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# Herald of the Russian Academy of Sciences

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## Global Trends

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# Postcapitalism: From Consumer Individualism to Expressive Individualism?

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**Abstract**—It is proposed to consider the transition to postcapitalism not as the struggle of the oppressed for a more just and equal society without class antagonisms but as a process of gradual displacement of consumer individualism by expressive individualism. Within the framework of this perspective, postcapitalism is not a fundamentally new socioeconomic system built on the ruins of capitalism but a set of social relations developing with the gradual deactualization of materialistic values for a significant part of the population (material wealth, money, etc.) and the growing importance of postmaterialistic values (self-realization, the search for the true self, etc.). In this sense, many phenomena associated with modern identity politics can be attributed to postcapitalism. Nevertheless, this article criticizes the perception of identity politics as a set of strategies and ways of fighting for equality and justice, presented as an approximation to the ideals of socialism or communism (the so-called overcoming of “systemic oppression”). Today, the struggle for diverse identities testifies to the triumph of individualism, as well as a new round of the “war of all against all” and the destruction of the common lifeworld.

**Keywords:** postcapitalism, identity politics, individualism, Marxism, post-Marxism, social justice, communism

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## INTRODUCTION

A remarkable phenomenon is observed today. On the one hand, capitalism (both as a world economic system and as an idea) has never been so close to its collapse. We see a large number of systemic problems: from the growing socioeconomic inequality in developed countries (with regard to wealth, all over the world) [Milanović, 2017; Piketty, 2016] and the unpleasant social consequences of precarization [Standing, 2011] (including the epidemic of “deaths of despair” [Case and Deaton, 2020]), digital labor [Jones, 2021], and so-called “surveillance capitalism” [Zuboff, 2022] to the increased risks of environmental, anthropogenic, and/or military disasters (given the circumstances, the prospect of nuclear war no longer appears unrealistic). However, as if according to the precepts of Marx, against the backdrop of the progress-balking “superstructure,” new productive forces and production relations are actively developing. The world of high technologies and digital communications has given rise to many discussions about the coming technosocialism [King and Petty, 2021], knowledge communism [Gorz, 2010], creative revolution [Buzgalin, 2021], postcapitalism [Srnicek and

Williams, 2016; Mason, 2017], platform socialism [Muldoon, 2022], etc. Utopias are multiplying, accompanied by the popularization of bold ideas such as the introduction of a system of “freeing” basic income [Van Parijs and Vanderborght, 2020].

On the other hand, instead of a united and bold movement towards a better future, there is the “betrayal” of the left [Kagarlitskii, 2017]. They seem to have completely stopped thinking about the problems of the working class and are increasingly focusing on identity politics, in which the issue of the necessary number of recognized genders is more significant than the decline of the working class, not to mention a full-fledged social revolution changing the rules of the game. People who dream of a revival of trade unions and a strong national industry call themselves leftists. People for whom one of the most urgent needs is the choice of preferred pronouns also call themselves leftists. The Left are those who fight for workers’ rights, but also those who shut down factories en masse and increase prices as a necessary sacrifice for the “transition to renewable energy.” The Left are the social democrats who support politicians like B. Sanders, because socioeconomic inequality is growing. At the same time, they also include those who voted for H. Clinton or J. Biden, for whom friendship with movements like Black Lives Matter and all sorts of “the oppressed” is much more important.

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Obviously, we are dealing with a contradiction. The reason why we still use the word *left* as a generic term since it contains something in common between heterogeneous groups “opposing capitalism” is a set of abstract values. According to E.O. Wright, they are all fighting for equality/justice, democracy/freedom, and community/solidarity [Wright, 2019, p. 132]. After all, this was the main point of the idea of intersectionality [Crenshaw, 1991]: under capitalism, there is not only economic oppression but also racial, gender, etc. Different forms of oppression can intersect and overlap each other, and therefore, the common cause is to fight them all. However, something has gone wrong: today the Right, that is, conservatives, nationalists, or populists, are often “to the left” of the Left, and there can be no question of any unified struggle to undermine all intersecting “types of discrimination.” Increasingly often, some leftists are pursuing interests that are directly opposed to those of other leftists, while rightists are drawing the attention of those who until relatively recently were called the revolutionary class.

