in particular, also in Iraq – must deal with this fact in the future.

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- 1 Many countries involved in the coalition are not joining in the military operations, but only in the humanitarian, legal and police measures against IS. Cf. further McInnis, Kathleen 2016: Coalition Contributions to Countering the Islamic State, Congressional Research Service, 13 Apr 2016, in: <https://as.org/sgp/crs/natsec/R44135.pdf> [17 Aug 2016].
- 2 The strategy incorporates further elements such as the use of U.S. intelligence services, disrupting the flow of foreign fighters and funding, propaganda counter-measures and humanitarian aid. Cf. The White House 2014: Strategy to Counter the Islamic State of Iraq and the Levant (ISIL), 10 Sept 2014, in: <http://go.wh.gov/vEgQqx> [17 Aug 2016]. On the (self-)funding of IS cf. Shelley, Louise 2016: Dirty Entanglements. Global Terrorism and Organised Crime, in: KAS International Reports 32: 1, 4 Apr 2016, pp. 83–94, in: <http://kas.de/wf/en/33.44739> [15 Sep 2016].
- 3 In December 2015, the U.S. government made adjustments to the strategy by deploying additional Special Operations Forces that directly participated in operations on the ground to fight IS. Cf. The White House 2014: Address to the Nation by the President, 6 Dec 2015, in: <http://go.wh.gov/JntW3Q> [17 Aug 2016].
- 4 Cf. U.S. Department of Defense 2016: Operation Inherent Resolve – Targeted Operations against ISIL Terrorists, in: http://defense.gov/News/Special-Reports/0814_Inherent-Resolve [17 Aug 2016].
- 5 Cf. Cooper, Helene / Schmitt, Eric / Schmidt, Michael S. 2016: U.S. captures ISIS Operatives, Ushering in Tricky Phase, The New York Times, 1 Mar 2016, in: <http://nyti.ms/1RF9VFm> [17 Aug 2016].
- 6 The YPG is regarded as a branch of the Kurdistan Workers' Party (PKK), which is categorised by the EU and the U.S. as a terror organisation. This shows how far Washington is prepared to go in choosing its partners on the ground. Cf. Stein, Aaron / Foley, Michelle 2016: The YPG-PKK Connection, Atlantic Council, 26 Jan 2016, in: <http://atlanticcouncil.org/blogs/menasource/the-ypg-pkk-connection> [17 Aug 2016].
- 7 Cf. Gibbons-Neff, Thomas / Sly, Liz 2016: First Images Emerge of U.S. Special Operations Forces in the Fight to Retake Raqqa, The Washington Post, 26 May 2016, in: <http://wpo.st/wQYs1> [17 Aug 2016].
- 8 Cf. Mills, Claire / Smith, Ben / Brooke-Holland, Louisa 2016: ISIS/Daesh: the Military Response in Iraq and Syria, in: House of Commons Briefing Paper, 24 May 2016, pp.22–25.
- 9 Germany supplied the Kurdish *Peshmerga* with more than 1,300 tons of military material, including anti-tank MILAN weapons. Cf. Bundeswehr 2016: Der Einsatz im Irak, 3 May 2016, in: <http://bit.ly/2cQjC5h> [17 Aug 2016].
