

3 (43) VALDAI PAPERS

January 2016



Valdai | Discussion
Club

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REGIONALISATION AND CHAOS IN INTERDEPENDENT WORLD.

Global Context by the Beginning of 2016

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In 2015, the global context fever continued. It was characterised by non-linearity and unpredictability with opposite processes going on simultaneously and relationship between countries becoming increasingly tangled and complex. Trends towards worsening of chaos, disorder, and fragmentation dominated over integration, consistency and order. As to the 2015 results they could be as follows: the world has become more fragmented and less manageable. However, it has not become less interdependent or countries any less vulnerable.

But order and chaos were at least struggling. As regards to what determines the global tendencies – economy or politics – 2015 saw a clear preponderance of the latter. Considerations of political influence and prestige were much more important in determining the behavior of states than those of economic benefits, interdependence and progress. The liberal statement that the pursuit of growth and well-being minimises interstate conflicts and prevents military clashes once again proved its ephemerality.

Overall, the general state of the world in 2015 bore a strong resemblance to that in the beginning of the 20th century with its intensification of conflicts between the great powers and division into economic blocs characterised by political and military-political confrontation but being economically interrelated. However the current situation is different in terms of existence of the “judgment day” weapons and higher degree of interdependence and vulnerability. So far this has kept the world from sinking into the abyss.

Revival of the Great Power Rivalry

One of the key global tendencies of 2015 was further intensification of the great power rivalry which had been confidently returning to the international practice over the last years after a short “unipolar” break. It has resulted in a reduced ability of the world leaders to act in concert to fight transnational challenges and threats, with the effectiveness of this fight decreasing accordingly. During most of the year, this was brightly illustrated by the helplessness of the world community to face the threat of the “Islamic State” that continued to expand its territory in Syria and Iraq. The reason was the failure of the world and regional players to reach an agreement as to how exactly this evil must be fought as well as the attempts of some of them to use the IS for realising their more pressing priorities; for example, to overthrow the Assad regime in Syria and to minimise the influence of Iran in the region.

Started in 2014, the new systemic confrontation between Russia and the US had not gone away. Quite the opposite, it has reached a stable state that will most likely continue until a new administration comes to power in the US in 2017, and it even started being perceived as a new form of the relationship. The American-Chinese rivalry also continued

to intensify its domination in the overall — quite contradictory and non-uniform — agenda of relations between Washington and Beijing.

This rivalry is based on the commitment to different rules of the game, different models of the international order in the regions of the outmost importance for the parties and in the entire world, rather than on the clash of their specific immediate interests in certain regions.

Thus, the US and China promote different economic order models in East and Southeast Asia and have different ideas about the rules of the game in relations between great powers in general. In Asia and the Asia-Pacific Region the US aims to create an order based on liberal rules that are beneficial for American business and imply the US as an indisputable leader and China as one of the joining players, but on the condition that the latter agrees to these rules, which seems highly unlikely. China, in turn, aims to create in the region an order around itself, and there is no place for Washington in it. At the global level Beijing demands a greater part in the global economic governance and, when not getting one, creates alternative institutions and mechanisms (Asian Infrastructure Investment Bank, BRICS instruments and institutions), disagreeing with the US habit to use military force and to shape unilaterally destiny of sovereign states. However, the colossal economic interdependence and understanding that they remain vital for one another to maintain the growth rates and the level of well-being of the population restrain them from open confrontation.

In relations between Russia and the US there is no such a restraining mechanism, and in 2014 their principal disagreement as to which rules of the game should regulate the behavior of great powers (for example, whether they may interfere with internal affairs of each other, whether they should take into account each other's essential interests, whether they can unilaterally recognise certain regimes as legitimate and others as not, or such a decision should be made jointly) and how international orders should look and be formed in Europe and in the post-Soviet territory has turned into an open systemic confrontation. In 2015, this confrontation — due to the unwillingness of both parties to allow even higher level of escalation which can result in an open military clash between Russian and the NATO — has become relatively stable. The adoption of the Minsk agreements in February 2015, which documented the key regulation formula and the new rules of the game in the relationship between Russia and the West in the post-Soviet territory, has become the breaking point: peace and territorial integrity in exchange for constitutional reform. At the same time, taking into account that neither Washington nor Moscow is willing to compromise and to agree with the rules forced by the other side, this confrontation started to be viewed as a new standard of the bilateral relations.