These circumstances constitute a serious challenge to all of left-wing political thought, especially to Marxism. The anomalies discussed below can be explained by the betrayal of the elites, the immaturity of the current revolutionary subject, or conceptual distortions of initially correct ideas (for example, the idea of racial equality, passed through the speculative post-modern millstones). However, as will be shown below, the discord of the Left testifies not to temporary differences within the framework of the general project of the struggle for equality, justice, democracy, and freedom but to the fact that the sought-for postcapitalism is not what it was imagined. The bourgeois “war of all against all,” fueled by the greed of *Homo economicus*, is gradually being replaced by the postbourgeois “war of all against all,” in which, along with the size of the wallet, it is “self” itself that is becoming increasingly important, requiring the maximum range of available ways of recognition and self-realization (not only “money” or “business”). In other words, the movement towards postcapitalism can be understood not as a process of sincere striving for equality and justice but as an evolution of individualism on new, postmaterialist value bases, which is noticeable in the realities of identity politics.

### INDIVIDUALISM INSTEAD OF INDIVIDUALISM

To understand all the intricacies and anomalies of leftist discourses, it is necessary to change the lens through which the perspective of postcapitalism should be viewed. The purpose of this article is not to prove the technological or economic prerequisites for the formation of postcapitalist social relations. The author partly relies on a set of already developed concepts [see Gorz, 2010; Buzgalin, 2021; Mason, 2017; Srnicek and Williams, 2016; Davydov, 2021].

In the first place, note that postcapitalism should not necessarily be associated with the ideas of equality, justice, and classlessness. It may be not so much a radically new socioeconomic formation, “spasmodically” emerging on the ruins of the bourgeois system after a political revolution (which has never happened in the history of changes in social formations), but a set of social relations that appear in those places (or “blanks,” “gaps”) where the capitalist logic of material accumulation no longer works. These social relations, as well as the values they generate, can expand and become more relevant for more and more people due to saturation—or simply “intangible” interests and priorities. Note that colossal masses of people will continue to live in the capitalist universe, subjected to brutal exploitation or experiencing the consequences of growing economic inequality. As a historical analogy, in the era of the formation of capitalism, many people continued to be impoverished peasants, whose situation was rapidly deteriorating.

The social sciences have long noted the displacement of “materialistic” social values (material wealth, security, etc.) by postmaterialist values (secularization, tolerance for foreigners, gender equality, tolerance for divorce, etc.), and such observations have a solid empirical basis [Inglehart, 1997].

What exactly remains relevant for a certain part of the population (especially inhabitants of university campuses, celebrities, journalists, and political activists) who are not very concerned about the “material” aspect of existence? Liberation from the “material,” from routine and earning “daily bread” leaves more room for the practices of self-realization and self-presentation, not only through consumption but also—increasingly often—through personal self-affirmation (in Western countries, the desire for the “nonmaterial” is relevant not only for the richest segments of the population because the quality of life is constantly growing due to scientific and technological advances, even if real wages “stagnate” [Pinker, 2018]). In other words, the “self” (that is, the personality itself) becomes the most important “good” bringing pleasure, which, at the same time, must be “obtained” or produced (by constructing a desired and attractive image or removing all the social negativity surrounding it). A significant role in this process is played by the struggle for destigmatization; maximum diversity; and acceptance of sexual, gender, racial, ethnic, and other identities (identity politics).