- 10 This so-called 4+1 coalition, which alongside Russia and Iran also includes Syria, Iraq and the Lebanese Hezbollah, was set up in September 2015 with the aim of joint intelligence-sharing of the security services about IS. To this end, two operation centres were established in Damascus and Baghdad. However, until now the 4+1 coalition's campaign has primarily focused on Syrian rebel groups.
- 11 The most important members of this coalition include Turkey, Jordan, Egypt and Pakistan.
- 12 Cf. Barfi, Barak 2016: The Military Doctrine of the Islamic State and the Limits of Ba'athist influence, 19 Feb 2016, in: CTC Sentinel 9: 2, pp.18–23.
- 13 Cf. Reuter, Christoph 2015: The Terror Strategist: Secret Files Reveal the Structure of the Islamic State, Spiegel Online International, 18 Apr 2015, in: <http://spon.de/aetVm> [17 Aug 2016].
- 14 Cf. Schmitt, Eric / Hubbard, Ben 2015: ISIS Leader Takes Steps to Ensure Group's Survival, The New York Times, 20 Jul 2015, in: <http://nyti.ms/1JsIk3x> [17 Aug 2016].
- 15 Cf. The Daily Star 2015: Kerry: Iraq Coalition has Killed 50 Percent of ISIS leaders, 22 Jan 2015, in: <http://bit.ly/2b1nD4X> [17 Aug 2016].
- 16 Cf. Rosenberg, Matthew / Cooper, Helene / Kulish, Nicholas 2016: ISIS Expands Reach despite Military and Financial Setbacks, The New York Times, 12 Apr 2016, in: <http://nyti.ms/1SxZjWC> [17 Aug 2016].
- 17 These statistics relate to professional fighters, who are permanently integrated into IS' military structures and are deployed flexibly. Beyond this IS has considerable mobilisation potential. For example, in Mosul estimates are of up to 80,000 local supporters who could give support to IS in case of an attack.
- 18 At the end of 2015, there were about 30,000 foreign fighters in Syria and Iraq and a high number of them had joined IS. Cf. The Soufan Group 2015: Foreign Fighters – An Updated Assessment of the Flow of Foreign Fighters into Syria and Iraq, December 2015, in: http://soufangroup.com/wp-content/uploads/2015/12/TSG_ForeignFightersUpdate3.pdf [17 Aug 2016].
- 19 Cf. Gibbons-Neff, Thomas 2016: Number of foreign fighters entering Iraq and Syria drops by 90 percent, Pentagon says, The Washington Post, 26 Apr 2016, in: <http://wpo.st/GcYs1> [17 Aug 2016]. On the situation in Tunisia as an important country of origin for foreign jihadists cf. Ratka, Edmund / Roux, Marie-Christine 2016: Jihad instead of Democracy? Tunisia's Marginalised Youth and Islamist Terrorism, in: KAS International Reports 32: 1, 4 Apr 2016, pp. 64–82, in: <http://kas.de/wf/en/33.44290> [15 Sep 2016]. On the motives of European foreign fighters cf. Eichhorst, Kristina 2016: The Return of the Terror Tourists. Foreign Terrorist Fighters as a Challenge for Germany and Europe, in: KAS International Reports 32: 1, 4 Apr 2016, pp. 50–63, in: <http://kas.de/wf/en/33.43804> [15 Sep 2016].

