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The *Afro Eurasian Studies* is published twice a year. Further information on the *Afro Eurasian Studies* can be found at: <http://www.afroeurasianstudies.org/>

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Printed at Mavi Ofset Publication,
İstanbul, Turkey.

December 2017

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The Impact of G20 On Turkish Foreign Trade¹

Assistant Prof.Dr. Hayrettin Kesgingöz*

Associate Prof.Dr. Serkan Dilek**

Abstract

Turkey accepted to become a member of international economic associations to have an important share in World trade, to increase foreign trade revenues and to export their products to developed countries. Becoming a member of economic associations started with IMF and World Bank in 1947 and it goes on with Organization for Economic Cooperation and Development (OECD), Organization for Islamic Cooperation (OIC), Economic Cooperation Organization (ECO), Organization of the Black Sea Economic Cooperation (BSEC), World Trade Organization (WTO), Custom Union (CU), D8 and G20. Foreign trade which was held by international firms replaced with trade held by international organizations in changing world. As the number of membership increases Turkey has started to behave as world countries with increasing foreign trade volume and opportunities. In this research we first looked at growth rate of export and import between Turkey and G20 countries to reveal performance analysis of foreign trade between these two groups which has the most important share in Turkish foreign trade. Then the analysis followed by a look at growth rate of total export and import of Tur-

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1 This research is realized by using book of Hayrettin Kesgingöz whose name is “The impact of economic cooperations on Turkish foreign trade”.

key. Lastly, foreign trade balance and volume are investigated. At the end of research we searched export/import coverage ratio.

Keywords: *International Trade, International Economic Associations, G-20*

1- Economic Cooperation and G20 as International Economic Cooperation

The international organization refers to the merging of more than one country that does not have a commercial purpose operating at an international level, while the international economic organizations are having commercial purposes (Bozkurt et.al. 2004).

At first, countries couldn't meet their needs by themselves because of their unlimited needs after Second World War. Countries prefer to meet their needs by becoming members of economic organizations. Because of this reason, numbers of economic organizations have been increased day by day (Astaneh, 2000). There are many economic organizations in which Turkey has a membership on them. These are IMF, World Bank, Organization for Economic Cooperation and Development (OECD), Organization for Islamic Cooperation (OIC), Economic Cooperation Organization (ECO), Organization of the Black Sea Economic Cooperation (BSEC), World Trade Organization (WTO), Custom Union (CU), D8 and G20.

G20 is an international group which was registered in 1999. This group includes Turkey, Russia, United Kingdom, France, Germany, Italy, Japan, South Korea, China, India, Indonesia, Saudi Arabia, USA, Canada, Mexico, Brazil, Argentina, South Africa, Australia and European Union as members. G20 is occurred by both developed and undeveloped countries. If we consider the population and labor force of China we can become aware of the importance of this group (Apak, 2008).

2- Literature Review

In this study, articles done in the literature about G-20 countries are abstract in tables. In the literature review, G-20 countries generally focus on energy, research and development expenditures, energy consumpti-

on. But literature in G-20 countries and a way to make a detailed comparison are limited studies dealing related to Turkey's foreign trade. This study contributes to the literature in terms of the shortcomings in the literature.

Table 1. About G-20 Literature Articles

Author / Year	Sample / Method	Result
Ersel (2010)	Descriptive Analysis	Global financial instability and foreign trade deficits are seen.
Ayaz (2014)	2002-2012 Macroeconomic Analysis	Globally-scale solutions to the problems and crises in the world should be brought.
Selim-Purtaş-Uysal (2014)	2000-2011 Panel Data Analysis	Education expenditure and economic growth are positive and significant
Barutçu-Arslan (2016)	1981-2010 Co-integration and Panel Data Analysis	There is a bidirectional interaction between openness and financial development.
Bakırtaş-Çetin (2016)	1992-2010 Panel Data Analysis	Renewable energy consumption per capita increases real GDP
Yalçınkaya-Kaya (2016)	1992-2014 Panel Data Analysis	G-10 and G-9 the group during the sampling period has a significant effect the size of both quality and quantity of education.
Mike-Laleh (2016)	1991-1999 ve 2000-2012 Dönemleri Panel EGLS	Information and communication technologies had a positive and meaningful value. 2000-2012, however, it is negative.
Yalçınkaya-Yazgan (2016)	1996-2014 Panel Data Analysis	Effects of the institutional structure indicators on the economic growth have been positive and significant in statistical terms in the sub-group G-9, but G-10 has been negative.
Kurnaz-Özbek-Altunal (2016)	2010-2014 Macroeconomic Analysis	Human capital mobility needs to increase.
Sarıçoban-Kösekahyaoğlu-Erkan (2017)	1996-2014 Explanatory Comparative Advantages Analysis	Saudi Arabia, Russia, India, Turkey, South Africa, Japan, China and Britain has competitive products group.
Yalçınkaya-Aydın (2017)	1994-2015 Panel Data Analysis	The effects of the macroeconomic stability / instability index, which consider on the economic growth were positive / negative in the G - 9 and G 10 groups respectively and statistically significant.
Görgün-Karaoğlan-Barut (2017)	2000-2015 Co-integration	The increase in the unemployment rate caused the stock market value to decrease.

3- The Impact of G20 On Turkish Foreign Trade

Turkey should give importance to foreign trade to overcome the middle income trap (Kesgingöz and Dilek, 2016). G20 has occupied the first place in Turkish foreign trade. To analyze foreign trade performance of G20 firstly the growth rate of export and import between G20 and Turkey are investigated. Then we looked at the growth rate of import and total import.

Reasons of changes on these variables are generally analyzed and then impacts on Turkish foreign trade are explained. In Table 1 total export, total import and growth rates of them between Turkey and G20 countries are given.

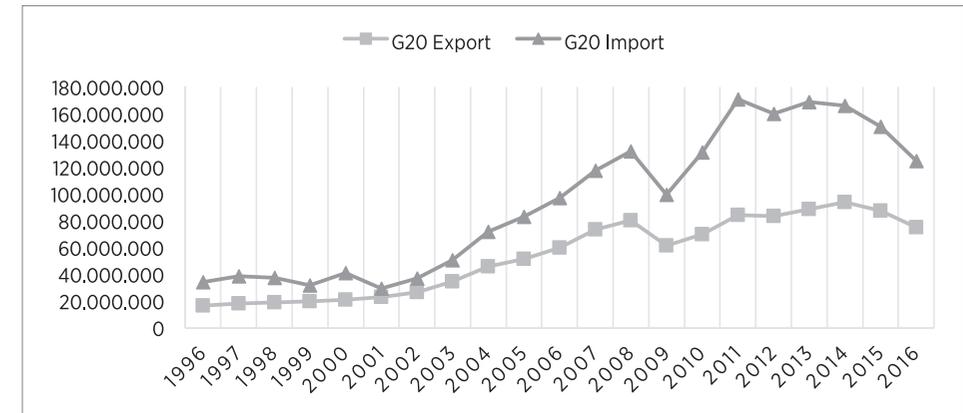
Table 2. Total Export- Total Import- Growth Rate of Export, Growth Rate of Import (Turkey-G20 Countries)

Years	G20 Export	Growth Rate of Export	G20 Import	Growth Rate of Import
1996	16 578 518	-	34 182 348	-
1997	18 039 004	8,09627184	38 420 090	11,03001572
1998	19 044 054	5,27749675	37 101 640	-3,553617157
1999	19 808 425	3,85881826	31 759 452	-16,82077932
2000	20 835 893	4,93124152	40 965 514	22,47271038
2001	22 859 177	8,85108103	29 461 786	-39,0462673
2002	26 516 584	13,79290432	36 883 745	20,1225748
2003	34 643 042	23,45769100	50 416 828	26,84239282
2004	45 671 785	24,14782592	71 746 942	29,72964836
2005	51 468 954	11,26342847	82 886 295	13,43931914
2006	59 666 327	13,73869215	96 803 948	14,37715364
2007	73 325 064	18,62765055	117 327 537	17,4925598
2008	80 143 824	8,50815385	131 730 276	10,93350716
2009	61 290 597	-30,76038928	99 512 431	-32,37569919
2010	69 655 564	12,00904266	131 129 834	24,11152526
2011	84 202 040	17,27568136	170 660 969	23,16354748
2012	83 230 249	-1,16759290	159 897 802	-6,731278763
2013	88 406 200	5,85473708	168 565 730	5,142164962
2014	93 846 221	5,79673916	165 855 539	-1,634067259
2015	87 223 424	-7,59291008	150 453 378	-10,23716474
2016	75 103 848	-16,13709184	124 601 525	-20,74762166

Source: Table 2 is created by using TURKSTAT data

It is observed that export continuously grow except years of 2009, 2012, 2015 and 2016 in Table 2. Global financial crisis affected not only Turkey but also all countries negatively in 2009 as it can be seen in 2009 data. Due to reductions in World economy in years of 2012, 2015 and 2016 export of Turkey decreased. Addition to these reductions extraordinary events such as FETÖ terrorist coup in 15 July causes decrease on Turkish exports. Also it is observed that import decreased except years of 1998, 1999, 2001, 2009, 2012, 2014, 2015 and 2016. Factors affecting import negatively are 1998 Russia crisis, 1999 earthquake, 2000 November and 2001 economic crisis. 2009 Global financial crisis affected Turkish import negatively like Turkish export. The reasons of reductions in import of Turkey in 2012, 2014, 2015 and 2016 are economic shrinkages in world and reduction of external dependence. To see total export and import better it is probable to look at Graph 1.

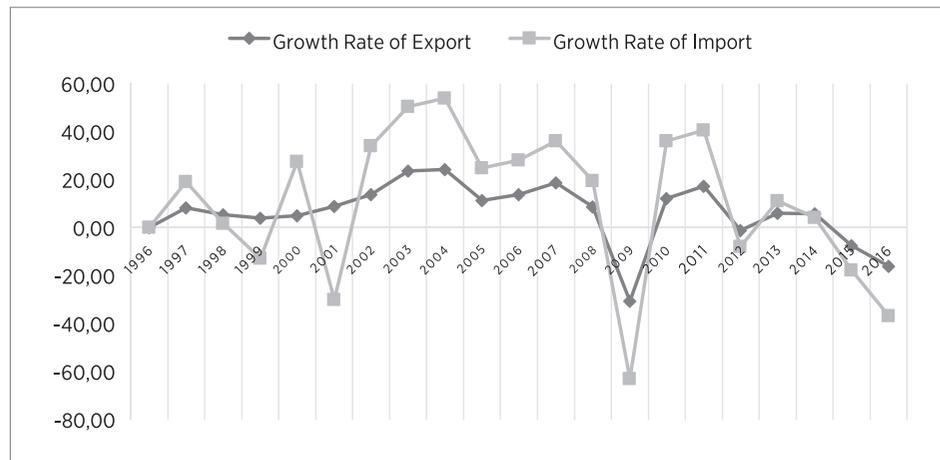
Graph 1. Total Export and Import (Turkey-G20 Countries)



Source: Graph 1 is created by using TURKSTAT data

As it is seen in Graph 1 Turkish export has increased in years of 1996 and 2016. Increase in export is experiencing lower grade than import. Generally, import is greater than export between these years. After 2001 Turkey experienced great economic growth and increase in foreign trade. However increase in import is greater than export. So the difference between export and import has increased. Shrinkages in import are bigger than shrinkages in export after 2013 and because of this reason the difference has started to close. To see the impact of export and import on economic growth and understand it better Graph 2 is drawn.

Graph 2. Growth Rates of Export and Import

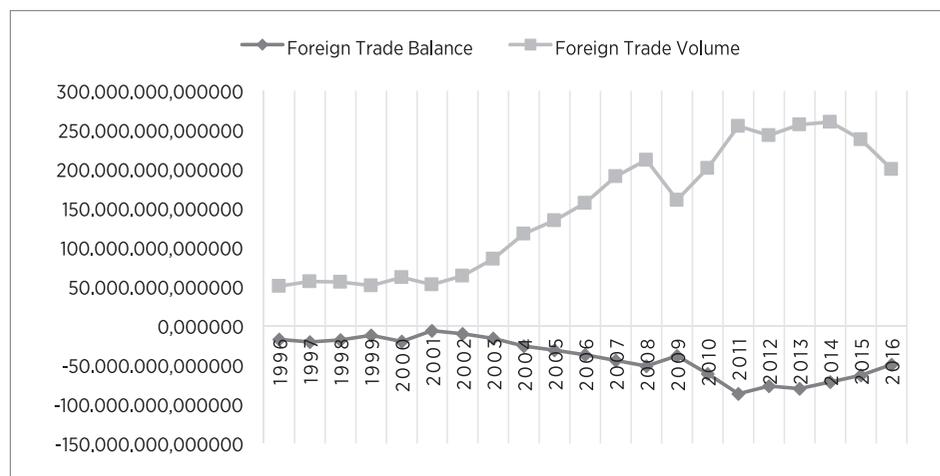


Source: Graph 2 is created by using TURKSTAT data

The difference between export and import has increased because of economic crisis between 1996 and 2001. From 2002 to almost 2016 the trend of increase in exports and imports are approximately similar. After 2012 it can be seen that the growth of export is slightly higher than growth of import.

