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From regions to regional issues

Preface to the PARS special issue (May 2016 conference, Mongolia)
Pierre Chabal & Violeta Puscasu

How best to coin in one phrase the ‘spirit’ of these Europe-Asia conferences that have unfolded over more than a decade - and brought together more numerous colleagues each time - than by stating quite simply that these conferences enhance our mutual regional understanding, yet without yielding to either regional bias, whether Asian or European ?

Is this self-compliment excessive ? Not from the collective viewpoint. These conferences – five to date – have led to eleven international publications (books and Journal issues), each of which mobilized a large number of good-willed colleagues and even more numerous staff members and students.

Significantly, the focus has sharpened from regions in general (the topic of the first conference, over a decade ago, was *General regional regime dynamics*) to policy issues in more particular terms, within a pointed question regarding crisis-management (this conference n°5) such as *Can Regions Understand Each Other ?*

Beyond the detailed case-studies of some of the articles published in this special issue of PARS, the answer is conditional : regions can understand each other 1°) if they really want to. Another answer is : regions can understand each other 2°) if they have a clear voice with which to address each other.

What this clear voice is, however, remains uncertain. For Europe, is it Brussels (the EU), Vienna (the OSCE) or Brussels (the NATO) ? For Asia, is this voice Beijing (as an initiator of the SCO) or Singapore (Headquarters to the ASEAN and to the ASEM) ? Perhaps, the quest for a single voice is an illusion and the answer to the question *Can Regions ...* lies, some would argue, in values.

And so, it might be possible to rephrase the question : can European values and Asian values be mobilized towards common solutions in order to manage crises affecting both regions ? In the case of Afghanistan, another special issue (that of the companion Mongolian Journal *Contemporary Political Society*) brings answers.

For other cases, the special issue of PARS brings more answers, as PARS has provided a readership for our Europe-Asia focus over the years already, including a special issue on *Logistics and Diplomacy* in 2014 (conference n°4). And welcome to the 6th Europe-Asia conference scheduled to be held in Bishkek-Kirghizstan in the Spring of 2018 !

CHINE AFRIQUE EUROPE: EFFACEMENT OU RENOUVELLEMENT DU PROCESSUS COLONIAL

Benjamin Steck*

Résumé

La Chine est devenue peu à peu l'acteur économique étranger le plus dynamique du continent, dépassant ou talonnant les Etats européens par la force de ses échanges commerciaux. En même temps, à la fin du XXe siècle, l'Afrique est devenue la cible d'un nombre croissant d'intérêts économiques et géopolitiques, terrain d'expansion des puissances nouvelles que constituent les Etats émergents d'un Sud qui n'est plus Tiers-monde. Au premier rang des acteurs, se trouve la Chine dont l'irruption en Afrique sidère tous les observateurs par sa rapidité et sa puissance. L'Afrique devient ainsi le lieu d'une compétition sans concession entre les anciennes puissances tutrices de l'Europe et la Chine, parmi d'autres compétiteurs, pour l'instant moins bien présents.

Mots-clés: dimensions économiques/géopolitiques, puissances tutrices, puissance économique, colonialisme

Le continent africain est devenu le territoire qui révèle avec le plus d'acuité les mutations qui s'opèrent dans l'espace mondial. Une abondante littérature en témoigne (entre autres, AFD, 2013 ; Courade, 2016 ; Dubresson et alii, 2011 ; la revue Géopolitique africaine et en particulier dans ses livraisons, Lopes, 2010 ; Guélaud, 2015 ; Hugon, 2008 ; la revue Politique africaine et en particulier dans ses livraisons, le numéro 2014/2, 134 ; Vircoulon et Madonna, 2015...). Pendant des décennies pré carré d'une Europe dominante, l'Afrique est devenue, dans la deuxième moitié du XXe siècle, l'un des terrains d'affrontement les plus actifs de la guerre froide entre les deux blocs antagonistes menés par les Etats-Unis d'Amérique, d'un côté, et par l'URSS, de l'autre.

Depuis l'éclatement des blocs, à la fin du XXe siècle, l'Afrique est devenue la cible d'un nombre croissant d'intérêts économiques et géopolitiques, terrain d'expansion des puissances nouvelles que constituent les Etats émergents d'un Sud qui n'est plus Tiers-monde. Au premier rang des acteurs, se trouve la Chine dont l'irruption en Afrique sidère tous les observateurs par sa rapidité et sa puissance. L'Afrique devient ainsi le lieu d'une compétition sans concession entre les anciennes puissances tutrices de l'Europe et la Chine, parmi d'autres compétiteurs, pour l'instant moins bien présents.

Les relations entre l'Asie et l'Europe y puisent de nouveaux motifs de tension qui, pour n'être pas encore décisifs, soulignent un certain affaiblissement des Etats européens ex-coloniaux dans leur traditionnelle implication dans les affaires africaines. En fait, de multiples signes de ce retournement sont apparus tout au long du XXe siècle mais ils n'étaient pas appréciés à leur juste mesure. La conférence de Bakou, la conférence de

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Bandoeng, les révoltes des peuples colonisés, écrasées dans le sang, les guerres coloniales contre les indépendances, tous ces éléments signaient déjà, en leur temps, une progressive inversion des rapports de force. Depuis lors, le continent africain s'émancipe de plus en plus de sa tutrice européenne et ouvre ses portes à d'autres acteurs dont la puissance, fût-elle nouvelle, n'en est pas moins sans égale.

La Chine est devenue peu à peu l'acteur économique étranger le plus dynamique du continent, dépassant ou talonnant les Etats européens par la force de ses échanges commerciaux, de ses transferts de fonds pour l'aide, de ses investissements... Solidifiant cet ancrage, le pouvoir politique chinois intervient et les autorités chinoises multiplient les visites de haut rang, ainsi que les conférences qui réunissent désormais la Chine et l'ensemble des Etats africains de façon régulière. A partir d'une étude des événements tels que l'observateur peut les découvrir dans les publications officielles de l'Etat chinois et dans les analyses que peuvent en conduire les spécialistes de géopolitique, dans la presse internationale et sur les sites institutionnels africains, entre autres, et à partir des données statistiques collectées par les institutions internationales comme la Banque mondiale, l'OMC, la CNUCED, nous proposerons une réflexion introductive à ce questionnement en deux temps. Le premier mettra en évidence l'entrée de la Chine dans le jeu des puissances implantées en Afrique. Le second tentera d'ouvrir quelques pistes pour comprendre les évolutions en cours et les perspectives à court terme de ces évolutions.

I - La Chine s'intéresse à l'Afrique.

Les premières relations attestées entre la Chine et l'Afrique sont des relations de type commercial reliant les littoraux de la Chine méridionale et la côte est-africaine. Parmi d'autres témoignages de l'ancienneté des liens établis à travers l'Océan indien, fit date une grande expédition maritime, au XVe siècle, ayant exploré les littoraux de l'Afrique de l'est et permis d'établir des contacts avec les populations locales (Bart, 2011).

Le recul de la Chine et son effacement jusqu'au début du XXe siècle conduisirent à l'affaiblissement de son intérêt pour l'Afrique. Seuls quelques flux migratoires de travailleurs chinois, suscités par les puissances coloniales dans leur volonté de lancer des grands travaux d'aménagement en Afrique témoignent d'une certaine continuité de la présence chinoise sur ce continent.

1) La Chine chef de file des non-alignés.

C'est au XXe siècle que se manifeste de nouveau l'intérêt du pouvoir chinois pour l'Afrique. Au départ, ce sont des considérations idéologiques et géopolitiques qui se sont exprimées. Les dimensions économiques de la présence chinoise sont apparues bien plus tard. Dans la période de lutte contre le colonialisme et l'impérialisme, le pouvoir chinois s'est très tôt engagé aux côtés des mouvements indépendantistes d'inspiration marxiste, longtemps soutenus par l'URSS, dans sa posture de chef de file des peuples opprimés. La Chine s'est assez rapidement

détachée de cette tutelle soviétique et a encouragé, selon ses propres intérêts, le mouvement progressiste, tiers-mondiste, confirmé par la conférence de Bandoeng, en 1955. C'est au huitième Congrès du Comité central du Parti de 1956 que les autorités chinoises ont clairement précisé leur intérêt pour l'Afrique. Furent ainsi organisées plusieurs conférences afro-asiatiques, Le Caire (1957), Accra (1958), Conakry (1960), Mogadiscio (1963) et Winneba au Ghana (1965). Les présidents progressistes Sékou Touré de Guinée et Kwame Nkrumah (Ghana) furent reçus en Chine populaire au tout début des indépendances. La diplomatie chinoise a été active pour appuyer tous les combats contre l'oppression occidentale et pour faire croire en une communauté de destin entre le peuple chinois et les peuples africains face au monde occidental. Le premier ministre chinois Zhou Enlai mena une très importante visite auprès de dix Etats africains, en 1964 (Égypte, Maroc, Algérie, Soudan, Guinée, Ghana, Mali, Éthiopie, Somalie et Tunisie). Le gouvernement de la Chine populaire apporta aussi son soutien à certains mouvements de combat contre les puissances coloniales, singulièrement contre le Portugal qui n'avait pas encore accordé l'indépendance à ses colonies, au début des années 1970: Mouvement populaire pour la libération de l'Angola (MPLA), Union nationale pour l'indépendance totale de l'Angola (UNITA), Front de libération du Mozambique (FRELIMO), Parti africain pour l'indépendance de la Guinée et du Cap vert (PAIGC)... La Chine s'est aussi impliquée dans les affaires intérieures des Etats indépendants, en soutenant des mouvements d'opposition aux pouvoirs en place, considérés comme toujours inféodés aux puissances coloniales. Ce fut le cas au Cameroun avec l'Union des populations du Cameroun (UPC), au Niger avec l'UDFP-Sawaba, au Congo ex-belge avec les mouvements se référant à Patrice Lumumba (Bouzanda, 2012)... Ces quelques faits d'une histoire déjà ancienne témoignent suffisamment de l'implantation chinoise en Afrique, bien avant que n'y percent les intérêts économiques qui dominent aujourd'hui dans les analyses qui sont faites des relations Chine-Afrique.

Ce constat concerne la Chine populaire. Mais il ne faut pas négliger l'importance de la présence chinoise, par l'action des acteurs taiwanais, représentants exclusifs de la Chine auprès de la communauté internationale jusque dans les années soixante-dix. De très nombreux Etats devenus indépendants dans les années soixante ont poursuivi leurs relations avec Taïwan, même après l'admission de la Chine populaire comme seule représentant de la Chine dans les organisations internationales. Il est vrai que dans les années soixante et soixante-dix du XXe siècle, Taïwan était beaucoup plus avancé économiquement et technologiquement que la Chine populaire. Son implantation en Afrique constituait aussi un levier pour conforter sa présence sur la scène internationale, face à une Chine populaire de plus en plus présente dans les instances internationales, reléguant progressivement Taïwan à une position de province chinoise non encore réunie à la seule Chine. Cette présence est encore active, sous diverses formes économiques et éducatives, même si peu à peu la relation perd de sa dimension géopolitique.

2) La Chine puissance économique montante.

C'est en 2009 que la Chine populaire s'est imposée comme le premier partenaire commercial de l'Afrique. Les échanges tournent au début de la décennie 2010 autour de 200 milliards de dollars par an mais les autorités chinoises ont annoncé leur volonté de doubler ce commerce d'ici 2020. C'est le résultat d'une fulgurante ascension: au début des années 2000, les échanges n'étaient que d'une dizaine de milliards de dollars. Les importations chinoises portent presque exclusivement sur des produits bruts, hydrocarbures et minerais. La Chine exporte vers l'Afrique des biens manufacturés, entre autres des textiles, de l'électronique, des matériels de transport, des armes... Ses principaux partenaires sont l'Afrique du Sud, l'Angola, la Zambie.

Les résultats commerciaux de la Chine en Afrique, pour spectaculaires qu'ils apparaissent n'ont pas encore conféré à celle-ci le premier rang pour ce qui concerne les investissements directs. Malgré les 2 500 sociétés chinoises qui se sont implantées en Afrique, dans des secteurs particulièrement orientés vers le pétrole, les minerais, l'énergie mais aussi les télécoms et le transport, la Chine n'est encore que le quatrième investisseur après la France, les Etats-Unis et le Royaume-Uni. Ce qui est tout aussi important, c'est qu'elle demeure, et de très loin, le premier investisseur émergent, loin devant l'Inde ou le Brésil encore peu présents, malgré des velléités énoncées de part et d'autre d'accroître les échanges entre puissances du Sud (CNUCED).

A côté des activités économiques marchandes, la Chine intervient aussi massivement en Afrique par une politique d'aide. Toutefois aucune statistique officielle chinoise ne permet d'apprécier le montant de cette aide et les publications internationales sont assez confuses sur l'estimation qui en est faite (Chaponnière, 2008). Certains observateurs (Center for Global Development, 2013) évaluent le montant de l'aide chinoise aux Etats africains, à près de 75 milliards de dollars entre 2000 et 2011, à comparer aux 90 milliards de dollars d'aide bilatérale des Etats-Unis d'Amérique. Mais, selon l'OCDE, seulement 13 milliards de dollars de financements publics chinois destinés à l'Afrique correspondraient aux critères internationaux. L'aide chinoise présente en effet la caractéristique de demeurer massivement une aide liée, c'est-à-dire une aide servant exclusivement à acheter des biens matériels ou des services à des entreprises chinoises. L'objectif est en fait très clairement affiché, même s'il n'est pas ainsi énoncé: la Chine vise à s'assurer des marchés à sa production en plein essor auprès de populations qui entrent peu à peu dans l'ère de la consommation mondialisée de masse. Les taux de croissance récents de nombreux Etats africains les encouragent dans cette voie.

Il s'agit aussi de favoriser l'accès des intérêts chinois à des matières premières et des sources d'énergie, mais aussi à des terres, à bon marché, qui manquent ou pourraient venir à manquer sur son sol. Il s'agit enfin de créer des liens de solidarité en favorisant l'éducation, la formation, les

échanges culturels, afin de préparer l'avenir: les générations de jeunes africains ouverts à la mondialisation formés par la Chine seront bientôt des propagandistes d'un tête-à-tête fructueux entre leurs Etats d'origine et la Chine. Cela est d'autant plus vérifié que le gouvernement chinois ne lie son aide et son action à aucune contrepartie en termes d'avancée démocratique, contrairement aux Etats occidentaux, accusés d'ingérence dans les affaires africaines.

II- Des reconfigurations en cours

Cette irruption massive des intérêts chinois en Afrique s'est opérée principalement, jusqu'alors, au détriment des intérêts européens, désormais sur la défensive mais toujours omniprésents. L'Afrique est ainsi devenue un élément perturbateur des relations entre l'Europe et la Chine.

1) Quelques signes des mutations en cours.

Cette percée chinoise est aussi directement liée à une présence diplomatique accrue et unifiée. La Chine jouit, en effet, d'un avantage diplomatique certain: une seule représentation diplomatique, alors que l'Europe est bien davantage représentée par les ambassades des Etats qui la constituent, et qui sont souvent des rivaux, plutôt que par ses propres représentants institutionnels. Une démonstration de la puissance de ce levier diplomatique est un marquage architectural territorial visible dans les capitales africaines où les ambassades de Chine sont désormais les plus grandes.

Un autre facteur déterminant a également joué. Les intérêts économiques des grandes entreprises européennes les ont poussées à investir dans une Chine qui s'ouvrait à l'économie capitaliste mondialisée, vaste marché au pouvoir d'achat croissant rapidement et prometteur plutôt qu'à maintenir des positions héritées d'un autre temps sur un continent dont beaucoup continuent à se méfier, pour des raisons en partie fausses mais fortement ancrées dans les esprits (Courade, 2016). Il est possible que les progrès avérés de certains Etats africains dans l'économie moderne mondialisée conduisent à faire évoluer la stratégie des groupes européens intéressés par un tel retournement de perspective. Les taux de croissance du PIB de l'Afrique sont en effet attractifs: 4,7% en 2013, 5,2% en 2014 (Banque mondiale, 2014). En 2012 (FMI, 2013), 22 Etats au sud du Sahara ont connu une croissance des PIB supérieure à 5% (parmi eux, l'Angola, le Bénin, la Côte d'Ivoire, le Ghana, la Tanzanie, le Togo). Cette croissance rejaillit sur les flux, même si l'Afrique ne pèse guère plus de 3% des échanges mondiaux: les exportations africaines ont été multipliées par 3,5 en valeur entre 2000 et 2010, à comparer à une multiplication par 2,4 des exportations mondiales et les importations l'ont été par 3,3 pour une moyenne mondiale de 2,2 (OMC, 2011). Les investissements directs étrangers en Afrique ont augmenté de 16% en 2013 (Steck, 2015). Une telle évolution pourrait mener à une compétition accrue entre les intérêts chinois conquérants et les intérêts européens relancés.

Plusieurs signes révèlent par ailleurs un changement de rythme dans les dynamiques observées depuis plus d'une décennie. La présence chinoise en Afrique manifeste un certain essoufflement. Au premier semestre de l'année 2015, la publication des données économiques révèlent une chute de 40% des nouveaux investissements chinois sur le continent, ainsi qu'un effondrement des importations chinoises depuis l'Afrique de 43%. Cette contraction s'accompagne par ailleurs d'un renversement de la position chinoise qui de déficitaire dans son commerce avec les Etats africains, devient positive. Ce peut être la traduction des difficultés de l'économie mondiale qui ont une traduction sur la croissance économique de la Chine, elle-même confrontée à des problèmes internes d'ajustement permanent face à une conjoncture incertaine. Une des composantes de ce ralentissement mondial est l'arrêt de la croissance des prix des matières premières et de l'énergie, arrêt qui a des conséquences immédiates sur nombre d'économies africaines toujours liées au marché mondial des produits bruts non transformés (Guélaud, 2015). Les économies africaines pèsent finalement encore assez peu sur l'économie mondiale, malgré la croissance observée depuis moins de dix ans. Leur poids dépasse à peine les 3% tout autant de la production que des échanges mondiaux. Leur poids dans l'économie chinoise est à peu près du même niveau. Dès lors, des questions surgissent que les autorités chinoises tentent de prendre en compte.

La premier Forum sur la Coopération sino-africaine (Focac) s'est tenu en octobre 2000 à Pékin. Le sixième s'est tenu en décembre 2015, à Johannesburg (Afrique du Sud). L'analyse des décisions de ces forums (<http://www.focac.org/fra>) porte la marque de cet environnement évolutif et moins porteur (Encadré n°1).

Encadré n°1 Déclaration du sommet de Johannesburg du forum sur la coopération sino-africaine, 15 décembre 2015 (extraits)

25.2 Nous attacher à défendre la justice, à promouvoir les intérêts communs et le développement partagé. Développer activement les partenariats industriels et les capacités de production, et promouvoir ensemble les processus d'industrialisation et de modernisation agricole de l'Afrique. Intensifier en priorité la coopération dans les projets d'infrastructures dans les domaines ferroviaire, routier, aérien régional, électrique, de l'eau potable, de l'information et de la communication, aéroportuaire, portuaire, et autres, et la coopération et le renforcement des capacités dans la valorisation des ressources humaines. Donner une priorité à la coopération mutuellement avantageuse dans les domaines comme l'agriculture et la sécurité alimentaire, l'industrie de transformation et de manufacture, les ressources et énergies, l'économie maritime, le tourisme, l'investissement, le commerce, la finance, le transfert des technologies et autres. Approfondir la coopération sur les projets de valorisation des ressources minières tout en renforçant les capacités techniques et intellectuelles. Renforcer la coopération dans le développement des capacités industrielles et de la valeur ajoutée, en établissant des parcs et des clusters industriels, des parcs technologiques, des zones économiques

spéciales et des centres pour la formation professionnelle des ingénieurs, des techniciens et des managers. Etudier activement la possibilité de créer des synergies entre l'initiative chinoise sur la construction de la Ceinture économique de la Route de la Soie et de la Route de la Soie maritime du 21^e siècle et l'intégration économique et l'agenda de développement durable de l'Afrique, et explorer plus d'opportunités pour promouvoir le développement commun et réaliser nos rêves partagés.

25.3 Renforcer l'apprentissage et l'inspiration mutuels, et travailler pour des progrès communs. Partager les expériences de développement, approfondir la coopération dans les domaines de l'aide au développement, des soins médicaux et de la santé publique, de l'éducation, de la réduction de la pauvreté, du partage des technologies et du savoir, de la protection de l'environnement écologique. Reconnaître l'importance du progrès technologique et de l'innovation pour soutenir la croissance économique africaine, dans les domaines comme l'industrie minière et extractive, la pharmacie, la technologie de l'information, la chimie et la pétrochimie, l'extraction et l'exploitation des ressources minières. Renforcer les échanges et la coopération sur le plan culturel et humain et intensifier les échanges dans les domaines de la culture, de l'art, de l'éducation, du sport, du tourisme, de la presse et des médias, des universités et des think tanks, des jeunes, des femmes, des syndicats et des personnes handicapées, de manière à approfondir la compréhension mutuelle et l'amitié entre les peuples chinois et africains.

La déclaration finale qui est certes un discours de consensus à portée très générale, vise à relancer la coopération entre la Chine et l'Afrique, avec, entre autres, une ouverture singulière mais très médiatisée sur la nouvelle route de la Soie du XXI^e siècle intégrant l'Afrique au projet planétaire de la Chine dans une économie mondialisée ouverte. Elle confère aussi une place croissante aux programmes d'infrastructures qui permettent aux entreprises chinoises d'acquérir une grande réputation dans des domaines comme celui du transport ferroviaire où elles s'étaient déjà fait remarquer dans les années soixante-dix par la construction de la voie ferrée reliant la Zambie et la Tanzanie. En cours la liaison Addis-Abeba-Djibouti et la liaison Nairobi à Mombasa en sont la démonstration.

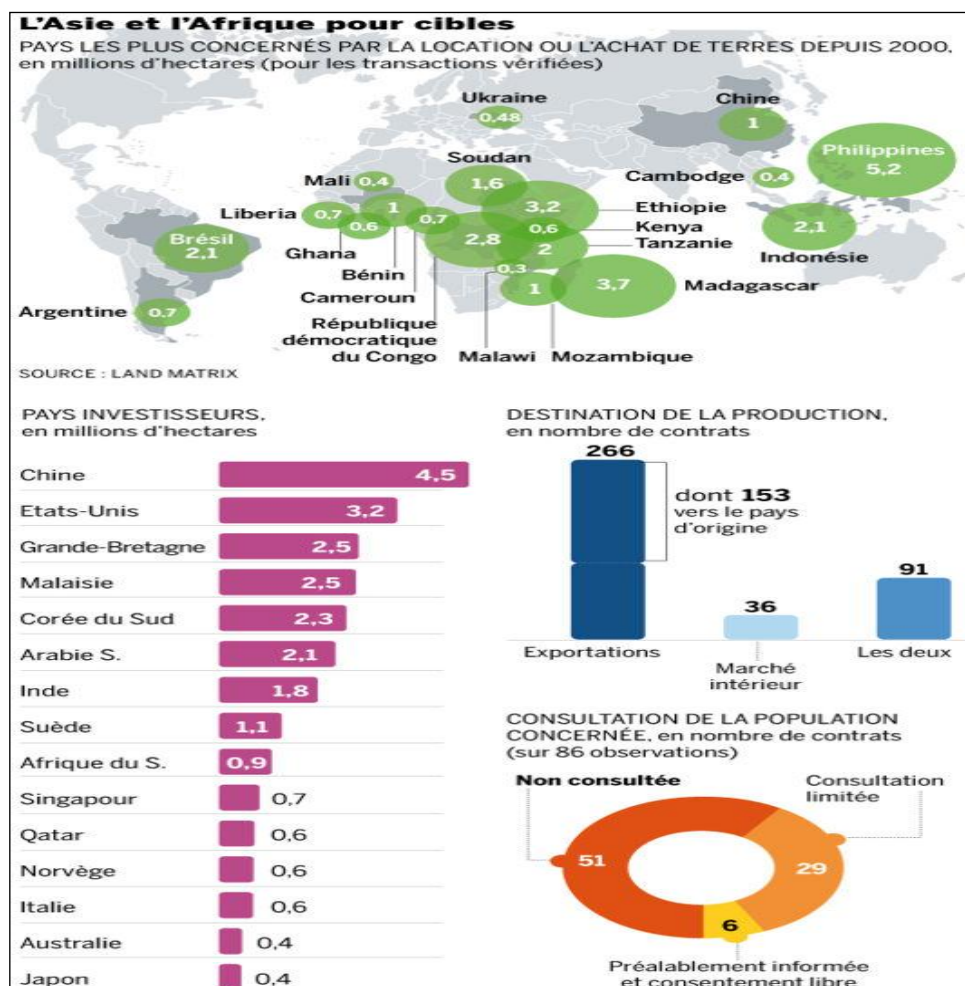
2) De quelques interrogations sur l'avenir des relations Chine-Afrique.

Parmi les questions très concrètes qui pèsent sur l'avenir de ces relations, est soulevée avec une couverture médiatique mondiale croissante celle de l'accaparement de pans entiers de l'économie africaine par les Chinois. Il s'agit de terres cultivables, de terres rares, de gisements, du commerce...

Pointant l'un des points les plus litigieux, l'accaparement des terres, les observateurs ne sont pas unanimes dans les conclusions qu'ils tirent des faits établis. Tout d'abord, il y a bien des accords qui ont été signés progressivement par les plus hautes autorités des Etats. Avec ses 1,3 milliard d'habitants, la Chine représente environ 20% de la population

mondiale, pour un peu moins de 10% des surfaces agricoles mondiales. Or la croissance de la demande en produits agricoles est estimée à 23% par an depuis le début des années 2000. Cette croissance est liée à la montée en puissance des classes moyennes et aux transformations des habitudes alimentaires. Cette situation expliquerait l'entrée de la Chine dans le groupe des Etats accapareurs de terres à l'échelle mondiale. Toutefois cette entrée serait encore modeste en Afrique, même si la Chine est en tête des nations pour un tel accaparement à l'échelle mondiale. Les intérêts chinois dans les acquisitions foncières en Afrique la plaçaient alors au 19^{ème} rang des intervenants en Afrique, loin derrière les Émirats Arabes Unis, l'Inde, le Royaume-Uni, les Etats-Unis d'Amérique (Land Matrix, 2013). Il n'est pas certain que, contrairement à ce qui est généralement annoncé dans les médias, la Chine soit très intéressée par ce type d'investissements en Afrique du moins. D'une part parce que ces capacités propres demeurent considérables. D'autre part parce que les productions africaines ne rivalisent pas encore avec celles d'autres Etats asiatiques ou américains fournisseurs majeurs de la Chine. Le problème est plus général que celui de la Chine seule. Les Africains peinent à satisfaire les besoins alimentaires d'une population qui dépasse désormais le milliard d'habitants et les besoins alimentaires sont naturellement vitaux, ce que ne sont pas les productions agricoles destinées à l'industrie ou à l'exportation. Sur ce point, par ailleurs, la concurrence pourrait être vive entre productions chinoises et productions africaines, comme c'est déjà le cas avec les productions brésiliennes, en particulier dans le domaine des fruits tropicaux et de leurs diverses transformations.

Figure n°1 l'accaparement des terres



Source: http://www.lemonde.fr/planete/article/2012/04/27/la-course-aux-terres-ne-profitent-pas-aux-pays-du-sud_1692292_3244.html

Parmi les questions que posent les Etats africains à leurs partenaires chinois, figure également en bonne place la question de l'emploi. Les gouvernements africains et de plus en plus les opinions publiques, telles qu'elles s'expriment sur les réseaux dits sociaux, dénoncent la faible embauche de travailleurs africains sur les grands chantiers qui sont conduits par des sociétés chinoises. Nombre de ces chantiers sont en effet des sortes d'enclaves chinoises dans les territoires concernés, comprenant des camps de résidence fermés réservés aux chinois et pour beaucoup approvisionnés directement depuis la Chine. Les dénonciations vont plus loin puisque nombre d'organisations humanitaires ont relevé et mis au grand jour des médias, une gestion du personnel africain très dure. Des conflits ont été portés à la connaissance de la communauté internationale, tout spécifiquement en Afrique de l'est, éveillant des sentiments de rejet de la part des populations africaines (encadré n°2).

Encadré n°2 Les conditions de travail sur les chantiers chinois en Afrique

« Un rapport récent de plus de 200 pages, publié par le Réseau d'études africain sur le travail à l'initiative de syndicats régionaux, dresse ainsi un tableau accablant des conditions et des relations de travail dans les entreprises chinoises opérant dans une dizaine de pays du continent : rémunérations insignifiantes, journées trop longues, éreintantes et non entrecoupées de pauses, généralisation des contrats temporaires, voire absence de contrat, conditions de logement déplorable pour les travailleurs, non-respect des standards minima de sécurité, hostilité envers les syndicats, multiplication des menaces et des pressions envers les ouvriers, mesures de coercition, rétention des paies, maintien des travailleurs africains dans des postes subalternes et sous-rémunérés, etc. Si les auteurs du rapport reconnaissent l'hétérogénéité des situations et le fait que ces formes d'exploitation n'ont rien d'inédites en Afrique, leurs conclusions n'en sont pas moins sans appel. »

Source: Laurent Delcourt, « La Chine en Afrique: enjeux et perspectives », Alternatives Sud

Relevant d'une même analyse critique de la présence chinoise en Afrique, s'impose la nouvelle question de l'accaparement des petits commerces dans les lieux traditionnellement consacrés aux échanges de proximité. C'est en fait la question de la présence d'au moins un million de chinois sur le sol africain qui commence à poser question. Ce ne sont pas les produits chinois qui sont directement critiqués mais le fait qu'ils soient vendus par des commerçants chinois, y compris dans des zones rurales (Vircoulon et Madonna, 2015). Certains voient poindre un sentiment populaire antichinois qui peut conduire à des actes violents et qui pourrait conduire à des manifestations xénophobes encore plus étendues. D'autres (Diop, 2009) démontre bien la complexité de telles transformations qui ne s'opèrent pas sans ajustements, partenariats, retombées positives aussi. De telles difficultés qui marquent les esprits conduisent les chefs d'Etat à les prendre en compte dans leurs relations officielles avec la Chine. Certains observateurs ont pu noter la position du président sud-africain Zuma, à Pékin, en 2012, demandant aux chinois de bien mesurer la nécessité de prendre en compte l'exigence d'un meilleur équilibre dans les partenariats.

La question sous-jacente à toutes ces évolutions est celle de ce certains africains dénoncent comme une forme nouvelle de colonisation. Ils ne nient pas les effets positifs des investissements chinois dans les services publics, les infrastructures de transport, la santé publique, les écoles et la formation, en particulier avec le nombre croissant de bourses dédiées à des étudiants africains pour aller étudier en Chine et la multiplication des centres culturels Confucius. Ils formulent cependant des critiques sévères. Les intérêts chinois, ne traduisent-ils pas une attitude de colonisation, au sens étymologique du terme, certes sans conquête et sans ingérence directe dans la conduite des affaires, mais avec une telle mainmise sur l'appareil productif qu'elle obère l'avenir des générations africaines à venir qui seront

prisonnières de contrats, de conventions, d'accords limitant leur propre champ d'actions? Ce à quoi il est aisé de rétorquer que les présences américaine et européenne sont encore très dominantes et qu'elles aussi pèsent sur l'avenir du continent. Encore davantage si l'on considère le rôle qui est celui de l'Union européenne et des Etats-Unis dans la gestion des crises politiques et du terrorisme en expansion.

Conclusion

Le partenariat Chine Afrique, dont il est facile de prédire qu'il remplacera, à terme, un partenariat France Afrique, épuisé, au moins en jouant sur les expressions, est un puissant révélateur des transformations rapides du monde contemporain. Il ouvre de multiples pistes de recherche.

La plus évidente est celle de la manifestation de la super puissance chinoise, en passe de conquérir le monde et d'évacuer ainsi les impérialismes antérieurs qui, par ailleurs, avaient précipité son affaiblissement, voici plus d'un siècle. La deuxième concerne la vision économique qui sous-tend un tel partenariat. Le marché, comme porte du développement, paradoxalement pour un pays qui a longtemps pourfendu le capitalisme libéral, semble s'imposer dans les relations qu'entretiennent les Etats africains avec le reste du monde et la Chine singulièrement. La troisième renvoie à une certaine conception des libertés fondamentales, des droits de l'Homme, de la démocratie. Les Chinois ne se préoccupent pas des régimes politiques ni de leurs évolutions ni des conflits, du moins pas directement. Ils refusent de dicter leur loi à leurs partenaires et ils jouent aisément sur ce point sensible des nations indépendantes, sorties du colonialisme. Cela peut aussi un jour se retourner contre eux auprès des opinions publiques émergentes qui sont avides de démocratie et qui cherchent toujours des appuis pour faire avancer ces idées face à des dictateurs faussement élus. La quatrième piste de recherche que révèle l'implication de la Chine dans les affaires africaines, face au monde occidental, est celle de l'environnement. Les Africains sont de plus en plus sensibles à cette dimension constitutive de leur avenir et il n'est pas encore démontré que les Chinois dans leurs actions sur le terrain, aient le souci de cette urgence dans des milieux fragiles et sensibles. Enfin, il est des évolutions encore peu visibles mais qui pourraient ouvrir des perspectives différentes. Désormais des consortiums d'entreprises européennes et asiatiques se constituent pour répondre à des appels à grands travaux qui témoignent d'un partenariat plus que d'une rivalité destructrice. Il est aussi des rapprochements géopolitiques, en particulier face à menace terroriste qui a frappé aussi des ressortissants chinois travaillant en Afrique.

Quoi qu'il en soit des réponses qui seront apportées à ces questionnements, les Africains, dans leur majorité, estiment que la présence chinoise est un excellent stimulant pour l'ensemble des partenaires de l'Afrique car elle les contraint à changer leurs pratiques et leurs discours, trop souvent encore empreints de supériorité coloniale ou impériale. En ce

sens la Chine est un moteur des recompositions en cours en Afrique vers un développement mieux maîtrisé par les africains eux-mêmes (Sarr, 2016).

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THE GREAT STEPPE ON THE CROSSROADS OF THE GREAT SILK WAY

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Abstract

The article concerns issues of international relations that existed between different countries (states or nations) over a long-lasting historic period on the various parts and branches of the Great Silk road. Authors refer to the historical data and sources that notify and prove the existence of diplomatic relationships between rulers and khans of the Great steppe of Desht-i-Qipchaq and different countries (states or nations) both in the East and West. Thus, the Great Silk Road implies an ethos of diplomatic relations that ensured intercultural communicative dialogue between those different countries (states or nations).

Keywords: the Great Silk Road, the Great Steppe, ethos, diplomacy, xiongnu (Huns), Turks.

The Great Silk Road has a special place in the history and course of international relations. It represented not only the “global trading artery”, but also the ethos (channel) of diplomatic relations, providing intercultural communicative dialogue between different countries. The Great Silk Road arose as a trade and diplomatic path at the end of II c. BC and was well-known, having a great importance as a pathway of cultural ties. Along with the distribution of the goods, cultural samples and standards in the applied arts, architecture, wall paintings, the art of music, dance and spectacular performances had spread in the countries of East and West.

A special role in the formation and development of the Great Silk Road has been played by over the centuries of diplomatic relations between the Great Steppe Desht-i-Qipchaq and its neighbors from the East and the West. These are relations with China (Han Empire), India (Mughal Empire), Iran (Persia) and other states and countries. Already in ancient times, in the second millennium BC, the Iranian-Turkish cultural symbiosis in Central Asia started to develop.

According to historical documents, the whole western area of the Eurasian steppe belt till the Yenisei, Rudny Altai and East Turkestan was mastered by Indo-Iranian cattle breeding tribes, which recall to the monuments of Andronovo cultural community. In the late Bronze Age at the turn of II and I millennia BC the nomadic tribes of Caucasoid anthropological type, moved far to the east, extending the range of their habitat and cultural

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boundaries to Transbaikalia, Eastern Mongolia and the Ordos. Differentiation of cultural communities in the Late Bronze Age culture of Scythian-Sarmatian-Saka range from the Black Sea to the steppes of Eastern Turkestan and Southern Siberia, which forms ethnocultural image of the Iranian-speaking nomads of the Eurasian steppes with a subject complexes including "Scythian triad" of weapon items, horse harness and animal style; Kurgan architecture, "petrography and monumental memorial complexes. Mongoloid nomads of the eastern regions of Central Asia, the Huns and dunhu tribes, who are supposedly the ancestors of the Turkic and Mongolian nomadic ethnic groups, in the Scythian time were in the point of view of military-political and cultural influence of the Iranian-speaking nomads¹.

Ethno-political situation in Central Asia has changed at the end of the III c. BC, as a result of the victory of the Huns in the war against the Yuezhi dynasty, there has been formed Hunnish military power, led by Hun presumably Turkic nomadic ethnic group. Since then, it has begun the process of migration activity of Turkish and a little later Mongolian tribes, settling in Central Asia of Mongoloid nomads and Turkization of Central Asian nomads in language perspective, including ethnic and cultural assimilation of Iranian-speaking nomads. This process in Central Asia had been stretched for seven centuries².

But in the 1st century BC internal processes had split the power of the Huns. Some splited parts of them obeyed China, while others retreated with fightings to the west, where, mingling with the utras and Sarmatians and turned to the Huns.

Thus, throughout history such Tengrian nations as the Turks (Huns) and Mongolia were constantly facing with strong and powerful nations, namely Persia, China, Byzantium, etc.

Aggressive power and strength of China on the one hand, an enormous pushing force from the West, the Arab-Persian conquest from the part of Central Asia and the Caucasus have affected the ancient military tactics and diplomacy.

A great Turkic scientist L.N. Gumilyov stated that "the heart of the Eurasia is Great Steppe, the land of ancient Turks, which stretched from the Great Wall of China till the Carpathians, in the south from Afghanistan to Iran, and in the north bordered by Siberian taiga. In ancient times, this steppe in the West was called as Scythia, Persians called it Turan, and the Chinese called it the steppe of "northern barbarians – Bayhu"³.

The founder of the Great Turkic khanate, Bumyn, had initiated trade cooperation and the establishment of diplomatic relations with the neighboring estates.

1 Khazanov A.M. 'Nomads of the Eurasian steppes in historical retrospective. Nomadic alternative of social evolution' // Moscow: Institute of African studies RAS, 2002, p. 51

2 Gumilyov L.N. Huns. Saint Petersburg, 1993, pp. 48-49

3 Gumilyov L.N. Rhythms of Eurasia: eras and civilizations. Moscow: Ekopros, 1993, p.53

In the middle of the VI c. BC nomadic peoples of the Eurasian steppe were united under the rule of the First Turkic khanate rulers. Under the control of the ancient Turks there was a significant portion of the Great Silk Road from China to Iran's borders, and also trade routes leading to the South and West Siberia. Because of inconsistencies about the volumes of silk trade, Turks come into conflict with Iran, and tried to build a new trade route to Byzantium, detouring Iran through the Volga and the Black Sea steppes. Thus, after the conquest of Central Asia, the Turks became masters of a large part of the trade route from China to the Mediterranean and the Great Silk Road countries. The main intermediaries in the trade of silk were Sogdians (on the Central Asian and Middle Asian parts of the pathway) and the Persians, who controlled a pathway from the area near Bukhara to Syria. The main buyer of silk was Byzantium. Silk trade brought huge profits for the Sogdian merchants and Turkic khans. The Turks had the opportunity to sell through the Sogdians the military booty and tribute, which was paid to them by the Chinese kingdoms. Sogdians had concentrated an unprecedented number of precious silk fabrics in their hands. However, as noted by Klyashtorny and Sultanov⁴, already since the end of the IV century there were silk-weaving production on local raw materials in Sughd. Sogdian silk was highly valued not only in the West, it was imported even to East Turkestan and China.

The trade pathways of the Great Silk Road from Iran, Sogd and East Turkestan to the nomads were used not only for the delivery finished products made by urban craftsmen, but also for their production technology. The significant influence was observed especially by Iran and Sogd in the production of artistic metal of Sayano-Altai nomads. In the middle of the 1st millennium BC, during the reign of the Sassanid dynasty, the production of toreutic items ("toreutics" - the art of hand-embossed processing of metal products, including embossing, stamping, finishing castings) in Iran had been experiencing a real flowering.

Decorative motives and figurative subjects, which was usual characteristic of the Iranian and Sogdian art, were widespread in the Turkic nomadic world in Tang China. Products of Sasanian and Sogdian toreutics were in great demand among the Ugric peoples of the taiga zone of Western Siberia. There have been laid branches of the "Great Silk Road" from Iran, Central Asia and Eastern Turkestan to Siberia, which were used for the import of products to the Sayano-Altai, made in the urban centers of craft, and also for the export of furs, tusks, deer musks and wood.

According to the composition of import findings in medieval graves of nomads, the Sayano-Altai lay on the main road of the "Great Silk Road", being part of several caravan routes. One of them ran out of Zhetysu and the Irtysh river, and further down along the Irtysh to the Altai and Salair, and reaching upper parts of the Ob' River. Alongside, this road was

⁴ *Klyashtorny S.G., Sultanov T.I. Kazakhstan: chronicles of three thousand years of history. Almaty: Rauan, 1992, 375 pages*

walling into the bulk of the Central Asian, Iranian import with items from Badakhshan, the Indian subcontinent, the eastern Mediterranean and Byzantium. Another pathway led from East Turkestan to the north, in the basin of the Great Lakes region of Mongolia, to the Sayan Mountains and the Minusinsk. In this way, not only Sogdian, Iran and the Eastern goods had been continuously brought in the Altai-Sayan, but also the bulk of Chinese silk, bronze mirrors and coins, and other Chinese-made products. However, it should be noted that in addition to trade and economic activity, Sogdians played an important role in the political and ideological spheres of Turkic khanates existence. Sogdians performed important diplomatic missions of Turkic Khagans, headed the embassies to Iran and to the courts of the Iranian shakhs, and also defending not only Turks, but also their own interests, concerning the silk trade. During the period of the Second Eastern Turk Empire, on the basis of Sogdian script, there was created an ancient Turkic runic writing, which became widespread among the Turkic nomadic peoples in the early Middle Ages. After the collapse of the Turkish Kaganates, Sughdians continued to play a leading role in trade with the nomadic peoples of Central Asia. Sogdians had trading posts in the area of the resettlement of Kurykan tribes in the Baikal region. Sogdian Manichaean preachers have become an important political force in the Uyghur Khaganate, when the Uighurs adopted Manichaeism as the state religion. The impact of Sogdian culture on Uighur had reflected in the defense architecture at the construction of Uighur fortresses, and in the production of pottery and metal art products. Under the influence of Sogdians, the Uighur toreutics gained popularity for canonical ornamentation, which included the Manichean and Buddhist symbolism.

Kyrgyz ties with the Iranians and the Sogdians, who lived in the early Middle Ages in the Minusinsk basin and in the lands to the north of the Sayan Mountains, at that time limited. Kyrgyz rulers in the VII-VIII centuries were focused on the establishment of diplomatic and trade relations with the Tang Empire. However, during the wars with the Eastern Turks, and then with the Uighurs, the Kyrgyzs became able to establish friendly relations with the Turkic tribes of Zhetysu, Turgeshes, and then Qarluqs and Tibetans, whose lands were on the "Silk Road pathway", or very close to it. These contacts reflect the entry of imported products of Chinese and Sogdian production to the Yenisei, delivered from Zhetysu on the "Kyrgyz pathway", which connected the Sayano-Altai with the "Great Silk Road". In the Kyrgyz mounds of VI-VIII centuries there were found toreutic products of Iranian and Sogdian circle, the expensive golden, silver and richly ornamented banquet dishes, bronze reliefs with images of hunting. Typical images of Sassanid-Iranian heroic hunting, apparently, gained popularity in the Tang China, and from there, it could be delivered along the "Silk Road" through East Turkestan to the Yenisei. The Kyrgyz victory in the long war against the Uighurs in the 9th century opened the way for them to trade and craft centres of Zhetysu and East Turkestan. The Kyrgyz monuments of the 9th and 10th X centuries included an increased number of imported items

significantly. In addition to the things from China, an increasing number of products were imported from Central Asia and Eastern Turkestan. Centuries later, the Mongol conquest and subordination of large parts of Central, Middle and Western Asia to the authorities of the Mongol khans had changed the ethno-political situation in the whole Eurasia. Many Turkic nomadic ethnic groups and Iranian sedentary-agricultural peoples were composed of the same post-Genghis States.

Historically, over the thousands of years, Kazakhstan had become the area of the oldest and largest territorial scope of nomadism in Eurasia reflected by the nomadic lifestyle of the local population. About 3.5 thousand years, the nomadism was the leading mode of production and the dominant way of lifestyle of Kazakhstan population. Nomadism was the basis of life-support and environmental management systems, material and spiritual culture, mentality and psychology of the local population, the relations with the neighboring nations, social organizations, socio-economic relations and political system. Over these thousands of years, all the history and culture of Kazakhstan was directly linked exclusively with nomadism. The nomadic peoples had a tremendous impact on the development of civilization processes throughout Eurasia. By its movements and migrations, nomads had glued fragmented and segmented space, continents, worlds and civilizations, making them part of a single global civilization space. They relay material and spiritual values, institutional relations, and contributed to the pre-Columbian world globalization. They have made a huge contribution to the diffusion of culture and technology innovation, and also have contributed to the development and dissemination of cultural stereotypes, early institutional relations, and most important, the development of trade. Trade routes through the territory of nomads, as a live stream of water, had affected the development of world civilization. Due to the nomads, the world finally became a single, interconnected and civilizational system. At the boundaries of nomadic and settled worlds, the new cities emerged as centers of their interaction and mutually-beneficial exchange. Especially significant was the contribution of the nomads to the development of state institutions. According to the member of the British Academy of Sciences, American professor Khazanov⁵, most state formations on the territory of Eurasia in the Middle Ages were created by conquests of nomads. The nomads were first to create after their invasions a new type of state, a centralized state-empire. They drastically affected the formation of the institutions of power in sedentary-agricultural societies. They carried pets and domestic animals as a high importance and prestige to the life of settled-agricultural peoples. Nomads radically affected the qualitative improvement of the diet and nutrition of peoples who had contacts with them, and increased the role of the protein. This has contributed to the demographic growth of

⁵ Khazanov A.M. *Nomads of the Eurasian steppes in historical retrospective. Nomadic alternative of social evolution* // Moscow: Institute of African studies RAS, 2002, 58 pages.

the populations in Eurasia and North Africa. Thus, the issue of nomadism is one of the most significant, relevant and most important scientific topics of the history and culture of Kazakhstan, Central Asia and also internal areas of Eurasia.

Nomads had a huge influence on the development of world civilization, however it is still very poor studied. Through the prism of nomadism we should consider all aspects of the past history of both socio-economic and public-political development of the vast region of Central Asia and the neighbouring territories.

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MARITIME ROUTE. LAND ROUTE. POLAR ROUTE?
TRANSPORTATION STRATEGIES TO CONNECT ASIA TO EUROPE

Alix Yann*

Abstract

'The New Silk Road', 'the Polar Route', 'the Eurasian Corridor', 'the String of Pearls', all of these concepts have in common the aim to serve as promising, alternative trade routes for Mainland China and Europe. Whatever solution may be chosen, opportunities and dilemmas have to be weighted by all the stakeholders involved in the process of importing and exporting goods. Related business topics to consider are: the making-up of extra cargo volume in Central Asia, the strategic stopover onto the domestic Russian market, cross-trading opportunities in the Indian Ocean transshipment hub, and gaining access to promising polar markets.

The paper considers these routes, focusing on the logistical and geopolitical challenges that have to be tackled in order to turn opportunities into real transportation success stories. Our analysis tests the robustness of the transportation chain, taking into consideration the "must-haves logistics" along with political and geopolitical matters sometimes undervalued by supply chain-focused actors. The paper concludes with a discussion proposing to enlarge the current international cooperation between Asia and Europe.

Keywords: alternative trade routes, import and export, polar markets, logistical and geopolitical challenges

Introduction

Global trade means but also requires effective and reliable transportation systems. Containerization and internet are the two revolutions which have reshaped totally our daily life by reducing the relationship between time, space and cost. Bearing in mind shipping, a flat screen TV from Shanghai to Rotterdam on a 20 dry-feet container cost three times less than transferring one passenger from Paris Airport to the Champs-Élysées by Uber, it explains why transportation routes are analyzed and screened in detail by all the stakeholders and shareholders included into the global value chain networks. Whatever they may be, either from the public or the private sector, shippers, carriers, freight forwarders, handling companies, public policy makers and strategic planning agencies are willing to be part of the most efficient supply chain solutions. They also claim to play a significant role for taking benefit over the best cost-effective transportation services.