The Second Front in the Fight for the World Order

In this context, one of the key changes in 2015 was Russia's opening the second front in its fight for the new rules of the game – its military operation in Syria accompanied by diplomatic efforts to promote the political regulation of the Syrian civil conflict and to coordinate military actions against the “Islamic State” and other terrorist groups operating in Syria. (The first front was Ukraine and the fight for its Constitutional Reform). The main purpose of these actions (besides the weakening of the Islamist threat for Russia itself and its neighbors) is to end the American practice of assisting to regime changes, to stop the series of falls and destruction in the Middle East countries and to create a precedent of making joint decisions on matters of state sovereignty and war and peace with the participation of Russia as one of the leaders of the process.

This involvement which has become the first precedent of Russia's military involvement outside the former Soviet Union since the 1980s, is of paramount importance. For the first time since the end of the “Cold War” the US monopoly for external use of military force has been broken. The order where Washington was the “global sheriff” has been ultimately destroyed.

It is obvious that in case of success in Syria understood as a launch of a process of political regulation and real coordination of military actions of the Russian and American coalitions, Russia will be able to end the confrontation with the West on its own conditions and to position itself as one of the leaders of the new – polycentral – international order needed to resolve many important problems of international and regional security.

It is not an accident that the Russian operation in Syria was taken extremely negatively by the United States. Such a precedent not only negates the rhetoric of Russia's “isolation” in the last two years but also symbolises inability to resolve important international problems on their own and to achieve their purpose, the inability to prevent other centers of power from creating in the regions in which the US operate a military-political reality independent from them and even against their will, a reality, which the US will have to accept. In fact, it means a symbolic failure of the American global leadership in the form, in which it was understood after the end of the “Cold War”.

Due to the unwillingness of the US to accept the new rules of the game in relations with Russia, the opening of the “second front” in Syria intensified even further the confrontation between them for some time. The apotheosis of the clash of the two coalitions operating in Syria was the shooting down of a Russian SU-24 warplane by Turkey. This has become the first open use of military force by NATO against Russia for the entire history of the alliance existence.

However, contrary to the desire of the Turkish administration, this provocation has caused de-escalation of the Russian-American relations as regards to Syria, creating preconditions – for the first time since the beginning of the Russian military operation on September 30 – for the military and diplomatic cooperation between Moscow and Washington in respect of the Syrian conflict. This incident showed how close Russia and the US had come to a direct military confrontation, to an uncontrolled escalation which is seen by the Obama administration as a totally unacceptable option and evil that is even worse than cooperation with Russia on the Syrian conflict. As a result, a choice was made in favor

of deeper interaction with Moscow on Syria than just the compliance with the memorandum on the prevention of military collisions as a more reliable guarantee that there will be no such collision. Having agreed to cooperate with Russia after the tragedy with the Russian warplane, the US showed to Turkey, inter alia, that they would not support their provocative policy or attempt to “oust” Russia from Syria by inciting a direct confrontation between Russia and the American coalition.

Certainly, the November terrorist attacks in Paris played their part, together with the migration crisis, creating in Europeans a strong and genuine desire to end the Syrian conflict and to get through with the ISIS and changing their attitude towards the Russian operation in Syria. Against such a background, it would be risky for the US to refuse to cooperate with Moscow, thus making itself a barrier on the way to settle the Syrian conflict and to fight jointly with the IS.

As a result, the very end of the year was more successful in terms of global military-political management. For the first time since the Syrian conflict had begun the UN Security Council adopted a resolution setting forth the key principles of its regulation, and most notably the provision of the conflict resolution through negotiations between official Damask and a non-terrorist part of the opposition. Russia insisted on this from the very beginning. It should be noted that the resolution was initiated by Moscow and Washington, which had been hardly able to reach any agreement before. The Assad problem was postponed for later. The formation of the Syrian opposition delegation to negotiate with Assad has begun, the prospect of such negotiations taking a real shape for the first time since 2012. The process of synchronisation of the lists of terrorist groups operating in Syria has been launched. For the first time, the US stated openly that they do not insist on removing Assad as a condition for political negotiations about the conflict resolution. The political and military cooperation (Russia spoke on it from the first day of its operation in Syria) has finally begun to take real shape.

At the same time progress is being made in another significant aspect of the global governance — cooperation in managing climate changes. The Paris Conference resulted in signing the agreement which is not of a mandatory nature and does not provide for sanction mechanisms. But the adoption of a universal international regime replacing the Kyoto Protocol means that the global climate management is, even if not effective, but still alive.