After analyzing export and import it should be looked at foreign trade balance, volume and import dependency of exports. To observe developments in foreign trade balance and volume and analyze it better, the development of foreign trade and volume are given in Graph 3.

Graph 3. Foreign Trade Balance and Foreign Trade Volume

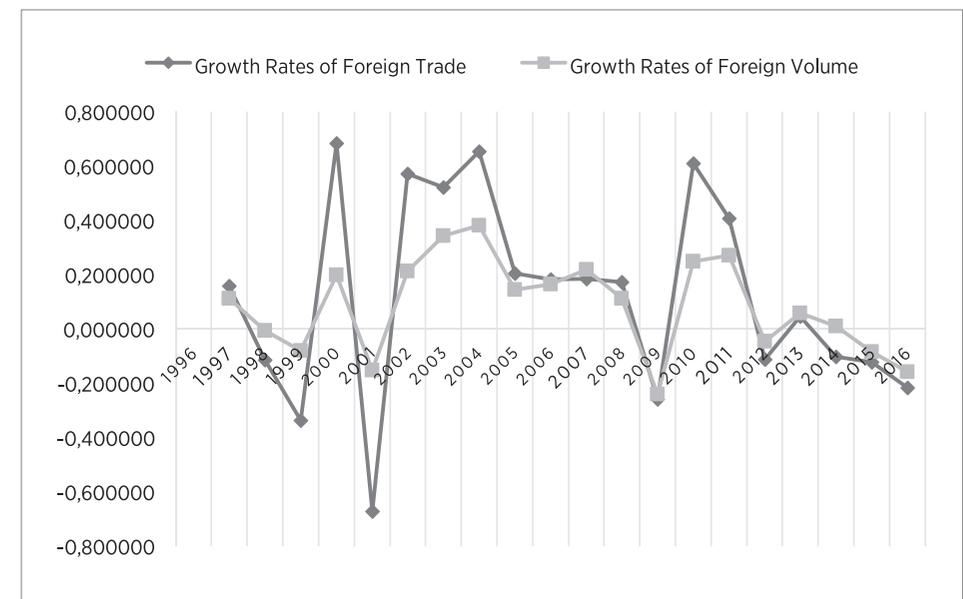


Source: Graph 3 is created by using TURKSTAT data

As it is seen in Graph 3 increase in foreign trade volume causes increase in foreign trade imbalances. After the economic crisis in 2001, the difference in foreign trade has started to increase. After 2002 due to continuous increase in foreign trade imbalances has increased except years of 2009, 2012, 2015 and 2016. By this way continuous foreign trade deficit has formed, foreign trade debt and costs have increased over the years.

After observing foreign trade deficit and volume to maintain integrity in analysis of Turkish foreign trade performance, we should investigate growth rate of foreign trade balance and volume. In Graph 4 growth rates of foreign trade balances and volume are given.

Graph 4. Growth Rates of Foreign Trade and Volume.

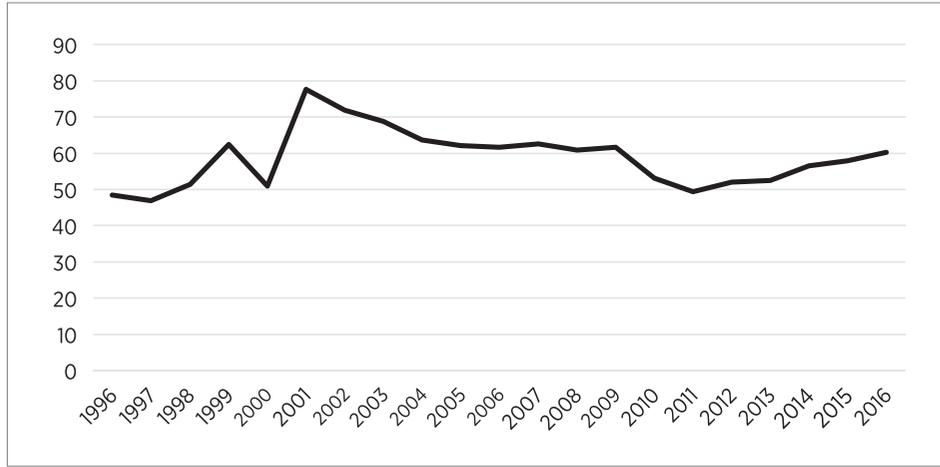


Source: Graph 4 is created by using TURKSTAT data

According to Graph 4, rate of change in foreign trade balance is faster than the change in foreign trade volume. This shows that in the coming years Turkey can live difficulty in funding deficit. This is also the reason for the unstable economic growth rates. Slow pace of change in foreign trade volume has positive impacts on economy. Growth of foreign trade volume also causes growth in foreign trade balances.

To complete our analysis we can look at the ratio of imports to exports in Graph 5.

Graph 5. Ratio of Imports to Exports %



Source: Graph 5 is created by using TURKSTAT data

In Graph 5, ratio of imports to exports is analyzed. The highest ratios are observed in years of 2001, 2002, 2003 and 2004. Turkey has experienced economic crisis in 2001 and this year has the highest imports to exports ratio. In the years after the crisis, import has decreased more according to export and because of this reason difference between export and import has decreased more. After 2002, the growth rate of import was higher than the growth rate of export until 2011. However, because of fluctuations in exchange rates the growth rate of export has performed better.

Conclusion

When we look at foreign trade between Turkey and G20 countries, almost an increasing process can be observed. Turkey's foreign trade has experienced better performance after participating G20 group. If we make general evaluation it can be seen that G20 countries have the highest share in Turkish foreign trade volume. This situation sourced from the power of G20 countries in World production and consumption. Until 2012 the most important trade partner of Turkey is G20 Group, however after that foreign trade with G20 countries have entered a tendency to decrease. Since 2012 Turkey has been looking for alternative countries and groups and by this way other country groups has started to occupy important place in Turkish foreign trade.

In the 21st Century when the new world order was established and to get success in economy Turkey should create new alternatives for himself. Generally Turkey has experienced decrease in export and import differences while economic crisis has occurred and has experienced increase in this difference while there is not economic crisis. Turkey should live away from this table in new world order. To realize this, Turkey should not live crisis due to external dynamics such as fluctuations in exchange rates of Euro or Dollar but should prefer to live crisis supported by internal dynamics if necessary. Because controlling internal dynamics is easier for policy makers. Addition to this, Turkey should not care only about being a member of international economic organizations but also look for ways to realize effective foreign trade with other economic organizations.

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The Principle of Confidentiality In Mediation and the Role of Confidentiality In Commercial Mediation

Att. Dursun Al

Abstract

Mediation alternative dispute resolution method, which is considered as one of the ADR (Alternative Dispute Resolution) methods primarily in foreign countries and in Turkey along with the adoption of the LMCD (Law on Mediation in Civil Disputes), has begun to be implemented, and it still rapidly continues to improve. In this method, parties want to settle their disputes with the resolutions they created on a voluntary basis with the participation of a registered mediator. The most important principle of commercial mediation is the principle of confidentiality because the parties do not want their trade secrets to become public, and lose out their advantages at the end of this process due to the explicitly confessed interests. Accordingly, it is required to comprehend the concept of trade secret and specialize in the commercial mediation field.

Keywords: *Alternative Dispute Resolution (ADR), Mediation, Basic Principles of Mediation, Confidentiality, Commercial Mediation.*

1. Introduction

Social and commercial relations developed with globalization have become multi-dimensional and complex. As a result of this developed relations, the number of disputes has increased and still continues to inc-

rease. Resolving the disputes only with the adjudication take a long time lasting for years. Besides, the costs have been increasing, personal secrets have been becoming known, and commercial and technological secrets have been public. At the end of the procedure, the parties need to accept the decision reached.

Mediation dispute resolution method, which is considered as one of the ADR (Alternative Dispute Resolution) methods primarily in foreign countries and then in Turkey along with the adoption of the LMCD (Law on Mediation in Civil Disputes), has begun to be implemented, and it still rapidly continues to improve. In this method, parties determine a voluntary resolution method, in which they may offer their creative solutions, with the participation of a registered mediator.

Voluntariness, mediator's impartiality and independence, and the fact that the parties have the command of the process, and confidentiality may be enumerated as the basic principles of mediation. However, the most important one of such principles is the principle of confidentiality, because the parties do not want to be in a disadvantaged position at the end of this process as their personal and commercial secrets become public and their interests are revealed. Therefore, the fields of family and commercial dispute may be considered as the fields, where the principle of confidentiality has the utmost importance. In this study; after giving general information about mediation, the principle of confidentiality in mediation dispute resolution method will be explained, and the role of the principle of confidentiality in commercial mediation will be discussed.

2. Mediation Concept in General

In our world, which has globalized with the rapidly growing technology and communication, our economic and social lives have changed, and some changes and developments have been experienced in trial as the inevitable result of this change. The non-judicial (amicable) dispute resolution methods were developed in order to relieve the heavy burden on jurisdiction and enable individuals to access justice fast and more efficiently. According to the CAPETELLI and GARTH, access to justice and methods have started to occur in three dimensions in terms of time. First

of all, the institution of legal aid was regulated in the 1960s in order for poor persons' right to access justice not to be restricted, and for economic obstacles to be removed. Secondly, the class actions were recognized with the purpose of removing the organizational obstacles in the 1970s. Regarding the class actions, some legislation has been adopted with the Trade Union Act, the Consumer Protection Law, and the Environment Law. Finally, the non-judicial dispute resolution methods have been developed and implemented.

Dispute resolution methods may be categorized into two groups, as judicial and non-judicial. The judicial dispute resolution methods are adjudication and arbitration. The non-judicial dispute resolution methods are direct meeting (negotiation) and mediation methods. This distinction can be obviously seen in the authentic table below.

Mediation is a non-judicial dispute resolution method. It may also be named as amicable dispute resolution method. The parties of the dispute may resort to the mediation when they have a private law dispute, which they may utilize freely. With the definition of the ADR, meaning Alternative Dispute Resolution method, in foreign countries, and the entrance of the LMCD into force in our country, the mediation dispute resolution method gradually becomes prevalent.

Different definitions are made due to the continuous development of the process related to the mediation and the differences among the cultures and local practices of those countries, on which it was applied. When the characteristics and the purpose of mediation are taken into consideration, it may be defined as follows. Mediation is a kind of special dispute resolution method that an impartial person assists the parties for reaching an agreement through negotiation, and that is voluntary and nonbinding, and that becomes binding on the parties with a document of understanding signed at the end of the process.

Mediation is defined in the article 2 of the LMCD as "a dispute resolution method carried out voluntarily, by employing systematic techniques, with the participation of an impartial and independent third person who brings the parties together to discuss and negotiate, and who establishes a communication process between the parties in order to ensure that they understand each other and find their own solutions by this means, and

in case it becomes evident that the parties cannot produce a solution, who is able to offer solutions, and who are specially trained”. With the sentence “who is able to offer solutions in case it becomes evident that the parties cannot produce a solution”, which was added by Article 17 of the Law no 7036, mediators are enabled to offer solutions for making mediation more effective, and for strengthening the possibility to conclude the process with an agreement.

Mediation is a more advantageous dispute resolution method compared to the arbitration due to the facts that settling a dispute takes shorter time, and that it is based on the principle of voluntariness, and that it is more economical for the parties. However, even though mediation method is a voluntary dispute resolution method, in some cases it confronts us as a mandatory dispute resolution method in the form of the cause of action. The most concrete sample of this in our country manifests itself in the Labor Courts Law no 7036.

It is accepted that the mediation method will provide many benefits in many respects by making it widespread and operational. Because disputes are resolved in a shorter period with less cost and labor. Since the workload of courts will decrease thereupon, the access to justice in litigation files will be provided in a shorter period and more effectively. Moreover, the parties have the command of the process as the parties may express their interests more freely in accordance with the principle of confidentiality. Starting from this point, the information and documents that are used in the mediation process cannot be alleged later on in case of non-agreement. On the other hand, communication is enhanced within the society with mediation method, and it provides a contribution to the social peace since the disputes are resolved without resorting to jurisdiction.