Beijing is fully aware of those positive effects about transportation services and infrastructures. On the previous 9th, 10th, 11th and 12th Five years plan, Beijing has had already put a great emphasis on transport infrastructure and transportation services. Billion have been engaged over

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the last decades to constitute one the most powerful transportation system network which enable nowadays to establish Mainland China as what it is recognized as the Factory of the World and probably one of the strongest economies in competition with the United States of America and the European Union. Henceforth, Mainland China appears as the first point of origin and/or the last point of destination of billions of tons of cargo using maritime & river ports as well as domestic & international railways and, in a less extent, some tailor-made freight airport logistics infrastructure. The greatest challenge for Beijing is to keep the pace by securing strategic routes which must feed more than 1.3 billion of potential consumers and producers. To do so, President Xi Jinping announced in 2013 the OBOR initiative: *One Road One Belt* with two main routes: *The Silk Road Economic Belt* and *The 21st Century Maritime Silk Road* with a win-win strategy to connect 2/3 of the world population to Mainland China. 100 billion are confirmed to strengthen and secure economic and political links between China with more than 60 countries distributed over Eurasia and Africa.

The OBOR strategic move has already changed the global pattern network of trade thanks to bilateral and multilateral agreements signed between political leaders and encouraged by some dominant private firms who aim to benefit from better integrated transportation infrastructure opportunities. The Chinese foreign policy succeeds in bringing some huge funds without intervening into domestic affairs. The most relevant example on the pipe has been perceived after an official visit of the President of China to his counterpart in the Republic Islamic of Iran early in 2016. The Iranian railway connectivity, international airport revamping and Bandar Abbas maritime port modernization were amongst the top subjects which have been negotiated, engaging financial and political support from Beijing.

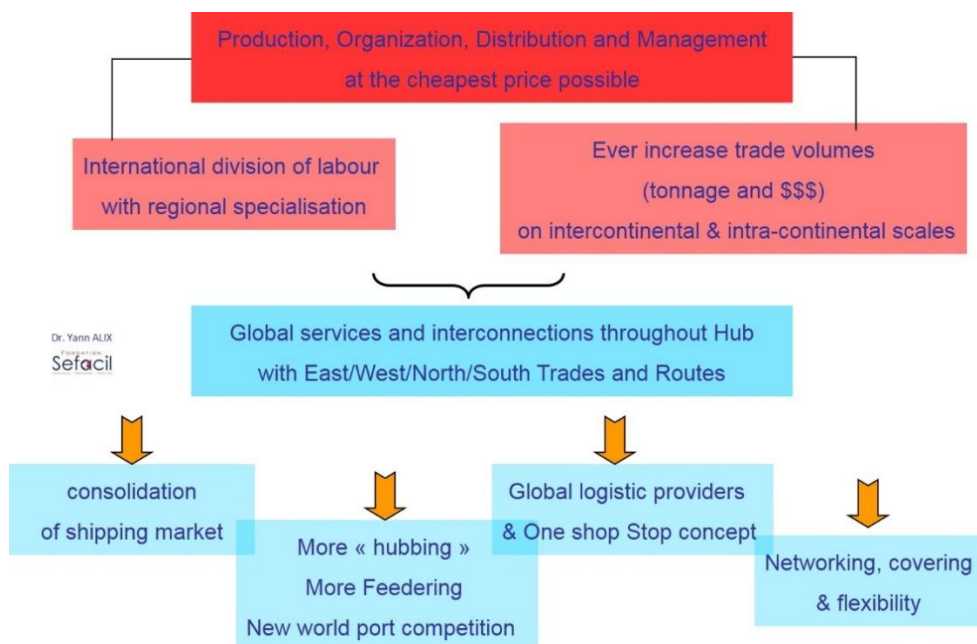
In that particular case of Iran, it is not useless to remind President Putin was few weeks ahead at Tehran after eight years of official no-show. Talks on the Syrian crisis, an official bilateral deal about the nuclear issue, oil and gas trade-off as well as military and technical cooperation were at the top of the list which looks quite a different posture compared with President Xi-Jingping. Nevertheless, Moscow has confirmed a 5 billion credit line to fund 25 strategic projects including a train line from Central Iran up to the Northeastern border with Turkmenistan to connect afterwards the Russian territory and thus offers some opportunities to plug Iran market to the Tran Siberian East-West main route.

The aim of the present paper consists in sailing around to weight which strategic options have to be considered to achieve a better equilibrium between the all-water routes, the Eurasian railway solutions as well as some more foreseeable alternative to the Polar route to boost economic and political integration from Europe to China including Russia, Central Asia and Mid-East.

I- Global shipping connectivity and the Europe-Asia leg

Just a reminder to start: one container ship leaves the Chinese marine terminal each 20 minutes every day to serve Western Europe-Med markets, calling on its way some strategic ports like Singapore, Jebel Ali in Dubai, Suez Canal Ports or Tanger Med in Morocco. In 2015, 20 million Twenty Equivalent Units (TEUs) boxes have been traded between Western Europe and the Far East. Those track-records put into perspective how transportation by seas continues to link continent, market and people, adding some values and services to production, industrial, storage and distribution processes along the entire global supply chain. Consolidation, strategic alliances and M&A are amongst the tools used by shipping lines companies to control the market share and offer global services through strategic stopover on pure transshipment hub and spokes marine terminal located at the dominant routes crossroads.

Figure 1: Globalization of trade and global shipping strategies



Source: Yann Alix, Sefacil Foundation 2015

Shipping has outstandingly adapted to the global offer by escalating on gigantism with the biggest containerships overpassing 400 meters long, able to carry-on more than 20,000 TEU's on one single voyage from China to Europe. Each leg is worth at least one billion US\$ of value including a 115/135 million US\$ for the sole containership and its 20,000 boxes loaded on it!

Figure 2a: Sample of the biggest ships ever built to serve global trade: Maersk Line 20,000 TEUs capacity – Year 2015



Source: AP MOELLER

On the dry bulk league, the Chinamax series built in China by Vale Cie can load on one single trip 400,000 Dwt of iron ore from Brazil to China! Those Chinamax sister ships consolidate strategic bridges over the oceans to guarantee a 1 million tons of iron one shipment each week on some dedicated terminal especially built by the Chinese authority to accommodate those giants.

Figure 2b: Sample of the biggest ships ever built to serve global trade: Valemax 400,000 dwt – year 2014



Source: VALE

Only few global ports and inland infrastructures can follow the pace by investing tremendously into assets designed to accommodate those ships as well as the huge volume of cargo which must be loaded and unloaded on the fastest and most reliable way. From a Chinese perspective, ports have been first considered as a strategic priority for a fast and resilient modernization of the Mainland China economy. The booming growth encountered on the entire coastal fringe has been built on port and

transport capacities with huge assets which have been assumed and financed by public funds.

Figure 3a: Dedicated Chinese marine terminal designed to accommodate biggest ships: Rizhou iron ore marine terminal – Bohai Rim – year 2009



Figure 3b: Dedicated Chinese marine terminal designed to accommodate the biggest ships: the Shanghai container terminal located 32 kilometers away from the coastline



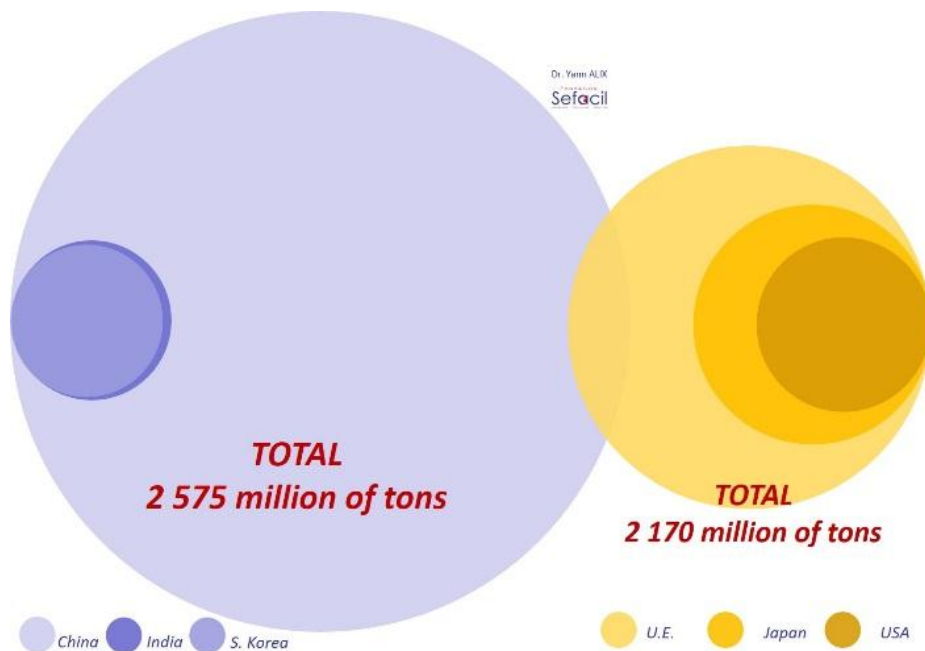
Source: internet

Consequently, transportation has appeared in the early 1980' as a key strategic asset and one of the most prominent vehicles to spread-out some manufactured products to the entire World. It has paved the way for a full integration of mainland China into the global trade patterns. A unique Chinese domestic strategic planning has been drawn over the past decade to link factories, logistics platforms, transportation inland corridors in order to disseminate flows from the shoreline to the hinterland and vice-

versa. Global terminal operators have also played a crucial role by investing billions into handling services. They engaged themselves into some concession processes to run and develop container activities. Supported by Beijing, some private terminal operators were invited to compete for signing some very attractive Public-Private-Partnership agreements.

The following two figures put into perspective the incredible volume of cargo handled nowadays on the maritime coastline of China. For the raw material only, China imports exceeded 2 billion of tons in 2014, almost the same tonnage for Europe, USA & Japan all together!

Figure 4: Imports of raw materials in 2014 - Comparison between Asia and other developed countries



Source: Yann Alix 2016 – Sefacil Foundation based on World Trade Organization Database

On the container side, five over the 10 first container ports in the world are now Chinese, compared with only two in the early 2000 and none in 1990! The pace of growth is breathtaking because Shanghai and Shenzhen together hit almost a 60 million TEUs in 2015, compared with 11,4 million only 15 years ago... and more or less “nothing” in 1990 except some feedering volumes served by mid-size ships coming from South Korea, Singapore and of course the port of Hong-Kong.

Figure 5: Top 10 container port – Situation in 1900, 2000 & 2015

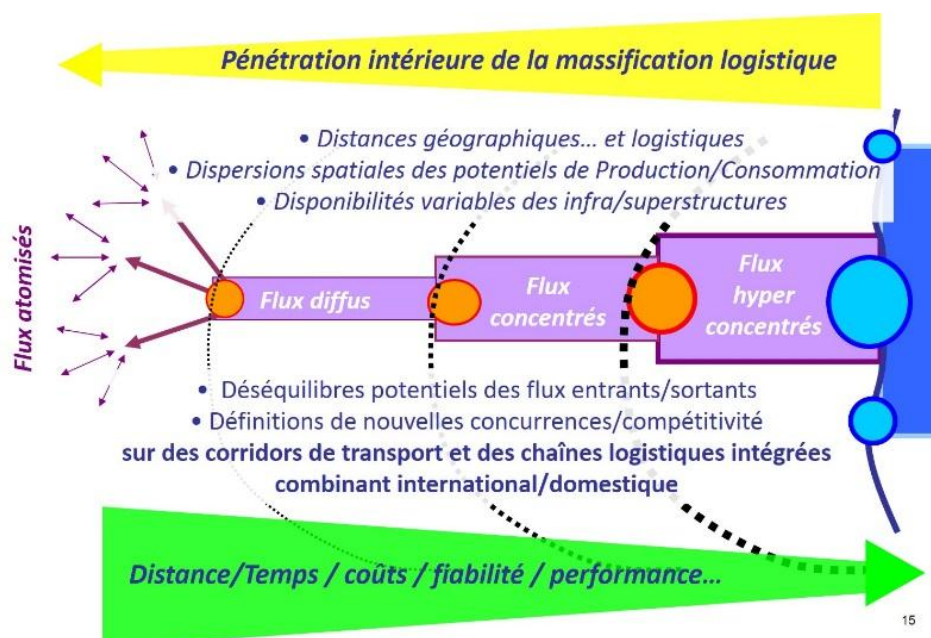
| 1990 | | 2000 | | 2015 | |
|-------------|-------|-------------|--------|-----------|--------|
| Singapour | 5 223 | Hong-Kong | 17 862 | Shanghai | 29 070 |
| Hong-Kong | 5 101 | Singapour | 15 520 | Singapour | 28 431 |
| Rotterdam | 3 667 | Busan | 8 073 | Hong-Kong | 23 699 |
| Kaoshiung | 3 495 | Kaoshiung | 7 540 | Shenzhen | 22 510 |
| Kobe | 2 596 | Shanghai | 6 340 | Busan | 14 194 |
| Los Angeles | 2 587 | Rotterdam | 6 102 | Ningbo | 13 144 |
| Busan | 2 348 | Los Angeles | 5 183 | Guangzhou | 12 500 |
| Hambourg | 1 969 | Shenzhen | 5 076 | Qingdao | 12 012 |
| NY-NJ | 1 872 | Hambourg | 4 689 | Dubai | 11 600 |
| Keelung | 1 828 | Long Beach | 4 463 | Rotterdam | 11 148 |

| | |
|--|--------------------------|
| | Far-East Asia |
| | Mainland China |
| | Western Europe |
| | United States of America |
| | Middle-East |

Source: Alix & Carluer, 2014

After clustering the Chinese booming economy on several chosen mega ports and mega-cities, Beijing moved forward at the end of 1990 and early 2000' to look deep inside the domestic opportunities. In order to do so, multimodal solutions and particularly some logistics integrated river-rail transportation services have been encouraged on premium corridors like Shanghai-Wuhan-Chongqing- Chengdu stretching along 3,000 kilometers as sketched on the figure hereafter.

Figure 6 - From the coastline to the countryside: the Chinese logistics challenge



Source: Yann Alix – Sefacil Foundation

II - Eurasian Railway Land bridges: logistics and politics

Far away from the Mainland market territories, Beijing has decided to go West by stretching close geopolitical relationships with almost all of the Central Asia. SCO and various other bilateral and multilateral agreements have been concluded to spread-out Chinese' influence onto those inland markets, badly connected to the global supply chain networks. Besides political and geopolitical arguments, Beijing has succeeded in deploying some of "all included transportation solutions" by bringing some very attractive financing tools. Papers and analysis of those initiatives has been extensively commented but the case of GT illustrates how inland Eurasian corridors are structured and deployed. Launched in 2008, GT is a Chinese joint-Venture encompassing the following public and private interests:

- The China National Silk Import & Export Corp.
- The Institute of Logistics & Transportation of CCTA (*China Communications & Transportation Association*)
- The Beijing Xingchang High-Tech Dvp. Co. Ltd
- And Century Top. Inc.

The Chinese exporters, some freight forwarders, a piece of academia and private investors are sharing this common official statement to explain why they are jointly committed into GT:

"Our logistics services consist of three sections: international block train transport, international road-rail-sea multimodal transport, international

bulk and LCL cargos rail transport and logistics service. We also work as freight forwarder for door to door business and logistics services in both domestic and international areas. Apart from general cargo, GT is cooperating with its strong partners in both China and abroad to work together on hazardous and chemical cargos containers transport through Eurasia land bridge”.

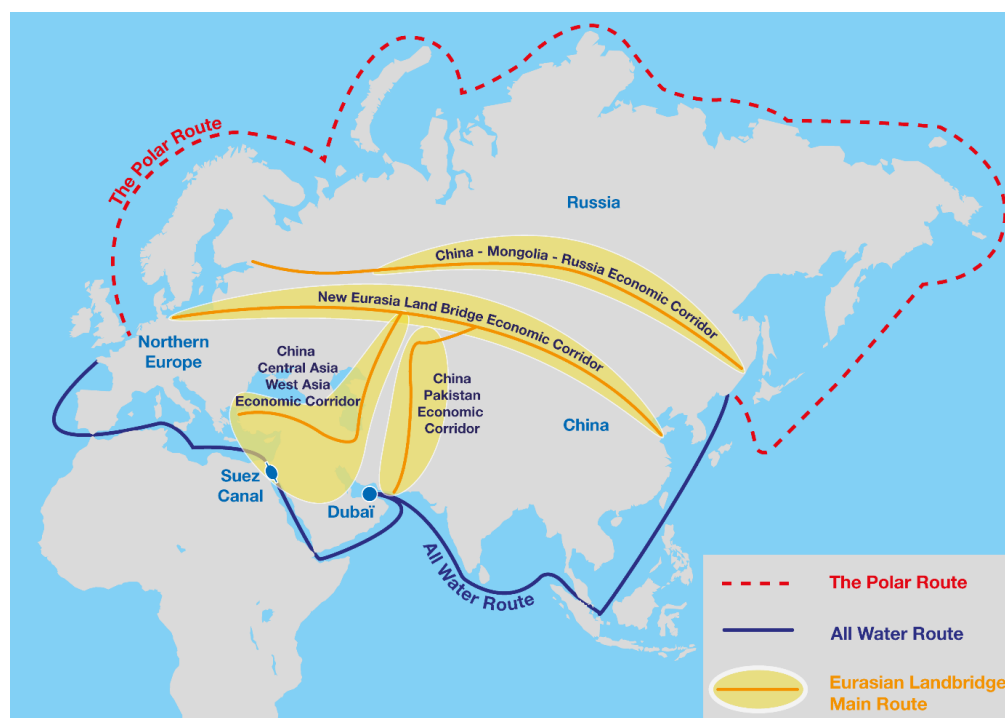
And one of the most relevant strategic and operational successes of GT has been to include the powerful *Deutsche Bahn* to plug Mainland China & Eurasian Markets to Central and Western Europe. The MoU signed in 2010 by the *Chinese Ministry of Railways & Deutsche Bahn* has brought some guarantees to future customers, shippers and logistics integrators to get an access to some serious and efficient railway services on a 10,000 kilometers long corridor.

Dr. Karl-Freidrich Rausch, member of the Board of DB Mobility Logistics AG summed-up the situation with his own words:

“The more Chinese production sites that move for the coast inland, the more interesting rail transport to Europe becomes for many manufacturers. We want to meet this demand”.

One role which has to be taken into account is the real business opportunities which might add values and volumes along the way. Collection, distribution and even transformation of goods have to be demonstrated and consolidated but in some countries like Kazakhstan, the Government has expressed their willingness to catch-up a larger piece of the Eurasian Supply Chain cake by encouraging some foreign direct investments on some strategic logistics hot spots like cross-borders station or inland logistics freight station nearby the largest cities. For instance, Druzhba on the southern route, crossing Ukraine and Kazakhstan without too many cross-borders checkpoints has turned over the past years as a crucial logistics center for transportation companies as well as for many stakeholders involved into Import/Export activities on the Central Asia market.

Figure 7 – Balancing strategic Eurasian inland supply routes to connect Mainland China to Europe



Source: Yann Alix, 2016

At the same time, the Kazakh Government is keen as well to set-up some logistics value-added services on local-regional products which might appear as very interesting extra-cargo to complete some services coming from or going to the Europe-China Markets. Those opportunities are included into some strategic planning processes driven mostly by public bodies but the main objective is to attract and consolidate FDI, whatever they come from China, Europe nor Russia or The Gulf States. Almost all the land locked countries have declared their readiness through attractive public policies, tax rebate programme as well as some direct public incentives for logistics investments onto their territories. Those inland territories are perceived by FDI as tremendous potential of growth with the progressive emergence of a middle-class, improving banking conditions, increase of domestic consumption and finally some better political condition. Consequently, inland transportation corridors are viewed as strategic assets for the regional trade facilitation. Economic liberalization goes with some symbols like inclusive cross-border management processes imposed by Kazakhstan and its neighboring countries.

Very ambitious railways programmes have already been revealed in Mongolia to play a pivotal role on the flows circulating between China, South Korea, Russia and far beyond toward the West. The historical route Ekaterinburg-Irkutsk-UlaanBaatar-Beijing must be revamped thanks to international loans, Chinese direct investment and Mongolian inputs. Since

the beginning of the 2010, the Mongolian Government argued to target the very optimistic record of 100 millions of tons of goods for 2020, bearing in mind 2014 has registered only 20 million on the national railway network.

The Russian-Mongolian and Sino-Mongolian trade turnover are expected to exceed 10 billion US\$, mostly thanks to transportation modernization and better inclusion of Mongolia into Russia-China-Korea business trade relationships.

Figure 8 - Side-effect: the biggest Mongolian popular market in Ulaan Baatar is made with old maritime containers



Source: Yann Alix, 2016

More or less the same logistics story can be enlightened concerning the future railway freight route which is supposed to connect the southern part of Mainland China (starting from the Shenzhen special economic zone) to Turkey. Some historical political antagonism has been polished and Bangladesh, India, Pakistan and the Republic of Iran have finally been politically approached on bilateral basis by Beijing to anchor the global project. Yunnan Province has played a crucial role to promote this third Eurasia land bridge. The main argument is based on the positive direct effects of such logistics shortcut for domestic markets. Shippers 'strategies and nature of cargo are amongst the decisive factors when it is time to legitimate such ground investments. With the opening of the Iranian market which weight 80 millions of potential consumers, Beijing has intensified its political and economic relationships with Tehran. Last February, 15th, 2016, 32 containers has been celebrated at the Central Station of Tehran after 9,500 kilometers from Zhejiang Province, crossing Kazakhstan and Turkmenistan territories thanks to the strong and symbolic support of their own national railway companies.

Figure 9 - The first container block train from Zhejiang, arriving at Tehran in collaboration with Kazakh and Turkmen national railways.



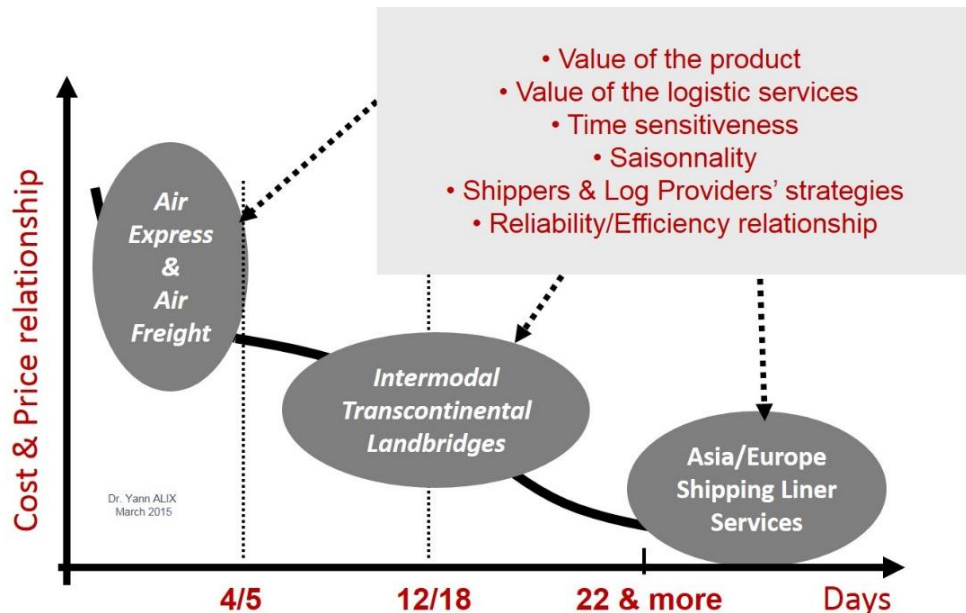
Source: The International Chamber of Commerce of the Republic of Iran

Dr. Abbas Akhondi, Minister of transport, has reminded last January in Paris during the official France-Iran Business Forum, its targets to deploy 50,000 rolling stocks on the domestic railway freight network. He recalled the crucial role of the main port of Bandar Abbas to enhance Iran's connectivity to the global trade patterns. Actually, more or less 1,5 millions of TEUS are handled on the container terminal but it is 8 million which are expected for 2020! The Republic of Iran might probably be a real game changer in a foreseeable future into the global pattern of flows circulating between Europe, Mid-East, Central Asia as well as Mainland China and even Africa.

III - Polar Route: Chinese maritime shortcut or Russian Gateway?

One sketch to introduce the case of the Polar Route: we have to bear in mind the fact that a minimum of volume of cargo, weighing a minimum of value is absolutely needed in order to support the huge amount of investment required to deploy some alternative routes at the all water services across the Suez Canal. The cost and price relationships is a fundamental element to take into consideration and on such basis, the Polar Route appears unequivocally not suitable, even for the high value product in competition with air freight.

Figure 10 – Shippers 'strategies and nature of freight: from air to rail to sea transportation



Source: Yann Alix, Fondation Sefacil 2015

Despite some pioneered experience extensively reported all over the World by the media, there is no serious signal of a real shift of paradigm. Just consider the experimental voyage of the Yong Sheng from China Ocean Shipping Company (COSCO): it is the first time a Chinese merchant vessel completes the Northern Route to arrive at Rotterdam on Sept, 10th, 2013. The shortcut means from a shipping perspective a saving of 9 days. The conventional route transiting the Strait of Malacca and the Suez Canal is 2,800 nautical miles longer as well. The equation is quite simple: on one hand, time and bunker are obviously reduced; on the other hand, the Northern Route can't beat the economies of scale generated by an Ultra Large Container Ship over 18,000 TEUS'. Considering the balancing relationship between cost and risk, whatever are the arguments served by the Russian, the polar route is still the costly and risky segment for the transportation of goods between Northern Europe, Russia and Northern China. There is not enough places of refuge in case of emergency. There is not enough highly specialized assets to assist a vessel into the ice. There is not enough investment made by Russia to accommodate some infrastructures to serve international ships on transit.

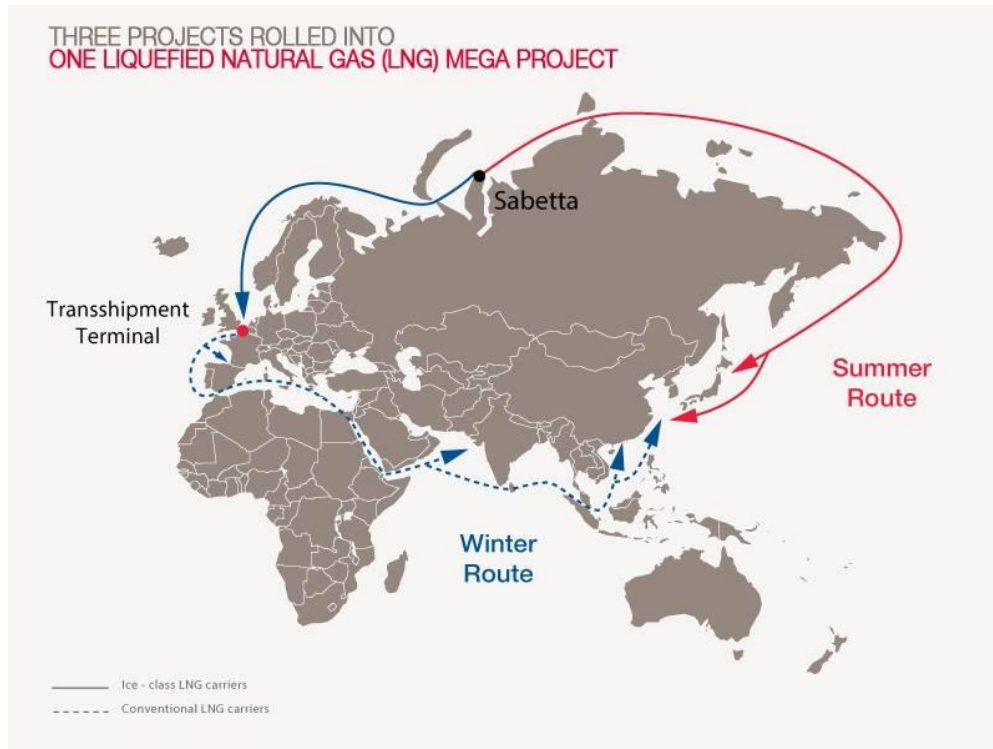
Figure 11 - Very small Chinese vessel are testing over the past year the technical and nautical feasibility of the Arctic Polar Route



When some Chinese interests argue by 2020 as much as 15 percent of the country's international trade can be shipped through the Arctic, it just appears as a nonsense. By saying that, it does not mean the Arctic Route is not extensively used to trade... by and for some Russian interests. The Arctic represents a new frontier to be explored for energy as well as for mining. Thousands of kilometers of coastal opportunities are now open for Russia with the climate change effect. The case of the port of Yamal is reflecting what could be the future of the nautical activities in the Arctic. In fact, the port of Yamal is now an industrial reality thanks to the exploitation of LNG fields located on the Yamalo-Nenets district. Despite tremendous cost linked to the extreme natural condition, the identified volume turns this project into a very competitive one with some contracts already concluded to feed the European market.

The summertime is maximized for solving logistics issues with a maritime service connecting northern Far East to the port of Sabetta which has been designed to receive LNG supply. According to Total, the port should take a delivery of 150 modules representing 450,000 metric tons of cargo using 20 vessels on the sole Sabetta-Asia leg. On the other hand, the same port of Sabetta will serve to export the Russian Arctic LNG, essentially to Europe where a transshipment terminal will be activated to accommodate a fleet of LNG icebreaker with a capacity of 170,000 cubic meters for the biggest ones.

Figure 12 - Arctic Route is already a reality to evacuate energy and mining cargo from Siberia



Source: Total Website

Figure 13- Winter view of the port and industrial complex of Yamal in Siberia



Source: Total Website

Yamal looks as the very first complex project to be supported by FDI and Russian interests. From a geostrategic point of view, the question now is how the climate change appears as a dramatic changing factor to seriously consider Siberia as the last frontier to be explored and developed. In other words, some huge amount of investments might be injected in the next decade to set up a strategic network of port-cities along the thousands kilometers of coastline. Consequently, those future extensive port infrastructures should be available in a foreseeable future and therefore being activated as well to assist and support commercial shipping services between Northern Asia and Northern Europe. Moreover, we easily can compare the opportunities carried out in Siberia as the ones supported in central Asia landlocked countries. For the Arctic shipping shortcut, those port-cities on the Russian coastline represent as many as opportunities of cargo to be loaded, unloaded or even transshipped. The Siberian market has to be added into the future business model promoted by shipping lines as well as by officials from Beijing, Moscow and various other places in Europe like Hamburg or Rotterdam.

Conclusion

The all-water would keep a noteworthy market share of the China-Europe trade despite an astonishing 800,000 US\$ fee to cross the Canal of Suez for the biggest containerships. Over the past months, most of the shipping companies live very harsh times with an overwhelming overcapacity generating very poor revenues. Consequently, the freight rates are still very low which benefit to the shippers who are keen to fill boxes for just a couple of hundred dollars all included. The competitive advantage of the all-water route is incomparable whatever we talk about container, energy, mining products, agro-business, etc.

For the Eurasian land bridge solution, despite the fact most of the inland landlocked countries of Central Asia are definitely engaged to facilitate trade and flows, it is useful to remind how dependent those routes are from the billions injected by Beijing. From a pure economic and logistics perspective, Eurasian land bridge can be seen as Trojan horse to penetrate those huge markets distributed from the borders of the Eastern fringes of Europe up to the western territories of Mainland China, encompassing newcomers like the Republic of Iran.

And finally, the Polar Route appears as a third option combining geostrategic considerations supported by Moscow and willingness from Beijing to connect the Northern part of Mainland China to Siberia and Northern Europe by using a shipping shortcut. Actually, and despite some considerable reserve of natural resources into the iced land of Siberia, the Polar Route is still a non-sense from a pure commercial perspective. The Ice-Class ship scheduled to be launched are not comparable at all with the big ones sailing on the tropical waters of the south. Nevertheless, if Moscow decides to encourage some people to settle in on the coastline with very attractive condition of living, thus those wild territories might become

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new Eldorado. Logistics stopover would be stimulated by the demand generated by new settlements and industrial activities. The Polar Route would not be assumed as just a pure shortcut to transit between Europe and Asia but with a combination of opportunities with cross-trade flows. And why not considering one day some transshipment hub connecting Siberian block trains and Europe-Asia cargo?

THE AFGHAN CRISIS AND SHANGHAI COOPERATION
ORGANIZATION POLICIES OF STABILISATION: A NEW
MANAGEMENT?

Jildiz Nicharapova*

Abstract

Central Asia has become a geopolitical chessboard for the superpowers.

There are few places as important to US national security as the tribal belt along Pakistan and Afghanistan border region. The region serves as a safe haven for a core group of nationally and internationally networked of terrorists and increasingly a hotbed of indigenous militancy that threatens the stability of not only to Afghanistan and Pakistan but the entire Central Asian Region. It is estimated that nearly one hundred Islamic extremist groups and jihadi organizations with cross border linkages are operating with impunity throughout South Asia.

In our paper we are intending to propose possible ways of strengthening and developing SCO's potential in solving security, political, economic problems in Afghanistan with ultimate goal of preserving regional security free from terrorism, extremism, and drug trafficking that conducts to political and economic prosperity of all countries in the region.

Keywords: geopolitical chessboard, terrorist, extremist groups, jihadi organizations, "new great game"

Afghanistan has historically been an extremely strategic piece of land to hold, given its location in Central Asia. Afghanistan has been called the "Graveyard of Empires"! Since the beginning of time many have attempted to conquer Afghanistan and establish stability in the region. Alexander the Great invaded it in 330 BC, then later, the Arab Caliphate in the seventh century. The fierce Genghis Khan also invaded the region in an attempt to create the huge Mongol Empire (1219–1221). It is remarkable that Afghanistan was invaded twice by the British in the nineteenth century, but to no avail. From that moment on Afghanistan has won itself a renown!

In our times, the Soviet Union came to support the new Afghan government after the Saur Revolution in 1978. And finally, a determined attempt to conquer Afghanistan was made in October 7, 2001 by the United States after the 9/11 terrorist attack.

The nation of what Afghan is today began to emerge in the late eighteenth century. It has always been ruled by a succession of monarchs whose consolidation of power was constantly undermined by civil wars

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and foreign invasions. The current borders of Afghanistan were delineated in the nineteenth century by the British, as a result of the "great game" rivalry between Russia and Britain. Britain exerted some influence over Afghan foreign policy from the late nineteenth century until the Third Anglo-Afghan War in 1919. Afghanistan joined the UN in 1946.

There are few places as important to US national security as the tribal belt along Pakistan and Afghanistan border region. The region serves as a safe haven for a core group of nationally and internationally networked of terrorists and increasingly a hotbed of indigenous militancy that threatens the stability of not only to Afghanistan and Pakistan but the entire Central Asian Region. It is estimated that nearly one hundred Islamic extremist groups and jihadi organizations with cross border linkages are operating with impunity throughout South Asia.

Central Asia has become a geopolitical chessboard for the superpowers. The U.S., Russia, and China, have much at stake in Central Asia. China engages the region in order to tap the vast amount of natural gas. Russia is increasing trade with many countries in Central Asia for military and strategic purposes.

Since their independence, security environment in Central Asia has been changing drastically, with changes in strategies and alliances. This region is acquiring more geostrategic importance due, among other things, to the situation in Afghanistan, to their natural resources, hydrocarbons specially, and their localization among Europe and Asia, Russia and China, India and Iran. This fight for gaining the complete influence in the region is known with the term "new great game". According to Emilian Kavalsk, the breakup of the Soviet Union changed the meaning of this region's independence not its geography. Central Asia's significance in world politics is a matter of contestation, debate, and struggle with immense stakes⁶.

None of the above mentioned attempts to stabilize Afghanistan have been successful and now Shanghai Cooperation Organization (SCO) must attempt what others have failed to accomplished in order to maintain regional security. To be successful, SCO must also focus on Pakistan and create a plan that stabilizes both countries because if they do not then there will never be a secure and stable region. The SCO has a big potential of solving Afghan problems, but the member states understand well that

⁶ Kavalski, Emilian: "The Peacock and the Bear in the Heartland: Central Asia and the Shifting Patterns of India's Relations with Russia," *Indian Journal of Asian Affairs*, 1st of June-31st of December of 2010, XXIII, Nos. 1-2, pp. 1-20, Open Source Center, Foreign Broadcast Information Service, Central Eurasia (Henceforth FBIS SOV), 24th of March of 2011.

Afghan problem could not be solved by military way. We would like to cite the Ambassador Extraordinary and Plenipotentiary of the Russian Federation, a senior research fellow at the Center for East Asia and SCO Studies at the Moscow Institute of International Relations Vitaliy Vorobiev: "One should not forget that the SCO was created as a response to immediate threats of terrorism and drug trafficking from the Afghanistan conflict in the late 1990s. The SCO idea was born from a collective demand for a regional coalition to combat them"⁷. Muratbek Imanaliev, ex-secretary general of the SCO said the same idea when interviewed in 2010 in Bishkek⁸: "Afghanistan is the main reason of the cooperation of the member states of the SCO and the problem for all the countries, the only subject of common interest".

The Central Asia Region countries have faced and will continue to face security challenges as a result of: the Afghanistan conflict, the rise of extremism, drug-trafficking, and radicalism of Islam throughout the Central Region. The increasing instability on the borders of neighboring countries, from which the international coalition withdrew most of its troops, "the Islamic state", the civil war in the Arab world, the Islamic radicals attacks in Europe ... "three evils" - terrorism, separatism and extremism, dangers facing the SCO countries, go on the offensive. And fourth danger is the growing Afghan drug trafficking⁹. What about Pakistan? Pakistan is facing serious security problem because of militant groups like Lashkar-e-Taiba and Jaish-e-Mohammed. The US has attempted to inform Pakistan's leadership that these groups, along with a network of radical madrassas and charity fronts, are exploiting the poverty in the country's Punjab province and turning it into a hotbed of extremism. In a series of cables sent over a period of two years, the U.S. Embassy in Islamabad and the Consulate in Lahore documented the ways in which the madrassas recruited boys as young as eight, indoctrinated them into jihadi philosophy, and sent them to terrorist training camps, on the back of an estimated \$100 million flowing in from organizations from Saudi Arabia and the United Arab Emirates.

First of all, according to Nikolai Patrushev, the Russian Security Council Secretary, Afghanistan remains the main base of terrorists, including those lated to terrorist and extremist organizations whose goal is to destabilize the situation in Central Asia, topple the existing political regimes and create the Muslim Caliphate within its borders. Second,

⁷ Vitaliy Vorobiev, «The SCO as a Rising Master of the Heartland», <http://eng.globalaffairs.ru/number/The-SCO-as-a-Rising-Master-of-the-Heartland-15503>

⁸ Direct interview with Muratbek Imanaliev in Bishkek, Kyrgyzstan in 2010.

⁹ <http://inforos.ru/ru/?module=news&action=view&id=41400>

Afghanistan remains the main base for production of raw opium and also the main supplier of heroin and other drugs to global markets via Central Asian states. After the withdrawing of the coalition forces, the radicals began to feel confident in a number of provinces in Afghanistan, and in the north of Afghanistan there was established a bridgehead from which extremists penetrate into the neighboring countries of Central Asia. The drug trafficking threat has increased and during the time of the US operation "Enduring Freedom" opiate production in Afghanistan has increased by more than 40 times.¹⁰

On December 8, 2014, the ceremony of completion of the mission of the International Security Assistance Force in Afghanistan (ISAF) was held, which lasted 13 years. Following the withdrawal of the main forces of the international coalition in Afghanistan, the situation worsened, especially in the northern and eastern provinces. The terrorist group "Islamic state" strengthened its position and is competing for the control of the region with the "Taliban" movement. Afghanistan's government cannot defeat the militants without international assistance. Following the withdrawal of the US left Afghanistan ISAF contingent of 9.8 thousand people (in accordance with an agreement dated 30 September 2014) stayed in Afghanistan. In October 2015, US President Barack Obama announced the decision to maintain this number of troops before the end of 2016, and then reduce it to 5.5 thousand at bases in Bagram, Jalalabad and Kandahar.¹¹

When US declared its intention to withdraw its forces from Afghanistan, many experts estimated that it was time for SCO to act in Afghanistan, to show its supremacy as its members declare in each summit. On the other hand, the SCO member states never mentioned that it was a military organization. Richard Weitz noted earlier this year, the SCO's "future relevance will be determined by its ability to effectively address the continuing economic and security problems of neighboring Afghanistan."¹² Just after its creation and especially after Astana declaration of heads of states of the SCO in 2005, most of western countries named SCO as the New Warsaw Pact, Eastern NATO, or Club of Dictators that was able to question western-led world order. But last times most of people called the SCO "Paper tiger", as the declarative, effective international organization. What is SCO? Need citation here.

¹⁰ The speech of the Russian Security Council Secretary Nikolai Patrushev, during the tenth meeting of Secretaries of Security of the SCO countries, Moscow April 2015.

¹¹ <http://tass.ru/mezhdunarodnaya-panorama/2506254>

¹² <http://thediplomat.com/2015/10/afghanistan-the-next-shanghai-cooperation-organization-member/>

The Shanghai Cooperation Organization is the regional organization of cooperation which includes China, Russia, Kyrgyzstan, Kazakhstan, Tajikistan and Uzbekistan, **observer countries** – India, Iran, Pakistan, Mongolia, Afghanistan, **partners for dialogue** – Turkey, Sri Lanka, Belorussia, Azerbaijan, Armenia, Cambodia and Nepal.

It was created in 2001 and nowadays it is the regional organization of political, economic, humanitarian and security cooperation. First, when it was created the SCO intended to fight against terrorism, extremism, separatism and drug trafficking in the member countries. Contact group Afghanistan-SCO was established in order to fight against terrorism in Afghanistan, as this country is the threat for other member-countries of the SCO.

Since 2005, the economic component of SCO was the first component to evolve and then humanitarian sector. Don't know what you are trying to convey here? In the economic sector there are many documents that regulated economic activities of the member States. Policies and Programs that support economic cooperation have been ratified and accepted until 2020. China was ready to finance economic joint projects, but Russia was not interested in economic cooperation development within the SCO. Central Asian states also were afraid of possible Chinese economic expansion of the region. In this regard, Afghanistan was and stays as common concern to each country of the SCO; every country of the SCO is interested in solving the Afghan problem.

Afghanistan is a neighbour to many of SCO countries, and security in Afghanistan is very important to all countries. The cooperation between Afghanistan and SCO began in 2005 with the establishment of Contact group Afghanistan-SCO aiming at fighting terrorism, extremism and drug trafficking. In 2005 Afghanistan was accepted as an observer country and invitee of annual SCO summits of Council of Heads of States. The main decisions concerning regional security, political and economic activities of SCO have been discussed in these annual summits of Council of Heads of States. For more than ten years Afghanistan has been participating in the meetings of heads of states and is considered as the most important country for members of SCO.

President Barack Obama intent was to withdraw all but 10,000 troops from the International Security Assistance Force (ISAF) in Afghanistan by the end of 2014. As a result, the region is bracing for a security vacuum that is primarily affected by a lack of cooperation and

interstate awareness in the vicinity.¹³ The common view of members of the SCO regarding Afghanistan is that military decision of the Afghan problem is not acceptable, but the SCO states must help Afghanistan developed economically, politically and with the participation of Afghan people. Afghanistan is a neighbour to most of the SCO states, it is important for its members to help Afghanistan to solve security problems and establish peace in this country.

The Shanghai Cooperation Organization must deal with terrorist threats in the region. All SCO countries possess Muslim population, including China and Russia, and Islamic State attracts young people from all these countries. Returning from Syria, these young people are trying to organize terroristic attacks in their countries. Citation here SCO can actively take part in solving this problem. Shanghai Cooperation Organization members have organized joint military exercises annually in one of its country since 2005, the Regional Anti-terrorist structure has its own data base of terrorist organizations and terrorists, meeting of military state bodies of SCO members is hold on annual basis.

In our paper we are intending to propose possible ways of strengthening and developing SCO's potential in solving security, political, economic problems in Afghanistan with ultimate goal of preserving regional security free from terrorism, extremism, and drug trafficking that conducts to political and economic prosperity of all countries in the region. And to respond to question: if the SCO is capable of solving the Afghan problem and what should the SCO do in order to solve Afghan problem? For a long time Afghanistan has been the threat source for its neighbour countries. He estimates that extremism and terrorism did not appear because of social problems, but because of lack of confidence between economically developed great powers like China, USA, Russia, India, etc. Also he can't accept that only some countries of the world be stable, and others suffer from their politics.¹⁴

Since the creation of the Organization, in each meeting of high level, heads of states, officials of governments and SCO permanent institutes, have been declaring that the SCO is a second large organization in the world for its dimension and population, highly important international structure that comprises stable and developing states with their political stability and economic prosperity. Even one of SCO Secretariat vice-director for political affairs in the 2010-2015 years declared that the SCO is an instrument to multipolar, fair world order. "Over 15 years of its

¹³ Amit R. Saksena, postgraduate scholar at the Jindal School of International Affairs, July 25, 2014.

¹⁴ Hamid Karzai, speech at 13th Eurasian Media Forum, Astana, Kazakhstan, 21st April 2016.

existence, SCO has become a universally recognized and respected multilateral organization, one of the systemically important factors of the new multipolar world architecture, actively promoting security and stability in the region, as well as joint development of the SCO member states. SCO has turned into a powerful force in the vast Eurasian space, however, exclusively constructive in nature, focused on building new-type relationship," the SCO secretary general Rashid Alimov said¹⁵. But except declarations, most of people cannot see real results of the SCO.

1. History of SCO-Afghanistan cooperation

Afghanistan has remained a key security threat for Central Asia for many years. In 2005, the organization created a SCO-Afghanistan Contact Group, recognizing the near-and long-term importance of stability in Afghanistan to the SCO region. Afghanistan received observer status at the SCO in 2012. In 2009 the SCO member states organized the international conference on Afghan problems. The Afghan President was being invited to each meeting of high level of SCO states. All above means that Afghanistan has long been on the SCO's agenda. According to ancient secretary general of the SCO, Dmitriy Mezentsev, for SCO member states the security situation in Afghanistan is of central importance to overall regional security. Though the SCO has a mostly muted political and economic agenda, it serves as a regional coordination forum for counter-terrorism. The SCO's Regional Anti-Terrorist Structure (RATS) oversees member state cooperation against what the organization describes as the "three evils": separatism, extremism, and terrorism. "Cooperation with Afghanistan must be built not only on combating terrorism or drug trafficking but also in the economic, cultural and humanitarian spheres", he estimates¹⁶.

Uzbek President Islam Karimov said on June 2015 it was important to resume peace talks between Afghanistan's central government and the Taliban movement, adding it was crucial that Russia took part in the talks. Karimov said: "There is a serious and a real threat of instability spilling over into neighboring countries and regions. Russia has and always had its vital interests in this region," he said after talks with Russian President Vladimir Putin in Moscow. "We believe that attempts to resolve Afghan issue without Russia are unreasoned and precipitous."¹⁷

But today except some declaration on Afghan issues, we don't see any real collective actions of the SCO states. As Amit Saksena, researcher noted in his article "the Shanghai Cooperation Organization is more of a private club, with ambiguous organizational mandates and individual

¹⁵ TASS on 25 April 2016 on the occasion of the 20th anniversary of the signing of the Agreement on Confidence-Building in the Military Field in the Border Area of the "Shanghai Five" countries.

¹⁶ Dmitriy Mezentsev.

¹⁷ Reuters, July 10, 2015.

state-driven interests, rather than a competent collective body”¹⁸ that could potentially manage this looming regional instability. We see how relations between Afghanistan and Russia, Afghanistan and China have been developed, but the SCO members don’t act collectively, but separately according to their national interests. For Russia it is important to support Afghanistan for security issues, supplying of combat helicopters, heavy weapons, recently shipped 10,000 Kalashnikov assault rifles and millions of rounds of ammunition. Also Moscow recognizes the impending necessity of training and arming local troops. The existence of Talibans and ISIS at the same time in Afghanistan is a danger for Russia and Central Asian States. Officially ISIS is present in 25 of 34 provinces of Afghanistan with more than 3000 fighters including those coming from Caucasus and Central Asia. Also Russia is afraid of Taliban-ISIS cooperation in Afghanistan. It will be a real danger to states of the region.¹⁹

China also defined the fields of cooperation with Afghanistan as following:

1. Policy coordination: concerning economic development and strategy of national development of Afghanistan.
2. Facilities connectivity: regional connectivity like railways, export of electrics (CASA-1000), transportation of goods etc.
3. Unimpeded trade: increasing the bilateral trade. China is a third largest trading partner of Afghanistan.
4. Financial integration: financial cooperation and including Afghanistan to the AIIB.
5. People-to-people bonds: cultural, educational, media exchanges. Scholarships for Afghan students. Also China intends to include Afghanistan to Belt and Road projects.