Importantly, identity politics does not completely exclude material self-interest or the struggle for rent (privileges). However, over time, such “materialistic” motives lose their significance. Economic issues (“What is my income if my identity is A?”) are gradually giving way to social and cultural ones (Is it acceptable to consider morbid obesity a disease, or is it a reason to be proud? [Lupton, 2021]). Moreover, without the rise of postmaterialist values, identity politics

would have been unthinkable. The progress of this direction was due not so much to the strength of the “oppressed” and other fighters for identity but to the evolution of values towards the acceptance of maximum social and cultural diversity (tolerance for other sexuality, faith, etc.).

In his book *Identity*, F. Fukuyama notes that modern people attach more and more importance to the question “Who am I?” As the tedium of everyday survival, the monotony, predictability of inherited professions, and the humdrum of traditional society gave way to comfort, relative security, and a multiplicity of life prospects, personal identity itself ceased to be a given and became an intractable problem that required a constant search in an era of accelerating progress and the loss of firm ground. In addition to Fukuyama’s observation, note that the actualization of the problem of identity in recent decades can also be associated with postcapitalist trends. He himself stresses something of the kind: “Economists assume that human beings are motivated by what they label ‘preferences’ or ‘utilities,’ desires for material resources or goods. But they forget about thymos, the part of the soul that desires recognition by others, either as isothymia, recognition as equal in dignity to others, or megalothymia, recognition as superior” [Fukuyama, 2019, p. 111]. Searching for an answer to the question “Who am I?” does not come down solely to positioning oneself by emphasizing the economic status in the system of bourgeois social relations (within the framework of the corresponding “superstructure” with its fashion, brands, etc.). On the contrary, liberation from the burden of obtaining food, labor routine, and thoughts about earning money leads to a change in priorities: I am not only what I eat, consume, etc.; there is and should be something else—something internal (deep), individual, and unique, demanding recognition, respect, or admiration from others.

Herein lies the root of many problems related to the expectations of the left. According to Fukuyama, identity politics is basically a consequence of resentment. The view of Fukuyama (who takes a “leftist” position in this context) on identity politics as a struggle between groups that have lost their dignity or feel neglected by others is hardly entirely consistent with the complex reality. It implies that it is hypothetically possible to reconcile different groups and create a situation in which the dignity of everyone is respected (for example, if “potentially costly plans that would concretely reduce inequality” are developed [Fukuyama, 2019, p. 221]). This seems to be what the left adherents of the intersectionality idea hope for: yes, the “oppressed” groups are very different, but they are all fighting for something common—recognition, respect, justice, or equality.

However, the pseudoegalitarian façade of identity politics hides an unmistakable individualism. Recently, it has become increasingly difficult to view

identity politics as a space for the struggle for equality and justice. If the choice consists of dozens of configurations of gender identities or, say, preferred pronouns, this implies an expanding set of self-positioning tools to attract attention (according to M. Rectenwald, when the University of Michigan implemented a “designated pronoun” policy to allow students to choose the way they wanted their professors to refer to them in class, one student created a new identity: “His Majesty” [Rectenwald, 2020, p. 49]). In this sense, the “acquisition,” for example, of a fashionable gender configuration is very similar to the “acquisition” of a fashionable expensive car. The only difference is the nonmateriality, “nonmarketability” of the process of building a personal identity. Sexuality or gender is not bought but “found,” and then in various ways they achieve recognition and even admiration (so-called “victims” easily become the privileged [Scarry, 2020]).

Tribalism is also not primary here (despite the presence of certain elements of “tribal strife”), although some theorists do discuss it, accusing identity politics of departing from the principles of liberalism (for example, the rejection of “racial color blindness” [Hicks, 2011]). Large groups are gradually losing their significance, and, most importantly, primordiality disappears. While a few decades ago women, blacks, gays, and lesbians had “innate” identities and fought for equal rights and opportunities, today any identity becomes a construct independent of biological reality, like a product in a store. Such a “product” is chosen, tried on, configured to one’s liking, and presented as something special that distinguishes its wearer from the rest. In such circumstances, being a bigender polysexual transvestite is much more expressive than an ordinary masculine heterosexual man. The widespread struggle for “inclusiveness” means the collapse of any normative structures if they concern how to accept a person. Everyone should have the absolute right to choose their lifestyle, gender, sexual orientation, body weight, appearance, even race and nationality, as well as all kinds of external social manifestations and attributes of social identity, such as preferred pronouns (for example, *they/them* for people with a “nonbinary” gender). In fact, the multiplying group identities become a kind of Lego construction toy, from which sometimes bizarre individual identities are formed to satisfy the need for acceptance and self-expression as much as possible (for example: “I am a trans woman, an intersex woman; my pronouns are *he/she/it/they*; I should be addressed as “Your Grace”; my eyes are tattooed; my nose is pierced; I identify myself as a threat, a nightmare, and a goddess”;<sup>1</sup> and so on).