3. Basic Principles of Mediation

We can enumerate the basic principles that have to be taken into consideration from the beginning of the mediation process to the end as follows; voluntariness (willingness), mediator’s impartiality and independence, the fact that the parties’ having the command of the process, and the principle of confidentiality.

The principle of voluntariness contains the characteristics of resorting to the mediation method and participating in the process, and of the fact that the parties are able to freely express their own interests and accept or decline the offers, and of concluding the process. Thus, the parties make their own decisions in the mediation process totally free in resorting to this process, in maintaining the process, and in positively or negatively finalizing the process. The principle of voluntariness is expressed as, “The parties shall be free to resort to a mediator, to continue or finalize the process, or to renounce such a process.” in Article 3/1 of the LMCD.

The mediator’s impartiality and independence mean the performance of the mediation process by an independent and impartial third person. According to this principle, the mediator shall equally treat the parties, and shall not have an interest in the agreement to be made at the end of this process. As a natural consequence of this principle, disqualification of the mediator by the parties, and the mediator’s obligation to immediately inform the parties in the occurrence of such a situation that is contrary to this principle will make a provision of law. This principle is emphasized many times in our country in Article 9 of the LMCD no 6325 and in Articles 8 and 12 of the LMCD Regulation. As a result of impartiality, it is explicitly indicated in Article 9 of the LMCD that the mediator shall not assume a duty at the end of the process as an attorney-at-law of one of the parties. In addition, this principle is emphasized in detail in the Code of Conduct approved by the Ministry of Justice Mediation Board.

The principle that the parties have the command of the process means that the parties have the complete authority to decide and determine the rules regarding the management and continuance of the process.

Since the principle of confidentiality creates the foundation of our study, it will be examined in detail under an individual title.

4. Principle of Confidentiality in Mediation

Principle of confidentiality is one of the most basic principles in mediation, which is one of the non-judicial dispute resolution methods. As a matter of fact, mediation is a specifically preferred method in accordance with the principle of confidentiality since the parties aim at keeping some

issues as secret. For that reason, the principle of confidentiality is regulated in the legislation of those countries, where the mediation dispute resolution method is implemented. The principle of confidentiality is stated as follows in Article 7 of the European Union Directive.

“Given that mediation is intended to take place in a manner which respects confidentiality, the Member States shall ensure that, unless the parties agree otherwise, neither mediators nor those involved in the administration of the mediation process shall be compelled to give evidence in civil and commercial judicial proceedings or arbitration regarding information arising out of or in connection with a mediation process, except:

- (a) where this is necessary for overriding considerations of public policy of the Member State concerned, in particular when required to ensure the protection of the best interests of children or to prevent harm to the physical or psychological integrity of a person; or
- (b) where disclosure of the content of the agreement resulting from mediation is necessary in order to implement or enforce that agreement.”

As a word, confidentiality means a situation that almost nobody knows and carries no risk causing harm to the personal rights, trade and social life of its owner if it is known. Thinking that the information, which the disputant parties declared within the process, and the documents they submitted, bears legal consequences against themselves in the future will cause the process to be negatively concluded. Therefore, getting in contact with the parties and getting free from reservations will be possible by building the principle of confidentiality on a solid ground.

4.1. Confidentiality in Mediation in the Turkish Legislation

The legislative regulations in our country concerning the principle of confidentiality are included in Articles 4 and 5 of the LMCD no 6325, and in Articles 6 and 7 of the LMCD Regulation, and in Articles 3 and 10 of the Turkey Mediation Board Mediation System and Code of Conducts and Code of Practice for Mediators. The Constitutional Court decided to

dismiss the request for repeal in the case, which was filed for the repeal of confidentiality article and some other articles of the LMCD by emphasizing the principle of confidentiality.

According to Article 4 of the LMCD; “Unless agreed otherwise by the parties, the mediator shall be liable to keep confidential the information and documents which are submitted to him/her within the framework of the mediation activity or which he/she obtains otherwise, and other records.

Unless agreed otherwise, the parties shall also be obliged to abide by the principle of confidentiality on this matter.”

Accordingly, the mediator is responsible for keeping the information and records as confidential, which are provided to him/her during the mediation process or he/she acquired in another way. In the second paragraph of the law, those under the confidentiality obligation are separately mentioned by saying “the parties and the other persons participating in the meetings”. The expression of “also the parties” in the old version of the article text is amended as “the parties and the other persons participating in the meetings”, and the persons under the confidentiality obligation are extended. The principle of confidentiality is consolidated with this amendment.

In Article 6 of the LMCD Regulation, after the text of the Law is repeated, a number of different rules are added related to the principle of confidentiality. Accordingly, taking photos and making sound and imagery recording during the practice of mediation shall not be made. It may be decided that the entry of a mediator breaching the principle of confidentiality may be erased from the registry, as his/her civil and criminal liability is reserved. It is also mentioned in the Regulation that the principle of confidentiality shall also include those persons working with the mediator and those ones serving as an apprenticeship. It is regulated unless otherwise agreed, that the parties and their attorneys also have to comply with the principle of confidentiality and that likewise, the officers of the Ministry and the Board are also subject to the principle of confidentiality.

The exception to the confidentiality is further mentioned by saying “unless otherwise agreed”. Accordingly, the parties may introduce exemptions as to that some or all of the information and documents in the process may be disclosed. It should be also accepted that the breach of the principle of confidentiality will not occur at the time when the mediation

agreement is enforced, and in cases where claims of defective wills, such as fault, deception, and intimidation are asserted. Even so, mediators indirectly assisting the adjudicatory activities should report a crime, which is being committed or has been committed but the consequences of which are still limited, to the competent authorities.

4.2. Confidentiality in Mediation from the Aspect of Procedural Law

When a legal action is filed or an arbitration proceeding is started, mediator or third persons including those participating in mediation shall not testify, and the mediation invitation or the request of a party to participate in the mediation activities, opinions and proposals submitted by the parties, suggestions made by the parties or acceptance of an event or claim, and the documents prepared only for the mediation activity shall not be asserted as evidence pursuant to Article 5/1 of the LMCD.

For instance: in the case of *E.J. Wilson v. Sheriff Roland Attaway*, the plaintiff party was arrested as a result of the occurred discussion. The mediator indicated the event that occurred in front of him/her in his/her report, and this report was accepted as the main evidence for punishing the plaintiff party. The plaintiff party filed a lawsuit because of this arrest, as his constitutional rights were violated. The court decided that using the mediation report against one of the parties is going to sabotage the mediation process, after the mediation institution had been applied with the principle of confidentiality.

Pursuant to Article 5/2, it is mentioned that disclosure of the information specified in the first paragraph shall not be asked by the court, arbitrator or any legal or administrative authority (including courts and arbitration), and even though these statements and documents are submitted as evidence despite the prohibition, they shall not be predicated on. However, an exception is introduced to this, and it is mentioned that the said information might be disclosed as much as it is required, in the case that it is ordered by a provision of law, or in the case that it is required for the implementation and enforcement of the agreement that was made at the end of the mediation process. Pursuant to Article 5/3 of the LMCD, in case the mediation is negatively concluded, evidences do not become non-

acceptable evidences because they are only submitted in mediation, even though they may be asserted in litigation and arbitration by the parties.

In Article 5 of the LMCD, it is regulated in detail that the mediator shall not testify concerning the mediation process. Despite that, if the parties agree that the mediator may testify, the mediator may testify. It is also regulated in the law that the third persons participating in the mediation process shall not testify. In this regard, it is controversial in the doctrine whether the legal representative in the position of a third person or legal representative of a legal person may act as a witness. According to the widely accepted opinion, these persons shall not testify as well, but they may be listened through arraignment.

4.3. Consequences of Confidentiality Breach in Mediation

There are several consequences arising from the violation of the above-mentioned principle of confidentiality in mediation. In case the principle of confidentiality is breached by the mediator, parties, persons participating in the meeting, employees and interns working with the mediator, the officers of the Ministry and the Board, meaning all the persons enumerated by the laws and regulations, the compensation obligation shall arise pursuant to the rules of tort liability, non-compliance with the contractual liability and monetary liability. Moreover, it may be decided to erase the mediator from the registry pursuant to Article 21 of the LMCD and Article 6 of the LMCD Regulation. Additionally, the person causing harm to another person's legally protected interests through violating the principle of confidentiality shall be punished with imprisonment up to six months, but investigation and prosecution of this crime shall be subject to the complaint pursuant to Article 33 of the LMCD.

4.4. Confidentiality in Mediation in Terms of Advocacy and Notary

The requirement of being a graduate of a faculty of law with at least five years of seniority in the profession is looked for. Therefore, the principle of confidentiality has a particular importance for Attorneys and Notaries. According to Article 36 of the Attorneys' Act, attorneys are prohibited from disclosing the matters they learned either by reason of advocacy duty entrusted to them or by reason of their duties in the Union of Turkish Bar

Association and in the departments of bar associations. Moreover, consent of the client is required for the attorney to testify in that regard.

With regard to notaries, notary and the notary clerks cannot disclose the secrets they learned by reason of their duties except the situations ordered by the laws pursuant to Article 54 of the Notary Law. We should also mention that no service and duty shall be combined with notary pursuant to Article 50 of the Notary Law. With the letter of the Ministry of Justice, Directorate General for Legal Affairs dated 22.07.2013, there is no legal barrier for the notaries to participate in the mediation training, and also participating in the written and practical examination with the certificate given at the end of training, but due to the above-mentioned article, notaries shall not be registered in the mediation registry, and shall not perform this duty pursuant to the mentioned legislation, even though they receive the mediation certificate in a specified manner.

5. Role of the Confidentiality in Commercial Mediation

No matter how meticulously parties act in making the commercial agreements and in carrying out the commercial relations, the arising of disputes are may not be prevented. When it is considered that the litigation process that is applied for the settlement of commercial disputes takes long years and all the trade secrets become public, it may be said that the non-judicial dispute resolution methods become preferable. Even though it is controversial, the legal remedy of appeal is predicted to extend the litigation process further. In that case, mediation method, in which the parties may comfortably reveal their interests and requests, becomes preferable since it is subject to fewer rules and is less costly, and the dispute reaches a solution in a shorter time compared to the litigation and arbitration. However, mediators specialized in commercial disputes are needed since this is an extremely broad and complex field.

As a rule, litigation is public and cannot be made confidential. This is called as the principle of publicity. Inspecting the litigation and providing the objectivity and trust in justice are aimed with this principle. This principle is expressed with the provisions of “Hearings are open to everybody in courts.” and “Hearing and notification of the decisions are public.”

in Article 141 of the Constitution. Moreover, Article 6/2 of the European Courts of Human Rights “Judgment is rendered publicly.” and Article 11 of the Universal Declaration of Human Rights “Everyone charged with a penal offence has the right to be presumed innocent until 33 proved guilty according to law in a public trial at which he has had all the guarantees necessary for his defense.” emphasize that the principle of publicity is the inalienable factor of the fair hearing. According to the Constitution and Code of Civil Procedure, when it is certainly required for the reasons of public morality or public safety, the principle of publicity in hearing is not implemented.

Accordingly, it is very clear that the principle of publicity, which is the rule for litigation, has some inconveniences in terms of protecting trade secrets. On the other hand, the whole process is carried out in confidentiality in the mediation dispute resolution method, and the violation of this principle of confidentiality is also protected with various penal provisions. Moreover, the parties may request a special meeting from the mediator for the secrets that they do not want the other party to learn, and the mediator cannot make explanations to the other party regarding the special meeting unless an express consent is given. In this respect, making the mediation meetings and negotiations as confidential enables the mediation dispute resolution method to be more advantageous compared to the litigation.