According to Chinese Ambassador to Afghanistan for China Afghanistan is an important country along the ancient Silk Road, which used to be the traffic hub connecting Central Asia, South and West Asia.²⁰ China is also a member of Quadrilateral Coordination Group on Afghan Peace and Reconciliation and is trying actively to resolve Afghan problem with other three partners USA, Pakistan and Afghanistan.

As for other members of SCO, Central Asian states are very passive regarding this problem. There is no collective statement of Central Asian States even the stability and security of Afghanistan is vital for these countries. Many politicians and experts in each meeting said the same “the Central Asian countries must actively participate in the resolution of Afghan problem”. The drug trafficking and extremists have a great impact

¹⁸ Amit R. Saksena, postgraduate scholar at the Jindal School of International Affairs, July 25, 2014.

¹⁹ Dmitriy Frolovskiy, Russia’s plan for Afghanistan, www.thediplomat.com

²⁰ Official statement of Yao Jing, Chinese Ambassador to Afghanistan on 22.03.2016.

on Central Asian countries. Three of five Central Asian countries have common frontiers with Afghanistan. But except declarations and intentions there is nothing tangible from the Central Asia within the SCO. Of course bilateral relations between Afghanistan and Central Asian states exist but it is only bilateral, not multilateral.

2. What should be done?

Terrorism is international. Terrorism is not a problem of one country, but is problem for all countries. Governments fail to cooperate against terrorism. Fight terrorism without double standards is indispensable. No country has immune from terrorism²¹. Turkey plays important role in Afghanistan.²² Next five-ten years international terrorism will be a problem for all. All civilizations failed in fight against terrorism, and solutions lie in political institutions not in academic.²³

According to Kairat Osmonaliev, Vice-rector of Diplomatic Academy of Bishkek, Afghanistan is a problem number one for all Central Asian states since the collapse of Soviet Union. Security belt number 1: the neighbouring countries of Afghanistan; security belt number 2: Kazakhstan and Kyrgyzstan, but now there is no belt! Boundaries of security disappeared. The compromise with Taliban, reform of political life failed because of corruption in the country. There is a fragile peace in Afghanistan, and terrorism is coming to our boundaries. In the beginning of 2000s terrorists from Afghanistan entered to Uzbekistan and Kyrgyzstan, and now it can be repeated. Only few numbers of Taliban are ready to cooperate with Kabul - official power. The problems like drug trafficking, corruption still exist. The potential of SCO and CSTO are different, but if they work together for the future of Central Asia, they can achieve some positive results. Afghan people must be interested in and resolve their problem.²⁴ Also he noticed that Central Asian states must actively participate in solving Afghan problem.

²¹ Metin Kylych, Ambassador Extraordinary and Plenipotentiary of Turkey to Kyrgyz Republic, speech during the international conference "Security policy in zone of geopolitical tension", Diplomatic Academy under the Ministry of Foreign Affairs of Kyrgyz Republic, 1st of April 2016, Bishkek, Kyrgyzstan.

²² Kamer Kasym, USAK, speech during the international conference "Security policy in zone of geopolitical tension", Diplomatic Academy under the Ministry of Foreign Affairs of Kyrgyz Republic, 1st of April 2016, Bishkek, Kyrgyzstan.

²³ Hussein Bahci, speech during the international conference "Security policy in zone of geopolitical tension", Diplomatic Academy under the Ministry of Foreign Affairs of Kyrgyz Republic, 1st of April 2016, Bishkek, Kyrgyzstan.

²⁴ Kairat Osmonaliev, Vice-Rector of Diplomatic Academy, report, international conference "Security policy in zone of geopolitical tension", Diplomatic Academy under the Ministry of Foreign Affairs of Kyrgyz Republic, 1st of April 2016, Bishkek, Kyrgyzstan.

Three of five countries of Central Asia have common borders with Afghanistan. There are problems like illegal border crossing, aimed at capturing cities in Tajikistan and Turkmenistan with the ultimate objective of organizing civil war in these countries. Three countries bordering with Afghanistan had chosen three different ways of protecting their borders with Afghanistan. First, Uzbekistan relies on national forces. They have good army that can protect borders with Afghanistan. Second, Turkmenistan believes to its neutrality status and the international institutions like UN can support Turkmenistan in their efforts. Third, Tajikistan relies on its national forces and the regional organizations like SCO, CSTO.²⁵

There are more 6000 fighters of ISIS in Afghanistan. At the end of 2015, ISIS is present in Afghanistan and getting more powerful. The ISIS members are revealed in 25 of 34 provinces of Afghanistan that also includes the citizens of Central Asian and Caucasus countries. Taliban is trying to found its regime in some places in Afghanistan and captured city Kunduz for some days. Militants' congestion is located in bordering territories with Turkmenistan, Tajikistan and Uzbekistan²⁶.

The SCO countries, not only to discuss the round table the fight against the "three evil forces" - they operate on the practical field. In the last decade of the SCO RATS has achieved considerable success in the fight against terrorism. Thus, it was prevented almost 1,000 terrorist attacks, arrested about 650 terrorists; a lot of extremist organizations had been eradicated²⁷. The SCO has repeatedly held joint anti-terror military exercise "Peace Mission".

"The Shanghai Cooperation Organization is a useful forum for discussion and cooperation. However, its inherent organizational flaws, along with the national interests of its member states, prevent it from fulfilling its potential in the region. And for this reason, the SCO is unprepared to take over from the ISAF after 2014".²⁸

Especially China and Uzbekistan and of course other Central Asian states estimate that the SCO is not and never will become a military organization. The SCO will never send their soldiers and army to the territory of Afghanistan. The SCO members declared many times that the problems of

²⁵ Ivan Safranchuk, MGIMO, report, international conference "Security policy in zone of geopolitical tension", Diplomatic Academy under the Ministry of Foreign Affairs of Kyrgyz Republic, 1st of April 2016, Bishkek, Kyrgyzstan.

²⁶ Grigoriy Karasin, vice minister of Foreign Affairs of Russian Federation, interview to newspaper "Kazakhstanskaya Pravda, 8 April 2016.

²⁷ <http://inforos.ru/ru/?module=news&action=view&id=41400>

²⁸ Amit R. Saksena, postgraduate scholar at the Jindal School of International Affairs, July 25, 2014.

Afghanistan would not be resolved by military ways. But they are ready to help Afghanistan to improve its political life and economic development.

3. The reasons of SCO's inactivity regarding Afghan problems

What are the reasons of selfishness of state members of SCO and what are the internal problems of the SCO that don't allow to take part SCO as a whole in the resolution of Afghan crisis? The security of the SCO countries, especially the countries of Central Asia is inextricably linked with Afghanistan. For the centuries Afghanistan was a part of Central Asia, and there are Tajiks and Uzbeks who live in the territory of Afghanistan. Without stability in Afghanistan, we can't dream about the security and stability in Central Asia, China and Russia. Other members like India, Pakistan, Turkey - observer states of the SCO, are also strongly interested in stability, security and prosperity in Afghanistan. That's why SCO as a whole organization must take part in stabilization of situation in Afghanistan, if not the SCO will remain the declarative "club of dictators". As many other regional organizations, the SCO also has its internal and external problems in achieving its goals.

1. Absence of common policy due to the Russian-Chinese contradictions regarding SCO and indolence of Central Asian states

It is not secret that the main problem in the SCO is Russian-Chinese contradictions in many questions. Only these two states define the future of the SCO, in this regard Central Asian states are not active, even indolent in the SCO. China and Russia constantly accuse Central Asian states for its indolence and called them as the "consumers of Russia-China money in the SCO".

The Russian and Chinese visions of the missions and future of the SCO are different. Russia wants the SCO to be an organization of security; China sees it as the organization of economic integration. Concerning Afghanistan the same problem exists. As we mentioned above, Russia support Afghanistan militarily, China wants to extend economic cooperation between two states. What about Central Asian states? No initiatives, no actions, fair of responsibility, or Central Asia has their own problems that they have to resolve.

2. Ineffective internal institutions and decision making process

The SCO has two permanent institutions: Secretariat and Regional anti-terrorist structure, but both serve only to coordinate, to inform or to execute. None of these structures take a decision by the name of states of

SCO. Heads of states takes the main decisions during the annual summits of Council of Heads of State-members of SCO. In reality only two heads of states like China and Russia make decisions. There are also other Councils like heads of governments, national coordinators, national forces, etc., but they serve mostly to prepare the summits of heads of states (in reality). The decisions in the SCO are made by consensus that complicates this process. That's why all declarations and intentions stay in the papers. To facilitate it, the SCO must give more power to permanent structures to make decisions in some questions. Also SCO does not have a mechanism of financing the common projects. Every year China and some Central Asian states intend to create Bank or Fund of SCO, but Russia does not want. The member states of the SCO have their own views concerning Afghanistan. Kyrgyzstan initiated its "Bishkek Initiative" to create a centre based in Bishkek, capital of Kyrgyzstan to solve Afghan problems like drug trafficking, terrorism and extremism. Uzbekistan proposed its own project 6+3 formula of solving Afghan problems, 6 it's the neighbour countries of Afghanistan, 3 - USA, NATO, Russia. After the refusal of Uzbekistan to participate in Contact Group Afghanistan-SCO, in 2008 this Contact group stopped its activities. Turkmenistan, not a member of SCO, but one of Central Asian state initiated to organize interafghan negotiations in Ashgabat, as it had a big experience and success in organizing Tajik reconciliation during civil war in Tajikistan in 1990s.

In our opinion it is necessary to establish a permanent body on drug trafficking.

3. *Competition between "Great powers" in Afghanistan*

The Ex-president of Afghanistan notes that it is not secret that Afghanistan was a victim of the interests of great powers. Being in the heart of the Eurasian continent, first in the 19th century was between the British and the Russian Empires and in the 20th century between the Soviet Union and the USA. In the 21st century Afghanistan is again a victim of great powers after September 11, 2001.²⁹ We are witnessing the resumption of the "Great Game" in Afghanistan. The SCO does not cooperate with international actors like the European Union, USA, NATO, and other states. The SCO support only the UN and cooperate with this universal organization and the SCO members estimate that the UN is the only legitimate actor in Afghanistan and must resolve the Afghan problems, especially the problem of drug trafficking.

²⁹ Hamid Karzai, speech at 13th Eurasian Media Forum, Astana, Kazakhstan, 21st of April 2016.

4. Individualism and selfishness of member states of the SCO

The countries of the SCO pursue their national goals in participating in the SCO. The SCO is afraid of responsibility for the future of Afghanistan because of the bad Soviet experience in the 20th century and the failure of the NATO-US politics in Afghanistan, and Afghan people see any foreign military intervention as occupants that violate the Afghan sovereignty. Also SCO does not possess the force structure that could intervene militarily. In this regard the cooperation between CSTO-SCO will be fruitful.

In 2009 the Kyrgyz expert Orozbek Moldaliev said an idea that the SCO is a China-led organization and it serves only to interests of Beijing. There are no problems with separatists in Central Asia but Beijing imposes it upon little states to solve this problem (three evils: terrorism, extremism and separatism). The problem of drug trafficking is very important for Central Asia and Russia, but not so important for China (there is a death penalty in China for drug trafficking).

5. Domination of bilateral cooperation of the SCO members with Afghanistan

There is not multilateral SCO-Afghanistan cooperation. As we mentioned above, China has its own politics regarding Afghanistan, Russia has its own, and the Central Asian states have no politics regarding these countries. The multilateral cooperation does not work within the SCO.

6. How to help?

Kirill Barskiy, Special envoy of Russia in the SCO, said that the SCO was not prepared to assume the responsibility of ensuring security in Afghanistan itself, but the SCO will work on terrorism, drug trafficking³⁰. In order to help Afghanistan to deal with its security, political, economic, social problems and effectively cooperate to maintain the regional security, it is vital to grant Afghanistan full membership in the Shanghai Cooperation Organization. The SCO and Afghanistan have had long term of cooperation, in each summit, meetings and Forums of the SCO, the member states stated that Afghanistan had been a very important invitee for the SCO members.

During the meeting with the China's Minister of Foreign Affairs Wang Yi on January 2016, the Afghan Minister of Foreign Affairs Salahuddin Rabbani said that he appreciated the valuable cooperation of China with Afghanistan in different sectors and asked for China's support

³⁰ Infoshos.ru

for Afghanistan's full membership in the Shanghai Cooperation Organization and membership in the Asian Infrastructure Investment Bank (AIIB), and also discussed the importance of Afghanistan's strategic position in becoming a transit route in the Silk Road project. Wang stressed on the commitment of his country in the rehabilitation and developing of Afghanistan in different sectors and welcomed the request of Afghanistan's full membership in the SCO and membership in AIIB and promised serious cooperation in this regard³¹.

The only thing we can do is to reinforce the security belt along our borders with Afghanistan collectively within the Collective Security Treaty Organization and, perhaps, the SCO.³²

Brief recommendations to develop activities of the SCO regarding Afghanistan:

1. To grant full membership in the SCO to Afghanistan to legitimize its activities in this country;

2. The Necessity of internal changes of SCO: to establish a Fund for financing common projects and anti-drug trafficking structure.

3. The Necessity of cooperation with other international actors in Afghanistan (like EU, NATO, USA, CSTO, etc.) Particularly it is important to cooperate with CSTO in maintaining security and to fight drug trafficking in the region.

4. The SCO must take part in the Quadrilateral Coordination Group on Afghan Peace and Reconciliation (China, Pakistan and Afghanistan are already in this Group). As the SCO is not able to negotiate with Talibans, it will be good if they join QCG.

5. Every state of the SCO sees differently the resolution of Afghan problems according to their external politics. As mentioned above Bishkek Initiative proposed by Kyrgyzstan, 6+3 group proposed by Uzbekistan, neutrality status of Afghanistan according to Russia, China sees it as economic partner and doesn't want to solve security problems. There is no common view and common policy in the SCO regarding to Afghanistan. The Contact Group Afghanistan-SCO stopped its activities after the refusal of Uzbekistan to take part in the activities of this group. It is vital to minimize the Russian-Chinese contradictions in the SCO, at least regarding to Afghan problems. These two main states must realize

³¹ <http://www.tolonews.com/en/afghanistan/23484-afghanistan-asks-china-for-full-sco-membership>

³² <http://infoshos.ru/en/?idn=10424>

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common policy in Afghanistan in all spheres: economic, social, military, and political.

6. To move from declarations to real actions and do something tangible in and for Afghanistan. The SCO is seen as a declarative organization, as a paper tiger. For instance the SCO can finance joint projects, finance improving infrastructure of Afghanistan, lower trade barriers, develop economic cooperation, finance Afghan government to fight drug trafficking. To do these things the SCO needs to establish Bank or Fund of the SCO and to do it via AIIB.

7. To conduct military exercises "Peace mission" in the territory or with the participation of Afghan militaries.

The SCO's activities regarding Afghanistan have been limited essentially to issuing joint declarations and sharing information about drug trafficking and Afghan terrorists. It is time for SCO leaders more actively support their Afghan neighbours.

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MIGRATION ISSUES MANAGEMENT WITHIN THE EURASIAN
ECONOMIC UNION: THE KAZAKHSTANI CONTEXT

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Abstract

The Post-Soviet space and Post-Soviet Central Asia are an important area of permanent geopolitical changes and transformations.

For Kazakhstan, as for the young and dynamically developing state the regulation of migration processes is becoming an important area of social and economic development of the country, designed to meet the needs of economy with highly qualified personnel by bringing in foreign labor.

The demographic aspect and the immigration issues are strategic areas, both in the context of internal development and in the context of regional and interregional cooperation, as well as the maintenance of international stability and security

Keywords: EEU, Labor Migration, Kazakhstan, Eurasian Integration

Introduction

The process of globalization has increased the mobility of people, capital, ideas, information, and culture and has created new political, social and demographic trends forming system of international relations. At the same time, migration impacts globalization, the sustainable development and integration processes by its scale and consequences. Integration trends and issues are substantive constitutive/substantial part of sustainable regions development process.

The Post-Soviet space and Post-Soviet Central Asia are an important area of permanent geopolitical changes and transformations.

For Kazakhstan, as for the young and dynamically developing state the regulation of migration processes is becoming an important area of social and economic development of the country, designed to meet the needs of economy with highly qualified personnel by bringing in foreign labor.

The demographic aspect and the immigration issues are strategic areas, both in the context of internal development and in the context of regional and interregional cooperation, as well as the maintenance of international stability and security. In general, Kazakhstan's migration policy includes three key directions: repatriation, international labor migration and internal migration.

* Kazakhstan

These main aspects are defined in the migration law of the country¹. The priority directions of migration policy are also reflected in the basic law and in the framework of a new development strategy “Kazakhstan-2050”².

Kazakhstan, as a second migration hub (after Russia) in the Post-Soviet Central Asia is interested in the stable, regulated and secured migration flows. This seem to be reached also trough the integration projects.

The development of the integration processes reflects one of the key directions on Kazakhstan’s modern foreign policy. Thus, the Eurasian economic integration is considered as one of the most effective ways to promote the country on a stable position in the world economic system³. In this context, the strategic objective was defined by the strengthening of the Customs Union and Common Economic Space, in order to build on this basis, the Eurasian Economic Union. Focusing on the migration component in the framework of Eurasian integration, it should be noted that the work on the development of the legal framework and other components were important for all members of the organization including Kazakhstan. The successful development of the project is promising both in terms of economic development and sustainable migration policy.

The Eurasian Economic Union and migration issues

The Eurasian Economic Union was created as a result of a two-decade cooperation and transformation processes within the organization’s initiators on the basis of the Custom’s Union. The organization was initiated by the Treaty on the Eurasian Economic Union, which was signed in Astana on 29 May 2014. The main purpose was to strengthen the economies of the member countries to modernize and improve the competitiveness of the participating countries on the world market⁴. This will be achieved through the provision of the Union of freedom of

¹ Law No. 477-IV of 22 July 2011 on Migration of the Population. 2014-2016 Integrated Plan for Solution of the Migration Problem, Enhancement of the Control of Migration Flows from Neighboring States, Creation of Favourable Conditions for Domestic Skilled Labour in Order to Prevent Excessive Outflows of Skilled Manpower to Overseas Labour Markets for the Years 2014-2016, approved by Government resolution No. 1593 of 31 December 2013.

² Message from the President of the Republic of Kazakhstan - Leader of the Nation Nursultan Nazarbayev to people of Kazakhstan Strategy "Kazakhstan-2050". New political course of established state // <<www.strategy2050.kz>> [22.07.2015].

³ Kazakhstan's foreign policy concept for 2014-2020 gg. Approved by Decree of the President of the Republic of Kazakhstan dated January 21, 2014 № 741. - Astana 2014.

⁴ "Treaty on the Eurasian Economic Union" (signed in Astana 29.05.2014) (Ed. By 10.10.2014, as amended. On 08.05.2015) // <<
http://www.consultant.ru/document/cons_doc_LAW_163855>> [07.08.2015]

movement of goods, services, capital and labor, as well as conducting a coherent, coordinated and unified policy in the sectors defined by the Treaty on the Union.

This Treaty entered into force on 1 January 2015 and it currently counts Armenia, Kazakhstan, Kyrgyzstan and the Russian Federation¹. It could be defined as the most effective agreement on labour migration management in the Eurasian space. The permanent supranational regulatory body of the Eurasian Economic Union is the Eurasian Economic Commission (EEC).

The structure of the organization includes a special body on migration. The labour migration issues within the purview of the Department of development of business activities of the ECE, which is supervised by the Ministry for Economy and Financial Policy of the ECE. The division of labor migration to monitor and control the implementation by Member States of the Union Treaty in the field of labor migration, the Agreement on cooperation on combating illegal migration from third countries on 19 November 2010 and the planned monitoring of the development of bilateral agreements².

Measures are being taken to ensure workers' awareness through media publications, presentations at international conferences, participation in the forums.

A special chapter on labour migration was incorporated into the Treaty, Chapter-XXVI³. It regulates common issues of cooperation in the area of labour migration, including a glossary of common terms, conditions for labour activity, and the rights and obligations of migrant workers of member States on the territory of others. These are reflected on the Articles 96-98 of the Chapter. Key provisions fix the main things concerning labor migrants' key rights:

- Labor-migrants are not required to obtain permits for employment. Implementation of the work is done on the basis of a labor contract.
- Workers (and family members) may stay on the territory of another State without registration up to 30 days.
- The period of temporary stay for workers (and family members) is determined by the duration of the employment or civil contract.
- The national regime in social security (social insurance) is working;

¹ Eurasian Economic Union // << <http://www.eaeunion.org/#about> >> [05.01.2015]

² Eurasian Economic Commission, Labor migration and social security of workers in the Eurasian Economic Union, Aliyev S.B., Moscow, 2016, pp 12.

³ "Treaty on the Eurasian Economic Union" (signed in Astana 29.05.2014) (Ed. By 10.10.2014, as amended. On 08.05.2015) // http://www.consultant.ru/document/cons_doc_LAW_163855 >> [07.08.2015]

- Labor migrants are taxed on a par with the working state of employment.
- Direct recognition of diplomas and qualifications, except the fields of the strategic for economy and development of the member-states.
- Children of the workers are entitled to attend pre-school institutions in accordance with the laws of the state of employment.
- Labor experience (including insurance) is taken into account for social security purposes.
- Emergency medical care is provided to workers (and family members) in the same manner and under the same conditions as the citizens of the state of employment, - free of charge, regardless of medical policy
- The Developed Treaty on compulsory:
 - The payment of pension contributions;
 - Export of pensions

All these provisions are important and determine the general rules of labor mobility within the Union, taking into account the essential requirements and the necessary conditions for migrant workers. Very important achievements of the common dialogue between the member-states are some social insurances given by the employers as compulsory insurance against temporary disability, compulsory insurance related to motherhood, compulsory insurance against accidents at work and occupational diseases.

Difficulties and obstacles

Along with this, there are many difficulties that impede closer and active labor mobility in demanded professions. So recognition of diplomas does not apply to teachers, lawyers, pharmacists and physicians. Representatives of these professions for employment in another country of the Union must undergo the procedure of recognition of documents on education, established by the legislation of the state of employment. Similar procedures are to expose documents on scientific degrees and academic titles.

Member states can still restrict labor flows to establish and apply restrictions for reasons of national security, including the industries of strategic importance, as well as public order, in respect of ongoing workers of the local employment, occupation and territory stay.

Some weak sides and gaps concerning migration flows and regulation within the Union:

- Two big sending countries - Tajikistan and Uzbekistan - are missing in the Union, but they are potential members;
- Interaction between the responsible Departments and Agencies is not well coordinated; but it is improving based on good practices;

- Experts are pessimistic on economic benefits of the Union, especially for Kazakhstan, but it opened great possibilities for it as a transport-logistic hub and this will also promote movement of the labor.
- One of the serious issues remains is the data collecting, exchange and analysis.

The functioning of the Eurasian Economic Union and the start of the free labor movement is a serious step ahead in terms of both the creation of the effective mechanism of migration regulation and strengthening the development effects in the sending countries and destinations.

The Kazakhstani context

Kazakhstan is the active initiator of the Union and a dynamically integrated state. Since January, 2016, the country started its Chairmanship and has promoted international cooperation of the Union with the third states and enlarged the use of the economic potential. The important questions concern the coordination of the free movement market issues. In general, it covers three important directions.

The first covers the consistency, the volume and direction of migratory flows from the point of view of stability and regulation.

The second aspect involves the coordination of departments at various levels to create an efficient and flexible labor market, taking into account all the realities, problems and prospects.

The third aspect, in our view, is the development of international migration cooperation of the Union with the active participation of Kazakhstan taking into account the major national, regional and global trends in the development of the modern system of international relations.

The First aspect. From the viewpoint of the regional migration system and sub-system, volumes and direction of migratory flows, it is important to note that in addition to the fact that Kazakhstan has positioned itself as a second destination in the region of Central Asia (after Russia) in the framework of the EEU, this is also a sending country. Kazakhstan accepts labor migrants from Kyrgyzstan, Belarus and Russia. Labor migrants from Kazakhstan directed mostly to Russia. In this context, we are talking about skilled labor movement and regulated migration.

Overall, the involvement of foreign professionals into the economy of Kazakhstan remains one of the most important national policy issues in the field of labor migration in general, and within the organization. In 2015 the quota for foreign labor force is set at 0.7% of the economically active population of the country (about 63.9 thousand)¹.

At the beginning of 2015 on the territory of Kazakhstan 30,700 labor migrants were counted. Up to 70% of them are highly skilled professionals.

¹ Migration within the CIS acquires a peculiar dynamics // <<<http://www.ritm Eurasia.org>>> [05.06.2015]

In general, in Kazakhstan the most significant portion of foreign labor comes for the fields of construction (44.4%), mining (13.4%) and manufacturing (5.4%)¹.

Since the beginning of the Union's functioning, migration flows from member countries intensified. According to data of the Ministry of National Economy of the Republic of Kazakhstan, even in 2014 there was an increase the number of citizens of Kazakhstan, engaged in labor activity in the Republic of Belarus by 3.9 times and in the Russian Federation by 27% ².

According to Russian sources, there is a significant increase of the citizens of member countries of EEU. Thus, the number of citizens of Kazakhstan increased by 46,8 thousand (7.8%), Belarus - 18,5 thousand (3.6%), Armenia - 16,3 thousand (3.4%)³.

By early April 2015, in accordance with these data, in Russia, there were 644,4 thousand citizens of Kazakhstan, 536.3 - Belarus citizens, 507,4 - 496,4 citizens of Kyrgyzstan and Armenia accordingly. By June - 668,160 citizens of Kazakhstan (including 393,523 men and 274,637 women) and 508,123 citizens of Kyrgyzstan (307,713 men and 200,410 women) were fixed in Russia.

At the beginning of the 2015 in Kazakhstan marked increase in the number of workers from Belarus by 1.6 times and from Russia by 22%⁴. According to expert estimates of Kazakhstan's researchers, the volume of migration within EEU increased overall by 17% during the first half of 2015. At the time of 2016 it is decreased by 22 %. Illegal migration flows are not estimated.

For Kazakhstan, as for migrants and employment sectors there are no clear statistics. Kyrgyzstan's accession, which is a donor country, both in Russia and in Kazakhstan, is an additional factor in enhancing flows both high-skilled and low-skilled labor force, the so-called domestic workers in the domestic labor market.

More complete statistics presented by Russian agencies show that the Union member states are more stable in migration flows despite the crisis effects.

¹ Analytical report on the theme: "Actual issues of migration policy: assessment of the current state of the forecast demand for migrant workers in accordance with their qualifications. Illegal labor migration. Experience of foreign countries» // <http://economy.gov.kz/economyabout/9716/64172/>

² *ibid*

³ Statistics of the FMS of Russia shows the dynamics of growth of labor migration from Central Asia // << <http://migrant.ferghana.ru/newslaw.B2.html>. >> [06.16.2015]

⁴ Svetlana Zhakupova: "Risks for which we do not expect the national labor market» // <<<http://ia-centr.ru>> [05.07.2015]

Table 1. The number of citizens of certain CIS countries and Georgia to Russia in March 2015- February 2016. (Number of persons):

| | March 2015 | December 2015 | February 2016** |
|-------------------|----------------|-----------------|-----------------|
| Azerbaijan | 562,887 | 530,000* | 519,942 |
| Armenia | 484,892 | 488,500* | 468,686 |
| Georgia | 31,076 | 31,000* | 30,375 |
| Kyrgyzstan | 523,221 | 542,928 | 563,080 |
| Tajikistan | 963,489 | 896,159 | 861,045 |
| Turkmenistan | 24,340 | 24,724 | 20,335 |
| Uzbekistan | 2,131,300 | 1,880,547 | 1,784,151 |

* Rounding to hundreds.

** Data published on the FMS website on February 12, 2016.

Source: Labour migration in the EEU at the beginning of 2016 (Report of EEC) <http://evrazklub.ru/analitik/trudovaya-migratsiya-v-eaes-nachalo-2016-goda-doklad-eak.html>

Some other data show the level of remittances from Russia.

Table 2. Statistics of remittances to some countries of the CIS and Georgia in 2014-2015. (\$ Millions):

| Country | I quarter 2014 | II quarter 2014 | III quarter 2014 | I quarter 2015 | II quarter 2015 | III quarter 2015 | Change in rubles |
|-----------------------|----------------|-----------------|------------------|----------------|-----------------|------------------|------------------|
| Azerbaijan | 111 | 162 | 183 | 59 | 107,3 | 105,9 | -21.8% |
| Armenia | 114 | 182 | 261 | 60 | 124,5 | 154,2 | -1.1% |
| Georgia | 48 | 59 | 67 | 25 | 33,7 | 33,7 | -11.8% |
| Kazakhstan | 31 | 44 | 83 | 21 | 44,9 | 52,1 | +24% |
| Kyrgyzstan | 207 | 307 | 395 | 142 | 246,6 | 240,5 | +15% |
| Tajikistan | 484 | 796 | 1,092 | 260 | 391,3 | 590,1 | -13.5 |
| Turkmenistan | 3 | 5 | 5 | 2 | 2,4 | 2,1 | -18.1% |
| Uzbekistan | 783 | 1427 | 1821 | 395 | 749,1 | 861,9 | -17.8% |
| Dollar, rubles rate * | 32,65 | 35,6 | 33,84 | 56,23 | 57,65 | 55,84 | — |

* On the first day of the quarter

Source: Labour migration in the EEU at the beginning of 2016 (Report of EEC) <http://evrazklub.ru/analitik/trudovaya-migratsiya-v-eaes-nachalo-2016-goda-doklad-eak.html>

The statistics also shows that in almost all cases, the dollar value of remittances - declined, but this is due, above all, to the depreciation of the Russian ruble against the dollar.

The "Migration shock" for the countries of Central Asia is much more significant: the number of immigrants from Tajikistan decreased by 10.6%, Uzbekistan - by 16.3%, Turkmenistan - 16.5%. And this phenomenon is apparently mainly due to labor migration - reduction in the number of foreigners in Russia practically did not affect Kazakhstan (-0.8%), which came from the less come to Russia¹.

Thus, we see that the membership of the EEU had a significant impact on the dynamics of the number of migrant workers. Countries outside the Union most acutely experienced "immigrants in shock" and EEU member states have avoided it or survived in attenuated form, as in the case of Armenia.

Some processes can change the geography and the volume of migration flows within the Union including Kazakhstan. The signing of the Free Trade Agreement with some countries from other regions can seriously change the landscape of migration flows.

Thus, the Agreement which has been signed with Vietnam is already working on the introduction of visa-free regime with Kazakhstan within the EEU.

This will increase the flow of migrants from the South-East Asia, which has become a stable trend since 2014. A separate question is about migrating from China in cooperation with the Union. Moreover, the Memoranda of Understanding between the Eurasian Economic Commission and the Kingdom of Cambodia, the Republic of Singapore was signed. Both countries are interested in deepening cooperation until the signing of the Agreement on Free Trade Area. The Commission shall conduct a productive dialogue with the Association of Southeast Asian Nations (ASEAN). We discuss the coordination of the integration process of our association with the Shanghai Cooperation Organization (SCO).

The Eurasian Economic Commission have already signed the Memoranda of Understanding with Chile and Peru, they are negotiating to conclude a memorandum of cooperation on trade and economic issues with the Common Market of South America (MERCOSUR).

All these processes entail the emergence of new opportunities, expanding the geography, and also certain challenges, which is the expected result of the formation of new migration systems and subsystems, requiring timely and balanced measures.

¹Labour migration in the EEU at the beginning of 2016 (Report of EEC) <http://evrazklub.ru/analitik/trudovaya-migratsiya-v-eaes-na-nachalo-2016-goda-doklad-eak.html>

The spheres of employment of the migrant workers from the Union in Kazakhstan mostly cover the following: construction, mining, and manufacturing and others. The monitoring of the largest recruitment companies' data and sites, shows positive dynamics in recruitment, promotion of jobs and employment in Kazakhstan. For example, according to one of the largest recruiting Service "Head Hunter-Kazakhstan" since the beginning of 2015 more than 9 thousand specialists have noted that they are ready to move to Kazakhstan for work. The majority of these resumes come from Russian citizens - 60.3%, Ukrainians - 22.6%, Belarusians - 4.7%. The next migrants come from Uzbekistan, Kyrgyzstan, Azerbaijan and other countries¹.

It is noted that most of these companies prefer foreigners and domestic staff are not in demand. Wages are usually a half to two times more than for local staff. Since the beginning of the work of the Union in Kazakhstan there is migration, not only managers (project managers, CEOs, etc.), but middle managers (department directors, HR directors), which is slightly a more competitive factor for local specialists.

Among the priority areas of employment, mainly the top management (17.5% of all foreigners who are ready to move to Kazakhstan), IT, Telecom (10.1%), manufacturing (9.6%) - Sales (9.5 %), construction (8.4%) should be included².

Thus, the migration processes in the framework of the EEU to Kazakhstan retains its role as sending and receiving country. With regard to the enlargement of the Union, it will require a balanced and flexible policy, not only at national level but also within the organization.

This involves the coordination of appropriate departments and a more effective cooperation at all levels, and, in our opinion, it is the next important aspect of the migration processes within the EEU.

The Second aspect

Coordinating the work of the Union in the sphere of labor migration requires cooperation around the perimeter of the issues identified by members. This agreement on common approaches and principles, exchange of normative legal acts, information, experience, the implementation of measures aimed at preventing the spread of false information, conduct training and seminars, cooperation in the framework of the advisory bodies.

For the coordination of legal, social and other questions with the Department of labor migration there were involved several ministries and Kazakhstan's agencies - Ministry of National Economy of the Republic of

¹ In Kazakhstan flooded managers from Russia and Ukraine // << <http://forbes.kz> >> [05.07.2015]

² Ibid

Kazakhstan, the Ministry of Health and Social Development of the Republic of Kazakhstan, the Ministry of Internal Affairs of the Republic of Kazakhstan, the Border Service of the National Security Committee of the Republic of Kazakhstan and the Ministry of Education and Science of the Republic of Kazakhstan. The permanent job is going within the framework of the Advisory Committee on Migration and the Advisory Committee on social security, with the respect of the Human rights, health care and professional activity of migrants from member states of the Eurasian Economic Union. Nevertheless, it is important to take into account the fact that the mobility process is developing much faster than the coordination and discussion of the situation. This makes it necessary to speed up the coordination, decision-making and the exchange of accurate information.

At national level other institutions are also involved, i.e. the Department of Migration Police of the Ministry of Internal Affairs, Ministry of Foreign Affairs of Kazakhstan, the Ministry of Justice of the Republic of Kazakhstan, the Ministry of Agriculture of Kazakhstan, the Agency on Statistics, etc. Despite certain difficulties and frequent miss-coordination, the work is going on the issues specified in articles 96-98 of the Treaty. One of the persistent issues is the problem of collection and processing of reliable statistical data. Various departmental subordination, or incompatibility causes a difference in the data selection criteria, doubts about the validity and reliability of qualitative and quantitative data, which leads to difficulties in providing quality analysis. Work in this area is ongoing and it is really important in terms of the full functioning of Kazakhstan as a leading member state.

The third, an important aspect for Kazakhstan is the development of international cooperation and its active participation in this cooperation. It is also important that the institutions of the Union take effective action in the field of migration. Since January 2016, the newly elected chairman of Kazakhstan has actively been involved in developing this course of action. EEU has an international legal status (Sec. 2, Article 1 of the EEU Treaty), which involves the development of international cooperation with states, international organizations and integration associations, concludes international treaties with them (claim 1, Article 7 of the EAEC Treaty) in order to promote basic directions of the Organization¹. The need for international cooperation is also important due to the fact that providing sustainable safe migration flows, based on respect for the rights of migrants and their families is vital not only within the Union, but also along its borders, where the situation is exacerbated by a change in the geopolitical

¹ "Treaty on the Eurasian Economic Union" (signed in Astana 29.05.2014) (Ed. By 10.10.2014, as amended. On 08.05.2015) // <<

http://www.consultant.ru/document/cons_doc_LAW_163855 >> [07.08.2015]

realities and the exacerbation of different conflicts. A major step in this direction is the signing of the memorandum of cooperation with the IOM, UN agencies, with the CIS and others. Kazakhstan is an active member of many international organizations, projects and initiatives, including the field of migration. So, one of them can be identified as the Almaty process. Almaty process is a constant dialogue platform initiated by Kazakhstan in 2011. The goal of the Almaty process is to jointly address the most pressing problems of refugees and international migration in a regional format, and in a global perspective. The Almaty process plays an important role in the development of mechanisms designed to comply with key national interests of countries in the region, such as border control and security, while ensuring access to asylum for those who need it, regardless of the circumstances in which they found themselves at the border¹. Thus, the coordination of cooperation within the Union and with international organizations is an important direction for effective functioning of the EEU. One of the important initiatives of Kazakhstan is also the intensification of cooperation with China. Heads of Union countries and China have decided to pair the EEU and the Economic belt of the Silk Road. The agreed list of prospective projects for the implementation of the EEU and their interface with the Economic Belt of the Silk Road Project is already approved.

An important component of the EAEC cooperation with China within the framework of the project "Economic Zone" Silk Road is the sphere of innovation and technology which is also important for the high-skilled migration.

The international activities of EEU, including the conclusion of agreements on the free trade zone with the third countries, will contribute to the development of exports from the countries of the Union, investment and, in general, the growth of the Union's countries economy by creating the conditions for the diversification of trade and economic relations. All this will contribute to a sustainable and effective free labor movement.

Conclusion

The commissioning of the Eurasian Economic Union is a major advancement of integration processes on the Eurasian space during last two decades. The countries involved are opening some new possibilities in custom, middle business companies' promotion, production exchange not only within the Union and even with third countries. Another opportunity is developing transport and transit potential, digital technologies and innovations.

¹ Astana to discuss issues of refugee protection and migration in Central Asia // << <https://www.mzsr.gov.kz> >> [05.07.2015]

It also contributes to the strengthening of the economies of member countries, and the creation of a free labor market is a serious aspect of strengthening and regulating of the migration processes.

Migrant workers from the Union member states may work without permission and a special quota is admitted on the basis of national treatment. Moreover, the bodies of the Union provide them social package, including access to health care, education for family members and pensions. These benefits also allow both coming and home communities to be easily integrated. Increasing and strengthening the remittance's processes in the space is one more aspect of the development.

Kazakhstan's context of migration processes in the framework of the EEU is determined by a number of factors including the direction of migration flows, volumes, effective coordinated cooperation within the organization, as well as the development of international cooperation. The creation of common labor market and the involvement of labor resources in the framework of the EEU can be a powerful incentive to strengthen the priority areas of the economy and the deepening of regional integration. Presented by the formation of an important flexible with a balanced migration policy, taking into account the specifics of the demographic potential and development of priority sectors of Kazakhstan's economy by attracting foreign high-skilled labor, as well as the preservation of their own intellectual potential. Very important is the stability, security and controllability of migration flows, based on a more integrated cooperation of your country of the member states, both within the EEU and around the perimeter of its borders.

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LE DOUBLE JEU DE L'UNION EUROPEENNE FACE A LA CRISE MIGRATOIRE

Gilles Lebreton*

Résumé

Confrontée à une crise migratoire d'une ampleur sans précédent, l'Union européenne (UE) a tardé à réagir, comme si elle minimisait l'importance du phénomène. Sous la pression de l'opinion publique européenne, devenue inquiète, L'UE s'est alors décidée à prendre des mesures pour faire face à cette crise migratoire. Officiellement, il s'agissait d'en limiter l'ampleur. Mais nous pensons que l'UE n'a pas réellement changé d'attitude: comme madame Merkel, elle reste favorable à l'accueil des migrants, qu'elle considère comme une aubaine pour remédier au déficit démographique de l'Allemagne et d'autres Etats européens.

Mots-clés: crise migratoire, déficit démographique, l'Agence européenne de garde-frontières et de garde-côtes

La guerre civile en Syrie a incité des millions de Syriens à fuir leur pays. Ils sont d'abord allés dans les États voisins, notamment au Liban et en Turquie. Puis beaucoup ont décidé de franchir la Méditerranée sur des bateaux de fortune pour gagner les côtes italiennes et grecques.

Confrontée à une crise migratoire d'une ampleur sans précédent, l'Union européenne (UE) a tardé à réagir, comme si elle minimisait l'importance du phénomène. Lors de l'été 2015, la chancelière Angela Merkel a même déclaré son intention d'ouvrir l'Allemagne aux migrants. Cette initiative a provoqué l'afflux d'au moins 800 000 migrants dans son pays en 2015. Elle a aussi incité beaucoup d'autres migrants, de nationalités diverses, à venir à leur tour en Europe.

Sous la pression de l'opinion publique européenne, devenue inquiète, L'UE s'est alors décidée à prendre des mesures pour faire face à cette crise migratoire. Officiellement, il s'agissait d'en limiter l'ampleur. Mais nous pensons que l'UE n'a pas réellement changé d'attitude: comme madame Merkel, elle reste favorable à l'accueil des migrants, qu'elle considère comme une aubaine pour remédier au déficit démographique de l'Allemagne et d'autres Etats européens.

Nous allons donc essayer de démontrer que l'UE se livre à un double jeu: elle prend des mesures qu'elle présente, pour calmer l'opinion publique, comme des remparts contre l'immigration (I); mais l'analyse de ces mesures et les discours qui les accompagnent au Parlement européen révèlent qu'elles sont des leurres (II).

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I. L'apparence: des mesures destinées à empêcher l'afflux des migrants.

L'UE a elle-même désigné, à grands renforts de publicité, ce qui constitue sa mesure-phare contre l'afflux de migrants: l'accord du 18 mars 2016 passé avec la Turquie. Au terme de cet accord, la Turquie s'engage à reprendre, à compter de son entrée en vigueur, les Syriens arrivés en Grèce en provenance de ses côtes. Ainsi présenté, l'accord paraît de nature à résoudre en grande partie la crise migratoire.

Il paraît d'autant plus rassurant que l'UE n'a pas hésité à accorder à la Turquie trois avantages en contrepartie de sa bonne volonté. Primo, l'UE lui verse une forte somme d'argent pour l'aider à gérer les Syriens sur son sol: d'abord fixée à 3 milliards d'euros, cette somme est rapidement doublée pour atteindre six milliards d'euros, sur l'insistance du président turc Erdogan qui s'avère être en la circonstance un négociateur redoutable.

Secundo, l'UE accorde à la Turquie la libéralisation des visas, pour permettre aux 80 millions de Turcs d'entrer quasi-librement en Europe. 72 conditions sont toutefois posées pour y procéder, afin de permettre à l'Union de préserver sa bonne conscience. Leur objectif est en effet d'exiger de la Turquie qu'elle respecte mieux qu'elle ne le faisait la démocratie et l'État de droit. Mais très rapidement l'UE va renoncer à se montrer trop exigeante. Sous la pression d'Erdogan, qui menace de rompre l'accord, elle finit par considérer que les 72 conditions sont respectées, ce qui est très étonnant quand on connaît la dérive autoritaire d'Erdogan, qui emprisonne les journalistes et les parlementaires qui lui résistent, et qui profite de l'échec du putsch militaire d'août 2016 pour organiser dans son pays une gigantesque épuration qui touche notamment plusieurs milliers de juges.

Tertio, l'UE s'engage à relancer le processus d'adhésion de la Turquie, qui s'était quelque peu enlisé en raison du comportement inquiétant d'Erdogan. Cette promesse a été tenue, puisque la négociation de deux nouveaux chapitres d'adhésion a commencé juste après la signature de l'accord.

Cet ensemble de concessions est si important qu'il a choqué beaucoup d'Européens. Mais il a été accepté car il accrédite l'idée que le sacrifice est à la hauteur du bénéfice, qui consiste officiellement à parvenir à juguler l'immigration. Dans cette perspective, la Turquie est présentée par la presse comme une sorte de sous-traitant de la politique européenne de lutte contre l'immigration.

Parallèlement à cet accord avec la Turquie, l'UE entreprend en 2016 de créer deux nouveaux instruments destinés à lutter spécifiquement contre l'immigration. Le premier est l'Agence européenne de garde-frontières et de garde-côtes, instituée pour remplacer l'Agence Frontex qui avait complètement échoué dans sa mission de protection des frontières

extérieures de l'Union. La nouvelle Agence est notamment dotée d'une force d'intervention rapide, que ne possédait pas Frontex, et qui est censée lui permettre de voler au secours des États qui ont du mal, comme la Grèce ou la Bulgarie, à garder seuls leurs frontières extérieures. L'objectif officiel est donc bien de lutter contre l'afflux de migrants. Le même objectif préside à la création du second instrument, qui consiste en une liste européenne de « pays sûrs ». Cette liste est en effet destinée à recenser les pays vers lesquels on peut refouler les migrants, sans que ceux-ci aient rien de grave à y craindre. Elle a vocation à se superposer aux listes nationales de pays sûrs que certains États européens, comme la France, ont déjà élaborées.

Le message européen est donc clair : l'UE fait tout son possible pour lutter contre l'immigration. La réalité est pourtant différente...

II. La réalité: des leurres pour masquer une politique de peuplement.

L'analyse des mesures européennes contre l'immigration prouve qu'elles sont dénuées d'efficacité réelle. Rien ne garantit, par exemple, que la nouvelle Agence de garde-frontières et de garde-côtes sera plus efficace que sa devancière l'Agence Frontex, d'autant qu'elle est déjà paralysée par un fin réseau d'obligations de respecter les droits des migrants: droit d'être secourus, droit d'être enregistrés, et même droit de porter plainte contre ses agents ! La liste européenne de pays sûrs, âprement négociée, va quant à elle péniblement comprendre sept ou huit États. Sa valeur ajoutée est donc illusoire quand on sait que les listes nationales en contiennent davantage, comme celle de la France qui en comprend seize.

L'accord avec la Turquie est pour sa part un marché de dupes. En contrepartie des trois avantages sus-analysés qu'elle obtient, la Turquie ne s'y engage en effet qu'à reprendre 72 000 migrants, pas un de plus ! Et encore: à la place de ces migrants dont elle se débarrasse, l'UE s'y engage à accueillir un nombre identique -72 000- de Syriens installés dans des camps turcs de réfugiés. En clair, cet accord ubuesque ne lui permet même pas d'alléger sa charge d'un seul migrant ! C'est bien le signe qu'il n'est destiné qu'à tromper l'opinion publique.

En réalité, les dirigeants de l'UE sont, comme Madame Merkel, sont hantés par le déficit démographique de l'Allemagne et de certains autres États européens. Ils sont donc partisans d'une politique de peuplement dont ils dévoilent les contours dans des discours hélas trop peu médiatisés. J'ai personnellement entendu, en tant que député européen, le commissaire à l'immigration, Monsieur Avramopoulos, déclarer au Parlement de Bruxelles, le 8 juin 2015, que l'UE aura besoin de recevoir « 50 millions de migrants à l'horizon 2060 ». Il réitère un an plus tard, le 7 juin 2016 au Parlement de Strasbourg, en expliquant qu'il faut accueillir rapidement « 20

millions au moins de migrants » car « l'Europe aura besoin de bras ». Le haut-commissaire aux affaires étrangères, Madame Mogherini, est encore plus explicite le 13 septembre 2016, devant le Parlement de Strasbourg. Elle affirme carrément que la crise migratoire « n'est pas un phénomène qu'il faut entraver (...). Même si les citoyens n'aiment pas entendre cela, (...) ces migrations peuvent apporter des chances incroyables pour ceux qui quittent leurs pays et ceux qui les accueillent (...). Nous continuerons à avoir besoin de migrants». On pourrait citer aussi le commissaire à l'économie, Pierre Moscovici, qui estime que « les réfugiés soutiennent la croissance » au motif que les dépenses publiques consenties en leur faveur produiraient « un effet de relance sur l'économie ».

Point n'est besoin de continuer. Ces citations sont suffisamment édifiantes: une politique de peuplement est bel et bien organisée, et sa mise en œuvre a commencé. Dès 2015 la Commission a tenté de contraindre les États européens à se répartir les migrants arrivés en Grèce. Devant leur peu d'empressement à obtempérer, elle a imaginé en 2016 d'infliger aux États récalcitrants une amende de 250 000 euros par migrant refusé !

Le 7 juin 2016, la Commission a été encore plus loin en présentant un plan qui estime « nécessaire de créer de vraies voies d'entrée légale en Europe », plan soutenu par le rapport parlementaire Metsola qui demande la mise en place « d'itinéraires sûrs pour entrer dans l'Union ». Et en août 2016, le quotidien allemand Die Welt révèle que la Commission envisage d'élargir le regroupement familial des migrants à leurs frères et sœurs.