However, one should not hope that the global governance progress outlined at the end of the year would become a stable trend and overcome the tendency towards an increase in the great power rivalry. The nature of conflicts between Russia and China, as well as other non-western centers of power, and the US is systemic, and cooperation on certain acute transnational challenges will be unable to overcome it. Therefore, the cooperation between Russia and the US on Syria will hardly result in overcoming the Russian-American confrontation and quick setting of new rules in relations between the US and other centers of power.

In addition, the cooperation on Syria itself will remain extremely difficult and fragile, not least because it will continue to be torpedoed and sabotaged by regional players, such as Turkey, Saudi Arabia and even Iran. Washington did not give up on its aims to remove

Assad and to ensure geopolitical restraining of Iran, so it will use its best efforts to prevent this cooperation from being perceived as a precedent of establishment of new rules of the game in respect of military-political governance and relations between great powers. The US struggle for the American leadership and the world order based on American rules and institutions will continue, as will do resistance to it by Russia, China and many other countries. All this will contribute to the ineffectiveness of global governance, including overcoming transnational challenges and threats, and will stand in the way of transition from the current international disorder to a new order.

Return of Military Force

The second main trend and a result of 2015 was the triumph of politics over economy not only in Russia's foreign policy where this triumph manifested itself in the most vivid manner but also in the entire world. In what determines the behavior of great powers, considerations of political influence, security and prestige have begun to dominate over the economic logic. This trend was formed as early as 2014, when the West introduced unilateral economic sanctions against Russia, a member state of G20 and then G8, threatening the universal mechanisms of global economic governance and — in prospect — its own leadership in managing global economic processes. In 2015, this trend assumed even more elaborated forms.

The Russian-Turkish conflict at the end of the year has become the most striking example. Turkey deliberately sacrificed its economic interdependence with Russia for the sake of a foreign policy adventure, the purpose of which was to represent the Russian operation in Syria as a threat to NATO, to unify the Alliance against Russia, to raise the level of military-political confrontation between them to an extremely high level and, eventually, to oust Russia from Syria. Another goal was to make other great powers treat them as equals. In other words, the military confrontation with Russia (and not of just Ankara itself but of NATO as a whole) was quite a deliberate goal, intermediary but still deliberate. Russia, on its part, also easily cut economic ties with the country which used to be thought of as an extremely important and in some ways even irreplaceable partner (the project "Turkish Stream" for example).

This makes international relations much less predictable and stable. The economic interdependence was traditionally viewed as an anchor, which keeps relations between states from sharp negative fluctuations. In today's world, it does not work anymore, increasing the overall non-linearity, disorder and chaos.

The latter entails the third main tendency of the outgoing year: the return of the role of military force in international relations and, in particular, in relations between great powers. If one cannot count on interdependence as a security factor, one must rely

on military force. Once again, it becomes the last argument in a dispute in the world where chaos, disorder and unpredictability are normal. Turkey's downing of a Russian warplane in Syria is, again, an illustrative example. The period when economy was the key sphere of confrontation of the centers of power seems to be ending. In this regard, the propensity of the Russian government to maintain military expenditure on a sufficiently high level and even to increase it under the conditions of economic crisis, to prefer military power to other components of national force is not only natural but also fully corresponds to the general global trends.

One should understand that the new strengthening of the military force factor and, hence, the beginning of a new cycle of militarisation of international relations are related not only to the fact that the Middle East have plunged into the quagmire of chaos and permanent war but also the fact that the area of instability may, and most likely will, expand. It means that military force is necessary not only to protect from terrorist threats and regional instability. It comes back as a factor of great power rivalry and distribution of forces — even despite the low probability of “hot war” between them because of nuclear weapons. This is a natural reaction to the revival of great power rivalry as such. The latter is unthinkable without arms race. It assumes not only the traditional but also new forms. For example, it is already going on between Russia and China, on the one side, and the US, on the other, in cyberspace — the most probable area of war between great powers in 21st century.

Thus, the increase in China's military expenditure and arms race in the Asia-Pacific between the PRC and the US will continue, and their relations will be increasingly characterised by military competition in combination with interdependence and cooperation on common non-war challenges. Same as the demonstration of military force by great powers to each other will again become common practice — as Russia does it, striking targets in Syria using winged missiles from the Caspian region.