5.1. Commercial Mediation

First of all, it is required to put in a nutshell what commercial disputes may be in order to discuss the commercial mediation. To begin with, the disputes mentioned in the Commercial Code are within the scope of commercial disputes. In that context, 6 books will enable us to determine the criteria of commercial disputes, comprising “Commercial Enterprise”, “Trading Companies”, “Commercial Papers”, “Transportation Dealings”, “Maritime Commerce”, and “Insurance Law”. Moreover, the following is mentioned in Article 4 of the TCC, which regulates the distinction of commercial litigation; “(1) Civil actions resulting from the business organizations of both parties, non-contentious transactions and regardless of the status of relevant parties as being trader or not, all legal cases related to and arising from the issues partaking in;

- a) This Law,
- b) Articles 962 through 969 of Turkish Civil Code on pawnbrokers, who are lending upon pawn,
- c) Of the Turkish Code of Obligations dated 11/1/2001 and no 6098; Articles 202 and 203 concerning the take-over of the assets and business and the merger and transformation of businesses, Articles 444 and 447 regarding the prohibition of competition, Articles from 487 to 501 regarding the publishing contracts, Articles from 515 to 519 regulating the letter of credit and order of credit, Articles from 532 to 545 concerning the commission contract, Articles from 547 to 554 setting up the rules for commercial representatives, commercial agents and other trader assistants, Articles from 555 to 560 regarding the money order, and Articles from 561 to 580 regarding the safekeeping contracts,
- d) Legislation concerning intellectual property,
- e) In special provisions related to the exchange market, exhibition, fair, markets, warehouse and other places that are peculiar to trade,
- f) In regulations regarding the banks, other credit agencies, financial institutions and money lending transactions are considered as commercial case and commercial non-contentious jurisdictional transactions.”The issues mentioned in this article will be considered in the determination of the commercial disputes. In fact, it is required to mention the disputes arising from this law in the determination of the commercial disputes, as it is in Article 99 of the Cooperatives Law.

With the determination of commercial disputes, it is required to determine which commercial disputes are eligible for mediation. In accordance with the article 1/2 of the LMCD, private law disputes, arising solely from the acts or proceedings, which the parties may freely utilize, including those possessing the element of foreignness, are included in the scope of the mediation.

5.2. Trade Secret

Regulations are made, and sanctions are established in various laws for trade secrets, banking secrets, and customer secrets. In this regard, breaches of trade secrets, banking secrets or customer secrets are considered a crime in Article 239 of the Turkish Criminal Code in order to secure the confidentiality of both real persons and legal persons in commercial life. Likewise, the disclosure of banking secrets and customer secrets by bank employees or third persons are prohibited in article 159/1 of the Banking Law no 5411, and similar rules are established in Article 35 of the Law on the Central Bank of Republic of Turkey no 1211.

The definitions of trade secret, customer secret, and banking secret were made in the “Draft Law on Trade Secret, Banking Secret and Customer Secret”, which was prepared by the Ministry of Justice and presented to the TGNA on 01.02.2008. Despite the fact that this draft law was not enacted yet, such detailed definitions may be used in practice. Trade secret, banking secret and customer secret are defined as follows in that draft:

- a) Trade secret: When the text of Article is looked at, certain characteristics have to exist for determining the scope of the trade secret. These characteristics may be listed as follows:
 - Being known and acquired only by a certain number of people and other officers, and being related to the field of activity of a commercial enterprise or company,
 - The existence of the possibility for sustaining a harm in case it is learned by the competitors of the tradesman, and being among the information and documents that are required not to be disclosed to third persons and the public,
 - Having particular importance for the success and productivity of the enterprise and company in the economic life.

After the characteristics of the trade secret are enumerated in the text of Article, some trade secrets are counted as not limited. Trade secrets enumerated in the text of Article are as follows:

“... information and documents related to the internal structure and organization, financial, economic, credit and cash situation, research

and development activities, operation strategy, raw material sources, technical specifications of the manufacturing, pricing policies, marketing tactics and costs, market shares, wholesale and retail customer potential and network, agreement connections that are subject to or not subject to permission or similar information and documents,”

- b) Banking secret: Information related to the financial, economic, credit and cash situation that are known by the members and other officers of the board of directors and supervisors, and all kinds of information and documents related to the customer potential, crediting, accepting deposit money, management principles, other banking services and activities, and risk positions of the bank,
- c) Customer secret: All kinds of information and documents that commercial enterprises and companies, banks, insurance companies, intermediary firms operating in the capital and financial markets learned in customer relations regarding their own field of activity, and they learned directly or indirectly regarding the personal, economic, financial, cash and credit situation of the customer.”

5.3. Principle of Confidentiality in Commercial Mediation

As it is mentioned in the reasoning of Article 4 of the LMCD as “Confidentiality may sometimes be the most important factor for the parties resorting to the non-judicial dispute resolution methods. If the third persons know that the two parties having important commercial relations are in dispute for exorbitant sums, this might affect their reputation in the market and their business relations, or both parties may not want some confidential matters to become public.”, the principle of confidentiality is sometimes seen as the purpose of preferring mediation.

Even though the mediation has many advantages in the settlement of commercial disputes such as time and cost, the principle of confidentiality has a distinct place as it is in the family mediation. Likewise, we have made detailed explanations above as the legal regulations including penal sanctions were made for providing assurance in this regard.

At the litigation stage, the parties submit their information and documents related to the litigation subject to the file, witnesses are heard in that regard, and some of the documents are occasionally ordered by the court to be submitted. All of these are publicly discussed in the hearings pursuant to Article 141 of the Constitution. Trade secrets are also made public in arbitration. Consequently, the parties may not decide the result of the dispute and what will be written in the decision. Therefore, confidentiality in commercial mediation constitutes the basis for preferring this method.

Aside from the mediation legislation, Istanbul Chamber of Commerce has determined its own mediation rules. The establishment of these special rules is the most concrete indicator of the importance attached to the mediation in commercial disputes. According to these rules, the principle of confidentiality is defined in Article 9 as: “Unless otherwise agreed, the parties and their attorneys, Council, Secretariat, mediator and expert are under the obligation of keeping the information, documents and other records as confidential, which are provided to them within the scope of the mediation activity or which they acquired in another way.

The compliance obligation to the confidentiality rule involves the persons working with the Council, Secretariat, mediator and expert, and the persons under their supervision and observance.”

6. Conclusion

With the definition of LMCD, mediation dispute resolution method is a dispute resolution method carried out voluntarily, by employing systematic techniques, with the participation of an impartial and independent third person who brings the parties together to discuss and negotiate, and who establishes a communication process between the parties in order to ensure that they understand each other and offer their creative solutions by this means, and in case it becomes evident that the parties cannot produce a solution, who is able to offer solutions, and who is specially trained. Having settled in a legal ground with the LMCD that is adopted in our country in 2012, mediation rapidly continues to develop. Some amendments made in the mediation cause of action, which was introduced with

the Labor Courts Law no 7036, and some amendments made in the Mediation Law, are the most concrete examples of the development of the mediation in our country.

One of the fields needing the implementation of mediation dispute resolution method at most is the trading field. In today's world, where the disputes have increased, parties of the commercial disputes, who do not want to wait for the long-lasting litigation process, have started to prefer mediation among the non-judicial dispute resolution methods. For it is possible to reach a solution with less cost by means of this method.

However, the principle that the parties are careful about in the settlement of disputes is the principle of confidentiality. Because it is aimed at precluding the publication of the matter in dispute with the information and documents used in this process that started based on trust. Thereby, both the trade secrets of the parties are not disclosed and their commercial reputations are not hurt. For this reason, the principle of confidentiality is regulated in detail in Article 4 of the LMCD, the LMCD Regulation, and the Mediation Ethical Rules. Moreover, the scope of the principle of confidentiality is widened through some amendments and additions to the confidentiality Article of the law no 7036. The principle of confidentiality does not only include the mediation process, but it is also clearly regulated with the law that the information and documents, which are acquired during the process, shall not be used at the end of the process. The principle of confidentiality is so important in the commercial life that there are various penal sanctions regarding trade secrets, banking secrets and consumer secrets in the Turkish Commercial Code, Banking Law and CBRT Law before the LMCD.

Although the principle of confidentiality, which has recently been settled on a legal ground, was tried to be ensured with penal sanctions, we believe that making the prosecution and investigation subject to complaint and arranging a short-term prison sentence pursuant to Article 33 of the LMCD are not deterrent. Moreover, laying down the condition of "causing a harm to legally protected interest", when the principle of confidentiality is breached, has weakened the sanction, and I would like to mention that proving this condition is considerably difficult.

On the other hand, the principle of confidentiality, which is aimed at preventing the publication of trade secrets and falling in to disrepute, has to be sufficiently assured in order to make the commercial mediation

applicable at a desired level. For this, a number of special regulations have to be made out of LMCD in those matters requiring expertise like commercial mediation. The "Mediation Rules", which were introduced by the Istanbul Chamber of Commerce Arbitration Center, may be considered the beginning of such regulations.

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Evaluation of The Ukrainian Crisis Within The Context of Regional Security Complex Theory

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Abstract

Ukraine is geographically located as a buffer zone between Russia and Europe. The peoples of Ukraine have shared common historical cultures and backgrounds with the Russians. Ukraine is a trans corridor for the European Union (EU) in terms of energy transmission lines and has a coast to the Black Sea. Due to these factors, its strategic significance has increased for Russian Federation (RF). These common values that Ukraine has shared with Russia and its own strategic position have consistently been in the centre of Russian Federation's near abroad doctrine. There have been two factors which have triggered the crisis in the region: the conflicting forms of perception of regional actors such as the EU and Russia Federation and the fact that the Ukrainian peoples have been continuously forced to choose one side. The main objective of this study is to assess the 2014 Crisis case within the framework of Russian Federation-Ukraine-Europe relations in line with the qualitative definition of the Regional Security Theory. First, the conceptual framework of the theory on which study is based will be drawn. Following this part, Ukraine will be assessed with considering historical, social and strategic vectors that it possesses and how these vectors affect its foreign policy making process and the effect of

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these vectors on security perception. Finally, after giving a brief background of the 2014 Crisis, the regional triggers of the crisis will be addressed, and the conception of these regional triggering factors which perceive Ukraine and how political expectations securitizes the region will be assessed.

Keywords: *Regional Security Complex, Post-Soviet Area, European Security Area, Buffer Front, Near Abroad Doctrine*

Introduction

Although the societies of Russian Federation and Ukraine have common history and cultural ties, there have been several disputes/challenges/conflicts/problems among them and these disputes have still remained in various dimensions, today. In the post- Union of Soviet Socialist Republics (USSR) period, while Ukraine was following policies to consolidate its independence, Russian Federation was seeking to control the Soviet geography which was defined as near abroad of Russian Federation. These foreign policy goals, carried out by the two countries, have created security dilemma against each other and caused existence of some crises.

Aftermath of the 1970s, the energy security issue has gained importance in security policies. In this context, the natural gas crises between Russia and Ukraine, which started in the 2000s, have shown that regional countries should invest their energy security policies again. These conflicts have triggered the conflicts between regional countries' approach to energy supply security. (Erkan, 2015) The last crisis has been based on incidents/movements that occurred in Ukraine in November, 2013. As the movements spread to the Crimean region, which hosted the Russian minority, Russian Federation sent troops there, and this has caused the problem to escalate and transform into a crisis. In March 2014, the fact that the Crimea was annexed to Russian Federation as a result of the referendum has caused a great reaction in the international community, and many actors took sanctions against Russian Federation.

The Ukrainian Crisis is linked to other regional security issues, and therefore developments that are taking place in this region can affect both other conflict regions and create new opportunities for regional countries. The crisis has also affected security dynamics of the region in general, revealing state typologies such as friendship and hostility on the basis of the reactions of the region's states, and at the point of analysis, we apply to the Regional Security Complex Theory. In addition, the two countries have been examined in the same security complex with the common cultural and historical structures carried by the two sides of the crisis, Ukraine and Russia. (Lazar, 2014)

In this study, with considering security issue and ethnic- cultural characteristics and including the former USSR countries, Post-Soviet region has been defined in Regional Security Theory which has been theoretically referred. In this definition, the group of Belarus, Ukraine and Moldova states have been defined as a whole in the sphere of influence of Russian Federation in terms of cultural and political aspects. The sub-regions of the Caucasus and Central Asia in the post-Soviet region have displayed a more unstable structure than the sub-regions formed by these states. However, the region in which Ukraine is also located is the most important sub-region for Russian Federation. The reason behind this is that Ukraine creates identity problem for Russian Federation. Moreover, Ukraine has always been regarded as an integral part of Russian Federation, unlike the independent Caucasian and Central Asian states in the South. A third reason is that Eastern Europe has been regarded as Russian Federation's most significant interregional link.

The objective of this study is to analyse the 2014 Crisis case within the framework of the Russian-Ukrainian-European relations in line with the qualitative definition of the Regional Security Theory. Thus, despite the fact that they are located in close geographical regions, the reflection of the geopolitical difference of the two neighbouring regional complexes, Europe and the Post-Soviet Region, to the field will be explained through the actions and expectations of the actors from the 2014 Crisis. It will also emphasize the significance that Ukraine possesses for its regional and non-regional actors in strategic post-war, with the fact that Ukraine is a buffer zone within the Post-Soviet Area and Europe. In this context, the effects

of the actors' different expectations towards Ukraine and the Ukraine's position which is being in limbo in terms of culture and politics on foreign policy actions will be revealed.