Les peuples européens sont médusés d'assister à cette montée en puissance de la politique de peuplement. Leur mécontentement croît et explique dans une certaine mesure le Brexit. Mais la Commission n'en a cure, comme Madame Mogherini le leur a brutalement avoué dans sa déclaration précitée. Une fois de plus, ce sont les lobbies dont elle choisit de servir les intérêts, en l'occurrence les puissants lobbies du patronat allemand. Dès 2014, le président de la Fédération allemande de l'industrie appelait à l'ouverture des frontières (cf Nicolas Goetzmann, «Economie, migrants: comment la France a laissé le patronat allemand prendre le pouvoir en Europe », Atlantico du 28/01/2016). L'UE a obtempéré en lui donnant la main-d'œuvre à bas coût qu'il réclamait.

En conclusion, la crise migratoire aurait pu être traitée autrement. Avec un peu de volonté, l'UE aurait pu inciter les États voisins de la Syrie à héberger durablement les réfugiés syriens en leur apportant une aide logistique et financière adéquate. Mais aveuglée par son ultra-libéralisme habituel, elle a fait le choix d'organiser son propre peuplement, au risque de déstabiliser ses États membres. La submersion migratoire n'est pas une fatalité à laquelle l'UE n'a pas su résister, mais une opportunité qu'elle a décidé de saisir.

THE NEW GLOBAL REGIONALISM: A CASE FOR THE
GLOBALIZATION OF HIGHER EDUCATION IN CENTRAL ASIA

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Abstract

The higher education policy development and reforms at regional level have attempted to overcome the challenges and impacts of globalization in the current transformation to knowledge-based global economy. Universities of Central Asia are being involved in internationalization processes establishing both bilateral and multilateral co-operations across borders.

Through integration schemes, international and regional institutions and their programs and programs of various countries are engaging in policy harmonization processes to foster more integration and provide regional remedies for the common challenges of globalization in their respective regions.

Researchers are also engaged in academic debates and analyze various higher education system integration discourses at professional level.

Most of the theories and practices used in higher education discourses however are taken from other experiences, best practices and when terms and concepts from other experiences migrate to the higher education sector of the region and vice versa there is sometimes a ground for misunderstanding unless they are conceptually framed and analyzed.

This particular article focuses on possible regional and global integration and higher education harmonization issues. It discusses the process of policy harmonization in higher education and interprets the notions of global and regional integration theories in the interpretive paradigms of policy formulations. These interpretive paradigms provide a theoretical perspective on conceptual framework of higher education harmonization and integration schemes.

Keywords: integration, globalization, higher education reforms, regionalism in higher education

Introduction

Currently, with care about creating an international educational space, where the international community is committed to the creation of a *global strategy for education* regardless of its place of residence and educational level, higher educational institutions in turn are challenged to be focused on training “*Global Professionals*” as their final product, or universities are responsible of their social role for developing “*Global Citizenship*” All the countries are united by an understanding that modern education has become international, school and university education

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acquire the features of multicultural, international education. It develops the ability to assess the phenomenon from the perspective of another country, different cultures, different socio-economic formation, created multicultural background.

The rapid pace of technology and innovation challenges integration and consolidation of all professional efforts in order to enhance higher education technologies globally.

IT and a knowledge-based society are the catalysts of overall development which requires highly competitive professionals with new thinking abilities.

Globalization is one of the trends which is working for the benefit of development of education, which has no boundaries. It helps to effectively collaborate and exchange ideas, best practices and experiences.

The main strategic issue that higher education comes across is how to train ahead, what is the quality of the final product of higher education, will it meet the employers' requirements and will it be able to move the market to new technologies, innovations and further development?

Joint international projects and programs are the efficient grounds for strengthening the global and regional integration processes.

The world educational space brings together national education systems of different types and levels which vary considerably in their national and regional traditions, level of goals and objectives, and its qualitative state. Therefore, it is necessary to talk about modern world educational space as forming a single body in the presence of each of the educational system of global trends and the preservation of national and cultural diversity.

1) Global Integration in Education

The educational integration is characterized by regionalism in order to enter the global educational space, such as regional institutions as, for example, the Asian-Pacific Region, the Eurasian Economic Unity, SOC, EC, etc.

In the world, a new Asia-Pacific Region (APR) is the active generator of integration processes. It includes the following countries: South Korea, Taiwan, Singapore and Hong Kong, as well as Malaysia, Thailand, the Philippines and Indonesia. For all of these countries are characterized by a strategy to improve the quality requirements of education and training in the area.

By the end of the 20th century, in several regions, included the EU, the Arab countries, Eastern Europe and CIS countries, economic, political and social factors disturbed the educational and integration processes.

A very important trend was the widespread orientation of the majority of countries in transition towards mass education, education for all and towards solving the issues related to the quality of education in order to enter global educational space. This also holds valid for Central Asia where international institutions offer joint programs to ensure a better integration, and where the institutions themselves apply to international organizations to establish partnership. There are many programs aimed for developing education for Tajikistan, Uzbekistan, Kazakhstan and Turkmenistan. But the problem is that there are no strong regional institutions aimed at developing the regional growth of education for now, except regional programs within the Eurasian Economic Unity, Shanghai Organization on Cooperation and CIS.

Due to increase of international cooperation in the field of education, the national education systems started launching new reforms and building partnership turned into multinational collaboration. New scientific and academic disciplines, focused on new thinking have been introduced.

Another important change in the development of global education is a significant spread of innovation while maintaining the prevailing national traditions and the national identity of countries and regions. Therefore, the space becomes a multicultural and focused on human development and civilization in general, more open to the formation of an international educational environment, the supranational nature of knowledge and familiarization of human values to the world.

UNESCO is implementing an organizational regulation of development of world education. This organization develops international legal instruments, both global and regional issues for all countries. Actively contributing to the development of integration processes in the field of education, UNESCO's standard-setting activities are focused on:

- creating the conditions for promoting collaboration among nations through education, science and culture;
- promoting universal respect for the rule of law and human rights;
- involvement of more countries in the process of preparing the legal framework for international integration in the field of education;
- Study the state of education in the world, including certain regions and countries;
- Forecasting the most effective ways of development and integration;
- promote adoption of Conventions and Recommendations;
- collection and systematization of reports on the state of education each year.

Globally, there are different educational models existing in different systems as: the *American model*, *French model*, *German model*, *British model*, *Russian model*, *Kazakhstan model*, *Uzbekistan model*, etc. and all these models are aimed to provide the market with competitive professionals with new thinking skills.

The reform of the system of higher education in countries is characterized by the search for the optimal fit between existing traditions in the national high school and the new trends associated with the entry into the world educational space. One of the most important changes which have been taken in Central Asian area is the development of multi-level system, as for example, in the universities of the Republic of Kazakhstan. It is the three cycle system of higher education, such as: bachelor-master-doctor, secondary school school-leavers may apply to vocational schools, preschool system was included into the system of education which has not been included before.

Another change started in modernizing facilities with modern information technologies, including the widespread use of the Internet and the rapid development of distance learning students. Some years ago, in most of the Central Asian countries facilities were available to purchase only due to their involvement into joint international programs, such as: TEMPUS, INTAS, ERASMUS, etc., but at present , universities can afford themselves to be equipped in accordance with their needs.

The next change was related to improvement of quality assurance through participating in the global university ranking, international accreditation. But this process happened in a more intensive way only in Kazakhstan among the other Central Asian countries as the Government still funds and supports the development of education, higher education in particular in the frame of national strategic policy of industrialization and training modern specialist to a new market. 5 national universities of Kazakhstan participated in institutional international accreditation and accreditation of degree programs. The process of moving to international recognition and quality of education has moved and has a potential to continue.

At present rapid development of higher education can be followed by the raise of public funding from year to year. Public spending on education, total of government expenditure is 12.09 % and Kazakhstan is taking 62 place out of 103 countries of the world (as of year 2012).¹ Therefore educational institutions of Kazakhstan are more or less well funded. The idea for building system of QA which could harmonize different educational practices and values of modern education systems

and qualifications has been offered by various national and international experts. Most of the providers of national education reforms are from accreditation and rating systems and they present a well-known and practice based challenge of transfer of western practices to national context. Kazakhstan has been trying to adapt the best practices in education from various countries for over a decade, but still quality assurance is lacking in most of the institutions exist. Therefore, if the education reform is to take its effective outcomes in countries like Kazakhstan, any effort to derive quality assurance frameworks must be a well thought process not cutting everything from the root or not trying to repeat in the same way a successful story of other experiences.

And another change is to include universities in the renewal of higher education to meet international requirements and the rapidly changing market. Therefore, there is a shift in new curricula, modern educational standards, new teaching technologies, management technologies and modern structures.

When the engineer or any other graduate from different fields comes today in the life of engineer or at real technological process he faces constant and rapid environment changes in his activity. As a consequence, young specialists are always undereducated, are "unfinished" and are not able to cope with professional tasks on a required level. Employers spend additional time and money on training to work in the conditions of the enterprise. To become professionals or perform themselves as experts they are required some time and practicing. Therefore, universities have to take into account practical, real production requirements, requirements of the employers of its graduates and establish the "university-industry" cooperation in order to model a correct professional profile. In these issues of Quality Assurance or in developing a professional profile, the Central Asian educational market has not been regionalized yet.

2) Problems of Regional and Global Education

Globalization and internationalization as main trends in the development of society have increased the requirements for recognition and transferable content and the outcome of higher education of all countries involved in the integration processes. Therefore, during the last quarter of the 20th century various international and bilateral conventions on the recognition and equivalence of diplomas and qualifications, degrees, cycles and periods of study in continental Europe mostly within Bologna Declaration been adopted.

The Bologna Declaration was adopted in 1999 which identifies four mandatory principles of comparison of educational programs, structures and systems of education modules:

- Readability - a single form of the Diploma Supplement;
- Comparability - on the basis of the European system of credits (loans) ECTS;
- Compatibility - on the basis of common methods and technologies of education,
- Transparency - access to all information within the European educational space.

On the basis of the principles of the Bologna Declaration proclaimed aim is not just to admit the integration and harmonization of education in Europe by modifying national education systems. To achieve these objectives it is necessary:

- Establishment of a comparable system of higher education degrees
- Introduction of the three-cycled structure of education (bachelor-master-doctor)
- General use of the European system of credits (loans) ECTS;
- Development of a common methodology and comparable criteria for assessing the quality of education, quality assurance
- Promote the mobility of students, teachers and researchers across Europe which was identified as *internationalization*.

Among the Central Asian countries, Kazakhstan signed Bologna Declaration in 2010 and changed the system of higher education to 3-cycled system and is following all the priorities of this concept.

In 1989, the United States, Britain, Canada, Australia, New Zealand, Ireland, South Africa, Hong Kong and, more recently, Japan have signed the Washington Agreement (WA) on mutual recognition of equivalence of accreditation of engineering education programs. In 2003 status of conditional membership in WA was given to Singapore, Korea, Germany, and Malaysia. Each signatory country of WA implements its own approach to guarantee the quality of education. However, by mutual analysis criteria and procedures for accreditation of educational programs, the country joined to WA acknowledge their equivalence and thus confirm the high quality of training under these programs during their employment in the engineering positions in any of the countries participating in WA.

The process of developing a unified approach to creating professional associative institutions has been created in different fields, for

example, European Federation of National Engineering Associations (FEANI), ABET, ASIIN, etc.

The activities of these and other professional organizations representing the interests of industry, has shown that the level of performance achieved earlier signed conventions in the field of education, is clearly insufficient - the labor market is still full of professionals with engineering diplomas poorly prepared for professional work. Despite the large number of universities and students industry is experiencing an acute shortage of professionals.

In 2001, the European Charter of quality was adopted. The established European quality systems in various fields include quality of professionals, quality of graduates of the education system and quality of education. It became evident that in order to improve the quality of education. The recognition of awards (diploma, degree, qualification) is not enough, including teaching, practice, training, planning, it is necessary to industry to impact and interfere into the internal processes of higher education institutions.

The Central Asian higher education institutions' participation in such institutions or their activity is not intensive regionally, but Kazakhstan is participating in the Global university ranking, international evaluation of their academic programs and undergoing through national and international accreditation. By the initiative and support of the President of the country, all companies were united under the National Chamber of Entrepreneurs, many professional associations of Petroleum Engineers, Metallurgical Engineers, Companies dealing with Petroleum Services, etc. were created and many of them established collaboration with universities and developed professional standards.

3) Route to Globalization

Globalization, which is the essential foundation of the information revolution, has a decisive influence on all spheres of human life, such as, economy, politics, culture, language, education, personal development, interethnic and interreligious relations. All these areas, being involved in speeding up the pace of development and exchange of information, acquire qualitatively new features. Now there are processes of intercultural and interreligious interaction in the formation of a unified people of Central Asia. Thus, globalization is a complex process that requires scientific and theoretical understanding from the standpoint of systematic and comparative approaches to modern science.

Globalization brings the positive growth of communication and contacts capabilities, the acceleration of information and goods flows,

foreign investment and also the tendency towards standardization, losing national identity. It is particularly important to study the mechanism of the impact of globalization on the cultural identity of the Kazakh people, on the ethnic and cultural traditions of the peoples of Central Asia which influences greatly their education.

First of all, we need a comprehensive, interdisciplinary study of the process of globalization in all its dimensions, such as: economic, political, cultural, educational, linguistic, legal, social and other aspects. The system analysis of all aspects and manifestations of globalization, as well as its implementation, perception and interpretation should help to identify opportunities for the development of a model for sustainable development strategy of Central Asia in conditions of accelerating globalization.

Exploring all aspects and sides of the complex process of globalization, we need to focus primarily on the economic aspect, consider the impact of globalization on the development of national economy. It is known that big business increasingly concentrated on a global scale, moving across national borders. What are the characteristics of the national economy of the Republic of Kazakhstan and other Central Asian Republics, related to their involvement in the process of economic globalization and integration? This process should be considered in all its forms and at all levels: the integration of the Central Asian region, the Eurasian Economic Community, the Shanghai Cooperation Organization, relations with Russia and China, as well as the introduction to the economy of transnational companies and institutions. It is necessary to recreate a complete picture of the economic life of the transit company, seeking to defend their own national model of a multipolar globalization.

Conclusion

Globalization in higher education and research is obvious and it is a natural process where education cannot exist in isolation in the 21st century. The borders in education have no limits. The Internet, academic mobility, internationalization and many other developments will lead to the creation of an international educational space. The increasing interaction of academia, students, research, ideas and experiences is accompanied by the globalization process.

The most important aspect of the study will be not only education but also the analysis of the culture of the peoples of Kazakhstan and Central Asia in the context of globalization as well.

It is important to analyze the educational programs, educational technologies and innovations in order to compare them with the regional context, but it is not less important to study cultural aspects of social dimensions as well.

The key idea is to justify the possibility to change the model of globalization, transforming its type in accordance with regional needs. Globalization, embodying great potential scientific mind of all mankind, and should be carried out for the benefit of all countries and peoples. Globalization, which has the potential of a new social identity - a citizen of the world - at the same time, must leave the peoples the right to their own national image of the world and their own independent national development.

The interstate dimension of globalization requires the identification of a new geopolitical strategy in Central Asia in the modern fast-paced world. It is necessary to answer the question which asks how it is possible to combine the values of a liberal developed societies with the values of the traditional culture of the peoples of Central Asia.

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LES ACCORDS ENTRE L'UNION EUROPEENNE ET LA MONGOLIE: BILAN ET PERSPECTIVES

Michel Bruno*

Résumé

Les relations diplomatiques entre l'Union européenne et la Mongolie ont débuté en 1989. Auparavant, la Mongolie entretenait peu de relations avec la Communauté économique européenne. A partir de 1989, les relations entre les deux partenaires vont donc s'intensifier. L'accord-cadre de partenariat et de coopération entre l'Union européenne et ses Etats membres et la Mongolie (2013) marque une volonté entre les deux parties de franchir un nouveau cap dans leurs relations. Cet accord s'inscrit dans la série des nouveaux accords voulus par l'Union européenne, débutée avec un très important accord signé en 2010 avec la République de Corée du Sud et suivi par d'autres dont celui avec la République de Mongolie.

Mots-clés: coopération commerciale et économique, programmes et instruments communautaires, programme Tempus Tacis, coopération économique

Les relations diplomatiques entre l'Union européenne et la Mongolie ont débuté en 1989. Auparavant, la Mongolie entretenait peu de relations avec la Communauté économique européenne. A partir de 1989, les relations entre les deux partenaires vont donc s'intensifier pour aboutir à la signature d'un accord de coopération commerciale et économique entre la Communauté et la Mongolie. Ainsi, le 8 février 1993, après quelques mois de négociations réalisées par la Commission européenne présidée à l'époque par le français Jacques Delors ancien ministre de l'économie et des finances du Président François Mitterrand, le Conseil des ministres de la Communauté économique européenne décidait de conclure après avis favorable du Parlement européen rendu le 22 janvier 1993, un accord de coopération commerciale et économique avec la République de Mongolie¹. Cet accord scellait de la sorte le rapprochement entre deux partenaires très éloignés géographiquement et peu de temps avant politiquement aussi très éloignés qui étaient encore en train de mutuellement se découvrir. Pour la Mongolie, cela correspondait à une volonté d'ouverture permise par la fin de l'U.R.S.S. et par sa nouvelle constitution démocratique adoptée en 1992. Pour la Communauté économique européenne, cela répondait à son souhait d'accompagner la Mongolie dans cette volonté. De plus, pour les douze Etats membres que comptait seulement la C.E.E à l'époque, il

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¹ J.O.C.E. du 18/02/1993 L 41/49

s'agissait aussi d'ouvrir de nouveaux horizons commerciaux avec ce type d'accord déjà utilisés avec d'autres partenaires économiques comme la République de Corée du Sud par exemple. La politique commerciale commune de la C.E.E était alors en plein essor. A partir de cet accord, les relations sont devenues régulières entre les deux partenaires. Progressivement, l'idée de développer ces relations a germé et a donné de nouveaux fruits.

La poursuite des relations aboutissait même à dépasser le cadre strict de l'accord de 1993 en incluant la République de Mongolie dans le cercle des pays éligibles au programme Tempus Tacis (assistance technique à la Communauté des Etats indépendants) ainsi qu'au programme Erasmus-Mundus de l'Union européenne. Ces programmes étaient pilotés par la Commission européenne. De plus, la Mongolie a également été éligible à la politique d'aide au développement de l'Union européenne mais l'accord de 1993 y fait directement référence. Cette aide était au début incluse dans le programme Tacis puis à partir de l'année 2004, la Mongolie a été éligible au nouveau programme ALA en faveur des pays en développement en Asie et en Amérique latine. Parallèlement et aussi par la suite la Mongolie a été intégrée à différents programmes et instruments communautaires et de l'Union européenne au titre de l'aide au développement. Il est nécessaire de préciser que l'Union européenne possède une délégation permanente pour la Mongolie qui est une représentation diplomatique, sans être une véritable ambassade compte-tenu du fait que les Etats membres restent compétents en matière de relations extérieures. Six Etats membres de l'Union européenne sont ainsi représentés en Mongolie de façon permanente: l'Allemagne, la Grande Bretagne, la Pologne, la Tchéquie, la Bulgarie et la France.

Tout naturellement, cela a amené la Mongolie et l'Union européenne à discuter la mise en œuvre d'un nouvel accord beaucoup plus large. Ainsi, de nouvelles négociations ont commencé et ont débouché sur la signature de l'accord-cadre de partenariat et de coopération entre la République de Mongolie et l'Union européenne et ses Etats membres. Ce document essentiel a été signé le 30 avril 2013 à Oulan-Bator la capitale de la Mongolie par Madame Catherine Ashton Haute représentante de l'Union européenne pour les affaires étrangères et la politique de sécurité¹. Cet accord n'est pas encore entré en application car la procédure de ratification des Etats membres de l'Union européenne est en cours. Au

¹ Il s'agit d'une fonction que l'on doit au traité de Lisbonne de 2007 entré en vigueur entre les Etats membres en 2009 qui a regroupé les activités extérieures commerciales de la Commission européenne avec les activités extérieures strictement politiques du Conseil de l'Union européenne. Depuis la fin de 2014, c'est Madame Federica Mogherini ancienne ministre italienne des affaires étrangères qui occupe maintenant cette fonction.

mois de février 2016, 23 Etats membres l'avaient ratifié sur les 28 Etats membres de l'Union européenne. La France n'a pas encore ratifié le texte mais a commencé la procédure de ratification. En effet, le document a été présenté en Conseil des ministres à François Hollande Président de la République française le 2 mars 2016 et il a été décidé en Conseil des ministres de déposer le jour même devant le Sénat le projet de loi autorisant la ratification de l'accord-cadre de partenariat et de coopération entre la Mongolie et l'Union européenne. Le Sénat doit se prononcer dans le courant du mois d'avril et l'Assemblée nationale sera ensuite saisie. Cette dernière adoptera très probablement le texte durant le mois de mai. Puis, le Président de la République française promulguera la loi de ratification. Ensuite les instruments de ratification seront transmis à l'Union européenne. En principe tous les Etats membres auront ratifié le texte dans les prochains mois. Ce qui laisse penser que l'accord pourra entrer en vigueur au plus tôt en juin ou juillet 2016. Dans un premier temps notre étude portera sur le contenu de l'accord de 1993 puis dans un deuxième temps nous verrons l'état actuel des relations entre l'Union européenne et la Mongolie. Ensuite, dans une troisième partie nous évoquerons les possibilités offertes par le projet de nouvel accord qui n'abrogera pas l'accord de 1993 qui restera donc toujours en vigueur.

I- L'accord de 1993 entre l'Union européenne et la Mongolie: un bon départ

Dans ce cadre, il faut détailler le contenu de l'accord de coopération commerciale et économique existant entre la Mongolie et l'U.E. Nous nous bornerons cependant à n'aborder que les grandes lignes de celui-ci. Ce texte comprend quatre chapitres et 16 articles. Le premier article insiste sur le fait que l'accord est fondé entre les deux parties sur « le respect des principes démocratiques et des droits de l'homme qui inspirent la politique intérieure et extérieure de la Communauté et de la Mongolie ». Depuis la fin de l'ex-U.R.S.S, la Mongolie a décidé de diversifier ses relations internationales sur une nouvelle base et de nouveaux principes. Ainsi, la République de Mongolie a épousé l'économie de marché mais aussi les principes des droits de l'homme et de la démocratie chers à l'Union européenne. Naturellement, elle s'est tournée vers la Communauté européenne mais aussi vers le Japon, la Chine, l'A.S.E.A.N., l'O.S.C.E., l'Organisation de Coopération de Shangai et d'autres Etats aussi et d'autres organisations internationales également.

Ce postulat étant posé dans l'article premier de l'accord s'ensuit le premier chapitre qui est consacré à la coopération commerciale avec 6 articles. L'article 2 explique que tous les produits sont visés par cet accord mis à part les produits concernés par le traité de la Communauté européenne du charbon et de l'acier (C.E.C.A.). Ce traité entre les Etats

membres de l'Union européenne n'existe plus depuis 2002. Il a été intégré au traité de la C.E.¹ devenu le traité sur le fonctionnement de l'Union européenne depuis le traité de Lisbonne.

L'article 3 dans son paragraphe premier précise qu'entre les deux partenaires c'est le traitement de la nation la plus favorisée qui s'applique pour une série de dispositions relatives aux échanges commerciaux entre la Mongolie et la C.E.E. Ainsi, le traitement de la nation la plus favorisée concerne les droits de douane ou autres impositions et les modalités de perception; les modes de paiement et les transferts de paiement; les réglementations pour le dédouanement; l'obtention des licences d'importation ou d'exportation des marchandises; les taxes ou autres impositions intérieures et les lois ou réglementations concernant les marchandises ou services. Dans son second paragraphe, l'article 3 ajoute que le premier paragraphe ne s'applique pas lorsqu'une des deux parties participe à une Union douanière ou à une zone de libre échange ou bien dans le cas du commerce frontalier ou bien encore quand il s'agit d'avantages découlant des accords du G.A.T.T.

L'article 4 préconise le développement et la diversification des échanges commerciaux entre les deux partenaires (4-1) ainsi que la facilitation de ceux-ci (4-2). L'article 5 oblige d'une part la Communauté économique européenne à libéraliser progressivement les importations en provenance de Mongolie et à abolir les restrictions quantitatives aux échanges. D'autre part, il oblige la Mongolie à « ce que les exportateurs ou les fournisseurs de biens ou de services de la Communauté puissent participer sur une base équitable et non discriminatoire aux occasions offertes par le commerce avec la Mongolie ». On notera ici une différence dans les engagements pris par les deux parties à l'accord. Cette différence rédactionnelle s'explique tout simplement parce qu'en 1993, la Mongolie venait juste de commencer à mettre en place l'économie de marché et qu'elle était encore très marquée à l'époque par l'économie collectiviste et la corruption qui allait avec.

L'article 6-1 est relatif aux échanges d'informations entre les parties notamment en cas de litiges ou de problèmes éventuels. Dans cette hypothèse, il faut privilégier les consultations avant toutes décisions ou mesures de rétorsion sauf cas exceptionnel (6-2). Si il est décidé malgré tout de prendre par l'un ou l'autre des partenaires des sanctions, celles-ci ne doivent pas porter atteinte aux objectifs de l'accord (6-3).

¹ Le traité C.E.E. est devenu à partir de l'application fin 1993 du traité de Maastricht le traité de la Communauté européenne (C.E.), l'adjectif économique ayant été supprimé pour tenir compte à la fois du développement de la Communauté à d'autres domaines que celui de l'économie et de la création de l'Union européenne.

L'article 7 porte sur le respect des prix et des barèmes conformes aux marchés et l'article 8 concerne le paiement des transactions qui doit se faire en monnaies convertibles. Cette dernière disposition est à mettre en relation avec la fin du régime collectiviste et de l'économie en autarcie pratiquée par la Mongolie jusqu'en 1990. Depuis lors, tout cela a bien changé.

A partir de l'article 9, le document se préoccupe de coopération économique dans un deuxième chapitre et cela jusqu'à l'article 12 inclus. L'article 9 indique qu'il faut contribuer au développement des deux économies parallèlement et plus précisément favoriser l'industrie et l'agriculture de la Mongolie et de la Communauté. Il précise qu'il est nécessaire de diversifier leurs liens économiques et d'encourager le progrès scientifique et technique ainsi que d'ouvrir de nouvelles sources d'approvisionnements et de nouveaux marchés. Ainsi, il dévoile les secteurs économiques à valoriser: industriel et minier; agriculture et forêts; science et technologie; énergie; télécommunications; protection de l'environnement; tourisme; propriété intellectuelle et industrielle; normes; statistiques.

L'article 10 se rapporte plus spécifiquement aux entreprises des deux partenaires et à la coopération industrielle et technique entre elles. Tandis que l'article 11 encourage les investissements des entreprises de part et d'autre.

Le chapitre trois s'intéresse avec l'article 13 à la commission mixte qui doit présider aux destinées de cet accord et veiller à sa pérennité. Cette commission composée par des représentants du gouvernement de la Mongolie et des représentants de la Commission européenne et des Etats membres doit se réunir une fois par an au moins. Des réunions extraordinaires sont possibles à la demande de l'une ou l'autre des parties. A tour de rôle, la présidence de la commission est assurée par la Mongolie et par la Communauté. S'agissant du lieu des réunions, alternativement, ce sera Oulan-Bator et Bruxelles.

Le dernier chapitre fait part des dispositions finales en édictant dans l'article 14 le champ d'application territorial de l'accord qui concerne les « territoires où le traité instituant la Communauté économique européenne est d'application » et le territoire de la Mongolie. Il est précisé que cet « accord ainsi que toute action entreprise dans son cadre laissent intactes les compétences des Etats membres de la Communauté pour entreprendre des actions bilatérales avec la Mongolie dans le cadre de la coopération économique » et pour « conclure, le cas échéant de nouveaux accords de coopération économique avec la Mongolie ». Ici, nous sommes sur une frontière juridique puisque ce qui relève de la coopération commerciale est de la compétence exclusive de la Communauté avec tout

particulièrement l'union douanière communautaire qui implique une politique extérieure commune dans le cadre de la politique commerciale commune. En ce qui concerne la coopération économique, il s'agit d'une compétence partagée entre les Etats membres et la Communauté économique européenne. Cela explique cette précision figurant dans l'article 14 à propos de la coopération économique des Etats membres avec la Mongolie. L'article 15 prévoit l'entrée en vigueur de l'accord et une validité de cinq ans pour celui-ci. Il ajoute qu'au bout de cette période, il y aura tacite reconduction d'année en année du texte sauf dénonciation de ce dernier par l'une des parties. Il donne aussi la possibilité de modifier d'un commun accord le document « pour tenir compte de situations nouvelles ». Enfin, l'article 16 nous informe que l'accord est rédigé en langue mongole et dans les 9 langues officielles de la Communauté économique européenne.

Cet accord entre la Mongolie et à la Communauté européenne a non seulement été appliqué et a permis d'amplifier les liens réciproques entre les deux partenaires de façon importante. Mais il a aussi amené d'autres liens non expressément prévus par l'accord. Les progrès de cette coopération ont été considérables et méritent que l'on s'y attarde dans une deuxième partie. Nous allons donc voir que le bilan de cette coopération est très satisfaisant.

II - Les acquis de cette fructueuse coopération: de bons résultats.

En matière commerciale, il est indéniable que le volume des échanges a nettement progressé. En 1993, les échanges étaient faibles et en 1999 ils atteignent 40 millions d'euros d'importations en U.E. et 60 millions d'euros de produits exportés vers la Mongolie¹. A partir de la fin de 2005, la Mongolie est insérée dans le programme S.P.G. + de la C.E.² Cela a permis l'accès à la Communauté en franchise de droits de douane pour près de 7200 produits. Ce programme concerne 90% des produits exportés de Mongolie vers l'Union européenne. Les principaux importateurs européens sont le Royaume-Uni et l'Italie et cela concerne principalement le cachemire et l'or. La Chine est sans conteste le premier importateur de produits mongols. Il s'agit surtout de matières premières. Concernant l'exportation, il faut savoir que les produits exportés vers la Mongolie supportent un faible taux de l'ordre de 5% en général. Ce qui a d'ailleurs valu à la

¹ Document de la Commission européenne sur les relations entre la Communauté et la Mongolie.

² Le Système des Préférences Généralisées plus dit S.P.G. + est destiné à encourager le développement durable et la bonne gouvernance dans les pays en développement en contrepartie d'un accès plus facile au marché européen pour leurs productions. Il s'agit de respecter la démocratie, les droits de l'homme et les conventions de l'organisation internationale du travail.

Mongolie d'être complimentée par l'Organisation mondiale du commerce. Le premier exportateur vers la Mongolie est la Russie avec de l'énergie, des automobiles et des pièces détachées pour l'essentiel. La Mongolie avait d'ailleurs accumulé une dette importante auprès de la Russie¹. Celle-ci l'a effacée contre une somme forfaitaire de 250 millions d'euros. Le premier exportateur européen est l'Allemagne qui exporte des machines, des produits chimiques et de l'alimentation². La France exporte de l'agroalimentaire et du bétail. Ainsi par exemple en 2014, 150 génisses montbéliardes sont allées en Mongolie (issues de la coopérative Jura-bétail). Mais les entreprises françaises sont aussi présentes en Mongolie dans les secteurs minier, de l'énergie, des infrastructures, des transports et du développement urbain durable³. Ainsi, l'Union européenne est aujourd'hui le troisième plus grand partenaire commercial de la Mongolie après la Chine et la Russie. C'est « le troisième voisin » pour la Mongolie qui est quant à elle le 139^{ème} partenaire commercial de l'Union européenne. En 2014, les importations de l'U.E. en provenance de la Mongolie se chiffraient à 74 millions d'euros dont 28 millions de produits manufacturés. Pour les exportations de l'U.E. vers la Mongolie, celles-ci représentaient 331 millions d'euros dont 254 millions de produits manufacturés. On remarque un très fort développement des exportations de l'U.E. depuis 1999 car elles ont été multipliées par près de six. Pour la Mongolie, l'augmentation est notable aussi car les importations ont été presque doublées depuis 1999. Les deux partenaires sont gagnants même si l'U.E. semble être le grand bénéficiaire sur le plan commercial de cet accord.

Il est tout de même impératif de nuancer ce propos car la Mongolie reçoit des aides non négligeables de la part de l'U.E. et de la part de plusieurs Etats membres. Pour l'Union européenne, cela s'est dans un premier temps traduit par les aides dans le cadre du programme Tempus Tacis qui concernaient en priorité le passage à l'économie de marché. De sorte qu'entre 1993 et 2006, près de 70 millions d'euros d'aides diverses communautaires sur 14 ans ont été données à la Mongolie. En moyenne cela fait environ 5 millions d'euros par an. Notamment, la Mongolie a été admise dans le programme ALA en 2004 au bénéfice des Etats en développement en Asie et en Amérique latine. A cela, s'ajoutent les emprunts bonifiés de la banque européenne d'investissement pour de nombreux projets dès 1993. Ces aides et emprunts ont été alloués aussi au renforcement des institutions, à la bonne gouvernance, aux petites et

¹ De l'ordre du milliard d'euros.

² Données fournies par la Commission européenne et par le ministère français des affaires étrangères et du développement international.

³ La France a passé dès 1991 un accord avec la Mongolie concernant la protection des investissements. D'autres Etats membres de l'U.E. ont fait de même. Ils seraient en tout 18 sur 28 à l'avoir fait.

moyennes entreprises, et aux ressources humaines. Mais un accent particulier a été mis sur le développement rural de la Mongolie à partir de l'an 2000 puisque 80 % des aides lui sont consacrés depuis. Entre 2006 et 2013, un volume annuel comparable à la période précédente a été accordé à la Mongolie. Ainsi entre 2011 et 2013 soit sur trois ans 15 millions environ d'aides lui ont été accordées. Et depuis 2006, ce sont des emprunts octroyés par la banque européenne pour la reconstruction et le développement à la Mongolie qui complètent aussi les aides. Pour la période 2014-2020, il est prévu de donner à la Mongolie de l'ordre de 79 millions d'euros¹. 65 millions d'euros seront octroyés au titre de l'instrument financier de la coopération au développement destinés à l'amélioration de la gouvernance financière en vue d'une croissance durable et inclusive du secteur minier et au soutien à l'emploi dans les zones rurales. Et 14 millions d'euros seront accordés « au titre des programmes thématiques et régionaux ainsi qu'avec l'instrument européen pour la démocratie et les droits de l'homme mais aussi à l'aide du programme d'appui aux acteurs non étatiques »². Cela donne sur une période de 7 ans, plus de 10,2 millions d'euros par an. L'augmentation des aides est substantielle.

L'augmentation des aides a, à peu près, doublé depuis le début de l'octroi des aides par l'C.E. Il s'agit là de récompenser les efforts considérables réalisés par la Mongolie sur la voie de la démocratie et des droits de l'homme mais aussi d'aider un pays de plus en plus en proie aux problèmes du réchauffement climatique. Les hivers sont en effet de plus en plus difficiles et rudes. Les étés sont de plus en plus chauds. Le 6 avril 2016, une aide exceptionnelle de 420.000 euros a d'ailleurs été accordée par la Commission européenne sur le fonds d'aide humanitaire comme aide d'urgence afin de permettre à la Mongolie de faire face à l'hiver très rude qu'elle vient de subir. Ainsi, 211 des 339 districts administratifs que compte la République de Mongolie ont été touchés. Et ce sont 12 provinces sur 21 qui sont concernées. Avec cette aide humanitaire environ 20.000 personnes seront aidées. La Mongolie possède un vaste territoire et une population disséminée sur ce vaste territoire. La densité de la population est très faible 1,7 au Km², c'est même la plus faible au monde.

Aux aides de l'Union européenne, il faut ajouter les aides des Etats membres et en particulier les aides de l'Allemagne le plus grand donateur européen qui donne environ 10 millions d'euros par an à la Mongolie. Il faut mentionner aussi les aides significatives accordées par le Royaume-Uni, les Pays-Bas, la Suède, la Tchéquie et par la France³. Il est nécessaire de

¹ Toutes ces informations proviennent soit de la Commission européenne soit du ministère français des affaires étrangères et du développement international.

² Réponse de la Commission européenne à une question du député européen J.M. Le Pen.

³ La santé et l'agriculture sont les secteurs privilégiés par les aides de la France.

faire remarquer que ces aides étatiques sont coordonnées avec les aides de l'U.E.

L'accord a permis également de développer des liens entre différentes universités européennes et mongoles. Ainsi, cinq universités mongoles ont participé au programme Erasmus mundus. 227 étudiants mongoles sont venus étudier en U.E. depuis 2007. Cinq universités de Mongolie participent aujourd'hui au programme Erasmus + ainsi qu'au programme de recherche Horizon 2020 avec le « Marie Curie Actions » pour l'échange d'enseignants. Il s'agit de l'Université nationale de Mongolie, de l'Université mongole des sciences de la santé, de l'Institut national des finances et de l'économie, de l'Université mongole des sciences et de la technologie, et de l'Université nationale mongole de l'agriculture. La coopération entre l'Université nationale de Mongolie et l'Université du Havre s'inscrit dans le cadre des relations entre la France et la Mongolie mais aussi dans le cadre des relations entre l'U.E et la Mongolie.

Nous constatons que les relations entre la Mongolie et l'Union européenne sont de plus en plus importantes. Nous n'avons pourtant pas abordé tous les points concernant ces relations en ne choisissant que certains d'entre eux. L'accord-cadre signé en 2013 mais qui n'est pas encore en vigueur va permettre d'approfondir encore plus les liens entre l'Union européenne et la Mongolie.

III - L'accord-cadre de partenariat et de coopération entre l'Union européenne et ses Etats membres et la Mongolie: de nouvelles ambitions.

Ce nouveau texte marque une volonté entre les deux parties de franchir un nouveau cap dans leurs relations. Cet accord s'inscrit dans la série des nouveaux accords voulus par l'Union européenne, débutée avec un très important accord signé en 2010 avec la République de Corée du Sud et suivi par d'autres dont celui avec la République de Mongolie. Les négociations entre l'U.E. et la Mongolie ont commencé en septembre 2009 suite au feu vert donné par le Conseil de l'Union européenne le 27 juillet 2009. Le Gouvernement mongol et la Commission européenne ont terminé les négociations le 20 décembre 2010. Le texte a été signé le 30 avril 2013 après que tous les Etats membres de l'U.E. aient été consultés. L'élargissement du partenariat et de la coopération, limité surtout avec l'accord de 1993 à la coopération économique et commerciale, est réalisé en faveur de nombreuses autres questions.

L'article 1 du nouveau document comme l'article 1 du texte de 1993 met la question des droits de l'homme et de la démocratie au cœur des relations entre la Mongolie et l'Union européenne. Ici, il est impératif d'indiquer que la Mongolie a réussi sa première alternance politique en

2012, ce qui signifie que la démocratie y est maintenant bien installée. Plusieurs autres dispositions font référence à la protection des droits de l'homme. Il s'agit notamment des articles 29, 32 et 35. Cette dernière disposition instaure un dialogue U.E.-Mongolie sur cette question (35-2). Il faut souligner que la Mongolie, depuis la signature de ce nouvel accord avec l'U.E. a progressé de façon très importante en matière de protection des droits de l'homme. Il faut souligner à ce propos plusieurs événements récents : Tout d'abord, la ratification par la Mongolie au début de 2015 du protocole se rapportant à la convention contre la torture et autres peines ou traitements cruels, inhumains ou dégradants ainsi que de la convention internationale pour la protection de toutes les personnes contre les disparitions forcées. Ensuite, le 4 décembre 2015, la Mongolie a franchi un pas de géant en procédant à l'abolition de la peine de mort dans son nouveau code pénal. Ce nouveau code pénal entrera en vigueur en septembre 2016. Mais, il existait déjà un moratoire en Mongolie sur la peine de mort depuis 2010. A cela s'ajoutent tous les autres instruments internationaux de protection des droits de l'homme ratifiés par la Mongolie. La Mongolie fait donc partie maintenant du club réduit des Etats très respectueux des droits de l'homme sur notre planète.

Le nouvel accord élargit le champ d'action des relations entre la Mongolie et l'U.E. L'article 2 témoigne de cette volonté de donner une nouvelle dimension aux relations entre les deux signataires. En effet, dorénavant seront concernées les questions relatives à la justice, à la coopération juridique, à la protection des données, aux migrations, aux trafics illicites, au terrorisme, à la criminalité, à la lutte contre la prolifération des armes de destruction massive, à la santé, à l'éducation, à la culture et aux médias.

D'autres points déjà abordés dans l'accord de 1993 sont renforcés: les relations commerciales, les questions économiques, l'énergie, les ressources naturelles, l'environnement, l'agriculture, le développement rural, les droits de l'homme, la démocratie, la science et la technologie. Dans cette étude, nous n'allons seulement nous intéresser qu'à certains aspects du nouvel accord qui nous paraissent les plus importants.

S'agissant du renforcement des liens commerciaux, il est décidé de promouvoir le développement et la diversification de leurs échanges commerciaux de façon plus prononcée qu'auparavant. Les deux parties s'engagent à réduire encore leurs barrières tarifaires et non tarifaires et à terme de les supprimer. Les partenaires décident aussi de faire leur possible pour faire évoluer favorablement le commerce multilatéral en particulier sur les problèmes relatifs à la concurrence, à l'environnement, à la protection de la propriété intellectuelle, aux obstacles techniques au commerce, aux normes sanitaires et phytosanitaires, à la coopération

douanière, à la transparence administrative, aux marchés publics, aux mouvements de capitaux et aux investissements. L'article 19 est d'ailleurs consacré aux flux d'investissements entre les deux partenaires économiques. Il prévoit la mise en œuvre de mécanismes administratifs pour faciliter les flux et pour une meilleure réglementation de ceux-ci. A ce sujet, il faut rappeler l'accord de 1991 entre la République de Mongolie et la République Française portant sur la protection des investissements réciproques. D'autres Etats membres de l'U.E. possèdent des accords avec la Mongolie relatifs à la protection des investissements¹.

L'article 3 s'intéresse à la lutte contre la prolifération des armes de destruction massive. L'article 4 prévoit la lutte contre le commerce illicite des armes légères. L'article 5 préconise la coopération des deux parties en matière de justice internationale. La Mongolie a d'ailleurs ratifié la convention sur le statut de la Cour pénale internationale. Il est aussi nécessaire de faire part ici de l'existence d'une convention bilatérale du 27 février 1992 entre la Mongolie et la France portant sur l'entraide judiciaire, la reconnaissance et l'exécution des décisions en matière civile. L'article 6 met l'accent quant à lui sur la lutte contre le terrorisme. L'article 8 incite les deux partenaires à renforcer le dialogue et la coopération au sein des organisations régionales et internationales telles que l'O.N.U. et l'ASEM (Asie-Europe Meeting). Il faut souligner que l'A.S.E.M qui comprend 53 membres a fêté ses 20 ans le premier mars 2016. A ce propos, cet anniversaire sera célébré lors du 11^{ème} sommet ASEM présidé par la Mongolie qui se déroulera donc les 15 et 16 juillet 2016 à Oulan-Bator la capitale de la Mongolie². Il est aussi très important d'indiquer que le Président de la République de Mongolie M. Elbegdorj, lors de son discours le 9 avril 2015 devant le Parlement européen a proposé que la Mongolie devienne en Asie du Nord-est un point d'ancrage pour défendre les intérêts et les valeurs de l'Union européenne qui sont devenues maintenant des intérêts et des valeurs partagés avec la Mongolie.

L'article 9 permet aux signataires d'étendre leur soutien financier à tous les domaines couverts par le nouvel accord selon leurs possibilités et leurs règles respectives. L'article 25 mentionne que les parties s'imposent un environnement transparent, non discriminatoire, sans distorsions concernant la concurrence et fondé sur des règles favorisant les investissements étrangers dans la production et le commerce des matières premières. Il est précisé que dans ce domaine, la bonne gouvernance doit

¹ Cet article pourrait éventuellement permettre la signature d'un accord de protection des investissements à l'échelle de l'Union européenne avec la Mongolie et donc pour tous les Etats membres. Dans ce cas, il se substituerait aux accords bilatéraux de protection des investissements.

² La Mongolie est membre de l'ASEM depuis 2006.

être pratiquée et que l'aide au développement de l'U.E. en faveur de la Mongolie concerne notamment la mise en œuvre d'une « croissance durable et inclusive » du secteur minier. Sur ce point, il est nécessaire de préciser que certaines entreprises originaires de différents Etats membres de l'U.E. ont des intérêts importants dans ce secteur et c'est le cas de la France.

L'article 30 concerne la protection des données à caractère personnel. L'article 31 veut empêcher l'immigration clandestine et la présence illégale des ressortissants des deux partenaires sur leurs territoires respectifs. Cette disposition annonce un accord en matière de réadmission (31-4). L'article 32 vise la lutte contre le trafic des drogues illicites.

L'article 40 fait référence à la question du tourisme. Il demande une meilleure coopération afin de travailler à l'instauration de bonnes pratiques en faveur d'un tourisme durable pour sauvegarder les patrimoines naturels et culturels des deux parties. En 2013, les français étaient 7500 à avoir visité la Mongolie soit en deuxième position des touristes étrangers. L'article 44 porte sur la question cruciale de la préservation de l'environnement. Il exige de favoriser le développement des énergies renouvelables. Il faut ici signaler que le Président de la République de Mongolie, M. Elbegdorj était présent le 30 novembre à Paris lors de la COP21, la conférence internationale sur le climat. Il a été acté une participation à hauteur de 50.000 dollars de la Mongolie au fonds vert pour le climat. L'objectif pour tous les Etats signataires est de limiter le réchauffement climatique à deux degrés sur une période de cent ans. L'accord final a été signé au siège de l'O.N.U. à New York le 21 avril 2016 par près de 170 Etats. La Mongolie est directement concernée par la question de survie pour l'humanité qu'est le dérèglement du climat puisque la désertification gagne de plus en plus de terrain en Mongolie. La Mongolie a aussi décidé d'augmenter de 20 à 25% la part des énergies renouvelables sur son territoire et de réduire de 10 % sa consommation totale d'énergie.

L'article 55 s'attache au respect des principes de bonne gestion financière concernant l'aide au développement et pour les autres actions de coopération réalisées par les parties. Il met en place en faveur des parties une assistance technique et administrative destinée à l'exercice de cette bonne gestion¹.

L'article 56 rappelle la création d'un comité mixte destiné à gérer les relations entre les deux partenaires. Ce comité² existait déjà dans le cadre de l'accord de 1993 mais ces compétences sont élargies compte-tenu de

¹ Nous avons vu précédemment qu'environ 79 millions d'euros sont prévus en faveur de la Mongolie sur la période 2014-2020 par l'Union européenne avec deux axes prioritaires : l'amélioration de la gouvernance financière et le soutien à l'emploi dans les zones rurales.

² Le nom de la commission mixte devient comité mixte.

l'élargissement des domaines d'action du nouvel accord. Il est précisé que les deux parties se réuniront régulièrement au moins une fois par an au « niveau approprié ». Il pourra créer des groupes de travail spécialisés. Il faut ajouter qu'un sous-comité pour le commerce et les investissements sera créé en vertu de l'article 28 du nouvel accord. Il peut envisager de nouveaux accords spécifiques. Le texte prévoit dans son article 57 que l'accord n'empêche pas les accords entre les différents Etats-membres et la Mongolie, ce que faisait déjà le précédent accord. Il précise qu'il n'affecte pas non plus les engagements pris avec des pays tiers à l'accord et avec des organisations régionales ou internationales.

Enfin, l'article 59 permet « en cas d'urgence spéciale » de prendre des mesures appropriées sans condition préalable. L'urgence spéciale est constituée lorsque les droits de l'homme et la démocratie ne sont plus respectés par l'un des deux signataires ou encore quand les obligations internationales de l'une ou de l'autre partie en matière de désarmement et de non-prolifération des armes de destruction massive ne sont plus appliquées. Ces deux questions sont considérées comme étant des éléments essentiels de l'accord destinés à garantir le respect de la sécurité internationale et le respect des droits de l'homme. Ce sont les principes généraux, les piliers, les fondations de cet important accord entre la Mongolie et l'U.E. Grâce à lui, l'avenir entre l'U.E. et la Mongolie est plein d'espoir.

POUR UNE LECTURE OCCIDENTALE DE LA CONSTITUTION DE
MONGOLIE

Antoine Siffert*

Résumé

La lecture du texte constitutionnel mongol confirme que cette ancienne république populaire a su s'imprégner des acquis occidentaux. Au crible de ces standards, la Constitution mongole apparaît donc irréprochable. En outre, combinant souvent les caractéristiques de différents modèles institutionnels européens et américains, elle fait preuve d'une originalité certaine. Les travaux qui lui sont consacrés demeurant particulièrement rares, l'exemple mongol mérite une attention plus conséquente en droit constitutionnel comparé, d'autant que l'intérêt présenté par la Constitution mongole ne se limite pas à la compilation de dispositions constitutionnelles inspirées du cercle des puissances occidentales les plus influentes.