Regionalisation of Global Governance

The main economic trend in 2015 was a decisive turn towards regional and “macro-regional” tools of economic governance. Globalisation has not stopped but it is rapidly losing its positions as a universal trend in terms of rules and institutions forming it. Global players are moving quickly to shift the focus in building economic orders from the global to the macro- and transregional level. The main events here were the Trans-Pacific Partnership Agreement signed by the US, Japan, Malaysia, Vietnam, Singapore, Brunei, Australia, New Zealand, Canada, Mexico, Chile and Peru on October 5 in Atlanta and the Russian-Chinese declaration on “coordination” of the Eurasian Economic Union and the Silk Road Economic Belt project promoted by China signed on May 8. Simultaneously,

the US and the EU continued negotiating another macro-regional economic community, the Transatlantic Trade and Investment Partnership, though less actively than the TTP, while China, Japan, India and ASEAN discussed the creation in Asia of an economic order alternative to the TTP — the Regional Comprehensive Economic Partnership.

In fact, these events have turned a new page in the development of the global economic order and the world history, marking the end of Globalisation and global economic governance that we have observed for the last 25-30 years. The universal mechanisms, such as GATT/WTO, will not expire but they will cease to be political priorities of the key players in creating favorable conditions for their development. They yield their positions to regional and macro-regional communities, the rules and standards of which are substantially different from those of other communities, a trend that will increase the fragmentation of economic governance under the conditions of ongoing global interdependence.

This process is led by the US. Facing the inability to promote rules, which are beneficial for them at the global level due to the intention of the new centers of power to participate in their development but unwilling to give up their leadership, the United States impose their rules at the level where it is possible — in regions and macro-regions. The TTP participants are traditional allies and close partners of the US as well as countries that seriously fear China's economic and subsequently political hegemony. Beijing was excluded from the TTP negotiations and invited to join them by Washington only after the TTP Agreement had been signed in Atlanta. The EU member states and associated countries, but not Russia, are likely to be invited to join the TTIP.

On the one hand, non-Western centers of power are not banned from regional communities built by the US. China, Russia and India are rather offered a choice: to accept the rules set forth by Washington or to face marginalisation. The policy of their involvement in the economic order is not abandoned but becomes tighter and more extended in time: instead of adjusting this order to the new centers of power, the latter are encouraged to accept the rules developed without their participation. Washington continues to work towards a global economic order but doing it sort of “through the back door”, by creating regional orders and hoping that other centers of power will join them sooner or later.

On the other hand, the probability that non-Western leaders will humbly accept these rules and join the US order through regional communities is extremely small, at least in the short and medium term. So far, it has been to the contrary. China attempts to create in the Asia-Pacific its own project of a regional economic community, the RCEP, which would unite all leading Asian economies but expressly excludes the US. Chinese experts and diplomats note off record say that if China ever joins the TTP it would only do so on its own terms and not on the terms agreed in Atlanta without its participation.

Thus, the economic order in the Asia-Pacific will remain fragmented for a long time due to the exclusion of participation of the US and China in the same economic community. Many experts believe that the TTP can operate without China and the RCEP without the US for an indefinitely long time. Likewise, the TTIP, if eventually created, will exist for quite a long time without Russia. Since it is not the WTO but the regional instruments that play the most important part in determining the rules of economic relations for the US and China as

two main poles of the world economy, the fragmentation of the economic governance will worsen and the global economic order will split into several regional communities.

The process of creation of regional communities spread to Eurasia, although the coordination the Eurasian Economic Union (EAEU) and the Silk Road Economic Belt (SREB) are significantly different from the regional blocs created by Washington. While these bloc's rules are forced by the United States and reflect their priority of in-depth liberalisation, the EAEU-SREB coordination implies their flexible and mutual adaptation to each other for the purpose of mutual co-development – turning the SREB into an instrument for deepening the Eurasian economic integration and the EAEU development, which will create the maximum benefits for China. It is not a regional block nor a group where one of the players forces its rules and standards on all other participants. Similarly, the EAEU-SREB coordination is not a closed institution. The Economic Belt transport routes will not be limited to the EAEU member states. China's priority partner is the EU, so the SREB's goal is to connect the EU, the EAEU and China. However, this is certainly a regional project, which can result in the creation of a large economic community of Greater Eurasia, with China and the EAEU as a core but also including India, Iran, the PCEP member states and the EU.

Thus, the 2015 synchronisation of the processes of the TTP creation and EAEU-SREB coordination points to the beginning of a new stage of Globalisation and economic governance. The weakening global regimes and institutions are being replaced by macro-regional communities, some of them formed around the US and others around Russia and China. While these communities will continue to maintain close economic ties and interdependence, the fragmentation of the global economy into zones of different rules and standards of economic policy and relations will grow stronger. This process runs parallel with the revival of open great power rivalry and forms, in fact, a part thereof. Thus, the world, while being globally interdependent, becomes fragmented in terms of governance – in terms of rules and institutions of global economic and political regulation.