<sup>1</sup> Ben Shapiro, “Reaction to TikTokers,” YouTube. <https://www.youtube.com/watch?v=T-kZgRs3pIM>. Cited December 16, 2021.

These processes testify to the expansion of individual choice freedom. Of course, skin color or, say, biological sex cannot be chosen, but identity is not only a set of “built-in” characteristics. As G. Akerlof and R. Kranton rightly noted, it can be useful for specific individuals who correlate their actions with the norms and ideals associated with certain reference groups [Akerlof and Kranton, 2010]. Even if it is impossible to “reject” some features, a particular individual is free to choose between different strategies of, roughly, building relationships with his/her group affiliations: from complete denial of identity (suppression of “nontraditional” sexuality) to the choice of specific role models of behavior (from hiding his/her sexuality to being proud of belonging to the LGBTQ+ community). The situation observed in Western countries in recent decades is the rapid expansion of both various options and configurations for building personal identity and the freedom of individual choice of role practices that allow maximizing the usefulness of belonging to certain groups (legalization of same-sex marriages, destruction of gender stereotypes about “women’s” and “men’s” professions, etc.).

It is this expansion of the freedom of individual choice that has led to numerous contradictions that have turned the original “leftist” struggle for inclusiveness, equality, and justice into the habitual individualistic “war of all against all.”

Is this idea of postcapitalist social relations a simplification without accounting for the difference between culture and economics? No, if we assume that these areas are closely interconnected. Moreover, even the classics of Marxism held that capitalism is, in fact, the last economic social formation (if we see a clear difference between the two meanings of the concept of *economic*—as economic activity proper and as the dominance of commodity production and capital accumulation [Kondrashov, 2016, p. 241]). True, identities can also be considered as a kind of good. If identity is a source of suffering (harassment, exploitation, ridicule, etc.), then its usefulness is negative. If identity is the basis for pride or a source of pleasure from one’s personal image, then its usefulness is positive. The processes of material production automation and the possibility to provide all with a minimum set of material goods (basic income, etc.) mean that more and more people will be concerned mainly with the quality of personal identities that combine many group identities. Therefore, the idea of a rational choice of identity as one of the possible approaches in the relevant field of research should be preserved [Davydov, 2012].

### AGAINST ALL OTHERS

Consumer individualism is one of the causes of the collapse of socialist utopias of the 20th century. Among the mythologemes supporting the viability of capitalism, there was the idea of the middle class as

consisting of independent diligent individuals [Weiss, 2021]. In essence, the middle class eliminated the antagonistic tension between the bourgeoisie and the workers by promising the latter a set of material goods sufficient for a relatively good life in exchange for political loyalty. The benefits contributed to the focus of people’s attention on personal and family well-being, which not only made it impossible to succeed in the struggle for an egalitarian postcapitalist future but also led to all those negative consequences of the consumer society about which much has already been written: alienation, the capitalist “war of all against all,” the pursuit of a status emphasizing material wealth, etc. (“Whatever is consumed is consumed individually, even if in a crowded hall” [Bauman, 2008, p. 178]).