Mots-clés: texte constitutionnel, démocratie, souveraineté, liberté du peuple, unité de la nation, mondialisation

Depuis désormais quasiment un quart de siècle, la République Mongole fait figure de référence des transitions postcommunistes. Parmi les Etats anciennement sous domination de l'Union soviétique, cette contrée d'Asie centrale serait devenue le terreau privilégié de la démocratie libérale. Enclavée entre deux des plus grandes puissances mondiales, la « petite » Mongolie n'aurait pu opposer aucune résistance à l'emprise du modèle occidental. Pourtant, successivement ballotés entre les sphères d'influence chinoise et russe du XVII^{ème} siècle au début des années 1990¹, « les Mongols ont toujours su trouver les moyens pour préserver leur indépendance »². La Constitution adoptée par « the State Lh Hural »³ le 13 janvier 1992, à la suite d'une révolution pacifique, peut être considérée comme un compromis entre la résignation du peuple mongol et sa détermination à demeurer une nation libre⁴.

La « nouvelle Mongolie » s'est-elle contentée de suivre les prescriptions institutionnelles des démocraties occidentales ou est-elle parvenue à s'émanciper de leur destinée?

La lecture du texte constitutionnel mongol confirme que cette ancienne république populaire a su s'imprégner des acquis occidentaux. Au crible de ces standards, la Constitution mongole apparaît donc

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¹ M-D. EVEN and R. POP, *Histoire secrète des Mongols*, Gallimard, 1994.

² A. MAIRE, *Les Mongols, insoumis*, Atelier Henry Dougier, 2016, p. 14.

³ Mongolia's Parliament.

⁴ Selon Emanuel Todd, l'inclination des Mongols à la liberté trouverait ses origines dans la structure singulière de la famille chez les nomades de la steppe ; voir E. TODD, *L'origine des systèmes familiaux*, Gallimard, 2011, p. 117.

irréprochable. En outre, combinant souvent les caractéristiques de différents modèles institutionnels européens et américains, elle fait preuve d'une originalité certaine. Les travaux qui lui sont consacrés demeurant particulièrement rares, l'exemple mongol mérite une attention plus conséquente en droit constitutionnel comparé, d'autant que l'intérêt présenté par la Constitution mongole ne se limite pas à la compilation de dispositions constitutionnelles inspirées du cercle des puissances occidentales les plus influentes. L'empreinte des démocraties libérales sur le texte de 1992 est indiscutable, mais son analyse révèle que l'imprégnation des valeurs et des principes constitutionnels occidentaux n'est ni aveugle, ni synonyme d'acculturation.

La conversion de la Mongolie à l'économie de marché, incontestable depuis le début des années 1990¹, repose sur des dispositions constitutionnelles identifiables et non équivoques. Celles-ci révèlent néanmoins une démocratie insusceptible d'assujettir les intérêts de la société au règne de la loi du marché. A cet égard, le texte constitutionnel mongol recèle des pistes précieuses pour le juriste occidental. Celui-ci peut également être sensible à la volonté de la Mongolie, dont les ressources naturelles font « la richesse du pays »², à se saisir dès 1992 de la problématique écologique. A la lecture de la Constitution mongole, l'entrée dans le monde des libertés et de la prospérité semble être indissociable de la consécration juridique d'une certaine forme de responsabilité sociale, citoyenne et environnementale.

Etudié à travers son texte juridique suprême, le modèle mongol permet d'affirmer que cette nation souveraine dans la mondialisation (I) compte parmi les démocraties humanistes les plus responsables (II).

I- Une nation souveraine dans la mondialisation

La Constitution mongole présente un subtil équilibre entre l'objectif de préserver la souveraineté de la nation (A) et le souci d'intégrer le pays à l'économie mondialisée (B).

A) La souveraineté exaltée

A la différence de la plupart des constitutions modernes, le texte mongol ne se limite pas à consacrer le principe de souveraineté (1), il s'attèle à en préciser les conséquences concrètes (2).

¹ K. FEIGELSON, « Mongolie: la démocratie nomade », *Etudes* 2003/ 5 (tome 398) pp. 597-607.

² "The livestock is national wealth and be protected by the State", art. 5 al 5, Constitution mongole du 13 janvier 1992, (ci-après C).

1) Un principe prééminent dans la constitution

Quête séculaire, l'indépendance officielle de la Mongolie est proclamée en 1911 mais demeure l'objet de lutte permanent d'un peuple en proie à l'emprise de «ses trois grands voisins»¹. La souveraineté est donc la première raison d'être de la nation mongole et sa nouvelle constitution en porte incontestablement les traces.

«We, the people of Mongolia, strengthening the independence and the sovereignty of the nation» sont les premiers mots du préambule de la Constitution mongole. Celle d'un peuple dont le sens de l'histoire pourrait consister exclusivement à affermir sa souveraineté, s'il n'était pas précisé aussitôt qu'il aspire à l'objectif suprême: construire une société humaine, civile et démocratique². Le premier chapitre de la Constitution s'intitule «Sovereignty of Mongolia» et comporte pas moins de 13 articles. Le premier devoir de l'Etat est «to secure the country's independence»³; la défense de l'indépendance et de la souveraineté, selon le serment du Président de la République élu, devant le Parlement, est ainsi la priorité de l'Etat, avant même la sauvegarde de la liberté du peuple et de l'unité de la nation⁴.

Cela étant, l'insistance et la redondance contenue dans l'expression «l'indépendance et la souveraineté de l'Etat» - notions souvent confondues en théorie constitutionnelle - révèle peut-être que l'indépendance d'un pays n'est jamais absolue et que la souveraineté d'un Etat peut toujours s'avérer une coquille vide. En 1992, la Mongolie par sa situation géographique et son histoire est, plus qu'aucune autre nation, consciente des éventuelles apories de ces concepts juridiques. Aussi ne se satisfait-elle pas de déclarations de principe, fussent-elles

¹ Ce concept qui désigne la montée en puissance de l'influence des Etats-Unis malgré la domination russo-chinoise a été forgé après la visite du secrétaire d'Etat James Baker en Mongolie en 1991, voir A. MAIRE, *op.cit.*, pp. 79 - 83.

² « We, the people of Mongolia:

- Strengthening the independence and sovereignty of the state,
- Cherishing human rights and freedoms, justice and national unity,
- Inheriting the traditions of national statehood, history and culture,
- Respecting the accomplishments of human civilization,
- And aspiring toward the supreme objective of building a human, civil and democratic society in our homeland », Préambule de la Constitution mongole adoptée le 13 janvier 1992.

³ « The duty of the State is to secure the country's independence, ensure national security and public order », article 11, C.

⁴ « Within 30 days of the election the President shall take the following oath before the State Ikh Khural: "I swear that I shall guard and defend the independence and sovereignty of Mongolia, the freedom of the people and national unity and I shall uphold and observe the Constitution and faithfully perform the duties of the President", art. 32 al. 2, C.

constitutionnelles. Le pouvoir constituant mongol s'attèle à régir les conditions d'une souveraineté réelle.

2) Une notion organisée par la constitution

« Indivisible, inaliénable et imprescriptible », la souveraineté, principe abstrait voire « métaphysique », apparaît aussi parfois indéscriptible. Elle n'est pour certains qu'un concept métaphysique. Pourtant, pour la nation mongole dont elle a été (et demeure) « la grande affaire », la souveraineté a une signification concrète. Elle est vécue. La garantie de ce principe suppose dès lors, selon la Constitution, l'intégrité du territoire et la maîtrise de la terre.

L'inviolabilité du territoire et des frontières est consacrée¹, mais dans la Constitution mongole cette disposition a des déclinaisons précises. Par principe, permettre à des troupes étrangères d'entrer, d'occuper ou de traverser le territoire mongol est inconstitutionnel². A la différence des constitutions contemporaines des anciennes puissances impérialistes occidentales, la constitution mongole insiste sur le danger que représente la présence de forces étrangères sur le territoire national. L'histoire, notamment les invasions mongoles du XIII^{ème} siècle puis surtout l'assujettissement à l'Empire Mandchou et à l'Union soviétique, éclaire sur ce point les spécificités du texte constitutionnel mongol.

Néanmoins, la souveraineté n'est pas un enjeu uniquement géopolitique. Pour les Mongols, sa garantie procède également du régime de la propriété foncière. En effet, à l'article 6 de la Constitution mongole au chapitre consacré à la souveraineté, il est formellement interdit aux citoyens mongols de transférer à un étranger, par quelque moyen que ce soit, la propriété ou l'usage de la terre, sans autorisation expresse de l'Etat³. Des dispositions de cette nature peuvent surprendre le juriste occidental habitué au style plus laconique des textes constitutionnels. Elles révèlent cependant que la souveraineté d'une nation ne se réduit pas à l'indépendance de l'Etat entendue au sens classique. A la lecture du texte mongol, la question de la souveraineté est également liée à celle de l'exploitation des atouts d'une société. Parce qu'en Mongolie, la terre renferme les principales ressources du pays, la maîtrise du foncier est

¹ « The territorial integrity and frontiers of Mongolia shall be inviolable. », art. 4 al. 1, C.

² « Stationing of foreign troops in the territory of Mongolia, allowing them to cross the state frontier for the purpose of passing through the country's territory shall be prohibited unless an appropriate law is adopted. », art. 4 al. 3, C.

³ « [...] Citizens shall be prohibited to transfer the land in their ownership to foreign citizens and stateless persons by way of selling, bartering, donating or pledging as well as from transferring it to others for their possession and use without permission from competent State authorities. », art. 6 al. 3, C.

autant une affaire de souveraineté que d'intégration des règles de l'économie de marché.

B) L'ouverture économique maîtrisée

La conversion de la Mongolie à l'économie de marché repose principalement sur une conception moderne du droit de propriété régi par la Constitution de 1992 (1). Cependant, l'objectif constitutionnel de régulation de l'économie est susceptible de préserver la Mongolie du libéralisme économique débridé (2).

1) Une conception moderne de la propriété

L'exaltation de la propriété collective au détriment de la propriété privée des moyens de production est sans doute la caractéristique constitutionnelle la plus emblématique des républiques socialistes avant l'effondrement de l'Union soviétique¹. Aussi, dans la Constitution mongole de 1992, les dispositions relatives au droit de propriété contrastent-elles fondamentalement avec celles propres à la République populaire de Mongolie. Dès l'article 5 de la Constitution, la conception de la propriété apparaît particulièrement ouverte. L'économie est basée sur « différent forms of property » dans un Etat qui reconnaît « all forms of public and private property » et qui doit « protect the right of the owner by law ». Par ailleurs, la propriété garantie par la Constitution mongole n'est pas uniquement matérielle puisque la propriété intellectuelle est expressément protégée à l'article 7 de la Constitution.

Cette nouvelle conception de la propriété a permis à la Mongolie, dont l'originalité idéologique sous la République populaire consistait à « éviter le stade de développement capitaliste lors du passage du féodalisme au socialisme », de se convertir à l'économie mondiale de marché. Les politiques de privatisation des années 1990 et 2000 furent dès lors conduites, mais sans pour autant que soient méconnus les intérêts du peuple mongol grâce à un pragmatisme constitutionnel remarquable en matière de droit de propriété. En effet, si l'article 5 de la Constitution dispose que « universal trends of word economic developement » animent le droit de propriété en Mongolie, celui-ci doit également traduire « the own country's specifics ». Conformément au texte de la Constitution, la conversion mongole au libéralisme économique est donc substantielle mais pas aveugle.

¹ Voir les articles 8 et 9 de la Constitution mongole de 1960.

2) Une nécessaire régulation de l'économie de marché

La Constitution mongole de 1992 est l'une des rares constitutions en vigueur qui consacre aussi expressément l'impératif de régulation : « The State shall regulate the economy »¹. Dès l'article 5 en effet, le constituant impose à l'Etat de subordonner l'économie à la « nation's economic security », au « development of all forms of property » et au « social development of the population »². En outre, à l'article 38, la direction de l'économie est le premier devoir du gouvernement après l'obligation générale d'exécuter les lois³. Si cette disposition rappelle inévitablement les doctrines de l'économie planifiée des Etats socialistes, l'obligation constitutionnelle pour l'exécutif de dégager seulement des « guidelines »⁴ pour le développement économique et social fonde davantage le déploiement de politiques économiques incitatives et non pas coercitives conformément aux préconisations des institutions internationales d'obédience libérale.

La régulation des activités économiques repose par ailleurs également sur les dispositions du texte constitutionnel mongol relatives au droit de propriété. Si la propriété privée, principe libéral par excellence, est clairement protégée par la Constitution⁵, il est loin d'être un droit absolu en Mongolie. A l'article 6 par exemple, la responsabilité des propriétaires peut être mise en cause par l'Etat dès lors que la jouissance de ce droit nuit à la santé de la population, à la protection de l'environnement ou à la sécurité nationale⁶. Loin de « l'individualisme possessif »⁷ généré par le caractère

¹ « The State shall regulate the economy with a view to ensure the nation's economic security, the development of all forms of property and social development of the population. », art. 5 al. 4, C.

² *ibid.*

³ « The Government shall implement the State laws, in accordance with duties to direct economic, social and cultural development, shall exercise the following power. », art. 38 al. 2, C.

⁴ « [...] to work out a comprehensive policy on science and technology, guidelines for economic and social development, the State budget, credit and fiscal plans and to submit these to the State Ikh Khural and to execute decisions taken thereon », *ibid.*

⁵ « [...] the right to fair acquisition, possession, ownership and inheritance of movable and immovable property. Illegal confiscation and requisitioning of the private property of citizens shall be prohibited. If the State and its bodies appropriate private property on the basis of exclusive public need, they shall do so with due compensation and payment. », art. 16 al. 3, C.

⁶ « The State shall have the right to hold landowners responsible for the land, to exchange or take it over with compensation on the grounds of special public need, or confiscate the land if it is used in a manner adverse to the health of the population, the interests of environmental protection or national security », art. 6 al 4, C.

⁷ C. B. MACHPERSON, *La théorie politique de l'individualisme possessif. De Hobbes à Locke*, Gallimard, Paris, 1971.

absolu du droit de propriété dans les démocraties les plus libérales, la Constitution mongole véhicule une conception plus sociale ou solidariste du droit de propriété, au fondement d'une économie régulée. Indiscutablement convertie à l'économie libérale, la Mongolie n'est certainement pas condamnée à l'assujettissement à la loi du marché grâce à l'équilibre auquel parvient la Constitution de 1992 entre intégration à la mondialisation et sauvegarde de la souveraineté de la nation. A titre d'illustration l'article 6 qui interdit de céder une terre à un étranger afin de préserver le foncier mongol opère une subtile distinction entre le sol et le sous-sol¹. Ce dernier n'est pas soumis à la prohibition constitutionnelle contrairement à la terre proprement dite. Les investisseurs étrangers nécessairement intéressés par les richesses souterraines mongoles sont donc constitutionnellement autorisés à les exploiter au bénéfice du développement de l'économie, sans pour autant menacer l'autonomie du peuple mongole.

La Constitution traduit donc le pragmatisme de la nation mongole disposée à exister dans la mondialisation, mais également son aspiration à compter parmi les démocraties humanistes.

II- Une démocratie humaniste et responsable

La Constitution mongole révèle une société humaine responsable (A) portée par une démocratie parlementaire moderne (B).

A) Une société humaniste

En Mongolie, la quête des droits et libertés (1) est indissociable des devoirs des citoyens au sein d'une société responsable (2)

1) Une société libre et plurielle

Quelques jours après la dissolution de l'Union soviétique, l'adoption de la nouvelle Constitution mongole marque le succès incontestable de la conception occidentale des libertés publiques. L'ensemble des principes et des droits qu'une société doit garantir pour compter parmi les démocraties libérales sont inscrits dans le texte constitutionnel mongol. La séparation des pouvoirs est effective et l'indépendance du pouvoir judiciaire consacrée². En outre, l'ensemble du

¹ « The State may give for private ownership plots of land, except pasturage and land under public utilization and special use, only to the citizens of Mongolia. This provision shall not apply to the ownership of the subsoil thereof. », art 6 al 3, C.

² "Judges shall be independent and subject only to law", art 49, C.

système institutionnel est placé sous le contrôle d'une nouvelle cour constitutionnelle dont la composition, les fonctions et le statut des membres sont manifestement inspirés du Conseil constitutionnel français¹. A la différence de celui-ci, la Cour constitutionnelle mongole est néanmoins compétente, dès 1992, pour s'autosaisir, notamment sur le fondement de pétitions citoyennes².

L'article 16 de la Constitution mongole comporte 18 alinéas qui énumèrent l'ensemble des droits et libertés de valeur constitutionnelle. A titre de comparaison, ce catalogue ne semble pas moins élaboré sur le fond que le bloc de constitutionalité français, lequel consacre un panel de droits et libertés principalement individuels communs à l'ensemble des démocraties libérales. Littéralement cependant, les textes occidentaux se distinguent de la Constitution mongole par les références courantes à « l'individu »³. Cette catégorie est en effet introuvable dans le texte mongol qui lui préfère les catégories de « citoyens »⁴ ou de « personne »⁵. Simple question de traduction ou volonté sous-jacente d'éviter les références à une essence de plus en plus « ingouvernable »⁶ dans les sociétés occidentales ? A travers cette « prudence » textuelle qui consacre davantage la notion de sujet que d'individu, le nouveau libéralisme mongol pourrait le cas échéant être préservé de toute dérive vers l'individualisme triomphant.

Il est possible par ailleurs de s'interroger sur l'articulation du principe d'égalité et de la notion de citoyenneté, tous deux consacrés par la Constitution mongole. L'article 14 semble exclure toute distinction devant la loi entre nationaux et étrangers puisque l'égalité est garantie entre toutes « persons lawfully residing within Mongolia »⁷. Or, l'ensemble des droits et libertés sont reconnus aux « citizens of Mongolia »⁸. « Citizens » semble dès lors renvoyer à une notion déconnectée de la nationalité comme le prouve

¹ Voir art. 65, C.

² "The Constitutional Tsets shall review and make judgement on the disputes at the request of the State Ih Hural, the President, the Prime Minister, the Supreme Court and the Prosecutor General and/or on its own initiative on the basis of petitions and information received citizens.", art. 66, C.

³ Trois occurrences explicites dans la Constitution de la Vème République.

⁴ « The citizens of Mongolia shall be guaranteed the privilege to enjoy the following rights and freedoms: [...] », art. 16, C.

⁵ "No person shall be searched, arrested, detained, persecuted or deprived of liberty save in accordance with procedures and grounds determined by law. No person shall be subjected to torture, inhuman, cruel or degrading treatment. Where a person is arrested he/she, his/her family and counsel shall be notified within a period of time established by law of the reasons for and grounds of the arrest. Privacy of citizens, their families, correspondence and residence shall be protected by law", *ibid*.

⁶ R. GORI, L'individu ingouvernable, LLL, 2015.

⁷ Art. 14, C.

⁸ Art. 17, *op. cit*.

l'expression « foreign citizens residing in Mongolia » à l'article 18¹. La lecture de cet article semble pour autant contredire l'affirmation de l'article 14 puisqu'il dispose que « the rights and duties of foreign citizens residing in Mongolia shall be regulated [...] »², comme si nationaux et étrangers ne jouissaient pas nécessairement des mêmes droits. En outre l'égalité peut également potentiellement faire défaut entre les hommes et les femmes, non pas du point de vue du droit mais du rôle de chacun dans la société. En effet, si l'égalité entre les hommes et les femmes est indiscutablement consacrée, l'article 16 ne reconnaît pas de principe de parité proprement dit puisque seule l'égalité formelle entre les deux sexes est garantie³.

En revanche, certaines formulations du texte constitutionnel mongol, nécessairement plus récentes que celles de la Déclaration des droits de l'homme et du citoyen ou du Préambule de la Constitution de 1946, pourraient légitimement inspirer le pouvoir constituant ou la jurisprudence constitutionnelle des « vieilles démocraties ». Le principe de laïcité, par exemple, dont l'interprétation peut en France présenter certaines difficultés issues de l'interprétation de la loi de séparation de l'Église et de l'État de 1905, est clairement énoncé à l'article 9 de la Constitution mongole, alors que la liberté de conscience et de religion est garantie à l'article 16. L'État ne doit pas investir les activités religieuses et l'Église ne peut réaliser de projets politiques⁴. Si l'État respecte les religions, la Constitution prévoit aussi que « the religions shall honor the State »⁵. A condition de remplacer « the State » par « the Republic », certains malentendus sur la discordance entre les religions et la République pourraient être résolus dans les démocraties occidentales. Par ailleurs, la liberté de choisir son emploi et la prohibition du travail forcé sont garanties par la Constitution comme dans la plupart des constitutions libérales. Cela étant, l'originalité du texte mongole réside dans une disposition spécifique relative au droit « to engage in creative work in cultural, artistic and scientific fields and to benefit thereof »⁶. Sans introduire aucune inégalité entre les différents travailleurs, la Constitution mongole reconnaît implicitement mais nécessairement diverses formes de travail, peut-être au bénéfice de la préservation de la culture mongole.

¹ Art. 18, C.

² Ibid.

³ "Men and women shall have equal right in political, economic, social, cultural fields and in family affairs. Marriage shall be based on the equality and mutual consent of the spouses who have reached the age defined by law. The State shall protect the interests of the family, motherhood and the child", art. 16, al 11.

⁴ "State institutions shall not engage in religious activities and the Religions institutions shall not pursue political activities", art. 9, C.

⁵ Ibid.

⁶ Art. 16 al. 8, C.

2) Une société consciente et responsable.

La Constitution mongole est plus récente que la plupart des démocraties occidentales, elle révèle ainsi une société particulièrement alerte des dangers contemporains. A l'heure de la globalisation et des nouvelles technologies la question de la protection des cultures peut légitimement être abordée par le texte juridique suprême. A ce titre, la Mongolie fait preuve d'une conscience historique et culturelle assumée par l'article 7 de la Constitution qui prévoit que « the historical, cultural, scientific and intellectual heritage of the Mongolian people shall be under State protection »¹.

Par ailleurs, à la lecture de sa Constitution, la Mongolie semble disposée à lutter contre la crise environnementale. En effet, le droit à un environnement sain, tel qu'il est consacré constitutionnellement en France seulement en 2005, figure dès 1992 à l'alinéa 2 de l'article 16 de la Constitution mongole². Surtout, la notion de « déséquilibre écologique »³ préalable à la reconnaissance du « préjudice écologique »⁴ est également consacrée par le texte constitutionnel mongol. Ainsi les ressources naturelles mongoles sont placées sous la protection constitutionnelle de l'Etat⁵ et celui-ci a pour devoir de s'assurer du leur bon usage et de leur renouvellement⁶. Le développement durable est donc une exigence constitutionnelle en Mongolie.

L'humanisme de la société mongole révélé par sa Constitution ne réside pas uniquement dans le projet libéral qu'elle promeut. Il résulte également de la responsabilité que le peuple mongol enjoint à chacun de ses membres afin de parvenir à construire une telle société. A cet égard la Constitution de 1992 s'inscrit dans la continuité de celle de la République populaire de Mongolie en ce qu'elle perpétue une originalité certaine: un article consacré exclusivement aux devoirs du citoyen⁷. Dans la

¹ Art. 7, C.

² "Right to healthy and safe environment, and to be protected against environmental pollution and ecological imbalance", art. 16, C.

³ Ibid.

⁴ Cette notion vient d'être introduite à l'article 1386-19 du Code civil français par la loi pour la reconquête de la biodiversité, de la nature et des paysages : « Toute personne responsable d'un préjudice écologique est tenu de le réparer ».

⁵ "The land, its subsoil, forests, water, fauna and flora and other natural resources in Mongolia shall belong exclusively to the people and be under the State protection.", art 6 al. 1, C.

⁶ "[...] to undertake measures on the protection of the environment, rational use and restoration of natural resources", art. 38 al. 4, C.

⁷ P. GELARD, « Constitution de la République populaire de Mongolie. Les institutions et les forces politiques de la Mongolie extérieure », Constitution du 6 juillet 1960 traduite et

Constitution de 1960, l'article 89 énumérait une longue liste d'obligations indispensable à la réalisation de la société socialiste. Depuis 1992, les devoirs du citoyen mongol sont moins nombreux mais plus universels. Ils pourraient légitimement inspirer toutes les sociétés humaines. Selon l'article 17 de la Constitution, « it is basic duty to respect dignity, reputation, rights and legitimate interests of others » and « it is a sacred duty for every citizen to work, protect his/her health, bring up and educate his/her children and to protect nature and the environment »¹. L'avenir de la société ne va pas de soi, il dépend de chacun. Telle pourrait être la principale leçon de la Constitution mongole.

B) Une démocratie parlementaire dynamique

Le Parlement mongole est au centre du fonctionnement d'une démocratie moderne et dynamique (1) au service de la volonté du peuple (2).

1) Le parlement, moteur de la démocratie

La Mongolie est aujourd'hui un régime incontestablement parlementaire malgré l'élection du Président de la République au suffrage universel direct. La subordination sans équivoque du Gouvernement au Parlement tient à certaines dispositions constitutionnelles qui excluent la prédominance présidentielle en dépit de l'onction populaire dont jouit le chef de l'Etat.

Selon la Constitution, le Parlement est l'organe supérieur de l'Etat². Il est monocaméral et ne comprend que 76 membres³. Ceci permet de contrecarrer la dilution ou la division de la puissance du Parlement au centre du système institutionnel. Par ailleurs, le statut constitutionnel des parlementaires est destiné à garantir leur probité aux yeux de l'opinion publique. Ainsi le non cumul des emplois pour un parlementaire est un principe constitutionnel tout comme la suspension du mandat en cas d'implication dans une affaire criminelle⁴. La consécration de ces deux principes dans le texte suprême est d'autant plus remarquable que leur

introduite par Patrice Gélard, Notes et études documentaires, n°3795, La Documentation française, 1971.

¹ Art. 17, C.

² "The State Ih Hural of Mongolia is the highest organ of State power and the supreme legislative power shall be vested only in the State Ih Hural.", art. 20, C.

³ Art. 21, C.

⁴ "If a question arises that a member of the State Ih Hural is involved in a crime, it shall be considered by the session of the State Ih Hural and decide whether to suspend his/her mandate. If the court proves the member in question to be guilty of crime, the State Ih Hural shall terminate his/her membership in the legislature", art. 29 al. 3, C.

effectivité est en général loin d'être assurée dans les démocraties les plus installées.

La répartition des pouvoirs est par ailleurs clairement à l'avantage du Parlement auquel n'échappe aucune compétence de l'Etat, sauf celles réservées au pouvoir judiciaire. Le Parlement peut même désapprouver le premier jugement de la Cour constitutionnelle qui devra le cas échéant réexaminer la requête par un second jugement qui s'imposera¹. Le Président n'est par ailleurs que le chef de l'Etat et non de l'exécutif. A la différence du Président français, il ne dispose ni d'un domaine réservé, ni de pouvoirs d'arbitrage propres, tels le droit de dissolution ou celui d'organiser des référendums. Toute proposition du président de la République doit en effet être avalisée par le Parlement, y compris la composition² et la démission³ du Gouvernement. Ce dernier est donc exclusivement responsable politiquement devant le Parlement. Autant de raisons pour les parlements des démocraties occidentales de s'intéresser davantage à la Constitution mongole.

2) Le pouvoir du peuple, horizon de la démocratie

Cette suprématie parlementaire ne fait pas pour autant de la Mongolie d'aujourd'hui un régime d'assemblée. Le statut constitutionnel des différents contre-pouvoirs permet en effet d'instituer la volonté du peuple comme véritable horizon de la démocratie.

L'initiative législative d'abord n'est clairement pas le monopole du Parlement puisqu'elle est notablement partagée entre le Président, les membres du Parlement, le Gouvernement, et même les citoyens et les associations⁴, chevilles ouvrières de la démocratie mongole. Par ailleurs, le chef de l'Etat s'affirme comme un contre-pouvoir important du régime parlementaire à travers le veto présidentiel qui, comme aux Etats-Unis, peut néanmoins être surmonté par les deux tiers des membres du Parlement⁵. A cet égard, la Constitution mongole opère une combinaison

¹ "If a decision submitted in accordance with Clauses 1 and 2 of Section 2 of this Article is not acceptable to the State Ikh Hural, the Constitutional Tsets shall re-examine it and make final judgement.", art. 6 al 3, C.

² Art. 39, C.

³ Art. 43, C.

⁴ « 1. The President, members of the State Ikh Khural and the Government shall exercise the right to initiative laws. 2. Citizens and other organizations shall forward their suggestions on draft laws to those entitled to initiate a law. », art. 26, C.

⁵ « [...] to exercise a right to veto against all or part of laws and other decisions adopted by the State Ikh Khural. The laws or decisions shall remain in force if two thirds of the members of the State Ikh Khural present in the session do not accept the President's veto. », art. 33, C.

originale entre les caractéristiques des régimes parlementaires classiques et les instruments emblématiques du régime présidentiel américain.

Un second droit de veto prévu par la Constitution mongole mérite d'être souligné : celui du représentant de l'Etat central dans les différentes circonscriptions contre les décisions des assemblées locales supposées contraires à la loi ou à une décision réglementaire nationale. L'article 61 alinéa 1 pourrait être considéré comme un frein constitutionnel à la décentralisation s'il n'était pas prévu à l'alinéa 2 que ce veto peut également être surmonté par les assemblées locales¹. Le cas échéant, le représentant de l'Etat est alors contraint de faire remonter la délibération concernée à l'échelon supérieur jusqu'au Premier ministre pour qu'éventuellement celle-ci puisse entrer en vigueur. Malgré la forme unitaire de l'Etat², la Constitution mongole semble donc privilégier la dynamique décentralisatrice, sens de la démocratie. Enfin, une doléance constitutionnelle mongole peut susciter l'intérêt des démocraties occidentales guettées parfois par le risque technocratique : le Gouvernement doit veiller à présenter « a comprehensive policy »³ et à prendre « comprehensive measures »⁴. La démocratie est aussi en Mongolie une affaire de pédagogie.

Dans son introduction à la Constitution mongole de 1960, le Professeur Patrice Gélard avait qualifié la Mongolie d' « anomalie politique et institutionnelle »⁵. Aujourd'hui, parmi les démocraties libérales, la Mongolie conserve son originalité, pour le meilleur et pour l'avenir.

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¹ "If a Hural by a majority vote overrides the veto, the Governor may tender his/her resignation to the Prime Minister or to the Governor of higher instance if he/she considers that he/she is not able to implement the decision concerned.", art. 61 al. 3, C.

² « Governance of administrative and territorial units of Mongolia shall be organized on the basis of a combination of the principles of both self-governance and central government. », art.59, C.

³ Art. 38, C.

⁴ Ibid.

⁵ P. GELARD, *op.cit.*

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THE EFFECT OF FTAS ON INCOME INEQUALITIES:
WITHIN COUNTRIES

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Abstract

In the mid-1990's, the number of free-trade agreements has increased rapidly. At the same time, it has been said that income inequality increased in many nations of the world. However, it is still a matter of huge debate among scholars whether FTAs increases or decreases income inequality.

Using the unbalanced as well as 5 year-intervals panel dataset of 124 countries over the period 1988-2012, the present study assesses the impact of FTA on income inequalities within-countries. Differing from the existing empirical literature, this study aims to examine the effect of market integration on income inequalities of a country by utilizing the new explanatory variable FTA (Free Trade Agreement). In the framework of neoclassical trade theory, it has been found that increases in FTAs lead to greater income inequalities within-countries. However, the interaction between FTAs and factor endowments, it has been found a negative and significant association with inequality.

Keywords: Free Trade Agreements (FTAs), Income Inequality, Heckscher-Ohlin and Stolper-Samuelson theorem (HOSS)

I. INTRODUCTION

One of the most robust trends in the last two decades of the twentieth century has been a rise in within – country income inequality in many countries. This rise in inequality has been observed in both developed and developing economies.

Some scholars say that one possible explanation for this increasing income inequality is the, in general, globalization and/or trade liberalization. The effect of trade liberalization on income inequality has received widespread attention. However, the effect of trade liberalization on income inequality is still the cause of huge debate whether it is associated with worsening or improving income disparities within – countries.

According to the Heckscher-Ohlin and Stolper-Samuelson (HOSS)'s theoretical framework, trade openness has an equalizing effect in developing countries and raise income inequality in developed countries. More specifically, in developed countries, with an abundance of skilled labor, wages of skilled labors increase relative to unskilled labors and thus inequality rises with the trade. In contrast, the wages of unskilled labor

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increases in developing countries and consequently, inequality declines with the trade.

Although, in reality, several East Asian countries have experience with the reduced income inequality with trade, and the Latin American countries experienced increased income inequality following by the trade.

A number of studies have empirically examined the relationship between trade openness and income inequality. Utilizing various measures of trade openness, such as trade flows, tariffs or capital flows, some of them found evident results with a theoretical standpoint whose income inequality increases in developed countries and decreases in developing countries with the trade. However, others suggest that developing countries experience increased inequality due to trade liberalization and increased openness.

In brief, a number of studies still remain mixed and ambiguous. For instance, some authors have found evidence supporting the results of the Heckscher-Ohlin model (Wood, 1994; Bourguignon and Morrisson, 1990; Calderón and Chong, 2001; Dollar and Kraay, 2004; Hanson and Harrison, 1999). Other authors have found no correlation whatsoever between trade liberalization and income distribution disparity (Edwards, 1997; Li, Squire and Zou, 1998). Finally, several authors have highlighted the existence of empirical evidence that contradicts the Stolper-Samuelson theorem (Barro, 2000; Lundberg and Squire, 2003; Milanovic and Squire, 2005). While, Bergh and Nilsson (2010) used the KOF index of globalization and the Fraser index of economic freedom and concluded that reforms in favor of economic freedom tend to increase inequality in wealthier countries, confirming the results of the Stolper-Samuelson theorem. As for middle- and low-income countries, it has been found that the main driver of the rise of income inequality is social globalization, one of the KOF index components comprising the number of telephone calls and the number of internet users, among other indicators.

As regarding above mentioned controversial and divisive findings on the relationship between trade openness and income inequality, this study aims to examine the effect of trade openness on income inequality, motivated by the theoretical framework as well as empirical specification. Differing from the existing empirical works, this study utilizes new market integration measure, Free Trade Agreements (FTAs).

The study is organized as follows. Section 2 reviews the theoretical background. It produces a brief introduction to the concept of income inequality. Then, theoretical and empirical literature will be presented. In section 3, the model, the econometric methodology and the data will be discussed. Section 4 introduces the empirical results and section 5 gives concluding remarks.

II. THEORETICAL FRAMEWORK

1. UNDERSTANDING CONCEPTS OF INCOME INEQUALITY

The concept of inequality involves three different levels: national (within-countries) inequality, international (between-countries) inequality and global (between all citizens of the world) inequality.

The “National Inequality” refers to the within-countries economic disparity. It is calculated as the national GDP per capita, but it weights them by the population size of the respective countries. It thus begins to approach global inequality (inequality across world individuals) because the number of people who live in various countries is taken into account, even if they are all assumed to have the average income (GDP per capita) of their country.

The “International Inequality” wherein the unweighted international inequality is the inequality calculated across the unweighted GDPs per capita of all countries in the world. It is similar to the so-called sigma convergence/ divergence, except that we use a more common measure of inequality, the Gini coefficient, rather than the standard deviation of logs. It basically assesses whether there has been or not convergence among countries' mean income¹.

The “Global Inequality” refers to differences between all individual people in the world. The global inequality is calculated inequality across world citizens, taking in principle everybody's actual income into account². In the present study, focusing on inequality at a national level; distribution of income among people within each country which is measured by income inequality index – Gini. The Gini coefficient will be discussed more detailed below.

2. THE GINI COEFFICIENT

The variable used to measure the concept of inequality is the Gini index (dependent variable). It is the most commonly used measure of income inequality. Named after the Italian statistician Corrado Gini, the Gini index calculates the extent to which the distribution of income deviates from a perfectly equal distribution. The Gini coefficient ranges from the value 0 for complete equality and 1 for complete inequality. Above 0.4 is considered to be high inequality.

I use the Gini index³ simply which is taken from “All the Ginis” database of World Bank-Income Inequality Database because it contains more Gini values. It actually includes among its Gini values “All the Ginis”

¹Milanovic (2006)

from World Income Distribution (WYD) database. This database represents a compilation and adaptation of the Gini coefficients retrieved from five international datasets, as follows:

- The Luxembourg Income Study (LIS) dataset that includes 31, mostly developed, countries (140 Gini observations entirely obtained from direct access to household surveys);
- The Socio-Economic Database for Latin America and the Caribbean (SEDLAC) that includes 20 Latin American and Caribbean countries (198 Gini observations entirely obtained);
- The World Income Distribution (WYD) dataset that covers 146 countries (Gini observations' 75% percent obtained from direct access to household surveys);
- World Bank East and Central Europe (ECA) database that contains 28 countries (229 Gini observations entirely obtained from direct access to household surveys); and
- World Institute for Development Economic Research (WIDER-WIID1) dataset that includes 119 countries (882 Gini observations compiled from various sources, some of which are based on direct access to household surveys and others to grouped data).

These five sources are used to create a new and relatively consistent, dataset called "All the Ginis". Since WYD provides a comprehensive country coverage, even if limited in the time dimension, and it also provides the data for some country/years which were not present in the LIS, SEDLAC or WIDER datasets, it was thought useful to—not only present the five data sets side-by-side, but combine them. The variables represent new variables based on a combination of the five datasets.

In addition, the following other sources were also used to increase the coverage. As for the advanced economies, the EUROSTAT (European Commission Statistical Database), and the OECD (Organization for Economic Co-operation and Development) inequality database were used. In addition, the WDI (World Development Indicator), and the ECLAC (Economic Commission for Latin America and the Caribbean) data is used for remaining economies of the Latin American and Caribbean region.

However, there were still missing observations on the Gini index. Due to the missing observation, it has been utilized unbalanced panel data¹. The previous literature utilized not only the unbalanced panel, but also the 5 year-interval Gini data. White and Anderson (2001), Dollar and Kraay

¹ In the first, I constructed balanced panel dataset by interpolating Gini coefficients since Gini is known not to change significantly from one year to another. However, most other studies utilize unbalanced dataset and 5 or 10 years average periods of Gini index. Therefore, I decided to follow existing empirical works.

(2002) and Spilimbergo et al. (1999) utilized the unbalanced single year data on the Gini coefficient. While Measchi and Vivarelli (2008), Higgins and Williamson (1999), Calderong and Chong (2001), Lundberg and Squire (2003), Milanovic (2005) and Fischer (2001) used the 5-year-period average Gini on their studies. Therefore, it has also been attempted to test whether 5 years period average data show similar or different result than single year unbalanced panel.

It cannot be approved that the Gini coefficient is always an adequate measurement of income inequality. As it has been pointed out by Spilimbergo et al. (1999) among others, there is no satisfying measurement of income inequality today. Nevertheless, there are a number of different ways to calculate the personal income distribution. The Gini coefficient or the Gini index is the most widely used among scholars.

As mentioned before, the Gini coefficient is an aggregate numerical measure of the income inequality ranging from 0 (perfect equality) to 1 (perfect inequality). It is measured graphically, by dividing the area between the perfect equality line and the Lorenz curve by the total area lying to the right of the equality line in a Lorenz diagram shown by graph 1. The higher the value of the coefficient, the higher the inequality of income distribution; the lower it is, the more equal the distribution of income. It should be noted that the Gini data used in this study is a Gini index equal to 100* Gini coefficient, i.e. a value of 100 would indicate complete inequality.

One familiar interpretation of this coefficient comes from the Lorenz curve, which graphs the cumulated income shares versus the cumulated population shares, when the population is ordered from low to high per capita incomes. In this context, the Gini coefficient can be computed as twice the area between the 45-degree line that extends northeastward from the origin and the Lorenz curve¹.

3. THEORETICAL BACKGROUND AND PREVIOUS EMPIRICS

This section draws a basic theoretical framework to identify the channels through which FTA can affect the income inequality. It also discusses the empirical evidence based on theoretical aspects.

1) Theoretical Background

The principal framework for understanding the analytical link between FTA and inequality is the Heckscher-Ohlin and Stolper-Samuelson (HOSS) theorem. In the 1930s, the Swedish economists Eli Heckscher and Bertil Ohlin developed their theory which predicts that a country exports

¹ Barro (2000).

goods that are intensive in the use of its “abundant” factor and imports goods that intensively use its “scarce” factor.

The American economists Wolfgang Stolper and Paul Samuelson further developed this theory in the 1940s. It predicts that in a two-country and two-factor framework, increased trade openness would reduce the real wages of the scarce factors and increases the demand for those of the abundant factors. In general, this means that in developed countries (such as the United States, with an abundance of skilled labor¹), wages of the skilled workers should increase in relation to the unskilled workers in developing countries. Consequently, inequality will increase in developed countries. In short, trade openness will lead to a reduction in inequality in developing countries and an increase in inequality in developed countries. The HOSS framework is further extended to account for multiple skill-related categories of workers (Wood, 1994), country groups (Davis, 1996) and traded goods (Feenstra and Hanson, 1996, 1997, 2003).

Wood (1994)’s model assumes two factors of production skilled and unskilled labor and two countries, the North (developed countries) and the South (developing countries), each producing two commodities (skilled and unskilled labor-intensive). The prediction is that trade openness should increase the relative demand and prices for unskilled labor in the developing countries and lead to a better distribution of wages in low skilled labor abundant countries.

Davis (1996) argues that theoretical link between trade and income distribution in the HOSS model may be reversed if one takes into consideration the country’s production factor abundance (capital and labor). The fact is that a rich country can be thought as capital abundant relatively to its production and that its wages will be reduced by trade. However, a growing share of trade occurs when intermediate goods and firms increasingly engage in “global production sharing”. Trade in intermediate goods and global production sharing can affect the wage inequality through its influence on the wage gap between the skilled and unskilled workers, and through its differential effects on wages of workers in different industries, occupations and firms.

Feenstra and Hanson (1996, 1997, 2003) emphasized the growing importance of trade in intermediate inputs (i.e. production sharing or outsourcing). They show that recent trade liberalizations with the removal of restrictions on capital flows and technological change have enabled firms to “outsource” some stages of production to cost-minimizing locations abroad, either through the imports of intermediate inputs or by setting up their own production facilities in a host country. LDCs are yet to engage in more sophisticated channels of trade: trade intermediate inputs.

¹ An alternative factor of production for this example would be well endowed with capital.

However, all these models by Wood (1994), Davis (1996) and Feenstra and Hanson (1996, 1997, 2003) are directly derived from the HOSS approach. They borrow the central idea that the return to factors of production is conditional on their relative distribution among countries.

On the one hand, the classical trade theory predicts that the effect of a greater openness on the income distribution depends on the endowment factors. On the other hand, a large part of the literature has focused on the impact of trade liberalization on inequality and labor markets, both at the household and firm level¹. Studies looking at the impact of wage inequality post trade liberalization and integration in Mexico show that contrary to the HOSS models, the ratio of skilled to unskilled wages increased dramatically².

The theory and emerging empirical evidence about firms' relocation, founded in the standard theory, i.e. the Heckscher-Ohlin model, suggests that trade in tasks affects the global income inequality, particularly in the developing countries, due to skill differentials and a relative return to skills. That is, rising inequality of skilled/unskilled wages, relative skill abundance, and the persistence of international differences in factor prices, results from the acceleration of globalization. Thus, services traded internationally at an arm's length generate gains from trade, and their effects on production, national income, and economic welfare (i.e. employment and wages) are not qualitatively different from those of the conventional exchange in goods³.

However, instead of studying the well-extended models of the trade and income inequality relationship, the study focused more on the fundamental theory which shows the link between openness and inequality.

2) Previous Empirical Studies

This section describes the empirical research which has been undertaken in recent years toward testing various effects of trade openness on income inequality.

The empirical findings on the relationship between trade and income inequality are mixed. It means the effect in either direction can be positive or negative in previous literature⁴.

To the best of our knowledge, there were found dissimilar findings which examine the trade effect on the income distribution.

¹ Hanson and Harrison (1999), Feliciano (2001), Galiani and Sanguinetti (2003), Robertson (2004), Goldberg and Pavnick (2005), Nicita (2009).

² Hanson and Harrison (1999). Feenstra and Hanson (1997), Robertson (2004), Nicita (2009).

³ Feenstra (1998).

⁴ A summary of previous empirical evidences can be found in Table 1.

The first group of studies deals with whether the trade openness leads to an increased income inequality in all countries. This is more loosely related to economic theory than the following two, although it has been argued that openness, in general, tends to increase the vulnerability of the economy, especially in developing countries.

$$INQ_{it} = \alpha_0 + \alpha_1 openness_{it} + \alpha_2 Z_{it} + e_{it}$$

INQ represents an aggregate measure of inequality, *openness* is a measure of openness (openness to capital flows, openness to trade, FTA, etc.) and *Z* is a set of control variables that are thought to affect inequality. The subscripts *i* and *t* represent country *i* at time *t*. This hypothesis is more loosely related to economic theory than the following two, although it has been argued that openness, in general, tends to increase the vulnerability of the economy, especially in developing countries.

However, there is almost no support for this approach. White and Anderson (2001), Ravallion (2001), Dollar and Kraay (2002), Edwards (1997), and Calderon and Chong (2001) found no results according to which trade openness increases inequality in all countries. Dollar and Kraay (2002) found that openness has no systematic and significant effect on inequality.

They consider a number of factors that might have direct a impact on the incomes of the poor through their effect on income distribution. Openness to international trade is found to raise incomes with marginal systematic effect on income distribution. However, the finding might be biased by the empirical specification and the set of countries. Edwards (1997) suggests that there is no evidence between openness or trade liberalization and increased inequality. However, this finding may have related with cross-country regression studies. Calderon and Chong (2001) show that the intensity of capital controls, the exchange rate, the type of exports, and the volume of trade appear to affect the long-run distribution of income. They use an unbalanced panel data set of developed as well as developing countries which have been organized in 5-year averages for the period 1960-1995 and apply a class of estimators that helps control for country heterogeneity and especially for problems of joint endogeneity of the explanatory variables.

On the other side, Barro (2000) and Lundberg and Squire (2003) showed different conclusions. Using fixed effect estimation, Barro (2000) found that trade openness (proxied by adjusted trade to the GDP ratio) can have an effect to raise inequality within all countries. Employing two alternative openness indicators, Lundberg and Squire (2003) showed that trade openness increases inequality in all countries. They found the *de jure*

openness indicator; Sachs-Warner (1995)¹ considers that it positively affects the income inequality. However, they found no correlation between openness and inequality when using the de facto openness ratio, measured by the sum of exports and imports as a percentage of GDP. These findings are also supported by Dollar and Kraay (2004).

The second group of studies evaluate whether the trade openness increases the income inequality in developed countries, but reduces in developing countries. The central idea is typically derived from the basic 2x2x2 HO model. As mentioned in the theoretical background section, it says that a greater openness generates increased income inequality in developed countries, but reduced inequality in developing countries. Developing countries are thought to have more unskilled labor relative to skilled labor (and/or relative to capital), while the opposite is thought to be the case in developed countries. Skill is assumed to be unequally distributed across the population and the increase in the relative demand for skilled labor in developed countries as a result of trade would therefore raise the income inequality. In developing countries the effect would be the opposite: as the demand for the equally distributed factor unskilled labor increases with trade, inequality falls.

$$INQ_{it} = \beta_0 + \beta_1 openness_{it} + \beta_2 openness_{it} \cdot Y_{it} + \beta_3 Z_{it} + e_{it}$$

Y is a measure of the income level of a country, either a quantitative measure such as GDP per capita or a qualitative measure such as (high/low/middle-income country, OECD/non-OECD).

However, the existing works do not show any clear conclusion on a given theoretical framework. Results are mixed and conflicting. An important issue is that different authors reach different and contradictory results depending on the different econometric method of estimations, different definitions of variables (different proxies for the same variable) and different sample (cross-section or panel data analysis, small sample or not).