In this context, the theoretical background of this article is based on the Regional Security Complex Theory developed by the Copenhagen School and the Territorial Security Approach. In this study, with applying descriptive analysis methods, statistical data have been utilized for analyses of close social, cultural and ethnic structures of actors in the same complexes.

1. Conceptual Framework

A number of theses have been propounded on the new international order and security issues that have arisen aftermath of the Cold War. Samuel Huntington's *The Clash of Civilizations* thesis has received a lot of attention but has been subject to some criticism. Securitization approach which is known as the Copenhagen School has found this thesis as inefficient in some areas of this theory and it has pointed out a new alternative to the theory of security.

Aftermath of the Cold War, the Copenhagen School has positioned itself as a third way between those who advocate the inclusion of non-state actors by excluding the concepts such as use of force and threaten to use of force from the scope of the security studies which is a sub-discipline and the other approaches that advocate the need to preserve its traditional understanding. The school has offered a sectorial analysis on security in terms of functionality and it has considered the securitization theory with regarding the security within military, economic, environmental/peripheral, social and political sectors and it has adapted this theory to these five sectors. In terms of territorial extent, it has argued that security should be analysed at regional level. In this context, the theory of securitization has been adapted to various regions along with the Theory of Regional Security Complex. (Balta, 2016, s. 250-251) According to the scholars of this school, it has been argued that security issues will stem from the regions and intra-regional conflicts instead of the context of civilizations in the new era. The theory

developed in this context is called the Regional Security Complex Theory (RSCT). According to this theory, geographical areas that have similar problems in terms of security or have common potential in these issues form a complex. (Birdiřli & Gren, 2018, s. 3) The analytical framework of the theory has been conceptualized as a Regional Security Complex in "Regions and Powers: The Structure of International Security" by Barry Buzan and Ole Waever and published in 2003. In political science, many geopolitical, geo-cultural and geo-economic lines intersect and the areas with internal strategic integrity are defined as basins. In terms of security, this definition reflects as region. The security complex, on the other hand, emphasizes the group of states that are so close to each other that their primary security concerns and national security are indistinguishable.

The RSCT is based on a combination of constructivist and materialist approaches. In the context of the materialist approach, it provides a similar view on the distribution of the limited territorial idea and the power in different quantities in terms of neo-realism. At the regional level, the analysis emphasis is in line with the neorealist approach, which is consistent with neo-realism's structural relevance, but which emphasizes structural analysis at the global level. In terms of constructivist approach, on the other hand, is similarly based on the theory of security, focusing on the political and cultural processes that enable new security problems to arise. (Buzan & Waver, 2003, s. 4)

In this study of the Copenhagen School in 2003, the world is divided into nine regional security complexes: North America, South America, Europe, Post-Soviet Area, Middle East, South Africa, Central Africa, South Asia and East Asia. (Balta, 2016, s. 251) The Post-Soviet Area within this theory consists of four sub-regions. These include: Central Asia, Caucasus, Baltic States and Eastern European States (Ukraine and Belarus). The security perceptions and concerns of most of the states in these regions are related to the states in the lower complexes in addition to RF. What defines a broader security complex and brings them all together is RF's attempt to reposition itself in the region. Russia's coalition over the CIS for this purpose has been interrupted by the West as an important possibility. The role of Europe on this great territory and the role of RF in the identity struggle is a significant factor that will affect this possibility. (Buzan & Waver, 2003, s. 397)

According to Buzan and Weaver, many factors of the regional dynamics in the post-Soviet area constitute the external indicators of the regional security complex. According to Buzan and Weaver, states that are in the same security complex constitute tightly connected security associations due to close security perceptions. Ukraine, which is located in the post-Soviet area and neighbour country of the European area at the same time, possesses these characteristics. In this context, Ukraine's security problems/issues affect not only the actors in the region but also the non-regional actors who are trying to take part in the region. Although states have common identifiable factors in the same complex, we can see that these factors together with security problems/issues are less effective. (LAZĂR, 2014) In this context, when the current policies of Ukraine and Russia create a security dilemma between each other, it is seen that the common historical identities they carry are left aside. In addition, while explaining the formation of a regional security complex, historical patterns of friendship and hostility are examined as independent variables. We see that these patterns exist in the historical relations of Ukraine and Russia.

In addition to being in the post-Soviet area, Ukraine, as the Eurasian view claims, it is on the "near-periphery" of the geopolitical line where RF's vital interests began as a continuation of the former Soviet Republic. At the same time, Ukraine is on the very crucial social fault lines in the region where Dugin conceptualized as a buffer cord. Especially in Ukraine, the fact that some elite rulers have claimed to be competing against Russia since the medieval ages and the people in the west of the country have acted in contradiction with Ukrainian national consciousness has revealed this fault line. As a result, nationalism has been a source of concern for the Russians since the time of the USSR. In the 1980s, these strong national movements were seen in the Baltic republics, especially in Ukraine, and in the Caucasus republics. However, Ukraine also has anti-nationalist and anti-Orthodox groups moving through Slavism. Another characteristic of these countries is that it is conceptualized as buffer cord by Dugin.

According to the Eurasian theorist A. Dugin, the most effective tool of the maritime forces in the world is the 'buffer cord'. This cord is a

strip which consists of several border states that are hostile to both Western and Eastern neighbours but allied with Western powers outside the region. According to him, Ukraine (especially Uniat² and the Catholic western side of Ukraine) are candidates which are ready to become members of the new buffer cord. For Dugin, this cord which can consist of Ukraine has been supported by the US and its allied states. If this cord is established, it will draw away from RF in terms of political extent and Eurasia in terms of territorial aspect. Since, the factors such as Orthodoxy, Slavic kinship and the Russian population inside of its territory which create bounds with this region will abolish and will cause Eurasia to be surrounded by non-regional actors. (Dugin, 2016, s. 197)

2. Factors Affecting Ukraine's Security Perception

2.1. Historical Background of Ukraine

While no agreement has been reached on when the first Ukrainian state emerged, some historians claim that it is the Russian Principality of Drevni located in Kiev between the 9th and 10th centuries, while some historians argue that it is a Russian state, not Ukrainian. (Sönmez, Bıçakçı, & Yıldırım, 2015, s. 658) In fact, this is a manifestation of the fact that the Russians and Ukrainians, two Slavs, have a common history as well as ideological distinctions and different identity perceptions. In 1240, aftermath of the collapse of the Principality of Kiev by the Tatars, Ukraine's geography was dominated by many regional states, particularly the Ottoman Empire and Russia. In the Crimean region, which is the coast of Ukraine to the Black Sea, the Ottoman sovereignty continued for a long time, but the Russian sovereignty in the region from the middle of the 18th century until 1917 was experienced. Aftermath of the October Revolution of 1917, it can be seen that there were efforts to build a nation state in the regions of Ukrainians, even for a short period of time. But after 1920, Ukraine continued to exist as a union republic under the roof of the USSR until 1991.

The cultural, religious and ethnic disunity in Ukraine has shown itself in the historical process. It has been observed during the Second World War that some of the Catholic people in the western part of

² Uniat is an association of the Orthodox churches which are willing to remain attached to the Pope in Rome in various countries of Eastern Europe, especially Ukraine and Belarus

Ukraine joined the Nazi armies and the Orthodox people in the eastern part joined the Red Army. (Sönmez, Bıçakçı, & Yıldırım, 2015, s. 658) Following World War II, Crimea was a peninsula annexed to USSR until 1954, but the peninsula was given as a gift to Ukrainian Soviet Socialist Republic by Khrushchev for the commemoration of the 300th anniversary of Ukraine's annexation to USSR in 1954. After the independence of Ukraine in 1991, Russia has lost its supremacy in the Black Sea as well as its military base in the Crimean Peninsula and Sevastopol. In 1993, the Russian Parliament unanimously decided that Sevastopol is a part of RF, and did not approve the Crimea's annexation to Ukraine as legitimate in 1954.

Because the region where the fleet is located is indispensable for Russia for being strategically opened to Central Asia, the Caucasus, the Black Sea and the Mediterranean. The military base in Sevastopol initially caused problems with the use of the Naval Base, sharing the Navy, while Russia continued to use the base with long-term use agreements and took full control of the Crimea with the annexation. (Saraçlı, Bahar 2015, s. 54-55)

2.2. The Social Structure of Ukraine

Although Ukraine is a unitary nation state in terms of politics, it has different several ethnic minorities. When ethnic minorities in Ukraine are listed, it is seen that two different classification approaches have been applied. According to the first classification method, there have been groups like that Ukrainians, Ukrainians who behave as Russians, Russians who behave as Ukrainians, and Russians who preserves the Russian identity. According to another classification, many ethnic minorities have been considered while listing these groups. These ethnic minorities can be listed as Crimean Tatars, Gagauz people, Rumanians, Hungarians, Polish, Armenians, Germans and Jews. The Russians, whose name we do not mention, form a large group in numerical terms that would lead to political change (Özdağ, 2015, s. 74) The ethnic distribution of the population in Ukraine can be seen in Table 1 (State Statistic Committee of Ukraine) according to the figures of 2001. The current population of Ukraine is around 45 million. (World Bank Datas, 2018)

Table 1: Ukraine 2001 Yearly Ethnic Population Distribution

Ethnic Group	Population	Rate
Ukrainian	37,541,700	%77.8
Russian	8,334,100	%17.3
Belarusian	275,800	%0.6
Moldavian	258,600	%0.5
Crimean Tatars	248,200	%0.5
Bulgarian	204,600	%0.4
Hungarian	156,600	%0.3
Rumanian	151,000	%0.3
Polish	144,000	%0.3
Jewish	103,600	%0.2
Armenian	99,900	%0.2
Greek	91,500	%0.2
Tatar	73,300	%0.2
Gypsy	47,600	%0.1
Azerbaijani	45,200	%0.1
Georgian	34,200	%0.1
German	33,300	%0.1
Gagauz	31,900	%0.1
Other	177,100	%0.4

This ethnic distinction that exists in Ukraine shows itself in geographical context. This distinction can be explained for historical reasons in Ukraine, which has a dual geographical structure with the West and East in its simplest form. The west part of Ukraine remained under dominance of the Austro-Hungarian Empire for many years. In the west where the Catholic Ukrainians live in today, the people live in there identify themselves as a part of Europe and called themselves Ukrainians. The communities who are regarded as candidate for buffer cord by Russian Eurasians also live in this location.

On the contrary, the eastern part remained under Tsarist rule for a long time. People in these regions, where Orthodox Ukrainians and Russian minorities live mostly, have close ties with Russia as Orthodox individuals, as well as defining themselves as an equal Slavic nation with Russians. This geographical and cultural distinction has also influenced economic activities. In the western regions where the Catholic population intensely lives, economic activities are concentrated on agriculture while in the eastern regions there are heavy industrial manufacturing supported by the mining.

Together with the Russian minority, the peoples who define themselves as Slavic Orthodox and considerably become Russian in time live in these regions and the population has intensively lived in the urban areas. As a consequence of economic activities, the oligarchy that exists in Ukraine also emerges as another factor affecting the social structure. The concept of oligarch, which is applied to define businessmen who have factories and state real estate privatized in Ukraine when the planned market economy was transformed to free market economy aftermath of the disintegration of the USSR, has effected not only economic life in Ukraine but also its political and social structure. For instance; it has been known that Leonid Kuchma, who was president of Ukraine for two terms between 1994 and 2005 and known for pro-Russian politics, presided over an industrial plant in Dnipropetrovsk. (Saraçlı, Bahar 2015) In fact, oligarchs in Ukraine generally have close ties with both western countries and RF. It has been seemed that their main concern is to preserve the existing political and economic status quo instead of developing their relations with these countries. In internal political turmoil in Ukraine, it has been claimed that this political turmoil stems from the competition between these oligarchs. Indeed, the announcement about planned privatization of 35% of Ukrainian economy in the presidency term of ousted leader Yanukovich escalated the tension between both economic and political forces (İmanbeyli, 2014, s. 4-5) and this tension continued until the 2014 crisis.