In the era of emerging postcapitalism, consumer individualism is being replaced by expressive individualism. The property factor in the practices of “presenting oneself to others” is giving way (at least due to the move away from ownership and the transition to the sharing economy [Munger, 2018]) to maximizing the feeling of satisfaction with the personality itself, in whatever forms it may be presented (appearance, sexuality, race, gender, etc.). As before, individualism by its very nature hinders the establishment of real social unity. Of course, the classics of Marxism did not claim that communism would solve all social contradictions overnight. However, the idea of communism assumed the primacy of unity over disunity, the collective over isolated existence, common goals over narrow group ones. It was believed that if you removed the animal need for material things; fed people; and gave them housing, education, and a proper upbringing, then unity, friendship, love, and striving for common goals would become the main values determining the lives of the vast majority of the population.

Apparently, Marxism made one of its most significant mistakes in this respect. Postmaterialist values only deepen individualism. In essence, the “material” was not so much an obstacle to universal human unity as it acted as the last bastion holding back cultural tendencies towards even greater individualism and alienation. Thus, there remained the need for the family as a single organism, on which social reproduction directly depends, and even the survival of individuals. A strong nation was associated with efficient institutions of the welfare state. The poor and working people felt class unity and believed in their liberation mission. Today, these tendencies are on the wane, dissipating the last hopes for communism—even if only as a viable project for the common pursuit of genuine equality and fraternity on a human scale.

Although modern leftist fighters for “social justice” declare a desire for equality, real identity politics develops into a clash of interests of proliferating groups and subgroups. This collision is facilitated by the linguistic picture of the world inherited from poststruc-

turalism (so-called “applied postmodernism” [Pluckrose and Lindsay, 2020]), which allows the alleged “victims” and “oppressed” to see “structural” barriers everywhere and therefore to blame others for personal failures. Hence, we have the ubiquitous rise of conspiracy theories masquerading as science, as well as various “critical” concepts, poorly supported by concrete facts or arguments from the natural sciences [Shapiro, 2019].

A clash of interests is an inevitable consequence of individualism. It is well known that selfish interests easily fit into the mythology of a “common cause” or a necessity justified by the common good (for example, deforestation for development, which is justified by the need for investment in a particular municipality or for new jobs). At the same time, while in the realities of capitalism clashes of interests are primarily of a property nature, identity politics that goes beyond the conventional “bourgeois universe” contributes to the collision of different ways of interpreting the world, which directly affect the ability of other people to extract the corresponding “usefulness” from their identities. Yes, people are becoming more tolerant and more inclined to accept diversity. However, good intentions do not always lead to the expected results. Of course, purely outwardly, one civic activity or another mimics the leftist struggle for social justice, but the number and scale of accumulated contradictions persistently increase.

Much has already been written about how the struggle for social justice has become, in fact, a struggle for privileges, antiracism has turned into even stronger racism, and feminism very easily flows into misandry (for example, [Pluckrose and Lindsay, 2020]). The line between the struggle for justice and the megalothymia of the so-called “woke people” (woke ideology) is blurred. The good intentions of “justice” turn into “cancel culture” [Dershowitz, 2020], censorship of conservative media and social media [Knowles, 2021], a hierarchy of victims [Murray, 2021], and a kind of cultural dictate [Shapiro, 2021]. Hence, we have the imposition of certain “requirements” on films nominated for the Oscars (mandatory support for LGBTQ+, women, and minorities), up to the public harassment of those who try to challenge the newfangled discourses of the “Left.” The current situation cannot but destroy the common “lifeworld,” especially when you consider that it is predominantly white men who are blamed for “systemic violence,” racism, etc. Thus, according to the popular concept of “white fragility” [DiAngelo, 2018], any attempts by whites to deny their involvement in racism should be viewed as a defense mechanism, as avoiding responsibility for “privileges.” For example, a white Italian American who claims that white people also experience racism because his own ancestors suffered from discrimination is accused of racism. The outbreaks of violence, as the Black Lives Matter riots of May–June 2020 demonstrated, are not

generated by real discrimination (after all, the world has never been more racially equal than today) but by mutual exclusion.