Calderong and Chong (2001), Savvides (1998) and Milanovic (2005) found that a greater openness reduces the inequality in developing countries. Savvides tries to find the impact of trade policy on the income inequality for a cross-section of developed and developing countries using the trade protection index advanced by Lee and Swagel (1997) and the data on income distribution from Deininger and Squire (1996). The author found

¹The index is constructed by Sachs and Warner (1995), is dummy variable for openness based on five individual dummies for specific trade-related policies. Relying on this index, a country is classified as closed if it displays at least one of the following characteristics: Average tariff rates of 40 percent or more; Non-tariff barriers covering 40 percent or more of trade; A black market exchange rate that is depreciated by 20 percent or more relative to the official exchange rate, on average, during the 1970s or 1980; A state monopoly on major exports; A socialist economic system.

that the trade protection does not contribute significantly to the increase of inequality in developed countries. However, trade protection and changes in income distribution are negatively related to the developing countries. Barro (2000), Ravallion (2001), and Rodriguez (2010) showed that openness increases in inequality in developing countries. However, Dollar and Kraay (2002), Edwards (1997) and Higgins and Williamson (1999) found that there is no significant effect of openness on inequality at any level of development. In contrast, Bergh and Nilsson (2010) used the KOF¹ index of globalization and the Fraser index of economic freedom and concluded that reforms in favor of economic freedom tend to increase inequality in wealthier countries, confirming the results of the Stolper-Samuelson theorem.

The third group of studies is more corresponding to country's relative factor endowment, examining whether a greater openness has different effects on the income inequality depending on the countries' factor endowments.

$$INQ_{it} = \gamma_0 + \gamma_1 openness_{it} + \gamma_2 j openness_{it} \cdot E_{ijt} + \gamma_3 Z_{it} + e_{it}$$

E is a set of variables representing the factor endowments, each one relative to labor, which interacts with the openness measure. Each coefficient γ_{2j} measures the direction and amount by which the effect of openness on inequality varies according to a country's endowment of factor *j* (relative to labor).

Bourguignon and Morrisson (1990), Spilimbergo, Londono and Szekely (1999) and Fischer (2001) found that the effect of openness decreases inequality as the countries' endowment of capital increases. However, the effect of openness has no effect on countries' endowments of arable land per capita. They also both found that openness increases inequalities as countries' endowment of human capital increases. Based on theoretical predictions, Spilimbergo et al. (1999) studied the impact of trade openness on inequality depends on the relative factor endowments. The result shows a negative link between trade and income inequality in countries that are relatively capital-abundant.

Gourdon et al. (2008) studied how the trade policy within the country (expressed by tariff measure) changes the income inequality, while disaggregating the factor endowments. Taking the standard factor-

¹KOF index is combined six groups: actual flows of trade and investment, restrictions, political integration, data quantifying the extent of personal contact with people living in foreign countries, data measuring transborder flows of information, and a proxy for cultural integration.

endowment model, their overall results suggest that changes in inequality are correlated with changes in tariffs.

Meschi and Vivarelli (2008) conducted the unbalanced panel data for 65 developing countries in order to examine how trade significantly affects inequality. Unlike other studies, their trade liberalization variable is not expressed by trade to the GDP ratio but trade flows. In doing so, authors employed the FDI model of Feenstra and Hanson¹ (1996, 1997), in which the skill-intensive technologies shift from developed to developing countries through trade channels and increase in the skilled labor demand and the relative wage. An increase in skilled labor demand becomes the main channel through which trade can affect the income inequality. Consistent with the previous evidence, their results suggest that the total aggregate trade flows are not significantly related to the income inequality in developing countries.

Jamoutte et al. (2008) studied not only the trade liberalization effect on income inequality but also the financial liberalization utilizing the data of capital stock, total cross border assets, the stock of inward FDI private credit. The authors utilized two different trade openness data, namely the de facto and de jure trade openness. the de facto trade openness data is expressed by trade-to-GDP ratio and de jure trade openness is calculated as 100 minus tariff rate. Their main result was the financial liberalization and the foreign investment income inequality. In contrast, the trade liberalization reduces the income inequality in the case of both developed and developing countries.

The most recent empirical work done by Bensidoun et al. (2011) extended Spilimbergo et al. (1999)'s work and tried to re-evaluate the link between international trade and income disparity in the framework of factor endowments' theorem. The authors try to examine the impact of international trade patterns by measuring the factor content of trade. The findings showed that a change in the factor content of trade has a significant effect on income distribution. More detail, the authors found that an increase in the labor content of trade, in comparison to the capital content of trade, increases income inequality in poor countries, but tends to reduce inequality in rich countries.

Given the diversity of findings in theoretical and empirical studies, the question on the relationship between trade openness and income inequality remains open. Therefore, I try to shed light on this topic both on the basis of the theoretical and empirical perspectives.

¹Feenstra and Hanson (1996, 1997) found that exports from developing to developed countries appear to be significantly and positively correlated with income inequality. This finding is also concluded in the case of transition economies.

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Table 1. Literature Review on Effect of Trade Openness on Income Inequality

| Authors | Measure of IHQ | Measure of Trade | Estimator | Sample | Explanatory variables | Effect |
|------------------------------------|---|--|---|-----------------------------------|---|---|
| White, H., Anderson, E. (2001) | Share of (1st) poorest quintile in national income + 2nd quintile | Trade - GDP ratio | OLS (unbalanced panel) | 1960-1990 (single years) N=143 | per capita GDP, Initial Gini, Land per person, Skill per person, Government expenditure, Political rights, Civil liberties, Ethno Linguistic fragmentation, Urban population, Income share of poorest 20%/40% | =0 |
| Meschi and Vivarelli (2008) | Estimated Household Income Index-EHI (0-1) | Trade Flows | OLS with LSDV (unbalanced panel) | 1980-1999 N=65 | Inflation, Education, GDP per capita | =0 for developing |
| Ravallion, M. (2001) | Gini | Exports - GDP ratio | OLS, (unbalanced panel) | 1947-1994 (5 years PAS), N=50 | BMP on exchange rate, Education, Political and Civil liberties, Urban population | =0 for all countries >0 for developing |
| Dollar, D., Kraay, A. (2002) | Average income of poorest quintile in national income | Trade - GDP ratio; Adj. Trade-GDP ratio; Sachs-Wamer (1995); Import tax; WTO membership; Capital controls | OLS, 2SLS, System GMM (unbalanced panel) | 1950-1990 (single years) N=92 | Financial development, per capita GDP, Government expenditure, Inflation, Rule of law, Regions | =0 for developed =0 for developing |
| Edwards, S. (1997) | Gini | Barriers to trade (Av. Import tariff on manufacturing; Av. Coverage of NTBs; Av. Black Market Premium; Av. Collected tariff ratio) | First difference | 1970-1980 (DAs) N=44 | Education, GDP growth, Inflation, per capita GDP | =0 for developed =0 for developing |
| Higgins, M., Williamson, J. (1999) | Gini, GAP (-0.5Q 1) | Sachs - Warner (1995); Trade - GDP ratio; Capital controls; Tariffs/quotas on imports; Adj. Trade-GDP ratio | OLS, FE (Unbalanced panel) | 1960, 1970, 1980, 1990 (DAs) N=85 | Age structure of population, Mortality, Financial debt, per worker GDP, per worker GDP sq, Arable land per capita, Political freedom | =0 for all (FE) <0 for all (OLS) |
| Caldaran, C., Chung, A. (2001) | Gini | Trade-GDP ratio; Sachs - Warner (1995) | GMM (unbalanced panel) | 1960-1995 (5 years PAS) N=102 | Effective real exchange rate, Ratios of exports of non-fuel primary commodities & manufacturing goods as % of total exports, Balance of payments restrictions, BMP on foreign exchange, Liquid liabilities, Education, per capita GDP | =0 for developed <0 for developing |
| Barro, R. J. (2000) | Gini | Adj. Trade-GDP ratio | OLS, FE (unbalanced panel) | 1960-1990 (10 years PAS) N=84 | Education, GDP per capita, GDP per capita sq, Dummy (Africa, LA) Net income or spending, Personal or household, Rule of law, Democracy. | <0 for developed >0 for developing >0 for all countries |
| Lundberg, M., Squire, L. (2003) | Gini; Income share of bottom quintile | Sachs - Warner (1995); Trade - GDP ratio | OLS, Instrumental var's 3SLS, Keane & Runkle 3SLS | 1960-1994 (5 years PAS) N=38 | Education, Government expenditure, Inflation, Financial development, Terms of trade, Political and civil liberties, per capita GDP, Gini coefficient of land holdings | >0 for all (Sachs-Wamer) <0 for all (Trade-GDP ratio) |

Table1: Continued

Table 1. Literature Review on Effect of Trade Openness on Income Inequality

Table1: Continued

| | | | | | | |
|----------------------------|---------------------------------|---|--|--------------------------------------|---|---|
| Milanovic, B. (2005) | World Income Distribution (WYD) | Trade-GDP ratio, FDI as % of GDP | GMM; Simultaneous decade estimation (unbalanced panel) | 1988, 1993, 1998 (5 years PAS) N=138 | Financial depth, Democracy, Real interest rate, Government expenditure, Regional dummies (Western Europe, North America-Oceania, Asia, Africa) | >0 for rich/developed <0 for poor/developing |
| Berg and Nilsson (2010) | Gini | KOF index of globalization as trade openness | OLS, FE (unbalanced panel) | 1970-2005 N=79 | GDP per capita, Human capital, Employment, Political rights, Civil rights, Government size, Economic freedom indices. | >0 for developed |
| Dreher and Gaston (2008) | Wage, Household Income | KOF index of globalization as trade openness | OLS, FE, GMM (unbalanced panel) | 1970-2000 N=OECD | Social and political globalization index, democracy, GDP per capita, GDP per capita sq, Age dependency ratio, Population growth, Government consumption | >0 for developed (OECD) =0 for less developed |
| Sauvages, A. (1998) | Gini | Tariffs, NTBs, Sachs-Wamer (1995) | First difference | 1978-1994 N=34 | NTB protection, per capita GDP, Rate of economic growth, Dummy for development | =0 for developed >0 for developing |
| Rodriguez, P. (2010) | Gini | Trade-GDP ratio | OLS, FE, GMM (unbalanced panel) | 1975-2005 N=28 | per capita GDP, Development dummy, Sector, Government expenditure, Market, MA polarization, Coincidence | <0 for developed >0 for developing |
| Spilimbergo et al., (1999) | Gini | Adj. Trade-GDP ratio | OLS (unbalanced panel) | 1965-1992 (single years) N=134 | Arable land per capita, Capital per worker, Education, per capita GDP | >0 for Skill-abundant <0 for K-abundant =0 for Land-abundant |
| Fischer, R. (2001) | Gini | Sachs-Wamer (1995) | FE, RE (unbalanced panel) | 1965-1990 (5 years PAS) N=66 | Capital stocks, Labor, Human capital | >0 for Skill-abundant <0 for K-abundant =0 Land-abundant |
| Bensidoun et al., (2011) | Gini | Labor & capital content of net export/trade changes | OLS (Unbalanced panel) | 1980-1990 N=120 | per capita GDP, per capita GDP sq, Democracy | >0 for poor/ developing <0 for rich/ developed (L-content of trade <0 poor/developing >0 rich/developed (K-content of trade) |
| Gourdon et al., (2011) | Gini | Tariff rate | OLS, FE (Unbalanced panel) | 1980-2000 N=61 | GDP per capita, Education, Arable land per capita, Capital per capita, Skill, Mature, Ethnicity, Civil liberty, Inflation. | >0 for highly educated <0 for primary educated |
| Jaumotte et al., (2008) | Gini, Quintile income share | Trade-GDP, 100-tariff | OLS with LSDV (unbalanced panel) | 1981-2003 N=51 | Financial liberalization: Capital stock, Total crossborder assets, Stock of Inward FDI Financial depth(private credit), Education, Employment | >0 for developing & developed (Financial liberalization) <0 (Trade liberalization) |

III. MODEL, ECONOMETRIC METHODOLOGY and DATA

1. THE BENCHMARK MODEL

I start exploring the traditional HOSS prediction that trade openness has different effects on income inequality depending on factor endowments. In addition, I bring factor endowments, which is interacted with the FTA variable to isolate the effects of differing endowments on income inequality. Most of the previous studies introduce relative endowments interacting term with the openness measure (e.g. Bourguignon and Morrisson 1990; Spilimbergo et al. 1999; Fischer 2001). This allows testing whether the conditional correlation of protection on inequality is sensitive to factor endowments.

The equation (1) below is the baseline equation to be estimated:

$$\begin{aligned} \text{Gini}_{it} = & \alpha_0 + \beta_1 \ln\text{FTA}_{it} + \beta_2 \ln\text{FTA}_{it} * \ln(\text{K/L})_{it} + \beta_3 \ln\text{FTA}_{it} * \text{SKILL}_{it} \\ & + \beta_4 \ln\text{FTA}_{it} * \text{SKILL}_{it} * \ln(\text{K/L})_{it} + e_{it} \end{aligned} \quad (1)$$

Gini_{it} is the Gini index of country i in time t . $i = 1, 2, \dots, 124$, $t = 1988 - 2012$.

It should be noted that the Gini data used in this study is a Gini index which is equal to $100 * \text{Gini coefficient}$. For example, a value of 100 would indicate complete inequality and a value of 0 would indicate complete equality. FTA_{it} is FTA member countries' total GDP per capita/own GDP per capita. The measurement of the FTA variable is discussed more specifically in the data section. $\ln\text{FTA}_{it} * \ln(\text{K/L})_{it}$ is the interaction term of FTA and capital-labor ratio. $\ln\text{FTA}_{it} * \text{SKILL}_{it}$ is the interaction term of FTA and skill ratio. $\ln\text{FTA}_{it} * \text{SKILL}_{it} * \ln(\text{K/L})_{it}$ is the interaction term of FTA, skill ratio and capital-labor ratio.

Next, I bring another HOSS framework that trade openness reduces inequality in developing countries and increases it in developed countries. To do so, GDP per capita, i.e. the quantitative measure of the level of development has been utilized. In this regression, the level of development interacting term with FTAs has been tested. The equation can be shown as:

$$\begin{aligned} \text{Gini}_{it} = & \alpha_0 + \beta_1 \ln\text{FTA}_{it} + \beta_2 \ln\text{FTA}_{it} * \ln(\text{K/L})_{it} + \beta_3 \ln\text{FTA}_{it} * \text{SKILL}_{it} \\ & + \beta_4 \ln\text{FTA}_{it} * \text{SKILL}_{it} * \ln(\text{K/L})_{it} + \beta_5 \ln\text{FTA}_{it} * \ln\text{gdp}_{it} + e_{it} \end{aligned} \quad (2)$$

GDPpc_{it} is per capita GDP of country i in time t and represents the development stage of the country. It could be either a quantitative measure such as the GDP per capita or a qualitative measure such as (high/low/middle-income country, OECD/non-OECD).

As it is closely related to the factor endowments (i.e. developed countries are capital-abundant, developing countries are labor-abundant). The model

also uses a multiplicative form of the FTA and GDP per capita, $\ln FTA_{it} * \ln gdp_{it}$.

Besides factor endowments, other macroeconomic and domestic variables explain the income disparity. One of the important factors which should be considered is the Kuznets effect.

Many years, empirical studies on inequality have focused on the Kuznets hypothesis of an inverted “U” shaped relationship between economic growth and income inequality. The Kuznets curve (KC) is the graphical representation of the “Kuznets hypothesis” that economic inequality increases over time while a country is developing, then after a critical average income is attained, it begins to decrease. However, the findings are still ambiguous. Some of them confirm the Kuznets hypothesis and others found contrasting results. The KC measure was introduced as the GDP per capita and its squared term in the base specification to follow standard practice as much as possible. It is tested trade openness and Kuznets effect on income inequality following by the previous literature. The equation is shown in the following

$$\begin{aligned} Gini_{it} = & \alpha_0 + \beta_1 \ln FTA_{it} + \beta_2 \ln FTA_{it} * \ln(K/L)_{it} + \beta_3 \ln FTA_{it} * SKILL_{it} \\ & + \beta_4 \ln FTA_{it} * SKILL_{it} * \ln(K/L)_{it} + \beta_5 TO_{it} + \beta_6 GDPpc_{it} + \\ & \beta_7 GDPpc_{it}^2 + e_{it} \quad (3) \end{aligned}$$

In addition, other drivers have been included into the equation which can affect it to inequality. Those are the financial depth, the government expenditure civil liberty, political rights, the fertility rate, the age dependency, economic globalization, and investment.

$$\begin{aligned} Gini_{it} = & \alpha_0 + \beta_1 \ln FTA_{it} + \beta_2 \ln FTA_{it} * \ln(K/L)_{it} + \beta_3 \ln FTA_{it} * SKILL_{it} \\ & + \beta_4 \ln FTA_{it} * SKILL_{it} * \ln(K/L)_{it} + \beta_5 Z_{it} + e_{it} \quad (4) \end{aligned}$$

Z_{it} is the other additional variable, as mentioned above.

Under equations (1-3), the econometric methodology pooled OLS is employed in order to assess the original question whether FTAs and other explanatory variables affect the income inequalities and whether this relationship changes over time¹³⁹.

2. DATA

1) Measurement of FTA Variable

Evidence on the impact of trade liberalization on inequality has until recently been seriously deterred by data limitations. Most empirical works have been utilizing Sachs and Warner Openness Index, Average Black Market Premium, Average Import Tariff on Manufacturing, Average

¹³⁹ See more detailed description of the previous works’ econometric specification in Table

Coverage of Non-Tariff Barriers, Dollar Index of Openness¹⁴⁰, and Heritage Foundation Index of Distortions in International Trade as a proxy of trade openness. For instance, Spilimbergo et al. (1999) distinguish between the incidence-based measures of openness, based on the tariff data and trade policy, and outcome-based measures of openness, based on trade data.

Calderón et al. (2005) make the same distinction between policy or legal measures and outcome or the de facto measures of openness. They point out that the benefit of an outcome measure is that it in a way reflects the country-specific features. In addition to the qualitative measures mentioned above a quantitative (outcome based) measure of openness was also used many studies expressed by $(\text{Exports} + \text{Imports})/\text{GDP}$ ¹⁴¹. Although, the use of the trade to GDP ratio has been criticized by several researchers (Rodrik, 2000 and Birdsall and Hamoudi, 2002).

As has been pointed out, there is no generally accepted measurement of openness¹⁴². However, most of the earlier studies mainly employed trade-to-GDP ratio and/or FDI inflows in explaining the effect of trade on income inequality. These trade variables can show the effect of degree of openness on inequality but not show how inequalities change over time when many countries' markets are integrated.

Therefore, it has been constructed a different measure which is barely used in the previous studies. It should be noticed that this measure captures not only trade openness but also market integration. That is a brand new and wide-ranging measure called Free Trade Agreement (FTA). The reason for constructing FTA variable is that effect of market integration or expansion on income inequality can be appropriately illustrated by this variable. In other words, the variable FTA is defined as an integration of markets, or as a single market.

The construction of the FTA variable can be explained by the following equation.

$$FTA_{it} = \frac{\sum_{j=1}^n GDP_{jt}}{GDP_{it}}$$

Where j denotes the partner country of i

For example,

$FTA_{it} = GDP_{it} + GDP_{jt}/GDP_{it}$ if there are bilateral agreement

$FTA_{it} = GDP_{it} + GDP_{jt} + GDP_{nt}/GDP_{it}$ if there are plurilateral agreement

It shows that the total GDP of country i and its FTA partner countries divided by its own GDP in time t . In general, FTA_{it} is not equal to FTA_{jt} . The FTA_{it} index becomes a continuous variable with a value greater than or equal to unity.

¹⁴⁰ It is often called the World Development Outward Orientation Index.

¹⁴¹ It is also can be called Trade/GDP ratio.

¹⁴² Edwards (1997).

This variable can capture how much countries opened up their economy to the foreign market. Free Trade Agreements (FTAs) have approved to be one of the best ways to open up foreign markets. This variable has a much greater implication comparing it with the trade openness variable because trade agreements reduce barriers to exports, protects interests and enhance the rule of law in the FTA partner country. Therefore, I believe this variable is more powerful and influential than any other trade openness measure.

The FTA variable has been constructed on the basis of the Sohn and Lee (2010) FTA index. The authors examined whether the Free-trade agreements/areas (FTAs) enhance or exacerbate economic growth. Sohn and Lee (2010) measure the FTA variable by the ratio of the free-trade market size to the home market size. When a country has an FTA, the measure will have that is bigger than unity (that is, the ratio of the total free-trade area market size to the home country market size).

According to the authors, the FTA index of a country is measured from the ratio of the sum of the FTA host countries' GDP to the GDP to the home country. For instance, if country A has FTA with country B and C, the FTA index of country A is the ratio of the sum of the GDPs of A, B, and C divided by the GDP of country A. If a country has no FTA, the FTA index will be 1 (Sohn and Lee, 2010).

However, authors utilized 66 countries' FTA index in their study. In my case, I extended this FTA index for each country which concludes both FTAs or Customs Union and covers 124 countries in the study. Therefore, it can be seen as an extension of the FTA dataset which is the one of the biggest contribution of the study and to the existing literatures within this framework.

2) Explanatory Variables

There are various determinant factors that FTA affects on the income inequality. According to classical theories, the international trade can affect income inequality through factor prices and factor endowments. In order to choose the set of explanatory variables, I follow HOSS theoretical approach as much as possible. The fundamental factor endowment variables such as capital-labor ratio, skilled labors and its multiplicative term with the FTA variable would be utilized.

Capital-Labor Ratio: the data on capital is measured by the Gross Fixed Capital Formation from the WDI database. There are other data which were utilized in other studies in the existing literature. However, those data are limited by the covering period. Such data are the capital stock data from the Penn World Table 5.6, the aggregate capital-labor data from Caselli (2005), the capital stock data from Fajnzylber and Lederman (1999) and the capital data of Hall and Jones (1999).

Labor force: the data is total labor force data collected from the WDI.

Skilled Labors: the data on endowment in skilled labor is defined as the share of the population over the age of 15 and older with higher education from the recently updated Barro-Lee (2010) data set. The series used are the average schooling years in the population and the share of the population with secondary and/or high education. Many of the previous studies utilized Barro and Lee (2001) data as skilled labor endowment. Even the most recent study done by Caseli (2012) utilizes the Barro and Lee (2001) data of education which is the average years of schooling for the population aged 15 and over.

Trade openness: This is utilized to capture the degree of openness affects to inequality besides FTA. The data on trade openness is from the Penn World Table 7.1. It is defined as the ratio of total exports and imports to GDP in PPP in constant US\$ 2005.

GDP per capita: This is to capture Kuznets inverted “U” curve effect. Many years, empirical studies on inequality have focused on the Kuznets hypothesis of an inverted “U” shaped relationship between economic growth and income distribution. Therefore, I attempted to follow the standard practice as much as possible in base specification. It has been included per capita GDP and its squared form to examine the possible presence of a Kuznets curve.

Following the tradition inherited from Kuznets (1955), it is expected that the income inequality rises in the early stages of industrialization, but it eventually declines after some level of income has been reached. However, the effect of average growth on the income inequality has been found ambiguous in the existing literature. There have been many studies on this subject which all have found different or mixed results of the relationship between growth and inequality¹⁴³. The data of the GDP per capita is the real GDP per capita in PPP in constant US\$ 2005. The data is taken from Penn World Table.

Financial development: The data is collected from the WDI and expressed in the ratio of M2 to GDP.

The liberalization of the domestic banking and of the international financial flows, including the short-term flows, have caused rises in income inequality due to the increase in financial rents, the rapid expansion of the high-wage financial sector and the adverse poverty and distributive impact of a growing number of international and currency crises. Policies regarding the domestic financial liberalization and the capital account liberalization need to be reconsidered.

The size of government in country i at time t proxied by the share of nonmilitary government expenditure in the total GDP averaged across time periods under study. The data is taken from PWT 7.1. It is assumed that the inter-regional transfer programs and social expenditures are linearly related to the level of government expenditure in the total GDP and that, in

¹⁴³ For example, García-Peñalosa and Turnovsky (2006), Hojman (1996) and Perotti and Alesina (1996)

most countries, there will be certain progressiveness in-built in the territorial distribution of investment.

Globalization: This is collected from the KOF Index of the Globalization website. It is based on 23 variables that relate to different dimensions of globalization. The variables are combined into six groups: the actual flows of trade and investment, restrictions, variables measuring the degree of political integration, data quantifying the extent of personal contact with people living in foreign countries, data measuring transborder flows of information, and a proxy for cultural integration.

Civil and Political Rights: The data is taken from Freedom House. It provides indicators civil liberties and political rights scaling 7-point which 1 is good and 7 is bad, respectively.

Fertility Rate: The data is taken from WDI. The total fertility rate represents the number of children that would be born to a woman if she were to live to the end of her childbearing years and bear children in accordance with current age-specific fertility rates.

Economic Globalization: This index is also one dimension of the Globalization index. The reason for adding this variable is that economic globalization is the increasing economic interdependence of national economies across the world through a rapid increase in [cross-border](#) movement of goods, service, technology, and capital. Whereas [globalization](#) is centered on the rapid development of science and technology and increasing cross-border division of labor, economic globalization is propelled by the rapid growing significance of information in all types of productive activities and marketization, and the advance of science and technologies. Depending on the paradigm, economic globalization can be viewed as either a positive or a negative phenomenon.

Age Dependency: Age dependency ratio (% of working-age population). The age dependency ratio is the ratio of dependents. People younger than 15 or older than 64--to the working-age population -- those aged 15-64. Data are shown as the proportion of dependents per 100 working-age population. Data is taken from WDI.

Investment: Open to the FDI flow is defined and measured as investment share of real GDP per capita. Including FDI inflow allows us to revisit the conclusion of Figini and Gorg (1999, 2011) about the impact of the FDI on income inequality. Moreover, this impact has also been discussed and confirmed in many theoretical treatments. For instance, presenting a model of technology transfers through the FDI channel, Wang and Blomstrom (1992) suggest that workers with more human capital will appropriate more of the beneficial effects of FDI than unskilled workers. Later, focusing on the firm-specific nature of FDI, Zhao (1998) examines the impact of FDI on wages and employment more directly. According to Zhao, the workers with greater bargaining power benefit from inward FDI.

In this paper, we use the stock value of inward FDI, which is defined as "the value of the share of their capital and reserves (including

retained profits attributable to the parent enterprise, plus the net indebtedness of affiliates to the parent enterprises” (World Investment Report, 2009).

IV. EMPIRICAL RESULTS

The empirical strategy is to first introduce the factor endowment variable of interest in the baseline model. Then, additional explanatory variables will be added progressively.

Table 3 reports result for the baseline model. The FTA variable has a significantly positive effect on income inequality in all equations. However, in column (1) the FTA itself has no longer strong effect on income disparities. Thus, the FTA is not the only explanatory element for income inequality. When running the interacting term of factor endowments, the capital-labor ratio and the skill, with FTA (column 2 and column 3) the result becomes strong significant. It implies that the FTA influences the income inequality through the channels of capital and skilled labor. The interaction results of the capital-labor ratio and skilled labor with FTA show a negative and strongly significant effect.

However, graph 2 indicates an increase in inequality in labor-abundant countries and a decrease in capital-abundant countries at the critical level $-\beta_2$. Note that I also tested three multiplicative terms. The result (column 5) shows a strong significant effect for the interaction of FTA, skill and capital-labor ratio but no longer a significant effect for interaction between FTA and capital-labor ratio. It confirms that the inequality declines in the countries with more skilled labors rather than in the capital abundant countries. Calderon and Chong (2001) found that schooling (skill ratio) tends to decrease income inequality.

Table 4 represents the estimation together with the FTA and trade openness variable. As shown in table 4, the degree of trade openness seems no longer exercise a more significant effect than FTA. However, trade openness positively affects the income inequality as we expected. Many other studies also found that trade openness increases the income inequality within a country.

Graph 2. Capital and Labor Ratio at $-\beta_2$ Slope

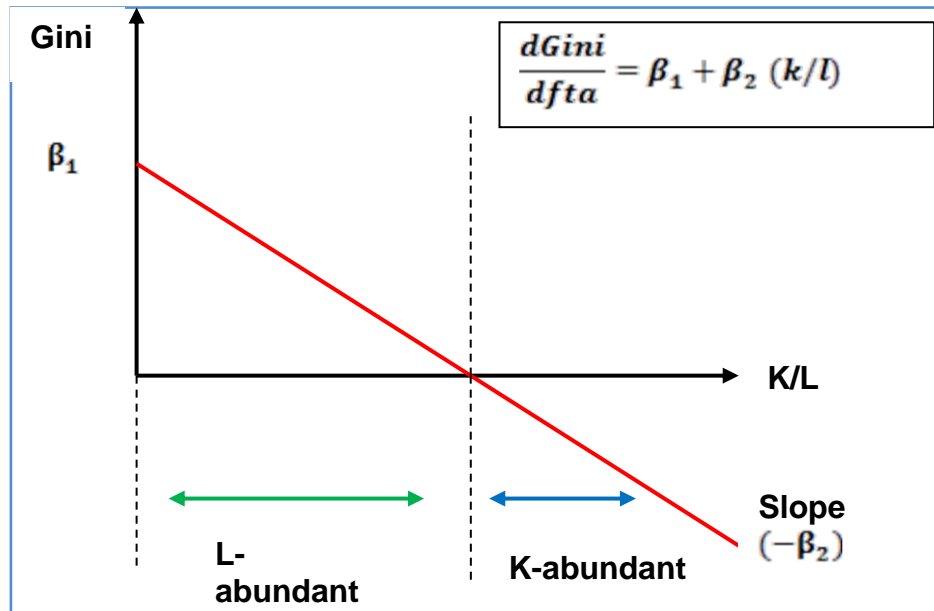


Table 5 reports the evaluation of whether the effect of FTA has influenced the income inequalities within the countries under analysis. By interacting FTA with the countries' real GDP per capita (column 1-5), it has been found that strong significant and negative results. This means there is no support for inequality raises in developed countries and decreases in developing countries as a consequence of the effect of trade.

In contrast to the theoretical framework, the result shows a strong negative interaction effect with the GDP per capita. This suggests that FTAs in developing countries is associated with increased inequality and FTAs in developed countries associated with lower inequality. These findings are consistent with the studies by Barro (2000) and Ravallion (2001) and appear to be robust for different factor endowments. They found significant negative interaction effect of trade openness and inequality, utilizing different explanatory variables. Rodriguez (2010) also found similar results. Utilizing the binary development dummy interaction with the trade, he found a significant positive effect on inequality in both static panel and fixed effects model.

Table 6 represents the result when adding the trade openness and the Kuznets curve effect. The trade openness variable is positive and significant (column 3-4). This suggests that the trade openness is associated with higher inequality keeping the factor endowments and multiplication of FTA and GDP per capita constant. According to Spilimbergo et al. (1999), this can be due to the fact that more liberal governments have more liberal policies and less redistributinal policies, so that the positive correlation

between inequality and trade openness has been found (how about *identified* instead of *found*?).

Like most of the other studies, our result receives no support for the presence of a Kuznets-curve effect which suggests that inequality is low in very poor countries, rises as they develop, and then eventually falls as income rises still further. The result has been found that inequality rises in low- and high-income countries but no increase remains in middle-income countries. The coefficient of this variable is significant at the 1 percent level. Many years, empirical studies on inequality have focused on the Kuznets hypothesis of an inverted “U” shaped relationship between economic growth and income inequality. The Kuznets curve (KC) is the graphical representation of the “Kuznets hypothesis” saying that the economic inequality increases over time while a country is developing, then after a critical average income is has been attained, it begins to decrease. However, the findings are still ambiguous. Some of them confirm the Kuznets hypothesis and others found contrasting results. The KC measure introduced as GDP per capita and its squared term in the base specification to follow standard practice as much as possible.

Our finding is consistent with the previous literature, for instance, Spilimbergo et al. (1999) and Dreher and Gaston (2008), whilst, Barro (2000) and Bensidoun (2011) found the consistent result with the Kuznets curve which is a hump-shaped relationship between the GDP per capita and the income inequality

Table 3: Effect of FTA on Income Inequality (Baseline)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|------------------------------|-----------|-----------|-----------|-----------|-----------|
| ln(FTA) | 0.373* | 6.032*** | 3.812*** | 7.708*** | 5.087*** |
| | (1.884) | (11.083) | (9.094) | (12.151) | (6.198) |
| ln(FTA) * ln(K/L) | | -0.860*** | | -0.784*** | -0.293* |
| | | (-12.869) | | (-7.822) | (-1.646) |
| ln(FTA) * SKILL | | | -0.467*** | -0.256*** | |
| | | | (-10.260) | (-3.783) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.049*** |
| | | | | | (-4.815) |
| constant | 37.154*** | 38.521*** | 37.920*** | 38.718*** | 38.729*** |
| | (71.200) | (65.326) | (69.592) | (64.634) | (64.885) |
| Number of observations | 1,205 | 1,002 | 1,110 | 947 | 947 |
| R-squared | 0.002 | 0.109 | 0.071 | 0.143 | 0.154 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 4: Effect of FTA on Income Inequality (Trade Openness)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|------------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|
| ln(FTA) | 0.297 (1.419) | 6.111*** (10.841) | 4.073*** (9.108) | 8.013*** (12.109) | 5.275*** (6.286) |
| ln(FTA) * ln(K/L) | | -0.884*** (-12.759) | | -0.818*** (-7.964) | -0.311* (-1.705) |
| ln(FTA) * SKILL | | | -0.506*** (-10.498) | -0.273*** (-3.868) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.051*** (-4.895) |
| Trade Openness | 0.004 (0.447) | 0.011 (1.228) | 0.011 (1.152) | 0.017* (1.861) | 0.018* (1.958) |
| constant | 37.101*** (48.013) | 38.004*** (45.625) | 37.443*** (47.514) | 37.794*** (45.312) | 37.759*** (45.798) |
| Number of observations | 1,168 | 978 | 1,073 | 923 | 923 |
| R-squared | 0.002 | 0.117 | 0.080 | 0.155 | 0.168 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 5: Effect of FTA on Income Inequality (FTA * GDP pc)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|------------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|
| ln(FTA) | 3.889*** (4.192) | 8.875*** (9.189) | 6.462*** (6.868) | 10.620*** (9.643) | 7.898*** (6.464) |
| ln(FTA) * ln(K/L) | | -0.844*** (-12.495) | | -0.757*** (-7.630) | -0.272 (-1.586) |
| ln(FTA) * SKILL | | | -0.482*** (-10.273) | -0.265*** (-4.048) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.049*** (-5.017) |
| ln(FTA) * GDP per capita | -0.408*** (-3.904) | -0.341*** (-3.325) | -0.292*** (-2.795) | -0.350*** (-3.051) | -0.340*** (-3.037) |
| constant | 37.439*** (69.905) | 38.765*** (64.773) | 38.202*** (68.536) | 39.003*** (64.136) | 39.012*** (64.370) |
| Number of observations | 1,173 | 982 | 1,078 | 927 | 927 |
| R-squared | 0.013 | 0.122 | 0.083 | 0.159 | 0.170 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 6: Effect of FTA on Income Inequality (TO & Kuznets effect)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|---------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.306 (1.493) | 5.805*** (9.982) | 3.674*** (7.707) | 7.807*** (11.070) | 5.077*** (6.163) |
| ln(FTA) * ln(K/L) | | -0.830*** (-11.626) | | -0.772*** (-7.673) | -0.263 (-1.554) |
| ln(FTA) * SKILL | | | -0.454*** (-8.945) | -0.274*** (-4.132) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.052*** (-5.338) |
| Trade openness | -0.002 (-0.210) | 0.011 (1.125) | 0.006 (0.641) | 0.018** (2.036) | 0.019** (2.133) |
| GDP per capita | -0.542*** (-5.661) | -0.533*** (-5.019) | -0.418*** (-3.403) | -0.638*** (-6.071) | -0.634*** (-6.091) |
| GDP per capita.sq | 0.014*** (5.805) | 0.014*** (5.131) | 0.011*** (3.297) | 0.017*** (6.369) | 0.017*** (6.488) |
| constant | 40.191*** (40.678) | 40.437*** (39.126) | 39.733*** (39.658) | 40.512*** (39.487) | 40.396*** (39.882) |
| Number of observations | 1,167 | 978 | 1,072 | 923 | 923 |
| R-squared | 0.037 | 0.143 | 0.100 | 0.190 | 0.203 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively. GDP per capita is in \$ USD 1000.

In addition to the above-interested variables, we have other macroeconomic and demographic factors which can influence income inequality. They have been tested together with the baseline model one by one. The reason is that I aim to clarify the marginal effect of the FTA and the interaction terms with other additional variables. The macroeconomic variables include the financial development, government size, civil and political rights. The economic globalization, globalization and investment variables have been added to the baseline equation because the globalization and foreign investment is an important process to increase/decrease the income inequality in a country. A number of studies examine not only globalization but also investment aspects to the inequality. Regarding the FTAs, they are the part of the globalization, and

testing them with either globalization or investment is essential. The baseline model further extended with demographic variables such as fertility rate and age dependency.

Tables 7 to 14 show the results of those variables with the baseline model. Most of the additional controlling variables are statistically significant.

The Financial development (table 7), as expected, decreases the inequality of a country significantly. It is expressed by the ratio of M2 to GDP which introduces the assumption that greater financial depth should reduce the importance of the financial constraint to borrow for education purposes, and thus it should help those who are talented but lack resources (see, for example, Li and others 1998). More specifically, the increased financial depth (increased monetization of the economy) can be regarded as proceeding directly from the better integration of a country into the international economy. However, this variable is used here as controls for the “non-globalization related” part of the influence on income distribution.

The size of government (table 8) tests whether the size of government affects the income inequality in a country; if public spending improves the distribution of human and physical assets, the coefficient should be negative. It has been found that higher government consumption decreases the income inequality.

Civil and political rights (table 9) test the prediction that political rights and civil liberties affect inequality; if they do restrict the ability of governments to serve the interest of a rich minority the coefficients should be negative (the variables are measured such that an increase in their value corresponds to a reduction in rights/liberties). We find there is strongly significant and negative impact on civil liberty and strongly significant positive results for political rights as expected. It means that less civil liberty seems to increase the income inequality in a country, whereas political freedom decreases the income gaps. However, these results are still contrasting in existing literatures. For example, Higgins and Williamson (1999) found that political freedom tends to increase the income difference while White and Anderson (2001) found that less civil rights increase the share of income of the poor while the political right is good for the poor.

The variable fertility (table 10) shows us a strong positive and significant effect on income inequality. It suggests that countries with the highest fertility rates per woman tend to have a much higher income disparity than countries with the lowest rates. Recent studies show that a population growth in excess of 2 percent per year might constitute a significant difficulty limiting economic development in poor countries with a weak governance.

Tables 11 and 12 show the results of the economic and overall globalization. Interestingly, the results were contrasting. On the one hand,

it has been found that economic globalization tends to decrease inequality. On the other hand, overall globalization seems to increase the income gaps in a country as FTAs. Still, we cannot say that these results should be in a one form. Either positive or negative results could be appearing. For example, Dreher and Gaston (2008) find that globalization has exacerbated inequality. The results are particularly severe for income inequality in OECD countries. However, they find no evidence of globalization on inequality in less-developed countries.

Another determinant of inequality is the age dependency ratio (table 13). The estimated coefficients for the age dependency show a strongly significant and positive association with income inequality. The possible reason is that ageing of the world's population may increase inequality, as older workers often earn higher salaries and inequality tends to be higher among older age cohorts¹⁴⁴. While our baseline model results still remain consistent and robust, the signs and significance did not change as much.

We now look at the impact of another aspect of economic integration – the investment share of the real GDP per capita (table 14). It is worth noting that the investment coefficients are positive and statistically significant in all regressions. It means that inward FDI flows is associated with widening within-income inequalities.

This finding supports the theoretical framework of Aghion and Howitt (1998). In light of the Aghion–Howitt hypothesis, the new technology is transferred from developed countries to developing countries through the FDI channel. As the multinational firms have successfully implemented the new technology in the host country, only skilled labor will be required. Consequently, the demand for skilled labor steeply increases, thus leading to an increase in wage and income inequalities between the skilled and unskilled labor. This finding has been also supported by other earlier empirical studies. For instance, using a sample of 33 developing countries, Tsai (1995) studies the link between FDI and inequality and finds that FDI increased inequality in some Asian countries. Gopinath and Chen (2003) argue that FDI flows widen the skilled–unskilled wage gap, which is measured as the share of unskilled labor in the GNP, for a sample of 11 developing countries.

¹⁴⁴ Deaton and Paxson (1997)

Table 7: Effect of FTA on Income Inequality (Financial development)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.234 (1.139) | 4.507*** (6.877) | 2.899*** (6.599) | 5.941*** (8.022) | 3.160*** (3.194) |
| ln(FTA) * ln(K/L) | | -0.651*** (-7.253) | | -0.506*** (-3.976) | -0.001 (-0.003) |
| ln(FTA) * SKILL | | | -0.359*** (-7.087) | -0.287*** (-3.959) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.052*** (-4.561) |
| Financial development | -0.078*** (-7.391) | -0.038*** (-4.063) | -0.062*** (-6.198) | -0.039*** (-4.115) | -0.038*** (-4.080) |
| constant | 42.436*** (57.369) | 41.031*** (54.896) | 42.212*** (57.590) | 41.237*** (53.640) | 41.176*** (54.284) |
| Number of observations | 1,078 | 925 | 1,004 | 879 | 879 |
| R-squared | 0.083 | 0.123 | 0.127 | 0.157 | 0.169 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 8: Effect of FTA on Income Inequality (Government size)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|---------------------------|------------------|------------------------|------------------------|-----------------------|-----------------------|
| ln(FTA) | 0.027 (0.132) | 5.987*** (10.951) | 3.614*** (8.701) | 7.624*** (12.017) | 5.036*** (6.112) |
| ln(FTA) * ln(K/L) | | -0.883*** (-13.151) | | -0.798*** (-7.907) | -0.319* (-1.786) |
| ln(FTA) * SKILL | | | -0.484*** (-10.594) | -0.257*** (-3.781) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.048*** (-4.766) |

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|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Government size | 0.022 (0.244) | -0.211** (-2.212) | -0.153 (-1.486) | -0.230** (-2.068) | -0.214* (-1.934) |
| constant | 38.001*** (33.955) | 41.210*** (35.401) | 40.460*** (32.996) | 41.505*** (32.004) | 41.341*** (32.113) |
| Number of observations | 1,170 | 991 | 1,083 | 938 | 938 |
| R-squared | 0.000 | 0.120 | 0.079 | 0.153 | 0.164 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 9: Effect of FTA on Income Inequality (Civil and Political rights)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.152 (0.773) | 5.013*** (7.406) | 2.524*** (5.989) | 6.225*** (8.155) | 4.067*** (4.705) |
| ln(FTA) * ln(K/L) | | -0.717*** (-8.219) | | -0.612*** (-5.471) | -0.199 (-1.160) |
| ln(FTA) * SKILL | | | -0.319*** (-6.830) | -0.223*** (-3.449) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.043*** (-4.429) |
| Civil liberty | 2.865*** (8.083) | 1.796*** (4.292) | 2.471*** (6.170) | 1.911*** (4.389) | 1.733*** (3.911) |
| Political right | -1.129*** (-3.749) | -1.161*** (-3.657) | -0.951*** (-3.059) | -1.035*** (-3.109) | -0.952*** (-2.830) |
| constant | 32.845*** (46.702) | 36.618*** (39.225) | 34.139*** (41.367) | 36.150*** (37.743) | 36.458*** (37.545) |
| Number of observations | 1,172 | 994 | 1,084 | 941 | 941 |
| R-squared | 0.067 | 0.126 | 0.114 | 0.160 | 0.169 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 10: Effect of FTA on Income Inequality (Fertility rate)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.143 (0.772) | 1.562** (2.405) | 0.623 (1.333) | 3.105*** (4.192) | 1.954** (2.485) |
| ln(FTA) * ln(K/L) | | -0.276*** (-3.503) | | -0.432*** (-4.512) | -0.069 (-0.445) |
| ln(FTA) * SKILL | | | -0.070 (-1.361) | -0.026 (-0.388) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.028*** (-3.083) |
| Fertility rate | 3.352*** (16.421) | 3.299*** (10.961) | 3.593*** (12.577) | 3.617*** (9.772) | 3.467*** (9.510) |
| constant | 28.795*** (45.798) | 30.653*** (39.498) | 28.674*** (36.921) | 30.059*** (33.598) | 30.472*** (34.185) |
| Number of observations | 1,205 | 1,002 | 1,110 | 947 | 947 |
| R-squared | 0.193 | 0.224 | 0.206 | 0.256 | 0.263 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 11: Effect of FTA on Income Inequality (Economic globalization)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|-------------------------------|------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.701*** (3.456) | 4.476*** (6.312) | 2.489*** (5.997) | 5.958*** (7.678) | 4.299*** (5.195) |
| ln(FTA) * ln(K/L) | | -0.588*** (-5.927) | | -0.601*** (-5.402) | -0.244 (-1.521) |
| ln(FTA) * SKILL | | | -0.228*** (-4.411) | -0.141** (-2.211) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.035*** (-3.756) |
| Economic globalization | -0.212*** (-12.911) | -0.127*** (-4.861) | -0.193*** (-8.524) | -0.142*** (-5.080) | -0.131*** (-4.648) |
| constant | 49.668*** (45.810) | 45.709*** (29.653) | 48.938*** (36.506) | 46.686*** (28.323) | 46.102*** (27.984) |
| Number of observations | 1,138 | 973 | 1,070 | 928 | 928 |

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|-----------|-------|-------|-------|-------|-------|
| R-squared | 0.105 | 0.143 | 0.135 | 0.179 | 0.186 |
|-----------|-------|-------|-------|-------|-------|

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 12: Effect of FTA on Income Inequality (Globalization)

| Dependent: Gini | (1) | (2) | (3) | (3) | (4) |
|---------------------------|-----------------------|------------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.285 (1.126) | 6.041*** (8.762) | 5.182*** (5.697) | 9.335*** (8.793) | 6.848*** (6.305) |
| ln(FTA)* ln(K/L) | | -0.868*** (-10.554) | | -0.959*** (-7.330) | -0.535** (-2.198) |
| ln(FTA) * SKILL | | | -0.608*** (-6.303) | -0.271** (-2.499) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.046*** (-2.899) |
| Globalization | 0.092*** (4.354) | 0.116*** (5.697) | 0.118*** (5.727) | 0.124*** (6.044) | 0.128*** (6.276) |
| constant | 32.283*** (24.135) | 32.057*** (23.529) | 31.418*** (23.474) | 31.710*** (23.125) | 31.475*** (23.116) |
| Number of observations | 743 | 622 | 671 | 573 | 573 |
| R-squared | 0.024 | 0.149 | 0.101 | 0.195 | 0.202 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 13: Effect of FTA on Income Inequality (Age dependency)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|---------------------------|------------------|----------------------|--------------------|-----------------------|-----------------------|
| ln(FTA) | 0.102 (0.552) | 0.962 (1.465) | 0.213 (0.467) | 2.552*** (3.455) | 1.531* (1.956) |
| ln(FTA) * ln(K/L) | | -0.190** (-2.355) | | -0.365*** (-3.758) | -0.028 (-0.188) |
| ln(FTA) * SKILL | | | -0.024 (-0.468) | -0.015 (-0.223) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.025*** (-2.827) |
| Age dependency | 0.343*** | 0.335*** | 0.370*** | 0.348*** | 0.336*** |

| | | | | | |
|------------------------|-----------|-----------|-----------|-----------|-----------|
| | (18.513) | (12.810) | (14.927) | (11.737) | (11.532) |
| constant | 16.989*** | 18.974*** | 15.828*** | 18.348*** | 19.132*** |
| | (15.363) | (12.755) | (10.889) | (10.860) | (11.514) |
| Number of observations | 1,205 | 1,002 | 1,110 | 947 | 947 |
| R-squared | 0.238 | 0.261 | 0.256 | 0.288 | 0.294 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 14: Effect of FTA on Income Inequality (Investment)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|---------------------------|-----------------------|------------------------|------------------------|-----------------------|-----------------------|
| ln(FTA) | 0.021 (0.103) | 6.652*** (11.312) | 3.525*** (8.372) | 8.291*** (12.393) | 5.799*** (6.646) |
| ln(FTA) * ln(K/L) | | -0.970*** (-13.135) | | -0.910*** (-8.490) | -0.437** (-2.376) |
| ln(FTA) * SKILL | | | -0.467*** (-10.167) | -0.231*** (-3.450) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.046*** (-4.565) |
| Investment | 0.129*** (2.747) | 0.163*** (3.094) | 0.048 (0.967) | 0.151*** (2.710) | 0.140** (2.502) |
| constant | 41.044*** (35.904) | 35.519*** (27.908) | 39.867*** (32.947) | 35.851*** (26.548) | 36.100*** (26.654) |
| Number of observations | 1,170 | 991 | 1,083 | 938 | 938 |
| R-squared | 0.007 | 0.122 | 0.077 | 0.154 | 0.165 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

2. RESULTS FOR 5 YEAR - INTERVALS: OLS REGRESSION

I have been also interested in determining whether the different can be found or not when employing 5 year-intervals. In addition to this, much of the previous literature uses a 5 or 10 year-intervals dataset (i.e. Calderong and Chong, 2001; Fischer, 2001; Lundberg and Squire, 2003; Milanovic, 2005; Ravallion, 2001). Therefore, it has been tested whether the result remain not changed when employing 5 years-intervals. Similar to the unbalanced panel data regression, first the baseline model was tested and then traditional, macroeconomic as well as demographic variables were added. To retell, there is a logical order behind this estimation. We are interested in finding out whether the baseline can remain robust when changing the additional controlling variables.