Although this fragmentation is manifested mainly in the transfer of gravity in economic governance to the regional and macro-regional level, it is also seen at the global level. In 2015, the process of creation of alternative mechanisms of global economic governance continued as a response of non-Western centers of global economy to the unwillingness of the US and the West as a whole to share powers within the framework of traditional institutions and, moreover, their tendency to use the leadership in these institutions for political purposes. While in 2014 the main example of the latter had been the imposition of unilateral sanctions by the US and the EU against Russia (which remained unchanged in 2015), in 2015 it was the West's decision to change quickly the IMF rules to prevent default in Ukraine supported by the West. Given the US and EU's long-term inability to reform this institute to adjust it to the new distribution of forces in the global economy, the instant reform aimed to prevent Ukraine's default has become an outrageous proof that these traditional global governance institutions are used in the political interests of the United States and its closest allies. This situation forces non-Western players to create their own mechanisms.

In 2015, the most active among these mechanisms were the BRICS New Development Bank and the Asian Infrastructure Investment Bank. Russia and China have already ratified

the BRICS New Development Bank agreement, under which the bank will have initial capital of USD 100 billion and will be governed by the participating countries on a rotating basis, thus paving the way for its launch in 2016. Furthermore, in June 2015, 57 countries signed an agreement on the establishment of the AIIB with three largest shareholders — China, India and Russia — holding 26.6%, 7.5% and 5.92% of shares, respectively. Both institutions are positioned as direct competitors of the IMF, the World Bank and the Japan-controlled Asian Development Bank.

Emancipation of Regional Players

Finally, the main trend changing the 2015 global environment was the continued emancipation of medium and regional powers, which has reached a completely new level. Regional players not only refuse to follow the leadership of the world grandees but also openly challenge them and sabotage decisions they make. It is most visibly manifested in areas around Syria, where Turkey and Saudi Arabia conduct their own policy, which in some ways directly contradicts the US policy and interests. By the end of the year, on several aspects of the Syrian regulation the Obama administration found itself closer to Moscow than to its main Middle East allies.

The most outrageous example of this emancipation was the shooting down by the Turkish air force of the Russian warplane in Syria on November 24, 2015, which, as it can be concluded from the further steps of Washington and Ankara, had not been agreed with the Obama administration. The security of the entire NATO, the US and the world as a whole was threatened by Turkey's regional ambitions and personal ambitions of its government officials. It appears that Ankara has made a decision to shelter itself behind its senior ally while conducting policy conflicting with the American interests (indirect support of the ISIS, war against Syrian and Iraqi Kurds and contribution to maintaining chaos in Syria). Most likely Turkey will continue such policy, thus sabotaging Washington-supported decisions on the political regulation of the Syrian conflict, the countering of the ISIS financing and illegal import of oil by the controlled group and further coordination of military operations with Russia.

Furthermore, this step means open violation by Turkey of unwritten yet important rules of the game regulating relations between countries. Not being in a state of war and not having territorial and other vital conflicts the regional power threw down a direct and arrogant challenge to the global player — the second nuclear superpower and a permanent member of the UN Security Council — doing it in a cowardly manner, sheltering itself behind its NATO membership. However, it is a claim to get on board with the world leaders in terms of making decisions on matters of war and peace and destiny of sovereign states.

A similar step, although less arrogant and with a less probability of escalation, was taken at the end of the year by Saudi Arabia that announced the creation of the third – Muslim (or, to be more exact, Sunni) – coalition to combat terrorism in Syria, precisely when the first signs of cooperation appeared in the relationship between the nominally American and Russian coalitions and the political regulation process seemed to have broken logjam. It is obvious that the principal part of the Saudi coalition, even if it remains mainly on paper, is to be a spoiler: to torpedo, to the maximum extent possible, the negotiation process between the Assad regime and the opposition and not to allow a place for Iran influence in the new Syrian state configuration. It means, in fact, undermining the efforts made by Washington and Moscow. The US is unable to do anything in both cases. Today, and in the nearest future, disciplining Ankara and Riyadh seems impossible.

This emancipation that will continue in 2016 complicates significantly global governance and foredooms to failure even hypothetical attempts to form a “great power concert”. Even if it is reached through enormous efforts of the US and Russia (which itself is highly unlikely), regional players will immediately turn it into cacophony.

Thus, the world enters 2016 in a more fragmented, split and complicated state in terms of economy, politics and security, than it was a year ago, while remaining globalised, interdependent and, hence, fragile.

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