Contradictions are growing not only between conventionally “left” and conventionally “right” groups. Basically, there was no particular unity among “new” communities in the past as well. According to D. Murray, however primitive it may sound, gays and lesbians do not always have warm relations with each other. Gays often characterize lesbians as tasteless and boring. Lesbians often call gays stupid and childish. These groups are not of interest to one another and rarely meet in places of leisure. Gays and lesbians at the same time are known for a high degree of suspicion of those who call themselves bisexual. Bisexuals continue to be perceived not so much as part of the same “community” but as traitors in its ranks. Gays tend to believe that men who call themselves “bi” are in fact gays who deny their nature (now bi, then gay) [Murray, 2021]. In addition, there are significant cultural differences in individual communities. For example, in the gay community there is a mutual dislike between outrageous “queers” (who believe that they are fundamentally different from the rest) and supporters of acceptance through normalization (“nothing makes them different from their heterosexual friends and neighbors” [Murray, 2021]).

The very need to expand the freedom of choice provokes the emergence of new contradictions. Social constructivism, which was necessary to justify the ever-proliferating identities, has eventually run into arguments referring to human nature. According to D. Soh, a bizarre form of thinking has arisen of late. Because of the tendency to treat gender and sex as spectra, the concept of *sexual fluidity* claims that anyone can be gay, and that human sexuality is truly free-floating: whatever you want is possible. Perceiving sexual orientation as innate is considered an outdated and oppressive way of thinking that limits our self-expression and freedom. It does not seem that nonbinary activists have thought through the consequences of denying the biological evidence of sexual orientation. If being gay is a choice, it becomes harder to oppose attempts to change it [Soh, 2020, p. 126]. In other words, if belonging is determined by free choice, then what is wrong with reparative therapy if it is carried out at the request of the “correcting” person him-/herself? Moreover, in this situation, the picture of the world broadcast by transgender activists is dissonant with the picture of the world of the gay community. For the former, many gay men are nonrecognizable trans women. The latter often argue that “trans femininity” is a consequence of autogynephilia<sup>2</sup> or other perversions [Murray, 2021, p. 356].

Perhaps one of the tensest points in identity politics today is the conflict generated by the displacement of

<sup>2</sup> A male’s propensity to be sexually aroused by the thought of himself as a female.

the concept of *sex* (as something innate and biologically determined) by the concept of *gender* (as a result of choice in the search for the true “self”). Women, who are now legally equated with trans women (biological men, who today do not even have to go through a full range of surgical procedures to become recognized women), have taken a serious blow. As a result, female sports are literally destroyed since biological women have to compete with biological men and—in the vast majority of cases—lose, or even get seriously injured (as is the case with women’s rugby or boxing). At times, it becomes utterly absurd. Thus, in 2015, the IOC allowed transgender people to participate in the Olympic Games. This organization allows people with obvious biological advantages to compete but disqualifies athletes for even a small trace of doping. According to L. Blade, the testosterone level prescribed for trans women at 10 nmol/L is much higher than the female testosterone range of 0.52 to 2.4 nmol/L. Testosterone is just one of thousands of variables that distinguish men from women. Decreased testosterone levels have little effect on reducing many of the structural benefits that adult males have, such as higher muscle mass, larger lungs and heart, greater oxygen-carrying capacity in the blood, longer and stronger bones, and neural networks that offer a faster reaction time [Blade and Kay, 2021, p. 101].