- 20 The SDF in Syria incorporate about 42,000. In Iraq, IS confronts, apart from the Iraqi army, about 160,000 Kurdish *Peshmerga* and 120,000 primarily Shiite *al-Hashd al-Shaabi*.
- 21 On the position of IS in the Syrian civil war and in Iraq cf. Gaier, Malte 2016: From Local Actor to Global Threat. The So-Called Islamic State (IS) in Iraq and Syria, in: KAS International Reports 32: 1, 4 Apr 2016, pp. 8–24, in: <http://kas.de/wf/en/33.44734> [15 Sep 2016].
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- 24 Cf. Mansour, Renad 2016: The Sunni Predicament in Iraq, Carnegie Middle East Center, März 2016, p.22, in: http://carnegieendowment.org/files/CMEC_59_Mansour_Sunni_Final.pdf [17 Aug 2016].
- 25 Cf. for example the 2015 Report of the Office of the United Nations High Commissioner for Human Rights on the Human Rights Situation in Iraq in the Light of Abuses Committed by the so-called Islamic State in Iraq and the Levant and Associated groups, A/HCR/28/18, 27 Mar 2015, in: http://ohchr.org/EN/HRBodies/HRC/RegularSessions/Session28/Documents/A_HRC_28_18_ENG.docx [17 Aug 2016].
- 26 The *al-Hashd al-Shaabi* are under the control of the Teheran-oriented Iraqi Interior Ministry; they are funded by the Iraqi state and receive massive and active support from the Iranian Revolutionary Guards.
- 27 Cf. Mansour, n. 24, p. 3.
- 28 On the connection of Boko Haram to IS cf. Sambe, Bakary 2016: From Protest Movement to Terrorism. Origins and Goals of Boko Haram, in: KAS International Reports 32: 1, 4 Apr 2016, pp. 25–37, in: <http://kas.de/wf/en/33.44736> [15 Sep 2016].
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- 30 Cf. Gold, Zack 2015: Wilayat Sinai Risks Backlash after Metrojet Bombing, in: CTC Sentinel 8(11), pp. 19–22, here: p. 20.
- 31 Ibid.
- 32 The strength of IS in Afghanistan is estimated by U.S. institutions at 1,000 to 3,000 active fighters, by Afghan sources at up to 8,500 fighters, including supporters. Cf. Johnson, Casey / Karokhail, Masood / Amiri, Rahmatullah 2016: The Islamic State in Afghanistan – Assessing the Threat, USIP Peace Brief 202, Apr 2016, p. 2, in: <https://usip.org/sites/default/files/PB202-The-Islamic-State-in-Afghanistan-Assessing-the-Threat.pdf> [17 Aug 2016].
- 33 Cf. Porter, Geoff 2016: How Realistic is Libya as an Islamic State “Fallback”?, in: CTC Sentinel 9(3), pp. 1–5, here: p. 1.
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- 35 Cf. El Amrani, Issandr 2016: How Much of Libya Does the Islamic State Control?, *Foreign Policy*, 18 Feb 2016, in: <http://atfp.co/1TpalBy> [17 Aug 2016].
- 36 Cf. Callimachi, Rukmini 2016: How ISIS built the Machinery of Terror under Europe’s Gaze, *The New York Times*, 29 Mar 2016, in: <http://nyti.ms/22JEIJO> [17 Aug 2016].
- 37 Cf. Jones, Sam 2016: Intelligence Agencies Fight to Unravel ISIS Network in Europe, *Financial Times*, 27 Mar 2016, in: <http://on.ft.com/2d2xa0L> [17 Aug 2016].
- 38 Cf. Ashour, Omar 2016: ISIS Strategy in Europe, Middle East Institute, 7 Apr 2016, in: <http://mei.edu/content/article/isis-terror-strategy-europe> [17 Aug 2016].
- 39 Cf. Jones, n. 37.
- 40 The IS cell in Molenbeek, which was responsible both for the attacks in Paris as well as Brussels, was set up especially around the Islamist organisation *Sharia4Belgium*, which played a key role in sending Belgian jihadists to Syria and Iraq.
- 41 Cf. Faiola, Anthony / Mekhennet, Souad 2016: Tracing the Path of Four Terrorists Sent to Europe by the Islamic State, *The Washington Post*, 22 Apr 2016, in: <http://wpo.st/piYs1> [17 Aug 2016].
- 42 Cf. Frankfurter Allgemeine Zeitung 2016: Verfassungsschutz beobachtet 90 Moscheen, 2 May 2016, in: <http://faz.net/-gpf-8glbz> [17 Aug 2016].
- 43 Handelsblatt 2016: De Maizière will Tausende neue Bundespolizisten, 11 Aug 2016, in: <http://handelsblatt.com/13999758.html> [17 Aug 2016].
- 44 Cf. Bewarder, Manuel / Flade, Florian 2016: Deutschland sucht 76 Islamisten mit Haftbefehl, *Die Welt*, 11 Apr 2016, in: <http://welt.de/154166774> [17 Aug 2016].
- 45 Interview with German security experts in Berlin in April and May 2016.
- 46 Cf. Bewarder / Flade, n. 44.
- 47 Interview with German security experts in Berlin in April and May 2016.
- 48 A G 10-application must be submitted by all German intelligence services, if intervention is required with regard to the basic rights, which are protected by Article 10 of the German Basic Law. This relates, in particular, to telecommunications surveillance.
- 49 Cf. Süddeutsche Zeitung 2016: BKA-Gesetz: Verfassungsgesetz schützt Bürger vor zu viel Überwachung, 20 Apr 2016, in: <http://sueddeutsche.de/1.2957792> [17 Aug 2016].
- 50 After 2001 – apart from this – the core organisation of al-Qaeda around bin Laden and Aiman az-Zawahiri operated particularly from Pakistan.

ISSN 0177-7521
Volume 32
Issue 3|2016



Konrad
Adenauer
Stiftung

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Account Details:
Commerzbank Bonn
IBAN DE43 3804 0007 0103 3331 00
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Translation:
LUND Languages, Cologne
RedKeyTranslations, Hanover

Design/Typesetting:
racken GmbH, Berlin



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