The social and cultural disunity of Ukraine also has reflected itself in the election results. In the eastern part of Ukraine and in Crimea, the people who supported left-leaning political parties and candidates and parties which promised close relations with Russia while voters in the

western part of Ukraine supported candidates and parties with more nationalist discourse and a distant approach to relations with Russia. This has also shown itself in the four parliamentary and presidential elections held in the country after the dissolution of the USSR. This trend continued in the presidential elections of 2010, in the election process Yanukovich dominated the east part of the country while Timoshenko was dominant in the west. (Özdağ, 2015, s. 76)

The politics of Ukraine's social disunity also influenced decision-makers' perceptions on security. In this situation, the realities of the country are as effective as the identities of the decision-makers. Ukraine's neighbours in the post-Soviet area and its close social identities and dynamics with Russia, of course, also serve as the security perceptions of politicians and Foreign Policy Preferences.

In the context of this social structure, in the post-Soviet period, it seems that Ukrainian leaders have been trying to balance Russia and Europe in foreign policy, taking into account the geographical position, regional and social divisions/disunity/dividedness of the country. The second president, known as the pro-Russian, Kuchma tried to establish close relations with the EU, while pro-Western Yushchenko made his first abroad visit to Russia. According to Dergacev, "*Ukraine's primary foreign policy priorities are to reduce unilateral dependence on Russia and reorganize to make contacts in terms of external, economic and humanitarian activities for cooperation with Western and Eastern Central European countries. Ukraine needs normalized co-operation with both Russia and the West. The need to choose one of these two poles will harm the national interests of Ukraine.*" (Özdağ, 2015, s. 80-82) As it has been shown in this analysis, it is possible to state that Ukraine has to follow a policy based on balance of power and these social and regional complexes require Ukraine to follow this policy.

It is possible to explain the relation between Russia and Ukraine with the theoretical context of Poulantzas. According to Poulantzas, economics, politics and ideology emerge as separate levels. While these levels constitute a social unity with their specific articulation, this unity in which the economy maintains its determinism, has been defined as social formation (Iyiekici, 2011, page 63). Relations between Russia and Ukraine coincide with this theory, and although both states have their

own internal social formation, their contents resemble each other. (Al & Özdil, 2017, s. 154)

2.3. Strategic Significance of Ukraine

Ukraine is the largest country on European continent. The more important thing is the geopolitical location of Ukraine. Ukraine is in Eurasia region which is called Kalpgah (Heartland) in H. Mackinder's "Heartland Theory". Since Ukraine is in a strategic region between Russia and Europe, Russians have regarded "*Ukraine as transition region, strategic barrier and a buffer zone which separates them and the Western countries*".

The strategic importance of Ukraine has also been shown itself in the Russian Near-Abroad Policy. Ukraine has hosted many tribes, principalities, and it is a geography where the several states were founded from the medieval age to our age. The Principality of Kiev was one of the principalities and it was founded in the 9th century, and this date has been regarded as a milestone by the Russians and in terms of this perspective, Ukraine has been granted privilege in history of Russia. (Saraçlı, Bahar 2015, s. 75). In addition to this, Ukraine has always been a region of power struggle between various power centres in its historical process. Regional forces in Europe and Russia have always regarded the Ukrainian lands as a transit point, and this area has always been seen as a strategic area and buffer zone. It is not incidental in this sense that the word "Ukraine", which has been used since the 12th century in Russian language, and it means "border country" and "edge country". (Al & Özdil, 2017, s. 157)

Today, this issue comes to the fore in many Russians' perceptions towards Ukraine. The vast majority of Russian intellectuals and people refrain from describing Ukraine as a separate state and put it in a special position in the eternal and original story of Russia. According to the Russians who see Ukraine as part of the Russian hinterland, independent Ukraine means only a temporary situation. (Erol, Bahar 2014, s. 75) Indeed, this is not a coincidence at this point, as there is a boundary between the two major regional security complexes of Europe and Post-Soviet region in Eurasia. We can also state that the strategic significance of Ukraine is at the same time the presence of Russia with its energy resources and its position in the transition route. Although Ukraine is 29th country with 29

billion cubic meter energy in the world (The Statistics Portal, 2018) it has a significant potential to significant development with the modernization and capacity increase of the power plants which remained from the USSR period. Because of its geographical location, Russia is exporting its energy resources to the EU countries mostly by using pipelines from Ukraine. There are seven pipelines in total from Russia to Ukraine. Thanks to these lines, Ukraine is at the centre of the European distribution channel and does not hesitate to use it as a policy tool at various times. In fact, this attitude of Ukraine causes serious conflicts with Russia in some cases. (Al & Özdil, 2017, s. 162) Europe receives 80 percent of its gas through the pipelines in Ukraine. This corresponds to 50 percent of total gas that Russia has exported. Therefore, Russia tries to hinder Ukraine from becoming a member of international organizations such as NATO and the EU. (Keskin, s. 52)

The importance of the Ukrainian geopolitics for the Western alliance has been emphasized by the strategist Brzezinski. In the 1990s, Brzezinski advocated the enlargement of the EU and NATO towards to the east to include Ukraine. Brzezinski emphasized the special roles that they will play in European continent, in case France, Germany and Poland cooperate. It has been argued that this axis with the participation of Ukraine would be much more effective with a large population. Because this cooperation will be "the core of European Security regimes in the West and will increase the geostrategic depth of Europe" (Sönmez, Bıçakçı, & Yıldırım, 2015, s. 658)

According to Buzan, it has been argued that the four sub-divisions in the Post-Soviet Area including Ukraine, Moldova, Eastern Slavic Belarus and Russia, constitute both minimum and maximum security intensity. According to him, these states have a more stable structure than the Caucasus and Central Asian sub-regions in the post-Soviet area. However, the region where these states were formed is the most important sub-region for Russia. Thus, although the region in which Ukraine is located has a more stable structure, the security problems/issues are gaining importance from Russia's point of view. The reason for this is primarily that Ukraine creates an identity crisis for Russia. For Russia, Ukraine has been regarded as an integral part of Russia in contrast to the independent Caucasian and

Central Asian states in the south. The second reason is that Eastern Europe is Russia's most crucial interregional link.

This region is a sub-region of the Post-Soviet Region which includes both Ukraine which has anti-Russian tendencies on occasion and the most pro-Russian states such as Belarus. (Buzan & Waver, 2003, s. 416)

3. 2014 Crisis and Regional Triggers

Many political crises in Ukraine have directly begun as the reaction of escalating opposition, depending on the foreign policy choices of the Ukrainian administrations. As seen in recent incidents, the Yanukovich administration was expected to take the necessary steps to deepen the relations with the EU, but the end of popular movements in favour of the Ukrainian administration, which is one of the most significant instruments of Russia's intervention and "near abroad" policy the crisis has been triggered. The triggering regional actors in this process of survival are mainly the EU and Russia. In accordance with the EU's Neighbourhood Policy and Russia's Near Abroad Policy, efforts have been made to incorporate Ukraine into its regional integration. These factors have caused Ukraine to become stuck in foreign policy making, and decision-makers have experienced inconsistencies by experiencing undecidedness about foreign policy

The crisis in 2014 has developed in connection with the presidential elections in Ukraine in 2010. Yanukovich's victory in election, a name close to Russia, has brought about the prosperity of Russia in the country. As a matter of fact, Yanukovich extended the period of the Black Sea Fleet in Russia and Sevastopol which will be end in 2017 for 24 years and accepted Russia's presence in Crimea until 2042. In exchange for this initiative, Yanukovich has unilaterally annulled the Commission, which was making preparations for the Association/Partnership Agreement with the EU in November 2013, while expecting a reduction in energy prices from Russia. Then the movements/protests initiated by the EU opponents spread throughout the country and in February 2014 Yanukovich had to resign. (Özdal, 2015, s. 90) However, with this resignation the crisis has evolved into a different direction. Russia, which has seen the developments in Ukraine as an action for organizing a legitimate sentence from the out-

set, and regards it as a process punishment, has put its "punitive method" against this actual situation and triggered the Crimean Crisis. As in this crisis, "Russian ethnic existence", one of the most important reasons for the near abroad policy, has come to the agenda. This rationale, on the other hand, put forward possible interventions aimed at countries in the Post-Soviet area (such as Kazakhstan). (Erol, Bahar 2014, s. 5)

After the resignation of Yanukovich, the presidential election in May 2014 was won by Petro Poroshenko, a business man and political historian who played a crucial role in the process called the Orange Revolution. Although he supported integration with the EU, he considered Russia as the most important neighbouring country, and his closeness to balance politics has been catch the attention. In contrast, the pro-Western parties won parliamentary elections in October 2014 with an overwhelming majority. As a result, Russia annexed Crimea. But the importance of Ukraine for Moscow is not limited to the Crimea. For Russia, importance of Ukraine is a whole in the geo-strategic and geo-economic context. (Özdal, 2015, s. 90)

In the case of the Crimea, it has been seen that the crisis has become an international crisis, while the situation for the two major powers on the EU and Russia seems appropriate for their interests. The security of Ukraine, a transit country in the context of energy security for the EU, is important for Europe. The energy needs of Eastern European countries are largely based on Ukraine, and Ukraine is an important country for the EU, which has entered into integration with Eastern Europe. In terms of Russia, Ukraine is a significant base for the Russian navy in the Crimean region, which it owns. The fleet's strategic location and presence in the peninsula has helped Russia to defeat Georgia in the South Ossetia war in 2008 and is a key point for Russian security interests, especially in the region. (Al & Aypek Ayyacı, 2017, s. 233)

3.1. Russia-Ukraine Axis

"Near abroad policy" is a foreign policy concept that is applied to Post-Soviet territories (Baltic States, Ukraine, Central Asia and Caucasia), most of which are outside the Russian Federation. In this sense "near abroad" defines the Post-Soviet region. This doctrine, which was originally

thought by Eurasians to be integrated with the Russian national interest field in this region, and therefore to be integrated with the CIS countries, has become a nationwide accepted policy in the future. According to the doctrine of proximity to the periphery, which was first applied by Yeltsin in 1993 during the period of Foreign Minister Y. Primakov, in 1993, Russia declared that the former Soviet Union was responsible for ensuring the security and stability of its territory and giving priority to its immediate vicinity in military planning. In the post-2001 period, Moscow increased its activity on the “Near Abroad” countries and determined to increase its activity on the economic and security level. In the case of any objection in the CIS countries, this practice had first escalated ethnic problems/issues, as in Georgia and Ukraine, and then appeared as a saviour. (Keskin, s. 49-50)

Aftermath of the collapse of the USSR, Russia has defined itself as the most important and primary region of Eurasia’s foreign policy, which is the Rimland’s territory, with the geopolitical phrase of the countries surrounding the western and southern regions. It has declared that it would act in this geography against any initiatives that may be against it. Russian minorities that are called as “Russians Abroad” who have been living in foreign countries in Post-Soviet area and Ukraine have been utilized as a tool for this policy of RF. Thus, with creating security problems/issues through the cultural and political rights of the Russian minorities living in these countries, they are trying to secure the “near abroad”. It also makes it dependent on Moscow by the integration activities that it establishes in its economic, military and political aspect.

Ukraine hosts a significant Russian population in the post-Soviet area and is the transit corridor in transporting Russian energy sources to Western markets is one of the factors that increase the significance of this country in the eye of Russia, in addition Russia’s Black Sea Navy is in Ukraine’s Crimean territory. In the social and historical context, the emergence of the Russians in the history in Kiev is also reflected as another factor that increases the importance of Ukraine for Russia due to their common history. (Keskin, s. 47) Ultimately, Ukraine with these characteristics has to be an outpost of Russia in the west of its lands. The Crimean Crisis has raised the “Russian ethnic entity”, which constitutes one of the most significant reasons of this policy in the context of near abroad policy, which

can bring to mind possible interventions for other former Soviet countries (e.g. Kazakhstan). This is the beginning of a new Eurasian power struggle between the West and Russia, especially the USA. In this context, Crimea has become the first serious conflict area. (Erol, Bahar 2014, s. 5)

For Moscow, Ukraine and Crimea are integral parts of Russia’s “Southward Policy”. Therefore, as it can be seen in Georgia case, Russia gives the message that Russia is ready to apply all methods to Ukraine. If Russia discards Crimea and Ukraine, it foresees that it will lose the Black Sea, the buffer zone from the Baltics to Caspian and consequently regional initiative, the Eurasia Customs Union which aims at the Eurasian Union and “Near Abroad Policy” and lastly its energy security will be seriously and negatively affected. This means that, in the midterm and long term, Russia will have a persistent problem which stem from political and security-related problems, starting with economic aspect. Russia does not ignore its historical background for these reasons. Therefore, Russia is trying to hold the Crimea for a long time. (Erol, Bahar 2014, s. 6)

As a nation that lived under Russian rule for many years, the unexpected independence of Ukrainians after the dissolution of the USSR created some problems. Indeed, Russia has objectives on both Ukraine society and its lands that stem from its history and it cannot be expected that Russia will easily remove them from its agenda.