These manifestations are the consequences of the impasse and self-denial that feminism has come to. Various currents in feminism have contradicted each other before. For example, there is a contradiction between emphasizing “femininity” and the desire to turn this femininity into a set of prejudices that supposedly should be discarded by appealing to the idea of the absence of significant biological differences between men and women. In a situation where gender is primary, the entrance ticket for trans women to women’s sports is quite justified. Hence, there is the natural split in feminism itself between supporters of gender concepts and the so-called TERFs (trans-exclusionary radical feminists)—radical feminists who exclude trans people. For the latter, the problems are not limited to sports. For example, they are concerned about the access of trans women (biological men) to women’s locker rooms or women’s prisons (there are already cases of sexual violence by those who “feel” like a woman [see Stock, 2021]). Another issue relevant to feminism is the “stereotypical” behavior of trans women. The femininity that many radical feminists used to dismiss as some kind of negative experience (physical vulnerability, objectification of the female body, etc.) regains performative significance, and biological men use it for their own “benefit.” As Soh writes [Soh, 2020, p. 155],

Many feminists take issue with transgender women, and especially the autogynephilic subtype, alleging they perpetuate sexist stereotypes of what it means to be a woman—self-objectifying, airheaded, and only good for sex.

Trans women are seen as embodying clichés about what women are supposed to look like, including long hair and nails, heavy makeup and high heels, a “costume” that says little about what it means to be a woman, particularly in the eyes of feminists who have fought long and hard against it.

The above examples are just some of many. As different identities multiply (Facebook<sup>3</sup> alone has counted 70 genders), the spectrum of controversy is also expanding. Among recent manifestations, note bullying of those who refuse to start romance and have sexual relations with transgender people, which causes natural rejection on the part of some groups (for example, some lesbians do not particularly welcome relationships with trans women who have not undergone a surgical transition). In essence, modern identity politics has become an ideology of acceptance, according to which any “nonstandard” identity is sacred, as is the choice (even if it is a choice of gender by a four-year-old child), determined by some kind of “deep self” regardless of any biological and other objective circumstances. However, where “self” is in the first place, constant contradictions and clashes of interests inevitably arise, no matter what “left” wrapper the corresponding discourses are wrapped in.

The big question is whether to consider the processes taking place mainly in the West as universal. In the opinion of the author, the actualization of expressive individualism can be considered an inevitable consequence of improving the quality of life in material terms. Any traditionalism is likely to be only a temporary obstacle to the realization of people’s desire to express themselves in the widest possible range of ways. In the end, even in Russia, despite all the anti-Western rhetoric, young people are more tolerant to representatives of sexual minorities.<sup>4</sup> However, Western identity politics is perhaps not a historical example to be followed. As was shown, ignoring scientific facts (for example, about sex biological characteristics) and the (pseudo)postmodernist rhetoric lead to ambiguous social consequences.

## CONCLUSIONS

The history of leftist movements is the history of disillusionment with revolutionary subjects. The reason why modern leftists pay so much attention to the concept of intersectionality and identity politics is simple: the 20th century showed that the idea of a revolution carried out by the working class is not viable. To fill the resulting vacuum, some substitutes were

<sup>3</sup> Included in Meta Platforms, recognized as extremist, and banned in Russia—*Ed.*

<sup>4</sup> Attitude of Russians towards LGBT people, October 15, 2021. Levada Center (recognized as a foreign-agent NGO in Russia—*Ed.*). <https://www.levada.ru/2021/10/15/otnoshenie-rossiyan-k-lgbt-lyudyam/>.

needed. The “new hope” was all kinds of “victims” and oppressed groups. Note that many leftists continued to adhere to the idea of egalitarianism, inspired by the distant prospect of communism as a classless society. Most likely, this concept was a major misconception. In reality, there is, in fact, a further evolution of individualism—but mainly on postmaterialistic grounds. One can again blame capitalism for allegedly steering identity politics in the wrong direction. However, such reasoning inevitably leads to conspiracy theories about some kind of omnipotent capitalism, which does little to analyze specific social processes that have a very indirect relationship to the capitalist economy. Postcapitalism simply does not need major political upheavals to gradually clear its way (as, in fact, was the case with its predecessor).