Utilizing both the unbalanced and 5 year-intervals data, the results are reliable and constant. The only difference is that few variables show insignificant effects, such as trade openness, government size, political rights and investment show no longer significant results in the OLS model. In the case of civil rights as well, it has been found that the results are not relevant for OLS regression analysis. Therefore, it has been excluded from the table because it seems an unnecessary attempt to adding the result of civil right.

Table 27: Effect of FTA on Income Inequality (Baseline)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.856** (2.528) | 5.780*** (6.903) | 3.516*** (6.035) | 6.683*** (6.996) | 3.843*** (2.751) |
| ln(FTA) * ln(K/L) | | -0.846*** (-8.046) | | -0.727*** (-4.117) | -0.152 (-0.496) |
| ln(FTA) * SKILL | | | -0.412*** (-6.519) | -0.218* (-1.879) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.051*** (-3.004) |
| constant | 35.807*** (37.249) | 39.234*** (34.126) | 37.180*** (36.054) | 39.685*** (33.334) | 39.752*** (33.467) |
| Number of observations | 376 | 285 | 337 | 266 | 266 |
| R-squared | 0.014 | 0.117 | 0.073 | 0.144 | 0.159 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 28: Effect of FTA on Income Inequality (Trade Openness)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.817** (2.306) | 6.028*** (6.685) | 3.867*** (6.001) | 7.337*** (7.247) | 4.381*** (3.134) |
| ln(FTA) * ln(K/L) | | -0.885*** (-7.876) | | -0.793*** (-4.441) | -0.207 (-0.683) |
| ln(FTA) * SKILL | | | -0.456*** (-6.613) | -0.239* (-1.958) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.053*** (-3.110) |
| Trade openness | 0.018 (1.098) | 0.023 (1.403) | 0.025 (1.527) | 0.029* (1.754) | 0.030* (1.815) |
| constant | 34.602*** (25.338) | 37.722*** (23.964) | 35.479*** (24.245) | 37.690*** (23.293) | 37.707*** (23.462) |

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| | | | | | |
|------------------------|-------|-------|-------|-------|-------|
| Number of observations | 367 | 280 | 328 | 261 | 261 |
| R-squared | 0.018 | 0.133 | 0.092 | 0.168 | 0.183 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 29: Effect of FTA on Income Inequality (FTA * GDP pc)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|---------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 4.637*** (2.978) | 9.616*** (6.104) | 6.566*** (4.398) | 10.532*** (6.197) | 7.555*** (3.873) |
| ln(FTA) * ln(K/L) | | -0.841*** (-7.832) | | -0.683*** (-3.856) | -0.106 (-0.361) |
| ln(FTA) * SKILL | | | -0.436*** (-6.551) | -0.245** (-2.131) | |
| ln(FTA) * SKILL * ln(K/L) | | | | | -0.053*** (-3.224) |
| FTA * GDP per capita | -0.443** (-2.509) | -0.438*** (-2.637) | -0.322** (-1.971) | -0.449** (-2.500) | -0.445** (-2.536) |
| constant | 36.245*** (36.608) | 39.355*** (33.761) | 37.297*** (35.519) | 39.864*** (33.008) | 39.922*** (33.125) |
| Number of observations | 364 | 280 | 328 | 261 | 261 |
| R-squared | 0.025 | 0.140 | 0.091 | 0.171 | 0.186 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 30: Effect of FTA on Income Inequality (TO & Kuznets effect)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.811** (2.356) | 5.789*** (6.118) | 3.408*** (4.937) | 7.215*** (6.707) | 4.185*** (3.071) |
| ln(FTA) * ln(K/L) | | -0.835*** (-7.175) | | -0.736*** (-4.183) | -0.134 (-0.476) |
| ln(FTA) * SKILL | | | -0.395*** (-5.462) | -0.252** (-2.177) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.055*** (-3.496) |
| Trade openness | 0.004 (0.206) | 0.019 (1.096) | 0.014 (0.788) | 0.028 (1.641) | 0.029* (1.714) |
| GDP per capita | -0.537*** (-3.210) | -0.560*** (-2.879) | -0.412** (-2.039) | -0.706*** (-3.761) | -0.709*** (-3.842) |
| GDP per capita.sq | 0.013*** (3.186) | 0.014*** (2.806) | 0.010* (1.915) | 0.018*** (3.933) | 0.018*** (4.078) |
| constant | 38.340*** (20.454) | 40.521*** (20.022) | 38.266*** (19.981) | 40.790*** (20.167) | 40.719*** (20.418) |
| Number of observations | 367 | 280 | 328 | 261 | 261 |

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R-squared 0.060 0.163 0.115 0.212 0.228

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively. GDP is in \$ USD 1000.

Table 31: Effect of FTA on Income Inequality (Financial development)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.555 (1.596) | 3.590*** (3.528) | 2.159*** (3.647) | 4.044*** (3.466) | 1.257 (0.744) |
| ln(FTA) * ln(K/L) | | -0.526*** (-3.691) | | -0.309 (-1.383) | 0.232 (0.647) |
| ln(FTA) * SKILL | | | -0.263*** (-3.780) | -0.248** (-2.024) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.052*** (-2.807) |
| Financial development | -0.089*** (-9.653) | -0.057*** (-4.266) | -0.076*** (-7.267) | -0.061*** (-4.591) | -0.059*** (-4.462) |
| constant | 42.260*** (34.930) | 42.488*** (30.770) | 42.792*** (33.895) | 42.996*** (29.872) | 42.946*** (30.023) |
| Number of observations | 331 | 266 | 302 | 251 | 251 |
| R-squared | 0.109 | 0.147 | 0.150 | 0.175 | 0.188 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 32: Effect of FTA on Income Inequality (Government size)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.295 (0.856) | 5.788*** (6.897) | 3.118*** (5.371) | 6.731*** (7.078) | 3.909*** (2.787) |
| ln(FTA) * ln(K/L) | | -0.859*** (-8.100) | | -0.739*** (-4.153) | -0.167 (-0.541) |
| ln(FTA) * SKILL | | | -0.425*** (-6.602) | -0.216* (-1.846) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.050*** (-2.951) |
| Government size | 0.236 (1.426) | -0.098 (-0.549) | -0.007 (-0.036) | -0.095 (-0.441) | -0.074 (-0.349) |
| constant | 35.188*** (17.141) | 40.481*** (18.481) | 38.886*** (16.925) | 40.677*** (16.226) | 40.527*** (16.330) |
| Number of observations | 360 | 284 | 325 | 266 | 266 |
| R-squared | 0.010 | 0.121 | 0.080 | 0.145 | 0.159 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

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Table 33: Effect of FTA on Income Inequality (Pol. rights)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.328 (0.955) | 6.466*** (6.394) | 2.743*** (4.519) | 6.985*** (6.255) | 4.193*** (2.836) |
| ln(FTA) * ln(K/L) | | -0.939*** (-7.075) | | -0.767*** (-3.947) | -0.196 (-0.627) |
| ln(FTA) * SKILL | | | -0.376*** (-5.657) | -0.218* (-1.858) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.051*** (-2.990) |
| Political rights | 0.712*** (2.744) | -0.393 (-1.272) | 0.531* (1.734) | -0.158 (-0.463) | -0.189 (-0.554) |
| constant | 35.464*** (29.086) | 40.283*** (26.169) | 37.383*** (27.871) | 40.073*** (25.024) | 40.220*** (24.982) |
| Number of observations | 361 | 285 | 325 | 266 | 266 |
| R-squared | 0.019 | 0.121 | 0.087 | 0.144 | 0.159 |

Note: Shown in parentheses are t-statistics.***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 34: Effect of FTA on Income Inequality (Fertility rate)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.609** (1.968) | 1.376 (1.323) | 0.447 (0.649) | 2.378** (2.115) | 1.113 (0.832) |
| ln(FTA) * ln(K/L) | | -0.270** (-2.083) | | -0.441*** (-2.677) | -0.011 (-0.041) |
| ln(FTA) * SKILL | | | -0.024 (-0.297) | 0.035 (0.310) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.026* (-1.664) |
| Fertility rate | 3.282*** (9.263) | 3.426*** (5.892) | 3.482*** (6.846) | 3.806*** (5.137) | 3.578*** (4.947) |
| constant | 27.567*** (24.202) | 31.153*** (20.840) | 28.166*** (19.555) | 30.740*** (17.468) | 31.400*** (18.124) |
| Number of observations | 376 | 285 | 337 | 266 | 266 |
| R-squared | 0.195 | 0.240 | 0.196 | 0.267 | 0.273 |

Note: Shown in parentheses are t-statistics.***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 35: Effect of FTA on Income Inequality (Economic globalization)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|-------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.827** (2.397) | 3.606*** (3.188) | 1.985*** (3.416) | 4.141*** (3.560) | 2.282* (1.675) |
| ln(FTA) * ln(K/L) | | -0.470*** (-2.875) | | -0.369* (-1.907) | 0.032 (0.117) |
| ln(FTA) * SKILL | | | -0.181** (-2.451) | -0.139 (-1.310) | |
| ln(FTA)* SKILL *ln(K/L) | | | | | -0.037** (-2.360) |
| Economic globalization | -0.227*** (-7.560) | -0.171*** (-3.297) | -0.210*** (-5.085) | -0.214*** (-3.805) | -0.199*** (-3.528) |
| constant | 49.989*** (25.189) | 48.689*** (15.522) | 49.992*** (19.956) | 51.609*** (15.136) | 50.841*** (14.951) |
| Number of observations | 348 | 278 | 322 | 263 | 263 |
| R-squared | 0.113 | 0.153 | 0.141 | 0.194 | 0.202 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 36: Effect of FTA on Income Inequality (Globalization)

| Dependent: Gini | (1) | (2) | (3) | (4) | (5) |
|--------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| ln(FTA) | 0.914** (2.077) | 5.540*** (4.996) | 4.700*** (4.201) | 7.710*** (4.872) | 4.899*** (2.789) |
| ln(FTA) * ln(K/L) | | -0.800*** (-5.907) | | -0.772*** (-3.582) | -0.255 (-0.622) |
| ln(FTA) * SKILL | | | -0.524*** (-4.492) | -0.268 (-1.423) | |
| ln(FTA) * SKILL *ln(K/L) | | | | | -0.051* (-1.947) |
| Globalization | 0.078** (2.020) | 0.095** (2.433) | 0.109*** (2.948) | 0.100** (2.499) | 0.104*** (2.645) |
| constant | 31.335*** (13.400) | 33.556*** (13.429) | 30.943*** (13.118) | 33.687*** (13.030) | 33.484*** (13.174) |
| Number of observations | 241 | 184 | 212 | 168 | 168 |

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R-squared 0.031 0.127 0.102 0.163 0.174
 Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 37: Effect of FTA on Income Inequality (Age dependency)

| Dependent: | | | | | |
|-------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Gini | (1) | (2) | (3) | (4) | (5) |
| ln(FTA) | 0.531* | 0.907 | -0.085 | 1.995* | 0.986 |
| | (1.716) | (0.867) | (-0.126) | (1.820) | (0.759) |
| ln(FTA) * ln(K/L) | | -0.196 | | -0.410** | -0.021 |
| | | (-1.478) | | (-2.500) | (-0.078) |
| ln(FTA) * SKILL | | | 0.038 | 0.066 | |
| | | | (0.486) | (0.593) | |
| ln(FTA) * SKILL*ln(K/L) | | | | | -0.022 |
| | | | | | (-1.388) |
| Age dependency | 0.333*** | 0.333*** | 0.369*** | 0.357*** | 0.337*** |
| | (10.307) | (6.856) | (8.166) | (6.329) | (6.072) |
| constant | 16.395*** | 19.908*** | 15.280*** | 18.921*** | 20.214*** |
| | (8.426) | (7.138) | (5.720) | (5.874) | (6.375) |
| Number of observations | 376 | 285 | 337 | 266 | 266 |
| R-squared | 0.242 | 0.277 | 0.254 | 0.303 | 0.307 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

Table 38: Effect of FTA on Income Inequality (Investment)

| Dependent | | | | | |
|-------------------------|----------------|--------------|--------------|--------------|--------------|
| Gini | (1) | (2) | (3) | (4) | (5) |
| ln(FTA) | 0.261 | 6.198*** | 3.046*** | 7.062*** | 4.265*** |
| | (0.761) | (6.489) | (5.186) | (6.543) | (2.723) |
| ln(FTA) * ln(K/L) | | -0.913*** | | -0.799*** | -0.227 |
| | | (-7.558) | | (-4.047) | (-0.691) |
| ln(FTA) * SKILL | | | -0.416*** | -0.200* | |
| | | | (-6.550) | (-1.693) | |
| ln(FTA) * SKILL*ln(K/L) | | | | | -0.049*** |
| | | | | | (-2.826) |
| Investment | 0.156** | 0.109 | 0.058 | 0.089 | 0.072 |
| | (2.015) | (1.143) | (0.673) | (0.841) | (0.679) |
| constant | 41.161*** | 37.063** | 40.121*** | 37.686*** | 38.138*** |

| | | | | | |
|------------------------|----------|----------|----------|----------|----------|
| | * | | | | |
| | (20.669) | (15.396) | (17.695) | (13.822) | (13.958) |
| Number of observations | 360 | 284 | 325 | 266 | 266 |
| R-squared | 0.012 | 0.124 | 0.081 | 0.146 | 0.160 |

Note: Shown in parentheses are t-statistics. ***, **, and * 1, 5, and 10 percent level of significance, respectively.

VI. CONCLUSION

This study aimed to evaluate the impact of the FTAs on income inequality within countries on the basis of the neoclassical trade framework, called the Heckscher-Ohlin and Stolper-Samuelson's (HOSS) factor endowment model, as well as on the basis of widely cited previous empirical works. One of our conclusions shows that there are still mixed and conflicting results among the scholars on how trade liberalization or openness affects to income inequality.

Therefore, the study attempted to shed light on this topic by developing a new variable, i.e. the FTAs instead of the trade openness. To do so, I used the both the unbalanced panel and 5-year intervals data of 124 countries during the period between 1988 and 2012. I considered how FTAs affects to inequality not only by itself but also through the channels of factor endowments, such as skill endowment and the capital and labor ratio. In addition, it was studied whether the FTAs deteriorates or improves the income inequality depending on the level of development. Thus, the interaction term of FTAs and GDP per capita were employed. Besides the baseline model, I tested other variables which had been tested many times in the previous literature. I used the GDP per capita and its square term variables in order to see whether the Kuznets inverted "U" curve effect occurs. The trade openness variable was considered in the study in order to compare both the FTA and openness effect variables on income gaps.

The main purpose of the study was to determine whether FTAs increases or deteriorates the income inequality within-countries. The FTA was found to exercise influences on income inequality through the channels of capital and skilled labor. The results suggest that the income inequalities of more capital and skilled labor abundant countries' improve (decline) over time when those countries have joined the FTAs. In addition, the result shows that there is a strongly significant effect on the interaction of the FTA, skill and capital-labor ratio but no longer a significant effect on interaction between the FTA and capital-labor ratio. It confirms the fact that inequality declines in the countries with more skilled labors rather than capital abundant countries.

By interacting the FTA with the countries' real GDP per capita, I found no support according to which the inequality rises in developed

countries and decreases in developing countries due to the effect of trade. In contrast to the theoretical framework, the result shows strong negative interaction effect with GDP per capita. This suggests that the FTAs in developing countries is associated with the increased inequality and increased openness in developed countries associated with lower inequality.

When adding the trade openness, the positive and significant effect was found. It reveals that trade openness is associated with higher inequality keeping constant the factor endowments and multiplication of FTA and GDP per capita.

Like most of the other studies, our result receives no support for the presence of a Kuznets-curve effect. The result was found that inequality rises in low- and high-income countries but no increase remains in middle-income countries.

As mentioned before, together with the core variables other macroeconomic and demographic variables were tested. The estimated coefficients hold strong and statistically significant as expected. The financial development, the size of government; political rights and economic globalization were found to tend to decline the income inequality within a country. While less civil right, fertility ratio, age distribution and investment variables seem to enlarge the income gaps of a country.

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ANALYZING THE EFFECTS OF MONGOLIA'S ACCESSION TO
ASIA-PACIFIC TRADE AGREEMENT (APTA)

V.Enkhbold¹⁴⁵, N.Otgonsaikhan¹⁴⁶, D.Tegshjargal¹⁴⁷

Abstract

This paper investigates the early effects of Mongolia's accession to the Asia-Pacific Trade Agreement (APTA). The Gravity model is employed in this study to analyze the effects of key factors that affect trade costs for land-locked Mongolia. In addition, the Spearman's rank correlation of revealed advantage (SRC) and Trade intensity index (TII) are used to identify the Mongolian export products suitable for the APTA market. The paper concludes that Mongolia would be able to increase its trade flow for the APTA market after its accession to the regional trade agreement.

Keywords: Asia Pacific Trade Agreement (APTA), gravity model, trade indexes, tariff concessions, trade costs, land-locked country.

1. Introduction:

Trade plays an important role in economic development of Mongolia. Mongolia joined the World Trade Organization in 1997. Since then, Mongolia adopted laws and regulations to bring its regulatory regime in line with WTO rules. Mongolia bound all its national tariff lines in *ad valorem* terms, with an average bound rate of 17.3%, however it maintains a lower applied tariff rate with a current average being around 5%. Mongolia has not retained the rights for maintaining any tariff quotas, domestic support, or export subsidies for agricultural products.

The trade policy of Mongolia was reviewed by the WTO in 2005¹⁴⁸ and 2014¹⁴⁹ respectively. Today Mongolia is pursuing a relatively liberal trade policy.

The Mongolian economy is still heavily dependent on foreign trade and 37.1% of its GDP accounts for exports. Although the export has increased substantially, trade still remains in deficit. The reasons behind are: the dependency on few export commodities, the high percentage of raw materials in exports, the heavy dependency of these raw materials on the world market prices. The Mongolian exports are composed of few items, namely minerals such as copper, molybdenum, fluorspar concentrates, gold, coal, crude oil, natural stones, and animal-originating

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¹⁴⁸ www.wto.org/english/tratop_e/tpr_e/tp245_crc_e.htm

¹⁴⁹ www.wto.org/english/tratop_e/tpr_e/tp397_e.htm

raw materials, such as wool, cashmere, hides and skins, meat. The key import products are fuel, vehicles, textiles, heavy machinery, equipment and electrical appliance.¹⁵⁰

In order to diversify the export proclivity structure and export markets, Mongolia is seeking to accede to regional trade agreements to gain preferential market access for its goods and services. The Concept of Mongolia's Foreign Policy¹⁵¹ has provided a specific guidance on expanding and developing the regional economic integration. Particularly, chapter 3 of the concept defines that "The fundamental objective of the Mongolia's foreign economic relations lies in the optimal use of external factors to adequate solutions to long-term and current economic goals in the light of the concept of sustainable development and in eventually securing a proper place for its economy in regional economic integration". Within this policy and guidance, Mongolia is pursuing to conclude regional and bilateral trade agreements. As such, Mongolian government has expressed its interest to join the Asia Pacific Trade Agreement (APTA) in 2009. The Asia and the Pacific region countries signed a preferential trade agreement named the "Bangkok Agreement" in 1975 and renamed it as the "Asia Pacific Trade Agreement" in 2005. As of today, Bangladesh, Lao PDR, China, the Republic of Korea, Sri-Lanka and India are members of the APTA. Mongolia successfully concluded negotiations with all participating countries in 2013. Consequently the 42nd of the Stand in Committee Session of the APTA has approved the accession of Mongolia¹⁵².

The main purpose of the present study is to analyze the benefits in terms of expanded trade for Mongolia after joining the APTA. The paper has the following structure. The first two sections cover the analysis of the overall trade pattern of Mongolia and its structure with the APTA countries. In section 3, some trade performance indexes are used to identify the possible export products from Mongolia to the APTA countries. Accordingly, the Herfindahl-Hirschman Index (HHI) is calculated to measure the extent of the countries' export diversification. Also, it analyzes the similarities of trade pattern of Mongolia with each APTA member country, by estimating two different trade indexes such as the Revealed Comparative Advantage (RCA) and the Trade Intensity Index (TII).

The Trade Intensity Index is used to identify the sectors which are highly intensive on the APTA market. This section will match the products under the current concession list (HS-2 digits) for the import products of the APTA countries from Mongolia. Section 4 analyzes the factors affecting the Mongolian trade with the APTA countries. In this section, the export demand function is developed to forecast the impacts of tariff concessions.

¹⁵⁰ www.ecustoms.mn

¹⁵¹ www.mfa.gov.mn

¹⁵² <http://www.unescap.org/news/apta-welcomes-mongolia-its-seventh-member>

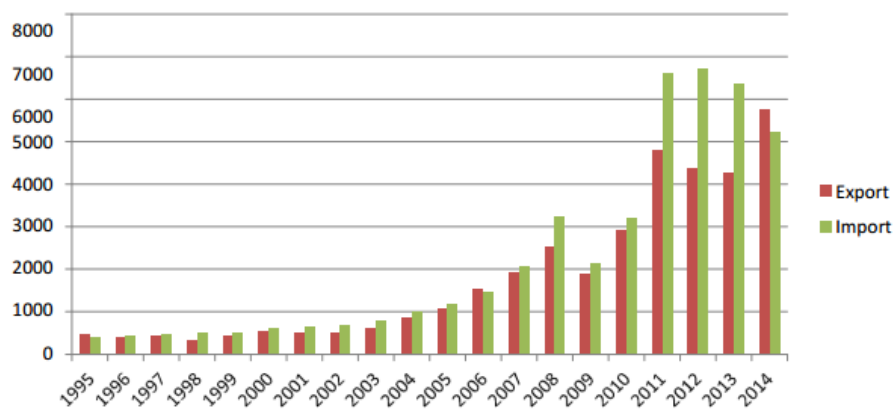
Finally, the gravity model is used to identify the key factors affecting the Mongolian trade with the APTA countries. The model uses a few variables, such as distance and the GDP, tariffs, entry costs, container cost, etc. Section 5 concludes the study and suggests policy implications.

2. The Mongolian current trade with APTA countries.

In 2014, Mongolia traded with 139 countries and total trade flow reached USD11.0 billion, of which export USD 5.8 billion and import USD 5.2 billion. The Mongolian trade was in deficit since 1990 except for three years – once in 1999, when there was a recovery of the manufacturing sector, and the other in 2006, when higher world commodity prices benefited from Mongolian exports. It also has showed a surplus in 2014 (Figure 1).

Mining products and minerals account for the majority of Mongolia's exports. As of 2014, coal represented 42.9% of total export, copper concentrate - 19.1%, iron ore and concentrate - 12.1%, all kinds of fuels and lubricants - 23.2% and gold - 16.6% respectively.

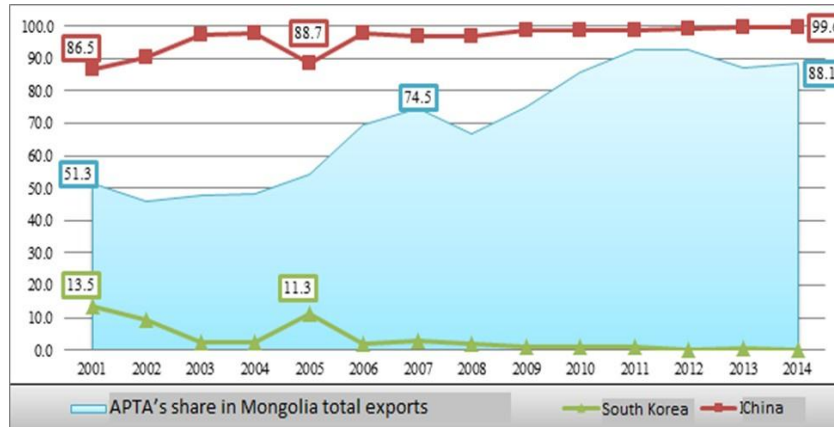
Figure 1. Mongolian trade flows, in USD million



Source: Mongolian Customs Department

The trade with the APTA countries plays an important role in the Mongolia's overall trade. As of 2014, APTA countries accounted for 65% of total trade of Mongolia. In particular, this amount reached to 88.1% in total exports, against 51.3% in 2001. China accounts for 90% of Mongolian exports to APTA countries. The weighted average of APTA countries in the total export of Mongolia is shown in the figure 2.

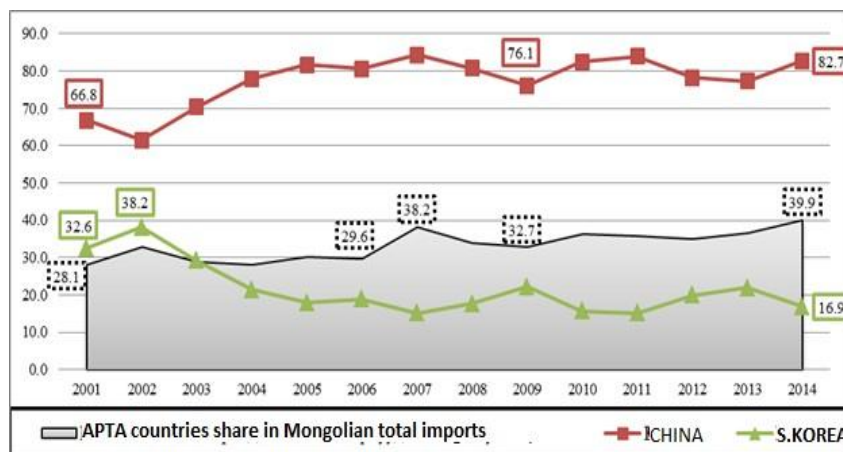
Figure 2. Weighted average of Mongolian exports to the APTA market, (%)



Source: The Mongolian Customs Department

In 2014, the Mongolian import from the APTA countries reached a value of 39.9% in Mongolia's total imports, while it was 28.1% in 2001. Out of that, China accounted for 82.7%, South Korea - 16.9%, India - 0.38% and others - 3%, respectively. The weighted average of the APTA countries in Mongolia's total imports is shown in the Figure 3.

Figure 3. Weighted average of Mongolian imports from APTA market. (%)



Source: Customs Statistics of Mongolia

3. Analysis on Mongolian goods export to the APTA countries.

According to international trade theory, any country can benefit from specializing in the production of goods with comparative advantages. Bela Balassa, first proposed the idea of using an index called Revealed Comparative Advantage, to determine the comparative advantage of countries (Balassa, 1965). Accordingly, the authors tasked to identify the Mongolian potential export products to the APTA used this approach.

A combination of indexes is used in the study to determine the revealed comparative advantages of Mongolia's exports⁹ and APTA countries' Imports¹⁰. The commodity structure of the APTA imports helps to identify APTA's relative import demand for products and the RCA index of Mongolian export helps to identify the goods that can be exported to the APTA market. For a particular product, if the comparative advantage indexes for export are same, more than 1, i.e. $RCA_{ij} > 1$, $RMA_{ij} > 1$, the product is considered to have a higher possibility of trading with each other.

Authors identified that products of the HS 51, 26, 25, 41, 05, 71, 27 have comparative export advantages. (See Annexes 2/HS2/ and 3/HS6/). Namely, cashmere, fluorspar, copper, tungsten, molybdenum ores and concentrates, copper, coal, skins of camel, cattle, sheep and goat, camel wool, sheep and cattle wool, animal wool clothing, cashmere clothing, beef, horse meat, etc.

The analysis explains that minerals and livestock raw materials have high comparative advantages. In the case of comparative advantages of the Chinese import, around 20 groups out of HS 97 groups have import comparative advantages and most of them are natural resources and raw materials. This shows that China has been highly successful in importing raw materials and turning them into value added products. In the case of India, almost 20 groups at 2 digit HS are commodities with export comparative advantages. The fact that countries like Lao PDR, Sri-Lanka, Bangladesh have more commodity groups that have import comparative advantages for Mongolia. While studying the export opportunities of commodities for these countries, the Mongolian export's comparative advantage is overlapping with the import's comparative advantages of these countries and it need to be further investigated. Therefore, an overlapping is disclosed through comparing commodities' groups with export's comparative advantage of Mongolia with the import's comparative advantage of the APTA countries. (See Table 1)

Table 1. Overlapping of export comparative advantage of Mongolia and import comparative advantage of the APTA countries, year of 2014

| Mongolian | | | Import of partner countries | | | |
|-----------|--|------|---------------------------------|-----------------|--------------------------------|----------------------|
| | | | With comparative advantage | | Without comparative advantage | |
| HS code | Product description | RXA | RMA>2 Very high | 2>RMA>1 High | 1>RMA>0.5 High | RMA<0.5 Very high |
| 51 | Wool, animal hair, horsehair yarn and fabric thereof | 70.3 | Bangladesh (2.6) China (2.4) | India (1.2) | Korea (0.9) Sri Lanka (0.8) | Lao (0.1) |

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| | | | | | | |
|----|--|------|--|---------------------------------|--|--|
| 26 | Ores, slag and ash | 46.0 | China (5.0) Korea (2.3) | India (1.2) | | Lao (0.02) Sri Lanka (0.01) Bangladesh (0.01) |
| 25 | Salt, Sulphur, earth, stone, plaster, lime and cement | 4.9 | Sri Lanka (10.3) Lao (4.1) Bangladesh (2.6) India (2.0) | China (1.1) | Korea (0.6) | |
| 41 | Raw hides and skins (other than fur skins) and leather | 3.2 | China (2.2) | Bangladesh (1.6) Korea (1.1) | India (0.8) Sri Lanka (0.5) | Lao (0.1) |
| 05 | Products of animal origin, nes | 2.8 | Bangladesh (2.9) | Korea (1.3) | Sri Lanka (0.5) | China (0.4) India (0.2) Lao 0.1) |
| 71 | Pearls, precious stones, metals, coins, etc. | 2.1 | India (4.6) | | China (0.8) Lao (0.6) | Korea (0.3) Sri Lanka (0.3) Bangladesh (0.2) |
| 27 | Mineral fuels, oils, distillation products, etc. | 1.6 | India (2.3) Korea (2.0) | Sri Lanka (1.4) China (1.0) | Lao (0.9) | Bangladesh (0.4) |
| 74 | Copper and articles thereof | 0.9 | China (2.9) | Korea (1.4) | India (0.8) Sri lanka (0.6) Bangladesh (0.5) | Lao (0.1) |
| 57 | Carpets and other textile floor coverings | 0.5 | | | Sri lanka (0.5) | Lao (0.3) Bangladesh (0.3) India (0.2) Korea (0.2) China (0.1) |

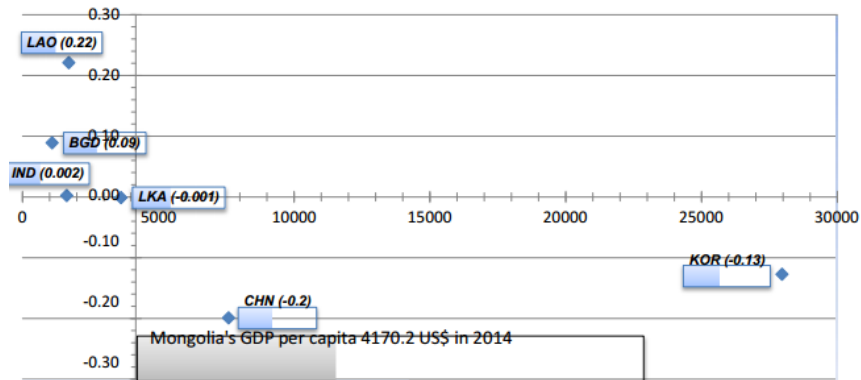
Source: Authors' calculation based ITC data

There is a high possibility of exporting gold to India. Also, minerals of the HS 25, 26, 27 groups and commodities such as “wools, fine or coarse animal hairs, wools, fleece, horse hair yarn and their woven fabrics” of the HS 51 group have potentials for export. Import comparative advantages of countries, such as Lao, Sri-Lanka, Bangladesh are seen to be higher, as compared to other countries.

For example, in case of Lao PDR, only the commodities of the HS 25 group including “salt, sulphur, earth minerals, stones, plastering minerals, lime and cement” have import comparative advantages; likewise in case of Sri-Lanka “salt, sulphur, earth minerals, stones, plastering minerals, lime and cement” of the HS 25 group and “mineral fuel, oil and its products; bituminous minerals; mineral waxes” of the HS 27 group. In conclusion, table explains that Mongolia has potentials to export following commodities to each country: China - HS 25, 26, 41, 51, 74 and 27;

South Korea – HS 26, 27, 41, 05 and 74; Bangladesh – HS 51, 25, 41, 05; India – HS 51, 26, 25, 71 and 27; Sri-Lanka –HS 25 and 27; Lao PDR– HS 25 respectively.

Figure 4. Spearman’s rank correlation of comparative advantage of



Source: Authors’ calculation based on ITC data.

Also, the expected benefits for Mongolia from joining to the APTA will depend on the trade structures of the APTA countries. In order to find out whether export structures of the APTA countries are same or different from Mongolia’s structure, the Spearman’s rank correlation of comparative advantage index has been calculated (Figure 4). The vertical axis represents the GDP per capita and the horizontal axis shows the cost of production.

A negative value explains the structural difference between Mongolia and the APTA countries means a higher efficiency from trade with each other. As opposed, a positive value explains structural similarity between countries, meaning a less efficiency from trade between Mongolia and the APTA countries. Thus, the figure explains that the export structures of Lao PDR, Bangladesh, and India show weak efficiencies for the Mongolian exports, while higher potentials are seen for China, ROK and Sri-Lanka.

Table 2. Trade Intensity Index of export from Mongolia to the APTA countries

| Rank | China | | Korea | | India | | Bangladesh | |
|------|-------|--------|-------|-------|-------|------|------------|------|
| | HS 2 | TII | HS 2 | TII | HS 2 | TII | HS | TII |
| 1 | 51 | 234.31 | 85 | 15.48 | 51 | 8.21 | 41 | 0.05 |
| 2 | 26 | 51.15 | 10 | 2.39 | 13 | 3.02 | 88 | 0.66 |
| 3 | 25 | 31.11 | 87 | 1.24 | 90 | 0.00 | 40 | 0.04 |

| | | | | | | | | |
|----|----|-------|----|------|----|------|----|------|
| 4 | 78 | 23.79 | 26 | 1.10 | 83 | 0.02 | 73 | 0.01 |
| 5 | 27 | 22.65 | 82 | 0.83 | 25 | 0.00 | 85 | 0.00 |
| 6 | 57 | 18.96 | 68 | 0.79 | 26 | 0.00 | | |
| 7 | 41 | 15.15 | 32 | 0.15 | 41 | 0.00 | | |
| 8 | 05 | 10.11 | 90 | 0.14 | 82 | 0.00 | | |
| 9 | 02 | 5.51 | 88 | 0.11 | 84 | 0.00 | | |
| 10 | 23 | 3.23 | 20 | 0.08 | | | | |
| 11 | 61 | 2.03 | 12 | 0.06 | | | | |
| 12 | 74 | 1.41 | 61 | 0.04 | | | | |
| 13 | 76 | 1.18 | 94 | 0.03 | | | | |
| 14 | 18 | 1.15 | 05 | 0.03 | | | | |
| 15 | 94 | 1.11 | 84 | 0.02 | | | | |
| 16 | 17 | 1.01 | 42 | 0.02 | | | | |

Source: Authors' calculation based on ITC data.

By using the Spearman's rank correlation of comparative advantage, the authors calculated to identify if export commodity structures of APTA countries are same or different against Mongolian structure. To do this task, authors calculated Trading Intensity Index (TII)¹¹. The index is used to estimate the effects of changes in the structure of trade between Mongolia and APTA countries. It is computed as the ratio of an export share of Mongolia to particular APTA country against a share of particular country in the world export. Using this approach, the authors assumed that index can explain the "gains and losses" for Mongolia.

Table 2 explains that Mongolia has a high trading intensity with the APTA countries in relation to the natural resources and products of animal origin. For example, the density with China in the HS 51 group - "wool, animal hair, horse hair yarn and fabric thereof" and the HS 26 - "ore, concentration"; India - the HS 51 - "wool, animal hair, horse hair yarn and fabric thereof", South Korea - the HS 26 - "ore, concentration"; Bangladesh - the HS 41 group "animal skin, haute".

4. The Gravity model approach (AvW)

Over the years, the Gravity Model has played an important role in the estimation of trade patterns. The Model has been a success from the empirical point of view. This Gravity model was first analyzed by Tinbergen (1962) and Poyhonen (1963) for estimating bilateral trade flows within the EU countries. Studies, such as Anderson (1979), Bergstarnd (1985), Sanso et.al (1993), Matyas (1997, 1998) and Anderson

and Wincoop (2003) have improved upon its theoretical foundations and these models have been applied by several empirical studies.

First, the authors calculated the potential gains for Mongolia from the tariff concessions after joining the APTA. Arithmetic average of tariff concessions between Mongolia and each of the APTA countries were taken for the estimations. (See Annex 1). The potential gains to developing countries from joining the APTA had been investigated since early 2000s (Pholphirul, 2006). Similar to that, the authors used the export demand function to forecast the potential effects for Mongolia after agreeing tariff concessions with the APTA countries. Theoretically, it is understood that the GDP, the geographical distance, and the trade-barriers are key factors that determine the export demand function.

- a) This theoretical consideration is employed and export function is modelled so that it is determined by factors such as GDP, GDP per capita, tariffs, concessions etc.

$$X_{jt} = f(\text{GDP}_{ij}, \text{GDPPC}_j, \text{Tariff}_{ij}, \text{Concession}_{ij})$$

Where:

X_j - value of real exports from Mongolia to the APTA countries,

GDP_i - the GDP of the APTA countries,

GDPPC_j - the GDP per capita of the APTA countries,

Concession_{ij} -Margin of preferences implemented by APTA countries,

T_{ij} -Time series data for period for 2005 - 2014.

The log-linear form of the partial adjustment models for export is specified as below:

$$\ln X_t = \alpha_0 + \alpha_1 \ln \text{GDP}_{ij} + \alpha_2 \ln \text{GDPPC}_{ij} + \alpha_3 \ln \text{Tariff}_{ij} + \alpha_4 \text{Concession}_{ij} + \varepsilon$$

Where:

α_1, α_2 - elasticities of GDP and GDP per capita;

α_3 - elasticity of average tariffs;

α_4 - elasticity of tariff concessions.

The coefficient α_4 is estimated to have a positive value, measuring the additional increase of export growth from a percentage of tariff reductions under the concessions. α_4 is a key parameter, which is used to quantify the potential exports for Mongolia, according to tariff concessions. The authors predicted that the α_4 coefficient will have a positive value while assuming that tariff reductions would increase the exports. The authors checked the pre-estimation and post-estimation tests

before the estimation of the regression. For doing this, the correlation matrix for all the explanatory variables was tested using GDP of APTA, GDP per capita of each APTA country and tariffs in same equation.

Table 3. Correlation matrix for Mongolia and the APTA countries.
(STATA)

```
. correlate trade gdp_i gdp_j gdppc tariff_i tariff_j
(obs=60)
```

| | trade | gdp_i | gdp_j | gdppc | tariff_i | tariff_j |
|----------|---------|---------|---------|---------|----------|----------|
| trade | 1.0000 | | | | | |
| gdp_i | 0.2306 | 1.0000 | | | | |
| gdp_j | 0.9584 | 0.2235 | 1.0000 | | | |
| gdppc | 0.1373 | 0.3608 | 0.1589 | 1.0000 | | |
| tariff_i | 0.1209 | 0.4942 | 0.1278 | 0.1630 | 1.0000 | |
| tariff_j | -0.4801 | -0.2246 | -0.5418 | -0.2252 | -0.2021 | 1.0000 |

The correlation matrix explains that tariffs of the APTA countries are negatively correlated, while other factors are positively correlated. GDPs of APTA countries reveal most effects to trade flow of Mongolia. Table 4 shows the Export Demand Functions for Mongolia from acceding to APTA and having tariff concessions at the fourth round. Regression is estimated by STATA 12 program. Model 1 calculates indicators like APTA's GDP, GDP per capita, tariff, tariff reductions using time series data for 2005-2014. The export demand functions are calculated for each APTA country, China (model 2), India (model 3), South Korea (Model 4), Sri-Lanka (model 5), Bangladesh (model 6), Lao (model 7), in particular.

Table 4. Export Demand Functions for APTA and member countries.

| Ln(T _{ij}) | (1) APTA | (2) China | (3) India | (4) RoK | (5) Sri Lanka | (6) Bangladesh | (7) Laos |
|--------------------------|-------------------|-------------------|--------------------|-------------------|---------------------|--------------------|--------------------|
| ln(GDP) | 1.682 (0.000) | -4.200 (0.462) | -11.600 (0.186) | 1.445 (0.700) | -6.409 (0.648) | 8.900 (0.019) | -14.998 (0.467) |
| ln(GDPPC) | -0.338 (0.020) | 5.044 (0.418) | 14.061 (0.156) | -0.804 (0.841) | 7.647 (0.617) | -8.866 (0.028) | -18.115 (0.434) |
| ln(tariff _i) | -5.978 (0.004) | 0.468 (0.826) | 1.220 (0.652) | 2.032 (0.197) | -3.362 (0.408) | 1.640 (0.548) | -16.185 (0.173) |
| ln(tariff _j) | 0.441 (0.405) | -0.649 (0.799) | -0.063 (0.921) | -0.683 (0.025) | 2.801 (0.380) | 0.804 (0.230) | 2.365 (0.547) |
| Concession | 0.557 (0.000) | 5.336 (0.427) | 17.281 (0.177) | -1.173 (0.763) | 6.75 (0.633) | -11.635 (0.021) | 17.055 (0.440) |
| R-squared | 0.94 | 0.97 | 0.99 | 0.99 | 0.47 | 0.96 | 0.94 |

The export demand function explains that all factors statistically significant except tariffs of APTA countries. As a result of estimations, the coefficient $\ln(\text{GDP})$ equals to 1.682. This means, a percentage increase in the GDP of the APTA countries will increase the Mongolian export income by 1.682 percent. A percentage increase of APTA's GDP per capita will decrease the Mongolian export income by 0.338 percent. GDPs per capita of countries, except Sri-Lanka and Lao, show positive effects for Mongolia's export income.

A percentage increase in Mongolia's tariffs will decrease the Mongolian export income by 5.978 percent. But, a percentage increase in tariffs of the APTA countries will increase Mongolian export by 0.441 percent. Also, a percentage reduction of tariff concessions by the APTA countries will increase the Mongolian export by 0.557 percent.

The export demand function for Mongolia and China: the P values of tariffs for Mongolia and China are 0.826; 0.799. This means tariffs are less significant, while other values are statistically significant. A percentage increase in the GDP of China will decrease the Mongolian export income by 4.2 percent. However, a percentage increase in the GDP per capita of China will increase the Mongolian export income by 5.04 percent. A percentage increase in tariff concessions between China and Mongolia will increase the export income of Mongolia.

The export demand function for Mongolia and India: the P values of tariffs for Mongolia and India are 0.652; 0.826. This means tariffs are less significant, while other values are statistically significant comparing to tariffs of China. A percentage increase in GDP of India will decrease the Mongolian export income by 11.6 percent. However, a percentage increase in the GDP per capita of India will increase the Mongolian export income by 14.06 percent. A percentage increase in tariff concessions between India and Mongolia will increase the export income of Mongolia.

The export demand function for Mongolia and ROK: In this function, the P values of the GDP, the GDP per capita, and tariff concessions are insignificant. A percentage increase in the GDP of ROK will increase the Mongolian export income by 0.68 percent. As per Sri Lanka, the P values are almost same as ROK. However, Bangladesh and Laos revealed much more significant values to effect trade with Mongolia.

- b) Secondly, the "Standard Gravity" model is used to investigate the scenario, if the GDP per capita and the Distance factors affect Mongolia's trade with the APTA countries. The logarithmic function is set as below:

$$\text{Log}(\text{trade}_{ij}) = b_0 + b_1 \cdot \log(\text{gdppci}) + b_2 \cdot \log(\text{gdppcj}) + b_3 \cdot \log(\text{dist}_{ij})$$

Where,

b_1, b_2 - Elasticity of the GDP per capita;

b_3 - Elasticity of the distance between countries.

This model shows how the GDP per capita of the APTA countries and the distance between them influence the export income. The estimation has been carried out using the GDP per capita of each APTA country for the period of 2005-2014 and the distance between them. (See Annex - Panel data).

Table 5:

```
. reg ln_trade ln_gdppc_i ln_gdppc_j ln_dist, robust
Linear regression                               Number of obs =      60
                                                F( 3, 56) = 102.88
                                                Prob > F      = 0.0000
                                                R-squared     = 0.7521
                                                Root MSE     = 2.0232
```

| ln_trade | Coef. | Robust Std. Err. | t | P> t | [95% Conf. Interval] | |
|------------|-----------|------------------|--------|-------|----------------------|----------|
| ln_gdppc_i | .6659242 | .4942686 | 1.35 | 0.183 | -.3242147 | 1.656063 |
| ln_gdppc_j | 1.197951 | .1740092 | 6.88 | 0.000 | .8493688 | 1.546533 |
| ln_dist | -5.119727 | .3955277 | -12.94 | 0.000 | -5.912064 | -4.32739 |
| _cons | 53.83418 | 4.250431 | 12.67 | 0.000 | 45.31955 | 62.34882 |

A result of an econometric equation model:

$$\ln(\text{trade}_{ij}) = 53.8 + 0.66 \cdot \ln(\text{gdppci}) + 1.9 \cdot \text{LOG}(\text{gdppcj}) - 5.1 \cdot \text{LOG}(\text{dictij})$$

| | | | | | |
|---------|-------|-------|-------|--------|----------------------|
| p-value | 0.000 | 0.183 | 0.000 | 0.000 | |
| t-stat | 12.67 | 1.35 | 6.88 | -12.94 | |
| | | | | | R ² =0.75 |

Regression is calculated with STATA 12 program and authors consider that the model is sufficient to trust. It explains that GDP per capita of Mongolia and APTA countries will have positive effects for Mongolia's trade flow. However the distance between Mongolia and APTA countries would give negative effect. Equation result is explained as below:

The significant P values can be explained that regression is statistically sufficient.

A percentage increase of Mongolia's real GDP per capita will increase Mongolia's trade flow by 0.66 percent;

A percentage increase of GDP per capita of the APTA countries will increase Mongolia's trade flow by 1.9 percent;

- c) After computing the "Standard Gravity" model, authors extended the Gravity model with more variables and dummies to analyze the key factors that affect the trade costs for Mongolia's trade flow. Trade costs

are broadly defined, include all costs incurred in getting a good to other than the marginal cost of producing the good itself: transportation costs (both freight costs and time cost), policy barriers (tariffs and non-tariff barriers), information costs, contract enforcement costs, costs associated with the use of different currencies, legal and regulatory costs, and local distribution costs (wholesale and retail). (Anderson & Wincoop. 2004).