Moreover, independence of Ukraine has been regarded as “the greatest geopolitical loss for Russia in the post-Cold War period”. By Ukraine’s independence, Russia has lost not only its influence over the Baltic States and Poland, but also lost its ability to “lead the former Soviet Union’s predominantly as assertive Eurasian Empire which dominates the southern and east southern non-Slavic peoples”. That is why Moscow has described “the independence of Ukraine as a temporary deviation”. This viewpoint is a reflection of the relation between “old national subjects and rulers, colonial and metropolis, centre and periphery” (Sönmez, Bıçakçı, & Yıldırım, 2015, s. 663) On the other hand, existing crisis in the energy sector is another problematic area between Russia and Ukraine. Today, Europeans supply a significant portion of their oil and natural gas from reserves in Russia and Caspian basin. However, the shortest way to transfer energy resources in these regions to the European market is through Ukraine.

Therefore, Ukraine is a key country due to its proximity to energy resources and its geopolitical position (Yıldırım, 2010: 48).

3.2. West-Ukraine Axis

If we move on the western axis, it is efficient to refer to the enlargement policies of NATO and the EU. Although the relations between NATO and Ukraine were cautious at first, they signed settlement agreements in the following years. The “Privileged Partnership Charter” was signed in 1997 and the Defence Reform Working Group between Ukraine and NATO was established in 1998. In 2000, Ukraine passed the “Concentrated Dialogue” phase in 2005 when it ratified the BIO Status of Forces Agreement. In 2007, the NATO-Ukrainian Commission was established and together they initiated an intensified cooperation program. On the other hand, Russia has also aimed to develop bilateral and multilateral cooperation with neighbouring countries in terms of its foreign policy concept published in 2008 and NATO has recently opposed the expansion of the Black Sea, especially Georgia and Ukraine, as a threat to national security. Russia in particular has placed Ukraine in a more vital position in politics because of its long border and historical and economic ties and their common Slavic cultures. (Keskin, s. 52-53)

The EU’s policy towards the former Soviet republics is mainly the provision of economic and political reforms of states. The Neighbourhood Policy, which was misunderstood in 2004, has gained a new dimension after the Georgian War of 2008 with the development of the East Partnership project specifically for Eastern Europe and the Caucasus countries. The Polish-Swedish proposal, the East Partnership, was a policy that aims to develop relations with Belarus, Moldova and Ukraine in Eastern Europe and Georgia, Azerbaijan and Armenia without full membership perspective in the Caucasus. From this aspect, the East Partnership has reapplied the EU’s Neighbourhood Policy to a specific region. (Özdal, 2015, s. 82-83) Considering the context of the enlargement process and the security complex areas of the EU, it seems that Ukraine will be in search of membership due to the spread of the process towards Eastern Europe. But Ukraine will probably join the EU and trigger the European Regional Security Complex of the Eastern European country group. However, this process will not bring the participation of Russia. Hence, these countries will be away

from Russia. In the post-Soviet area, the Ukrainian-Belarusian-Moldavian and Georgian country groups will retain their own internal problems and differences when they are members of the EU compared to other member countries, but they will share the same security agenda as Western Europe. (Buzan & Waver, 2003, s. 367) The relation with the Post-Soviet Region (especially with Russia) is important from three perspectives, as the European Region of the EU is interacting with the Post-Soviet area in a regional approach:

1. It is the ultimate border of the disunity between the Baltic States and potentially Ukraine, the EU-Europe and the Post-Soviet Regional Security Complex.
2. Although the relation with Russia is not very intense, it is also crucial for both positive and negative possibilities at the same time.
3. Some European institutions include some parts of CIS (Council of Europe) or the whole (OSCE) as well as the EU-European region. Some such political processes have been experienced together. (Buzan & Waver, 2003, s. 374)

As For The Conclusion

John J. Mearsheimer’s article which claims that Ukrainian Crisis is the output of wrong policies of Western governments published in *Foreign Affairs* magazine has been a significant study for triggering this discussion. According to Mearsheimer, the West, which pursues liberal goals, is cause of the Ukrainian crisis. The US and its allies NATO and the EU with enlargement policies have taken critical steps to try to bring Ukraine out of Russia’s orbit. Finally, Putin, who thinks that Yanukovich was handed over by a coup in Ukraine, has taken the Crimea and instability in countries will continue if Ukraine keeps closer to the West. According to Mearsheimer, Moscow’s Ukrainian policy is “an introduction to geopolitics,” and it is “an example of the vulnerability of each station to threats in the near/close regions of the great powers”. (Özdal, 2015, s. 91-92)

From the Russian point of view, it is once again at the target of the West when has been starting to become effective again in the Medi-

terranean and the Middle East through the Syrian crisis and threatening the “Customs Union” policy and the EU’s “Neighbourhood Policy (Baltic-Caspian line)”. Even though it is not very obviously made current issue in the agenda, there is a possibility that the whole world will be dragged into a global conflict through a crisis starting from a limited competition between Germany’s “Through the East” and Russia’s “Through the South” policies. (Erol, Bahar 2014, s. 8)

The analysis of historical, social and religious formations that have led to the foreign policy choices of the decision makers in the region and of the area in which the crisis has arisen but where the findings of the regional and global conclusions of the 2014 Crisis are made in the current literature have not found much. In this study, the main actor of the Ukrainian Crisis and Ukraine has undergone an analysis with its historical, cultural and social vectors and has been trying to contribute to the literature by subjecting the construction of two neighbouring security complexes affected by these vectors to constructive analysis. At the same time, when the way in which other actors perceived Ukraine and how they safeguarded the region was assessed, the conclusion of these perceptual battles came to the conclusion that the ending crisis deepened.

Although the Baltic states are generally seen as outside region of the post-Soviet zone, an assessment has been made that the CIS countries, where Ukraine was a former member, cannot go beyond the Post-Soviet area. The possible EU and NATO accession perspectives of Ukraine, Moldova and Georgia from these countries are predicted to be a security issue for Russia. As it has been demonstrated in our study, it has been observed that the area in which Ukraine is located is a buffer zone in which the interests of both Russia and the West are in conflict, and that the region has consistently been transformed into a security issue by various actors. Nonetheless, in practice it has become obvious that Ukraine is in the Post-Soviet zone for now, even though it has become a serious conflict issue. This leads Russia to put forward the principle of “defence for the future” as a policy with regard to Ukraine. (Buzan & Waver, 2003) (Buzan & Waver, 2003, s. 415)

RESOURCES

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China-Pakistan Economic Corridor and Its Geostrategic Importance In Terms of Belt And Road Initiative

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Abstract

This study will examine how the Belt and Road Initiative (BRI) will have an impact on the route through China-Pakistan Economic Corridor (CPEC), another extension of the BRI, either positively or negatively. CPEC is a joint project of Beijing and Islamabad. While the project is welcomed by the European, Eurasian and Central Asian countries, it concerns some other countries like India and Afghanistan. China is also making long-term plans with the CPEC, and it indicates that these infrastructure projects will provide peace and security in the region in the future. The dimensions of relations between China, Pakistan, and their neighboring countries in the scope of BRI will be explained.

Key Words: *Belt and Road Initiative, China-Pakistan Economic Corridor, Peace and Welfare*

Introduction

The People's Republic of China has taken the first step of a new project to revive the oldest silk road in the history in 2013. This project is the Belt and Road Initiative (BRI), previously known as One Belt One Road (OBOR). China has launched this project and announced the

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dream of BRI to the whole world. The BRI is divided into several infrastructure projects in itself. The most important two of these are the land silk road and maritime silk road. China states that these projects will cast a great influence over other developed and developing countries. However, some countries' suspicions over this initiative, have caused China to seek new alternative partners. One of these alternative countries is the Islamic State of Pakistan. The approaching of China to Pakistan, with the new infrastructure projects which will be beneficial to Pakistan, has led to the creation of a new economic corridor between the two countries. Pakistan is a developing country. Pakistani economists pointed out that China- Pakistan Economic Corridor is a great opportunity to revive the Pakistani economy. CPEC was first announced during Chinese President Xi Jinping's official visit to East and South Asia in 2013. President Xi indicates that CPEC is not only beneficial to Pakistan and China but also an important project for the world because of the business opportunities it will provide for other neighboring countries.² The new transit and trade facilities which will be constructed with CPEC will not only improve infrastructure projects that the Pakistani economy could not come up with but will also allow China and Pakistan to do cost-effective trade in the globalizing world.

Pakistan is also located in the critical point of the BRI route. Due to its geopolitical location, increasing population, and ease of access to sea ports it has become the most important country in terms of transportation for China. China aims to open to East and West Europe and through Eurasia by using the Land Silk Road via Pakistan. In addition, China seeks to expand trade with India, the Gulf, East Africa, the Red Sea, and the Mediterranean countries by using the Maritime Silk Road.³ China is making good use of this advantage and is utilizing Pakistan against India, its regional rival. India doesn't like this situation and is trying to prevent BRI from entering its domain of influence. As a result, the relation between the two states is strained day by day.

² Qureshi AH (2015) China/Pakistan economic corridor: a critical national and international law policy based perspective.

³ Kazi A (2017) "CPEC: Impact on Central and South Asia". In: CPEC Conference, Strategic Vision Institute, Islamabad.

Historical Development of the BRI

As is known, China's population constitutes 20% of the world's. Although it enjoyed the title of world's second-largest economy, it is still considered as a developing country and is still facing problems of poverty, health, and education.⁴ Chinese leaders have not only recognized such problems but also accepted to develop a new growth model to halt them. Until recently, this model has made the country the factory of the world. This model has worked well in China for the past 20 years and has facilitated the improvement of many infrastructures, and it does not mean that it will not be sustainable for a very long time.⁵ The new government foresees changes and introduces new plans and strategies. They are making new adjustments to cope with the developing environment. The Belt and Road is created with China's partners, to integrate China with the rest of Asia, Europe, and Africa and build infrastructure that will enhance economic growth in these regions and to form a win-win situation. Some see BRI as the Chinese version of the Marshall Plan. It would not be right to come up with such an idea because the Marshall Plan aimed not only to build infrastructure for new markets but also to mitigate the influence of the USSR block. The Marshall Plan was a very ambitious strategy managed solely by the United States. While on the BRI, 50 signatories are financed by the newly established Asian Investment Bank (AIIB), thus the risks of BRI are divided among partner countries.

BRI also has a series of projects that will link the Pacific Ocean and the Baltic Sea to each other through roads, rail, and maritime lanes to further liberalize trades around the world. After the BRI came out, its enormous size and predictions that it would be a game changer attracted

4 "The American Century Comes to an End and China Becomes the World's Largest Economy," *EuroNews* December 9, 2014.

Project Partner, *Projectpartner.org*. 2014, <http://projectpartner.org/poverty/5-causes-poverty-china/> (Erişim Tarihi: 05.04.2018)

Wu Jianmin, "One Belt and One Road, Far-reaching Initiative," op.cit., December 9, 2014.

5 Project Partner, *Projectpartner.org*. 2014, <http://projectpartner.org/poverty/5-causes-poverty-china/>

not only China but also its partners' interest. The expected cost is equivalent to about 21.1 trillion dollars.⁶

An old Chinese proverb says, "If you want to be rich, build roads first". Inspired by this proverb, the Chinese not only build roads, railways, communication lines and ports but also renew them through this project. Thus, they will complete one more goal, that is the amelioration of all infrastructure for regional economic development.

All the work of this project will be funded by several sources, the first being the Asian Investment Bank (AIIB), the second, the New Development Bank of BRICS, then, the Silk Road Fund, etc. In case of a possible crisis, the China ASEAN inter-banks union and the SCO inter-banks organization will also be ready to provide financial assistance.⁷

Historical Development of the CPEC

In 1983, a great fighter uprising began in Afghanistan. The USSR intervened the issue and sent troops to Afghanistan. In the meantime, the United States wanted to develop the port of Gwadar in Pakistan because of the engagement in Afghanistan. But after the withdrawal of the USSR from Afghanistan, the situation changed and the project remained unfinished.

Former Pakistani President Pervaiz Musharraf has spoken of the need to create new economic corridors to improve the country's economy, and it has received great attention from China. Four years later, Chinese Prime Minister Li Keqiang made an official visit to Pakistan and in May of 2013, the CPEC agreement was signed. According to these agreements, China and Pakistan have signed eight projects worth 18 billion dollars.⁸

In February of 2014, the Pakistani President made an official visit to China and said that the project should be furthered. In return, the Chi-

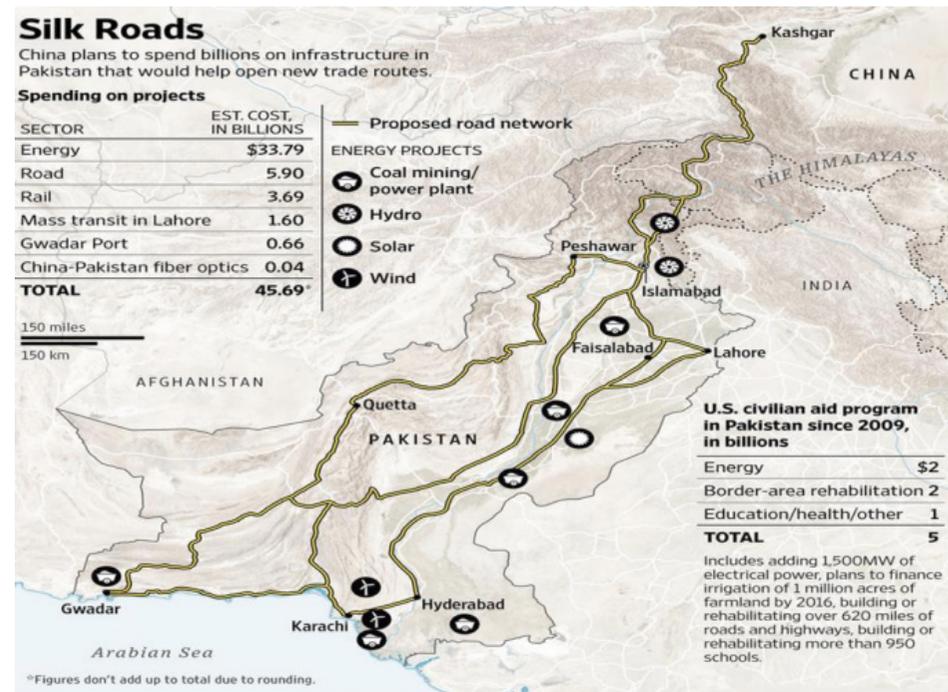
6 "Is China Incompatible With Democracy?," *Caucus Brief*, Washington DC: State Government of Virginia, 2014, <http://forbes.house.gov/news/documentsingle.aspx?DocumentID=397844>. (Erişim Tarihi: 19.04.2018)

7 Wu Jianmin, "One Belt and One Road, Far-reaching Initiative," op.cit.

8 Frederick Starr S (2007) *New silk roads: transit and trade in greater central Asia*. Central Asia-Caucasus Institute and Silk Road Studies Program at SAIS, Johns Hopkins University, Washington DC.

nese Banks and Companies have pledged 45.6 billion dollars in investment for the infrastructure projects that are expected to be built along the corridor route. In April of 2015, Chinese President Xi Jinping made an official visit to Pakistan and signed 51 agreements worth 46 billion dollars, including the development of CPEC.

Figure 1. Silk Roads⁹



At the CPEC Summit in May of 2017, the budget worth 46 billion dollars was increased to 55 billion dollars. China's 46 billion dollars investment in Pakistan did not only push Pakistan into the world's top 10 stock markets, but it raised Pakistan's credit ratings successfully in June of 2015 for the first time since 2008. These indications are proofs of how well the investments are made.¹⁰

9 The map of Pakistani Balochistan. Source: Carnegie Endowment for International Peace. Retrieved from: <http://carnegieendowment.org/2013/04/11/balochistan-state-versus-nation-pub-51488>

10 Ali S (2015) The far reaches of the corridor. The tribune, Islamabad.

China's Presence in Pakistan

In the scope of these projects, China aims to link its north-west Xinjiang region to Pakistan's Gwadar port. By this project, a 3000-km gigantic highway and railway will be constructed. In addition, pipelines for importing liquefied natural gas and oil from Iran and the Gulf countries will be constructed. The works about the projects have started quickly. However, during the progress, some hitches emerged, and some projects have been stopped. Chinese leader Xi Jinping called the Prime Minister of Pakistan, saying that he is showing great interest in these projects that the work should be started urgently and what is necessary for it should be done. China is aware of the security issues in Pakistan and all the problems that they may face in the projects. If the terrorism in the country does not clamp CPEC's efforts with sabotage plans, new factories, firms will be opened and unemployed people in the region will be employed. Besides, trade routes will always be open to both local and non-local people. The Chinese leader, who claimed that CPEC also would improve the relationship between India and Pakistan, said that the only thing that needs to be done is to provide benefits to each other, and then the searching for all the solutions will give a result.¹¹ Another reason CPEC is so important for China is that China will be able to bring itself to the Southern seas and contribute to its BRI through this connection.¹²

The naval fleet of Pakistan is less powerful and inexperienced than other major naval nations in the world. China and Pakistan, which saw the incapability of the fleet to guard the CPEC's ports, have issued a new military strategy document on May 26, 2015, under the name of "Active Defense" policy.¹³ With this, it is aimed to protect and defend the open seas and increase the efficiency of the sea combats. If this policy achieves its

11 Claude Rakisits, A Path to the Sea; China's Pakistan Plan", *World Affairs*, (Fall 2015), p. 68.

12 Shah Z (2015) China-Pakistan economic corridor and its importance. The monthly diplomatic insight Preston University, Islamabad 91: 10.

13 "Bloomberg Ranks Pakistan Among World's Top Ten Stock Market Performers," *Daily Times* (Lahore), July 4, 2015, <http://www.dailytimes.com.pk/national/04-Jul-2015/bloomberg-ranks-pakistan-among-world-s-top-ten-stock-market-performers> (Erişim Tarihi: 20.04.2018)

goal, 'Active Defense' will have the largest navy in Asia. Although this objective has yet to be heard aloud in the international arena due to the problems encountered around, the importance of this policy for regional energy security over the Indian Ocean and around against the piracy threats is emphasized. The main reason China considers Pakistan and CPEC so important is its view that China should maximize its own interests everywhere and conserve them, as well as improve its logistics.

Geostrategic Position of Pakistan and Its Increasing Importance for China

The southern region of Pakistan is the shortest route to the Indian Ocean and the Gulf of Basra where the international maritime trade takes place. By now, China is making 80% of its energy import-export by maritime routes. For this reason, it is necessary to use the Malacca Strait to reach the Indian Ocean. Using the Malacca Strait not only increases the transportation cost for China, it also brings the issue of energy security. The narrow and dangerous nature of the strait causes terrorists to attack the merchant ships. Through CPEC, China aims to shorten both cost and time compared to using the Malacca Strait, and thus to save billions of dollars. The way through the port of Gwadar is shortened by 6,000 miles compared to the way through the Malacca Strait.¹⁴

Another factor is that China also aims to develop its Eastern region through the economic corridor. China, allegedly, sees Muslim Uighurs and Turkestan Islamic movement as terrorist groups. Terrorism is generally linked to poverty around the world, and BRI has the vision to overcome it with trade and economic prosperity.¹⁵ For China, if the CPEC continues to develop properly, infrastructure that is needed in the undeveloped regions of Pakistan will be built. Thus, this route will be a transit

14 DAWN.com, "Army's Special Security Division to Protect Chinese Workers in Pakistan", (April 21, 2015), URL: <https://www.dawn.com/news/1177322>, (Erişim Tarihi: 21.04.2018)

15 Carlos Lozada, *Does Poverty Cause Terrorism?* Working Paper, (Cambridge: National Bureau of Economic Research, 2015), <http://www.nber.org/digest/may05/w10859.html>. (Erişim Tarihi: 21.04.2018)

route carrying Chinese goods. China views Pakistan as a new market with a population of 200 million.

With its presence in the Gwadar port through CPEC, China will closely follow the India-American relations in the Indian Ocean and the Basra Gulf. Additionally, China will connect itself to the Indian Ocean and fulfill the Motherland theory of China and will be able to access the African regions easily and quickly. The Motherland theory of China is as follows: In Heartland, China wants to control all economic corridors; in the Rimland it has already controlled Gwadar port and is showing its own power in the Middle East and Africa.¹⁶

Analysis of China's relations with India via CPEC

India has been one of the closest allies of the United States in recent years. In addition to the power struggles of Asia and China, India is also trying to strengthen its economy. For India, which is a hegemonic power in its own region, the US is the best competitor when it comes to fighting against China.¹⁷ During his official visit to India, the former US President Barak Obama met with Indian Prime Minister Modi. After this meeting, a new diplomacy called "Eastern Law" between the two countries emerged. Thus, India became the strategic pivot of the US in the region.¹⁸ India has barricaded China in front of its dream to develop CPEC, but on the contrary, it has opened the way for West-driven projects. India has prevented China from becoming a member of the South Asian Union where it can cooperate locally, which has given China a lot of enthusiasm to boost the BRI efforts.

16 John Calabrese, "Balancing on the Fulcrum of Asia; China's Pakistan Strategy", *Indian Journal of Asian Affairs*, (2014-2015), p.8

17 Ted Galen Carpenter, "Is India the Latest Component of a US-Led Encirclement Strategy Against China?," *China US Focus Digest*, February 12, 2014, <http://www.chinausfocus.com/foreign-policy/is-india-the-latestcomponent-of-a-u-s-led-encirclement-strategy-against-china/>. (Erişim Tarihi: 05.04.2018)

18 "As Obama Visits, Signs That India is Pushing Back Against China," *Reuters*, January 15, 2015, <http://in.reuters.com/article/2015/01/21/india-usachina-idINKBN0K-U11B20150121>. (Erişim Tarihi: 18.04.2018)

Sri Lanka also supported a regime like India that wants to block China's projects. India, which has territorial disputes with China, is having close ties with Japan and Vietnam that have not very good relations with China in the region. Indian Prime Minister Modi expressed concern for China and issued a declaration known as "Unacceptable" to stop the CPEC and other plans.¹⁹ India is considering creating a new energy corridor to Iran by using Trans-Afghanistan railway in Termez in Uzbekistan, to slow down China's progress.

India perceives disrupting CPEC and its projects and preventing everything it sees competing with its own desires licit. One of the clearest examples is the start of new investments to improve the Chabahar port, which is located in southern India. There are several reasons why China is at the forefront in the power struggle of China and India. One of the most important reasons is that unlike India, China is replicating and developing the port cities. Another reason is that China has offered very good conditions for the development of a port city to Sri Lanka, which is located near to India, and Sri Lanka has agreed to rent a land of 108 hectares to China Construction Co. Thus, China has added one of India's most important allies to its partner list.²⁰ After this, Indian Prime Minister Modi acknowledged that their initiatives against China's BRI and its extension in Pakistan, the CPEC, have progressed slowly.²¹

Conclusion

As a result, the CPEC project will make a new route arrangement linking Eurasia, Latin America, and Africa. With BRI's extension,

19 "China-Pakistan Economic Corridor 'Unacceptable, Modi Tells China," *Express Tribune* (Islamabad), *International New York Times*, June 1, 2015, <http://tribune.com.pk/story/895611/china-pakistan-economic-corridorunacceptable-modi-tells-china/>. (Erişim Tarihi: 22.04.2018)

20 Shannon Tiezzi, "Suspended Sri Lankan Port Project Complicates Sirisena's Trip to China," *Diplomat* (Tokyo), March 26, 2015, <http://thediplomat.com/2015/03/suspended-sri-lankan-port-project-complicatessirisenas-trip-to-china/>. (Erişim Tarihi: 05.04.2018)

21 "India Criticised for Opposing CPEC," *Dawn* (Islamabad), June 3, 2015, <http://www.dawn.com/news/1185887>. (Erişim Tarihi: 05.04.2018)

the CPEC project, China aims to provide common development, welfare enhancement as well as trouble-free transportation and security for energy with other countries. My own personal thought: The Indian government take more initiatives as a regional power for the recovery of the economy and the extinguishment of terrorism in the region, and for the re-stabilization of Central Asia and the Middle East. I hold the view that China's economic success is largely based on long-term strategies, state-adjusted harmonization and hierarchical structure, strong industrial policies, good family ties, disciplined work life and dynamic free trades. The expected prosperity will also increase if necessary measures are taken in the continuation of the project. By this initiative, China and Pakistan will forge new relations with countries that are far away in both physical and cultural sense. In this way, both countries will become active economically in the Middle East and Eurasia, which is generally known as the influence sphere of the US.

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