As Mongolia is a land locked country, authors assume that trade costs are key factors for Mongolia to expand its trade with the APTA countries. Thus, the standard gravity model was extended with more variables such as Mongolia's (GDP_exp); the APTA countries GDP (GDP_imp); the distance between Mongolia and each of the APTA countries (distij), tariffs (tariffij), entry costs by each of the APTA countries (entcostij), container costs (concostij); border crossing time (timeij), and dummy variables like border (border). The dummy variable is 0 or 1, depending on geographical situation. Thus, the authors assume that the coefficients a4 to a9 will be factors to affect trade flow. The data for the entry costs and container costs indexes are taken from the World Bank and other internationally established sources. (See Annex: Panel data). Hence, the logarithmic function is set as below:

$$\begin{aligned} \text{Log}(\text{tradeij}) = & a_0 + a_1 \cdot \log(\text{gdpi}) + a_2 \cdot \log(\text{gdpj}) + a_3 \cdot \log(\text{distij}) \\ & + a_4 \cdot (\text{tariffij}) + \\ & a_5 \cdot \log(\text{entcostij}) + a_6 \cdot (\text{concostij}) + a_7 \cdot (\text{timeij}) + \\ & a_8 \cdot (\text{border}) + e \end{aligned}$$

Where:

- a1; a2- the GDP elasticity coefficient; a3- the Distance elasticity coefficient; a4- the Tariff elasticity coefficient;
- a5- the Entry cost elasticity coefficient;
- a6- the Container cost elasticity coefficient;
- a7- the dummy variable represents if the partner countries have a common border;

Table 6.

```

. reg ln_trade ln_gdp_i ln_gdp_j ln_dist tariff_i ln_con_cost ln_ent_cost ln_time
  concession border, robust cluster(dist)
Linear regression
Number of obs =      60
F( 4, 5) = .
Prob > F = .
R-squared = 0.9820
Root MSE = .57675

(Std. Err. adjusted for 6 clusters in dist)

```

| ln_trade | Coef. | Robust Std. Err. | t | P> t | [95% Conf. Interval] | |
|-------------|-----------|------------------|--------|-------|----------------------|-----------|
| ln_gdp_i | 1.249948 | .3911431 | 3.20 | 0.024 | .2444827 | 2.255414 |
| ln_gdp_j | .8264381 | .3112595 | 2.66 | 0.045 | .0263202 | 1.626556 |
| ln_dist | -2.472939 | .2368455 | -10.44 | 0.000 | -3.08177 | -1.864108 |
| tariff_i | -.6413844 | .3657058 | -1.75 | 0.140 | -1.581461 | .2986924 |
| ln_con_cost | -1.93568 | 1.516094 | -1.28 | 0.258 | -5.832924 | 1.961565 |
| ln_ent_cost | .8913439 | .4634039 | 1.92 | 0.112 | -.2998736 | 2.082561 |
| ln_time | -4.357294 | 3.863706 | -1.13 | 0.311 | -14.28927 | 5.574679 |
| concession | .0767234 | .190129 | 0.40 | 0.703 | -.4120187 | .5654654 |
| border | 2.89037 | 2.413611 | 1.20 | 0.285 | -3.314014 | 9.094754 |
| _cons | 28.8145 | 20.89695 | 1.38 | 0.226 | -24.90282 | 82.53182 |

```

. estat ovtest
Ramsey RESET test using powers of the fitted values of ln_trade
Ho: model has no omitted variables
F(3, 47) = 0.90
Prob > F = 0.4487

```

$$\ln(\text{trade}_{ij}) = 28.8 + 1.2 \cdot \ln(\text{gdpi}) + 0.8 \cdot \ln(\text{gdpj}) - 2.5 \cdot \ln(\text{dist}_{ij}) - 0.6 \cdot \ln(\text{tariff}_{ij}) + 0.9 \cdot \ln(\text{entcost}_{ij}) - 1.9 \cdot \ln(\text{concost}_{ij}) - 4.3 \cdot \ln(\text{time}_{ij}) + 0.27 \cdot \text{concession} + 2.9 \cdot \text{border}$$

$$R^2 = 0.91$$

1. Elasticities for the GDP and Distance (t-stat) are above Module 2, while other variables are incomplete
2. However, the P values for all variables except "Concessions" are statistically significant.

The average tariffs are calculated by below formula and regression is computed again employing the above Model inserting the values for tariffs of each exporting and importing countries.

$$\text{tariff}_i = (100 + \text{tariff}_i) - i \text{ country average tariff}$$

$$\text{tariff}_j = (100 + \text{tariff}_j) - j \text{ country average tariff}$$

For this scenario, the authors deleted some insignificant variables from the estimation.

Table 7.

```

. reg ln_trade ln_gdp_i ln_gdp_j ln_dist ln_tariff_i ln_ent_cost ln_con_cost
concession, robust cluster(dist)
Linear regression
Number of obs = 60
F( 4, 5) = .
Prob > F = .
R-squared = 0.9814
Root MSE = .57537
(Std. Err. adjusted for 6 clusters in dist)

```

| ln_trade | Coef. | Robust Std. Err. | t | P> t | [95% Conf. Interval] | |
|-------------|-----------|------------------|--------|-------|----------------------|-----------|
| ln_gdp_i | 1.235474 | .3571057 | 3.46 | 0.018 | .3175046 | 2.153443 |
| ln_gdp_j | 1.150317 | .0540604 | 21.28 | 0.000 | 1.01135 | 1.289283 |
| ln_dist | -2.284728 | .1077616 | -21.20 | 0.000 | -2.561738 | -2.007718 |
| ln_tariff_i | -3.807032 | 1.922821 | -1.98 | 0.105 | -8.7498 | 1.135736 |
| ln_ent_cost | .3311398 | .0204286 | 16.21 | 0.000 | .2786265 | .3836531 |
| ln_con_cost | -3.230538 | .8391391 | -3.85 | 0.012 | -5.387613 | -1.073462 |
| concession | .2731999 | .0296518 | 9.21 | 0.000 | .1969776 | .3494222 |
| _cons | 16.41033 | 8.698777 | 1.89 | 0.118 | -5.950585 | 38.77125 |

The regression estimation revealed statistically significant and comparatively good results. The values of each variable are above Module 2, and the P values are approximate to 0. Determination coefficient of the Model or R² is 98 percent. This allows the authors to trust the Model. Hence, it can be assumed that the variables in this Model are capable to explain the trade flow of Mongolia with the APTA countries.

$$\ln(\text{trade}_{ij}) = 16.4 + 1.2 \cdot \ln(\text{gdpi}) + 1.1 \cdot \ln(\text{gdpi}_j) - 2.2 \cdot \ln(\text{dist}_{ij}) - 3.8 \cdot \ln(\text{tariff}_{ij}) + 0.3 \cdot \ln(\text{entcost}_{ij}) - 3.2 \cdot \ln(\text{concost}_{ij}) + 0.27 \cdot \text{concession}$$

$$R^2 = 0.98$$

Following, is the outcome of the estimated Gravity Model (AvW2004);

- A percentage increase of Mongolia's real GDP would increase Mongolia's export turnover by 1.2 percent;
- A percentage increase of the GDP of the APTA countries would decrease Mongolia's export volume by 1.1 percent;
- A percentage reduction of Mongolia's tariffs would increase Mongolia's trade flow by 3.8 percent;
- A percentage increase of Mongolia's real GDP would increase Mongolia's export turnover by 1.2 percent;
- A percentage reduction of tariff concessions with APTA countries would increase Mongolia's trade flow by 0.27 percent;

Conclusions

1. The analysis using the Spearman's rank correlation of comparative advantage for Mongolian exports identifies the following HS group products which have comparative export advantages to the APTA market. (HS 51, 26, 25, 41, 05, 71, 27 - Namely, the cashmere, fluorspar, copper, tungsten, molybdenum ores and concentrates, copper, coal, skins of camel, cattle, sheep and goat, camel wool, sheep and cattle wool, animal wool clothing, cashmere clothing, beef and horse meat). The Trade Intensity Index calculation also confirms that Mongolia has a high trading intensity to the APTA countries for natural resources and products of animal origin. Particularly, for China in the HS 51 group - "wool, animal hair, horse hair yarn and fabric thereof" and the HS 26 - "ore, concentration"; India - the HS 51 - "wool, animal hair, horse hair yarn and fabric thereof", ROK - the HS 26 - "ore, concentration"; Bangladesh - the HS 41 group "animal skin, haute", etc. Since Mongolia has limited categories of export products, it must change the pattern of export structure. Thus, Mongolia has to concentrate on developing the manufacturing clusters that would rely on the livestock raw materials and extractive industries and pursue certain strategies to attract investment for the manufacturing industries.
2. The export demand function explains that tariff concessions would allow an inverse effect on the Mongolian export income. A percentage reduction of Mongolia's tariffs would increase Mongolia's trade flow by 3.8 percent and a percentage reduction of tariff concessions with the APTA countries would increase Mongolia's trade flow by 0.27 percent. The Gravity model estimation explains that trade costs-related variables negatively affect Mongolia's exports to the APTA countries, such as "distance", "tariff" and "container costs". Therefore, these factors need to be addressed as part of Mongolia's policy implications. In an overall view, the authors make their conclusions stating that Mongolia will benefit from the accession to the APTA and that there is a real potential for the Mongolian export products to enter the APTA market. However, it is recommendable for Mongolia to pursue the strong export diversification policy and diversify export products to gain more benefits from its accession to the APTA.

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Challenges for Political Development in Mongolia: Political Party System, Political Culture and Corruption¹⁵³

Dr. Turtogtokh Janar¹⁵⁴

Abstract

The paper addresses party system changes, political culture circumstances, as well as the phenomenon of corruption considered as challenges for the political development in present-day Mongolia. Party system movements from multi- to two- have become a characteristic of politics in Mongolia today. However, political democracy is being progressively viewed and instituted as the fundamental value of Mongolian development sustainability.

Keywords: party system, political culture, political corruption

Introduction

Political development is mutually interrelated with the formation and changes of the political system and political culture as well. The 1992 Constitution of Mongolia provided democratic state systems based on the principles of separation of power, and defined its organizations and regimes. Representative institutions formed by free universal election, multi-party system and civil society institutions, which are considered as a real manifestation of public political participation, represent the democratic system which has been formed in Mongolia for the last years. A free public media, independent judiciary and civil society institutions as means of human rights and freedom defence are operating as institutions of democratic countries. This paper offers an overview of present challenges for the political development in terms of political party system, political culture and political corruption.

- The Political Party System

People affirm their political opinions, set up political parties and then engage and compete in a free electoral process. These aspects have

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become a fundamental part of the current Mongolian political life. Therefore, political pluralism is supporting political development and encouraging it greatly in terms of political ideas as well as ideology. Still, the progress in party formation, politicians' ethics, economics and social development do not manage to reach ordinary people's life. Thus, activities conducted by political parties cannot gain that much favour with public.

The existence of any political regime is connected with trust in political institutions (Easton, 1965). Whether there is trust or mistrust, this fact has an important influence on political sustainability (Pharr et al., 2000). Mistrust is a sign that social and economic development has not yet succeeded and that the "dream" of being one of the Asian tigers during the democratic reform has not come true yet or, maybe, it will not be fulfilled in the years to come! Furthermore, corruption, unemployment and poverty are increasing rapidly and people consider them consequences of the policies and activities performed by the political parties, particularly, by those which have state power, have seats in the Parliament and the Government. Another risk for political and economic stability and progress is represented also by the continuous struggle and 'plotting' for high positions among party leaders.

In comparison with other countries of the third wave of democracy, Mongolia, no matter how many parties have taken seats in the parliament, has a peculiarity of the political formation of dominant two-party system. The lever to it is the majority system of parliamentary election. Generally, there are still two main players in the parliament arena such as Mongolian People's Party and the Democratic Party which were established during the democratic period.

According to the comparative conclusions of researchers such as Fritz (2002: 75-100), Pomfret (2000: 149-160), Sabloff (2002: 19-36), the following point is explained again, which means it is easy to hold political responsibility owing to the fact that this two-party system has been rather stable. Compared to Lijphart's view (1999), the legislative regulation in Mongolia builds a favorable environment to support a 'winner-take-it-all' or dominant two-party system. This system is characterized by the fact that the party which has more votes forms the government unilaterally and operates in the same manner.

In brief, the Mongolian party system is on the crossroad of a multi-party system and a dominant two-party system. In any case, the election system lays down a condition that supports main political competitors in turn. The dominant two-party system and the majority election system might bring an adverse outcome which divides Mongolians in terms of their political attitudes. One way to prevent it is a precise variant of election system. The election system reform may be one way to form political democratic pluralism. Although, political parties show initiatives related to the election system reform before every selection, unfortunately, political parties and their authorities in their ruling period care more about whether

their initiative can influence positively the strengthening of their authority in the next election.

In the future, it is required to change our election system and carry out list proportional election system in order to support political development in Mongolia. This issue is still being searched for the best solution for the future Mongolian political development by politicians and researchers. Thus, it is necessary to learn experiences from other countries on implementing mechanism and how to estimate election results clearly and accurately for the public.

- Political Culture

It is right to consider the consolidation of democracy in relation to political culture. The role of political culture is a lot significant in the development of democracy and democratic government. One of the commonly cited definitions of political culture is derived from Almond's early work: "Political culture is the pattern of individual attitudes and orientations toward politics among members of a political realm which underlies and gives meaning to political actions" (Almond and Powell 1966: 50). Almond and Verba refer to a "... *participant*, in which the relationships between specialized institutions and citizen opinion and activity is interactive. A participant is assumed to be aware of and informed about the political system in both its governmental and political aspects" (Almond and Verba 1989: 79).

According to some researchers' point of view, political trust and evaluation influence on and guide people's behaviour. Therefore, composition of political culture is trust, an evaluation and a perception are the basis of strengthening democracy (Eckstein 1988: 789-804; Putnam, 1993).

There is a point of view that political culture in Mongolia has still not finished its transition from an authoritarianism into democracy, yet democracy is not the only game played in the country of Mongolia (Shin and Wells 2005: 56-67); Mongolians have been said to be proud of themselves being one of the real democratic countries similar to the Japanese and South Koreans (Kohn 2007). Moreover, Fish agrees that Mongolia meets the democratic criteria (Fish 1998).

Then, why is it evaluated so differently from external views? Even though, such evaluations are not false at all. It would not be wrong to say that there is no way for the Mongolian democracy to go backward. However, the economic and social development is not fast enough for the rapid development of our democratic system and governance which causes the above mentioned distinctive evaluations.

Social democracy can be explained in relation to the civil society development. The main criteria of a civil society formation are an institutionalization of interest groups, and the citizen activity in election

and political participation. Moreover, a formation and a transformation of political culture have significant influence over the civil society development. We can say that the cultural pattern of the Mongolians is transiting into the participation pattern on political level. The process of the civil society institution founding and operating with the purpose of supporting citizens' participation in politics and implementing a civil oversight on government policy and activities is a common and legalized phenomenon in the current social life. Nowadays, there are almost 10,000 NGOs running their operation in all social sectors in Mongolia. In the last two years, a number of social and political movements such as "Civil Movement for Healthy Society", "Radical Reform Movement", "Civil movement for development" and movements for land nature, and environment protection such as "The River Ongi", "The Land of our Mongolia" and "Movement for Fair Privatising of Land" have been actively operating, demonstrating and organizing assemblies with certain requirements to government, raising political issues.

Due to the Constitution of Mongolia, we have democratic institutions as other democratic countries have, but the public evaluation on how democracy is implemented, *de facto*, has not been well enough. Most of the citizens do not know how to fight according to their legislative right and give politicians a chance of populism and manipulation.

- Political Corruption

Corruption is a serious dysfunction of the rule of law and undermines democratic institutions (Molutsi et al. 2003: 23). Corruption is becoming one of the obstacles affecting economic and political development in Mongolia. In general, the main need in Mongolia is for effective disincentives for corrupt behaviour at both administrative and political level. In its broadest configuration, this implies a strategy of increasing transparency and effective citizen oversight, as well as intra-governmental checks and balances (United States Agency International Development 2005: 2).

One of the main factors abetting political corruption is, at present, the funding of election campaign and political parties, and access to high political positions. It is manifest that laws and rules regulating those mentioned do not meet the requirements to curb and tackle political corruption.

The more images that the government in East Asia is affected by corruption, the less the people trust in state. Corruption has become a burning issue from Prague to Moscow and Seoul to Tokyo (Rose 2005: 127-128), and Ulaanbaatar has already been included in this route.

Which can be the ways to reduce the corruption level in the country? The most effective thing which can influence the reduction of corruption is to build the legal environment to punish strongly those who corrupt and are

corrupted, and to strictly obey this rule. It is commonly viewed in our society that corruption is wide spreading all around because people with a low potential and few abilities are recruited and employed in the state administrative offices.

Corruption does corrode political trust (Mishler et al. 2001: 52). The raise of the corruption level influences the reduction of public trust in government and state institutions. These indicators are in inverse relationship to each other. The process of case decision on corruption, which is a worrying issue among people, is slowing down and gradually going to be forgotten. It is directly affecting the widespread of suspicion without purpose in the society and the decrease of the people's trust in government activities and the functioning of political institutions.

Having a political power and authority in the present Mongolian society gives them a chance to control, distribute and share financial resources. Although democracy is a condition to keep corruption limited, there is not that much good outcome seen. Therefore, corruption has become the most pressing issue in our society. There is no progress in solving this problem. The national justice system with the people's active participation and effective control mechanism against corruption is extremely significant in society as well. Moreover, if activity and the decision-making of every representative of the government hierarchy is more transparent and open to public, it will be an important factor to decrease corruption.

Conclusion

The first and most important conclusion is that democratic institutions in Mongolia are being formed and Mongolians are learning democracy and democratic political culture. Nevertheless, we face the biggest challenge of how to use and make those newly formed democratic institutions our own in terms of political development. We are right and wrong. But most importantly, democracy is being successfully developed, which is considered to be the basis of the Mongolian development sustainability in this changing world.

Mongolia is a country which is strongly sensitive to democracy and reflective to the advantages of foreign culture and values. However, the risk can affect the democratic strengthening that politicians are not potential enough to hold political responsibilities and their function is carrying on in a far distance to public interests, wishes and necessities. This may be concluded Mongolian democracy is on the crossroad (Kohn, 2007).

Some initiatives on development strategy on the basis of mining of natural resources of Mongolia have appeared in recent times. Mongolia is a rich country with a lot of natural resources. The development of Mongolian economy is likely to depend on how to use and manage natural resources in a thoughtful and clever way in future. Although we can earn a lot from

natural resources and mining, it is not the only source of development. We can see bitter experiences from some African countries which have not managed to use their natural resources properly as an opportunity for development, however there is a lot of natural resources. Therefore we are facing another challenge, either to be developed as Scandinavian countries, pursuing a clever development policy which supports education, and cares about social and human development, or to be “fallen down” as those African countries.

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FRESH PERSPECTIVES ON URBAN DYNAMICS: THE CASE OF ULAANBAATAR (MONGOLIA) AND LE HAVRE (FRANCE)

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Abstract

Through the example of various measurements and a comparative study of the urban areas of two cities, Ulaanbaatar and Le Havre, this paper intends to illustrate the ways in which comparative urban geography studies can improve the urban planning strategy. Other aims of this paper are to describe how this collaboration has been established and to present both cities and their urban characteristics, and, finally to prove, despite the two very different urban shapes, the interest of a scientific collaboration.

Key words: urban, French model, spatial, comparison

1. Introduction: Why a collaboration between Le Havre (LH) and Ulaanbaatar (UB)?

The spatial dynamics of urban areas is, mostly, the result of the driving force of economic and social changes in the country or the region. Although urban areas cover less than 2 % of the total land surface of the earth (Grubler, 1994), more than half of the world's population resides in urban regions. Urban growth generally leads to an increase in motorized transport, in air-, water- and noise-pollution, in energy consumption, in a loss of agricultural land and in a reduction in biological diversity (Seto and Kaufmann, 2003). Information on existing spatial use and the course of spatial change is essential for urban planning and management as it provides crucial clues for future development (Zhan et al., 2002).

An academic opportunity¹⁵⁵ has enabled authors to establish this fresh perspective. Indeed, an international agreement was signed in 2004. On the occasion of the renewal of this agreement in 2014, a scientific exchange begun among land-use researchers both in NUM and in ULH, with a focus on urban dynamics. Three professorial visits had been set up (two in Mongolia in April 2014 and May 2016, one in France in December 2015). These visits made possible an

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¹⁵⁵ Collaboration first established in 2004 with the School of Foreign Service of NUM (now SIRPA at NUM) and University of Le Havre.

ongoing discussing and observing of French and Mongolian case studies, and led to formulating the first issues of comparison between Le Havre (LH) and Ulaanbaatar (UB). This collaboration is continuing thanks to this 5th International 'Europe-Asia' conference, which offers an opportunity to present the results of this recent collaboration. After specifying how collaboration was established, the general scope of this paper is to present the two cities and their urban characteristics, and, finally, although urban shapes are different, to prove the interest of a scientific collaboration.

2. Discovering spatial dynamics in Ulaanbaatar and Le Havre

2.1 Ulaanbaatar: the problem of expanding

- **Population dynamics**

There is hardly a more significant case than Mongolia, where an unexpected scale and rate of urban expansion has occurred over the past 40 years, with 66.2 % of its 3 million inhabitants residing in urban areas. Compared with the beginning of the 20th century, where traditional rural nomadic populations were a majority and evenly inhabited the country's 1.5 million sq. km, this has been a very rapid rate of urbanization (Myagmartseren et al., 2013).

Mongolian urban areas are located along the Trans Siberian railways, and these are called the Greater areas of Ulaanbaatar, Darkhan, Erdenet, etc. Among them, the Ulaanbaatar area is the most concentrated in terms of demography, economy and political activity. Table 1 shows the percentage of Ulaanbaatar areas inhabitants in terms of national totals: each year and each period of 10 years show increasing urban population or urbanization vs. rural areas population ratio as becoming unequal (44 % of Mongolia's population resides in Ulaanbaatar in 2015).

Table 1. Ulaanbaatar areas inhabitants in total nation

| | | | 2000 | 2001 | 2005 | 2007 | 2009 | 2010 |
|---|-------------------------------|---|------|------|------|------|------|------|
| 1 | Percent of Ulaanbaatar city's | % | 32.6 | 33.3 | 37.7 | 39.1 | 40.4 | 41.4 |

| | | | | | | | | |
|---|----------------------------|-------------|------|------|------|------|------|------|
| | population in nation | | | | | | | |
| 2 | Migration to Ulaanbaatar | in thousand | 19.9 | 11.6 | 30.2 | 29.1 | 28.3 | 39.7 |
| 3 | Migration from Ulaanbaatar | in thousand | 0.6 | 0.8 | 2.8 | 7.4 | 10.7 | 14.5 |
| 4 | Births | in thousand | 11.8 | 12.3 | 15.5 | 22.7 | 27.9 | 26.8 |
| 5 | Deaths | in thousand | 5 | 5.1 | 6.0 | 6.4 | 6.3 | 7.1 |

Despite public decisions to limit centralization, halt urban population increase and promote out-migration from Ulaanbaatar, the city has constructs that are far above population density places elsewhere in Mongolia. The main findings stated in Figure 1 show that Ulaanbaatar is growing at a high rate and sporadically, even though the geometrical growth has not been strictly planned and has become most dense urban area.

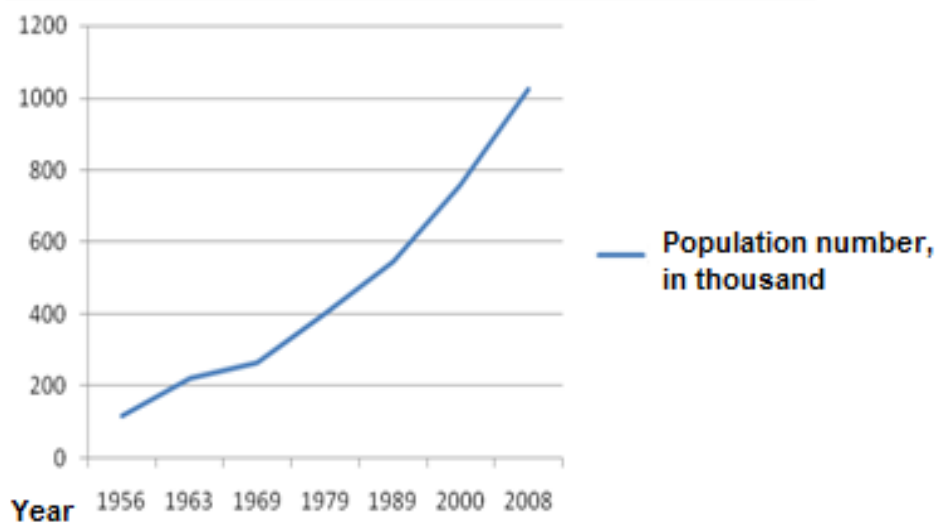


Figure 1. Inhabitants number of Ulaanbaatar city in 50 years.

Demographically, the number of Ulaanbaatar city residents increase was triggered by poverty in rural areas, unemployment and social infrastructure weakness compared with urban places. The rate of rural to urban migration increased in the period of natural disaster: *zhud* (harsh winter causing by huge loss of livestock) e.g.: during 2000-2001 year (the biggest *zhud*) disaster after which took place sudden raises of natural disaster migrants number moving to urban areas (Fig. 2).

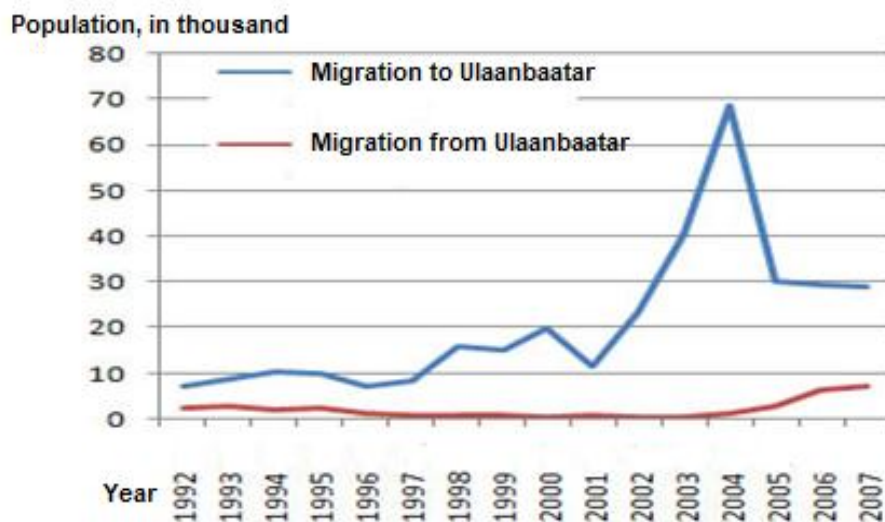


Figure 2. Total migration of Ulaanbaatar greater area

- **Urban spatial dynamics: Ulaanbaatar's problem of expansion**

Today, Ulaanbaatar has expanded into a city with a 1 300 000 population or 44% of the country's total residing in one city. This growth of Ulaanbaatar has created a chaotic expansion, beyond the calculated demographic planning for the last 20 years. For the identification of the urban dynamic changes, digital image processing of World View, Quickbird and Landsat-ETM satellite images in Ulaanbaatar were used and, based on these data, the expansion size is determined using a geographic information system's vector overlay method. Urban change was as presented in table 3 (Buyandelger, 2016).

Table 2. Ulaanbaatar’s spatial expansion in 2000-2015

| Year | Area of city(ha) | Perimeter (m) |
|------|------------------|---------------|
| 2000 | 15141 | 155927 |
| 2005 | 17326 | 220076 |
| 2010 | 26541 | 483850 |
| 2015 | 36025 | 697519 |

Source: Buyandelger, 2016

The above table shows a significant increase in urban foot-print of Ulaanbaatar in 2000-2005 by 17326.4 hectares, by 26541 hectares in 2005-2010, by 36025.8 hectares in 2010-2015 (Figure 3).

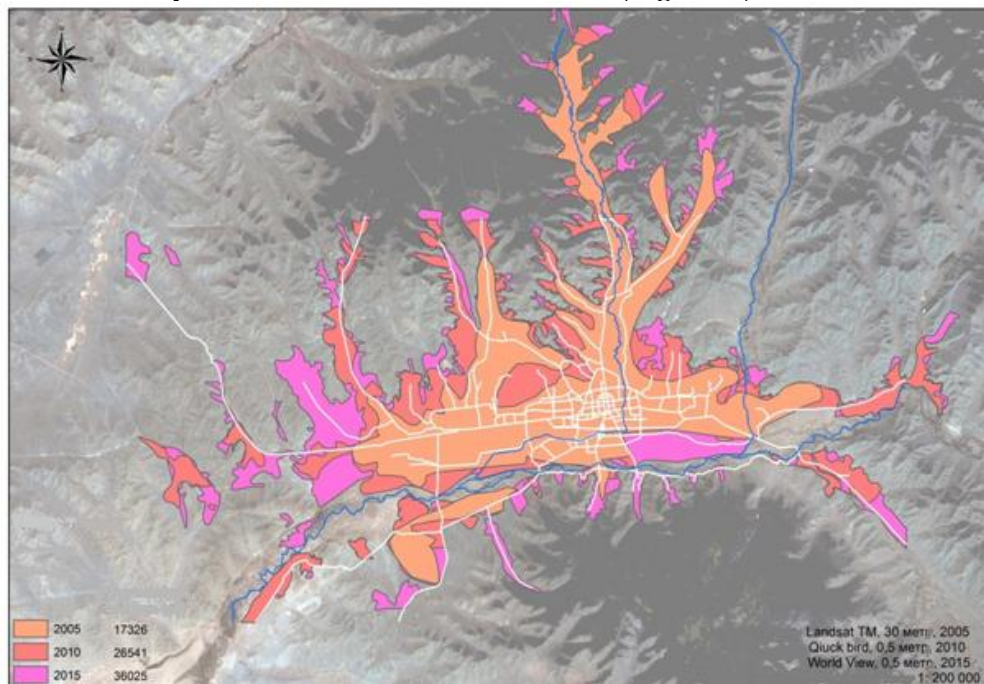
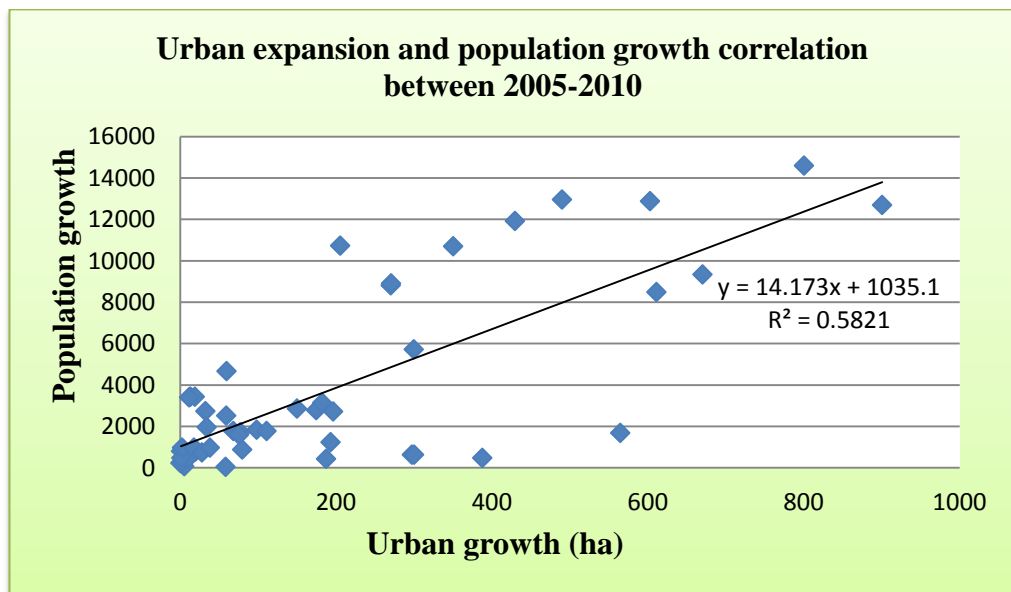


Figure 3. Urban foot print expansion in 2010-2015. Courtesy of Buyandelger M., 2016

To calculate the correlation relationship between the demographic and spatial expansion (Central Statistical office census of 2005, 2010, 2015), population data is used; the population growth in urban expansion correlation analysis retrieved with the following results (Figure 4).



(Source: Ulaanbaatar statistical office, 2014)

Figure 4. Correlation between urban expansion and population growth in 2005-2010

According to the 2005-2010 urban-expansion and population-growth relationship of correlation analysis results, the population growth of 1,050 people has caused an urban expansion of 1 hectare, and the coefficient $R^2 = 0.58$ and the correlation coefficient of $r = 0.76$ indicates a strong dependence between the two variables. Besides, as a land-use analysis indicator case, we had analyzed the territory of one sub-district (Bayangol District, Ulaanbaatar) for the intensity of land-use and population density estimation. Land-use intensity is the ratio (K_i) of the total amount of land to the amount of land used for certain purposes. It defines the formula below, and more land used in certain purpose means that are higher economic profit and intensity (Buyandelger, 2016).

$$K_i = \frac{\text{Amount of land for certain } p}{\text{Total amount of land}} = \frac{K_i (10794.5 + 7384.63 + 1707)}{65189.02} = 0.54$$

The land-use intensity ratio of 0.54 confirms the selected area's land-use intensity has and concludes both a land-use low intensity and a need to improve land-use planning and spatial organization of urban

areas. In total 618 households inhabit in selected sub-district and population density (as of 08 May 2015) is 821 persons in 1 hectare (Buyandelger, 2016).

- **Land use changes**

With respect to land use, the city has undergone a dramatic trend of urbanization during the last decade (Table 4 presents the urban land use distribution of Ulaanbaatar city). Just half a century ago, in 1956, the city's population was 118,000, but today 1.3 million residents, out of Mongolia's 3 million in total, are living in the Ulaanbaatar region (Myagmartseren et al. 2013). Sudden rates of growth of urban areas in 1990-2000 could be also explained by natural disasters occurring in rural areas which have accelerated migrations of the rural poor to Ulaanbaatar.

Table 3. Urban Land Use Change Dynamic

| | Land use | 2000 | 2010 |
|----------|---|-------|-------|
| 1 | Residential total | 33.2% | 58.7% |
| | of sprawl | 28.2% | 51.8% |
| | of ger district | | 32% |
| | of belt zone in green | | 19.8% |
| 2 | Infrastructure | 5.2% | 9.4% |
| 3 | Industry | 10.0% | 8.3% |
| 4 | Service | 13.7% | 6.3% |
| 5 | Special purpose and others (defense, public land, water buffer etc) | 6.9% | 15.1% |
| 6 | Unused and Reservation | 28.2% | 10.0% |

In most areas, expansion was due to urban-sprawl growths caused by unregulated massive rural-to-urban population migration. But in the residential zone *ger* area, which covers about 32% percent of the territory of the city (see table 3), urban expansion has accelerated to

such an extent that it adversely impacts green-belt areas, wetlands, water buffer zones, open space and public land conservation, as well as green developments (Myagmartseren et al. 2015).

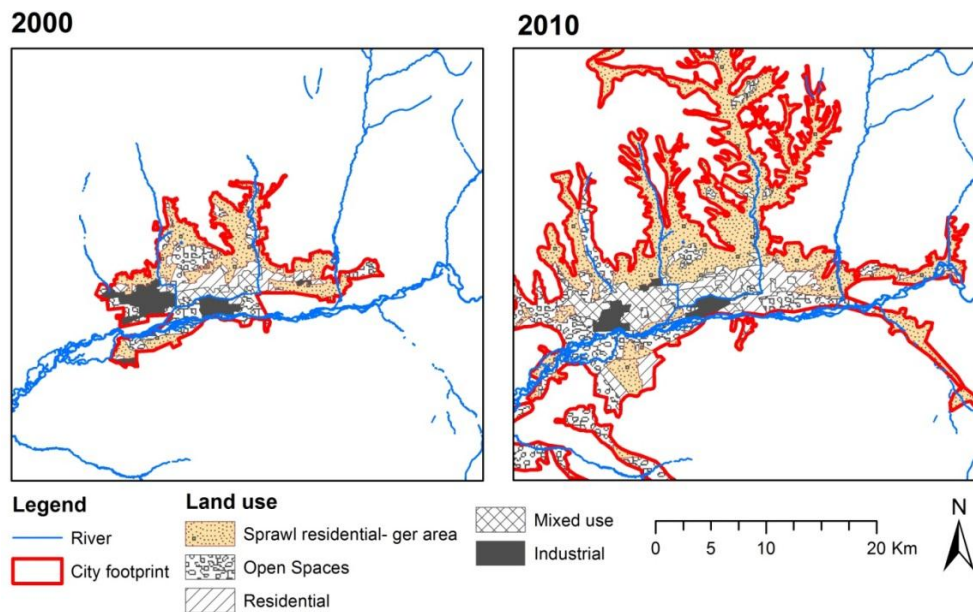


Figure 5. Land use map of Ulaanbaatar in 2000 and 2010
(Myagmartseren et al. 2015)

Source: Adapted from Cadastral map and time series land use planning data. National Land Information Database, Agency of Administration of Land Affair, Geodesy and Cartography of Mongolia (ALAGaC) and Lanres Co.

The 'Ger area' / residential sprawl are semi-detached: plotted nomadic tents with enclosed fences which are mostly adversely possessing all vacant land, whereas after the visualization of the main land use change of Ulaanbaatar could be concluded in the following manner. Particularity, the rapid increase of urban area between 2000 and 2010 could be interpreted as an unregulated process of informal settlement in form of sprawl, structured around city edges and added city footprint about 3 times larger. In 2004, informal settlements transformed into a *de facto* status were legally given permission by the government to intensify land privatization and improve social infrastructure, which nevertheless accelerated adverse possession and land grabbing.

2.2. Le Havre: problem of shrinking

- **Urban data of Le Havre**

Le Havre is located in the North West of France, about 200 km from Paris, in a famous administrative region called Normandy.

Le Havre is the 27th national urban area, structured with a central city (LH) and two pieces of rings due to the Channel on the West and the estuary of La Seine on the south (fig.6):

- The central city Le Havre gathers 173 000 inhabitants
- The first ring with 16 municipalities plus LH gathering 239 000 inhabitants, called CODAH (Urban agglomeration Community of Le Havre) and drawing the perimeter of a Public Body for Intercommunal Co-operation (EPCI). Municipalities have contracted an agreement to co-manage some urban aspects of everyday inhabitants' life, such as transport, water, artistic networks. This is also the ring of Le Havre's suburbs and commuters.
- The second ring with approximately 60 municipalities and 50 000 inhabitants, principally small villages, which Le Havre might attract or employment, cultural events, shopping.



Figure 6. Population and spatial dynamics

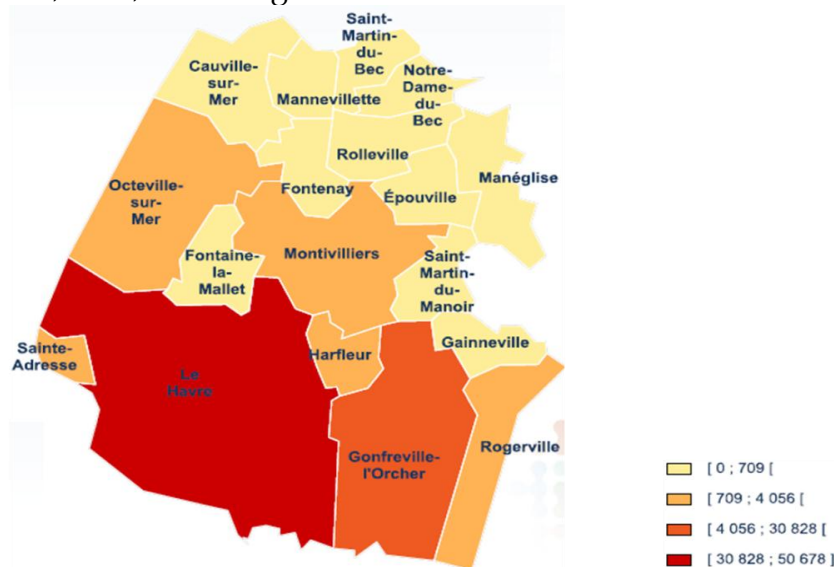
- **Residential mobility affected by urban sprawl**

The urban sprawl has been in progress since 1975 and is currently causing inhabitants leave Le Havre to the first or second urban area ring. Some data provided by the National Statistics Institute (Insee) highlight this dynamic:

- Le Havre lost on average 5.2 % inhabitants per year between 1975 and 1990, then 4.9 % per year between 1990 and 2009.
- The 16 other municipalities of the CODAH gained 13.2 % inhabitants per year between 1975 and 1990 and lost 0.4 % per year between 1990 and 2009.
- The second ring gained on average 15.5 % inhabitants per year between 1975 and 1990 and 9.8 % per year between 1990 and 2009.

- **Economic activities: main activities and location**

Figure 7 shows the job distribution pattern in Le Havre. One can note especially a high density in the city center and close to the port area, in relation with supply-chain management. The location of jobs touches upon the Seine river estuary with a second employment area in particular in the Gonfreville-l'Orcher and Rogerville municipalities. The industrial port zone welcomes several international companies. The two biggest employers are Total, for the oil industry, and Aircelle-Safran, for the aeronautic industry with, each, an average of 2000 workers.



Source : CCI Seine Estuaire, 2014.
<http://seine-estuaire.cci.fr/sites/seine-estuaire.cci.fr/files/2013%2011%20-%20Monographie%20du%20Territoire%20CODAH%20-%20CCI%20VF.pdf>

Figure 7. Location of employment in CODAH area

We are so far in a traditional model of a French urban area according to:

- the residential mobility in the hinterland, out of the central city and high densities of housing. Families look for single or dwelling houses with garden, for the benefit of their children.
- location of employment in the city center and in the Seine river estuary in relation with port and industrial activities. Nevertheless, Le Havre is always in an industrial model and there does not really exist a knowledge economy sector. Currently, according to competitiveness pressure, it is a problem to ensure the competitiveness of the urban area.

- **A serious problem: shrinking**

Between 1944 and 1964, the post-war reconstruction of Le Havre was achieved after its massive destruction towards the end of WW II (after being bombed in September 1944). The city then became one of the first trading port and industrial port-zone in France (for containers, oil-refining and other types of chemical industry). However, the economic crisis, the increase of competition between ports, at the end of the 20th century, caused local problem concerning employment, reconversion of industrial activities. Since the middle of the 90's, Le Havre has been losing industrial attractiveness and tried developing tourism and a "knowledge economy" (Sajous, Martinet, 2012). Thus, like other cities in general in the north of France (20 % of French urban areas, Cauchi-Duval et al., 2016), Le Havre is losing inhabitants each year. In 1975, there were approximately 218 000 inhabitants. In 2013, there are 173 000 inhabitants. Le Havre and the urban area seem to become a "shrinking city".

Indeed, "shrinking" in Le Havre coincides with:

- *global factors causing this phenomenon* (Cauchi-Duval et al., 2016):
 - increased competition between territories due to economic globalization ;
 - peri-urban process which is translated into more and more households with jobs in the core of the urban area but with housings in the countryside;

- an appropriate fertility rate but negative migratory balance: shrinking cities do not lose more inhabitants than other cities but they do not welcome enough new inhabitants.
- o *global characteristics of the phenomenon* (Cauchi-Duval et al., 2016):
 - rising of rental- and trading units vacancy, large urban waste lands, less use of urban infrastructures, decline of local taxes;
 - Le Havre is one of the few central cities affected by the phenomenon (6 in France). Suburbs towns are more usually impacted;
 - under-representation of socio-professional categories of "professionals/managers and higher intellectual occupations" (7%) and, proportionally, strong representation of manual workers (20%);
 - high level of unemployment: 12 % of labour force compared with a national average of 10%.

3. Discussing the question of comparison: going beyond frames and interests of a scientific collaboration

3.1. *Ulaanbaatar and Le Havre: two cities non-comparable?*

After the descriptions of each city, we note that UB and LH have two opposite spatial dynamics. Ulaanbaatar is a sprawl-dominated expanding city and Le Havre has shrinking dynamics in spatial context. But could we conclude that Ulaanbaatar and Le Havre are two non-comparable cities?

It might be probably the case concerning comparisons taking into account the size, the history, the dynamics, the national economic context, etc. But in this way, we only compare things which, in fact, are the same or quite similar. Researchers want to explore this challenge. However, in this manner, we only compare things which are, in fact, the same or quite similar. But, using derived factors behind the spatial dynamics of the two cities, Ulaanbaatar and Le Havre could be similar and comporting in each case opposite spatial changes. Researchers want to explore this challenge. In other words, we can say that we are in a "co-construction process" of a comparison methodology.

That is why this has been the central point of scientific discussion since December 2015. Two questions need answers:

- How do we define "comparison"?

- What do we expect of the comparison between Ulaanbaatar and Le Havre?

To develop a “co-construction process” of a comparison methodology needs time because we have to elaborate specifications. Various papers in French and in the international scientific literature highlight the approach of comparative situation like UB / LH:

1. The impossibility of elaborating a comparison /juxtaposition with a common observation chart (Margier, 2015)
2. Compare in order to keep an analytical distance from personal scientific topic(s): it is an interesting means of confronting oneself and improving scientific objectivity by way of comparing two cities whose shapes are so different (Bourdin, 2015, Mcfarlane, 2010).

3.2. Going beyond the shapes

In order to apply the first-stage conclusions (admitting that it is impossible to work on all urban topics and testing specifications about comparisons), each researcher has decided to define a main interest topic and to focus on it.

- **Interest in France for Mongolia:**

In France, there is no problem to define, with a good level of prediction, the future areas impacted by urban development. Some laws and regulatory documents identify goals and rules, and cover each municipality of all the French territory.

Currently, the scientific discussion focuses on the understanding of reasons for the mobility of people (residential and daily mobility). Behind the peri-urban location of households, there lies the issue of car use. Public policies established at the end of the 20th century and at the beginning of the 21st century have proved that improving infrastructures of public transport is not enough or that is not the right response to persuade people to keep their car in the garage. The attractiveness of these means increases a little bit, at best, and in the city-center only and the car-use continues in the other areas: 76 % of people use their car in low-density areas (+2% between 1994 and 2008) and 55 % of people use their car in the major French conurbation (-1% between 1994 and 2008) (Hubert, 2009).

For several years, we have been working on “personal reasons”, factors connected with biography and cognitive functioning to explain car choice. For ULH geographers working with the NUM geography-and-planning team this is an opportunity to study nomadic situations.

One of the hypotheses of the French scientific literature is that the answer of daily mobility is in the duet nomadic/sedentary which “is carrying on living in each person” (Maffesoli, 1997). Other researchers suggest paying attention to nomadic shapes (Gohard-Radenkovic, Veillette, 2015, Legrand, 2007, Mayer, 2015).

So we would focus comparison on this notion. P. Sajous’ first stay in Mongolia in 2014, our discussions in December 2015 and literature reviews suggest one assumption: in France especially, we do not really understand what “nomadic” is. We still have a nostalgic and folk approach or a limited approach to rural areas. Ulaanbaatar shows a contemporary nomadic dimension, having a spatial and cultural influence upon the urban dynamics.

- **Mongolia’s interest in France:**

Our interest is to measure urban spatial dynamics, based on urban land-use and geographic parameters, to discover practical dynamic changes, in time series that change trends of Ulaanbaatar city and Le Havre city as case-studies and to present methods of combining urban measurement using the geographic information system (GIS). This will be achieved through fulfilling the following objectives: (i) to study a variety of urban geographic measurements through literature review; (ii) to identify the main driving force of economic and social changes of each city; (iii) to explore appropriate measurements suitable for case-cities and characterize the urban spatial changes and to interpret spatial dynamics to be carried out in prospective urban policies.

4. Conclusions

This paper presents the first stages of a recent scientific collaboration. First, as we showed, work was carried out analyzing urban landscapes of UB and LH: our first tasks consisted in collecting information (literature and fieldwork) about landscapes structuration, and starting to understand their development using a historical approach of the economy and demography.

Ulaanbaatar city’s chronological development is carried out to represent urban spatial change, demography and changes. Our main conclusion of the preliminary work concern spatial dynamic is diverse expansion. Ulaanbaatar city expands and becomes a city with one million three hundred thousand inhabitants or 44% of

Mongolia's total 3 million population, residing in one city which covers 0.3% of total land area of the country. Regarding the land use changes, the city has undergone a vast urbanization or expansion trends during the last 5 decades. Unemployed and natural-disaster migrants from rural places triggered the main urban sprawl expansion. In 1956, the city's population was 118,000 and in 2015 1.3 million residents live in the Ulaanbaatar greater area. The total urban area increased 3-fold in ten years and, except industrial land use, most land uses focus especially on urban sprawl in the *ger* area. The spatial dynamic between 2000 and 2010 could be interpreted as an unregulated process of informal settlement in form of a sprawl appearing around the city edges and adding a footprint about three times larger. Ulaanbaatar and its agglomeration seem to show it as an "expanding city".

Since the middle of the 20th century, Le Havre has had a very erratic history. Economic cycles alternate quickly between the best (before WWII and 1960-1980) and the worst (bombing in September 1944 and the economic crisis of 1990). Naturally, these cycles have impacted the demography and the shapes of urban areas. Currently LH is situated between a traditional French urban model and a shrinking model not yet really recognized by French stakeholders. Hopefully, stakeholders have a large range of urban management tools to imagine the future of the urban area.

The collaboration between NUM and UH colleagues is going to develop, trying to improve the tasks already started. The next challenge is represented by the process of clearly drafting recommendations for urban planning management. In order to do that, it will be necessary to find another way of understanding the political processes of decision. In this field, there is still a long way to go.

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