As material production is gradually replaced by “immaterial” production, and a vision like “fully automated luxury communism” [Bastani, 2019] looms on the horizon, people are redefining hierarchies and prestige to account for new scarce goods and resources. While under the conditions of capitalism these hierarchies and ideas are formed in accordance with unequal access to the “material,” today people are increasingly struggling for attention, which cannot be equal for everyone. People will never stop fighting to be better, brighter, more outstanding, and more popular than the rest. The development of postcapitalist social relations should be thought of as a transition to the predominance of new forms of competition: if not capital, then attention; if not material goods, then the pleasure of self-expression. Identity politics in this context is responsible for the expansion of freedom of choice because we live in a society the representatives of which devote ever more time to the search for and assertion (“production”) of their “self.” As demonstrated in this article, one should not look here for genuine egalitarianism or the desire for it. Even more so, one should not invent such strange concepts as “transgender Marxism” [Gleeson and O’Rourke, 2021], artificially associating group logic with the idea of communism. On the contrary, everything suggests that individuals who pursue their narrow interests continue to be at the center of the processes under consideration. In this connection, we can say that in the future we should expect further strengthening of the “enmity of all against all” and the destruction of the lifeworld since most people will demand from others the “recognition” of more and more new identities, even if this requires silencing the objectionable public. Will there be real leftists among these “objectionables”?

#### CONFLICT OF INTEREST

The author declares that he has no conflicts of interest.

HERALD OF THE RUSSIAN ACADEMY OF SCIENCES

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## Global Trends

# Posthumanism vs. Transhumanism: From the “End of Exceptionalism” to “Technological Humanism”

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**Abstract**—Posthumanism and transhumanism are often identified. However, modern researchers indicate the fundamental difference between these intellectual schools. The fundamental idea of posthumanism is the rejection of biological, ethical, and ontological anthropocentrism. Transhumanism focuses on changing and improving natural human characteristics through biological, technological, and cognitive modifications. While posthumanism draws attention to the crisis of humanism, transhumanism is the latter's heir. Scientific and ethical consequences of posthumanism, as well as the sociocultural potential of transhumanism, are considered in this article. Posthumanism carries risks of shifting the value focus from man to other objects, which in the long term can lead to a critical decrease in the value status of man. Transhumanism has the potential to preserve man as an effective economic and cognizing agent. It is suggested that Russian society has a socio-cultural potential for moving towards “technological humanism.”

**Keywords:** posthumanism, transhumanism, antihumanism, culture, technological humanism

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## INTRODUCTION

Posthumanism and transhumanism are often equated, but researchers point out that it is a mistake to make such a comparison: posthumanism and transhumanism designate different intellectual schools that contradict one another in fundamental issues [Ferrando, 2013]. Transhumanism works with man, his natural limitations, and potential options for his removal. Posthumanism, in turn, expands the very space of agency by including nonhuman objects and rejecting the binary oppositions human–nonhuman, culture–nature, or humanism–antihumanism [Kri-man, 2019].

Posthumanism deprives man of a privileged ethical, legal, and ontological status, placing him on par with other objects of the world. The conceptual foundations of posthumanism are the following: scientific discoveries that brought humans and other living beings closer together, which led to blurring of the boundaries between them; development of technologies, in particular, artificial intelligence; deformation of ideas about man in postmodern philosophy. The ideological foundation of posthumanism is the rejection of ethical and biological anthropocentrism [Braidotti, 2013]. Transhumanism, in turn, has inherited the ideas of the Age of Enlightenment and focuses on man, working on a program to improve and change

human characteristics through biological, technological, and cognitive modifications.

While posthumanism implies a rejection of anthropocentrism, transhumanism either retains the central position for man or does not problematize man's position among other objects. Transhumanism can be viewed as a “reinforcement” of humanism, while posthumanism draws attention to the crisis of humanism [Ranisch and Sorgner, 2014]. Transhumanism attempts at overcoming human intellectual and physical limitations, while posthumanism tries to overcome humanism [Jansen, et al., 2021]. This article discusses the scientific, ethical, and metaphysical foundations of posthumanism, as well as the sociocultural potential of the ideas of transhumanism.

## SCIENTIFIC FOUNDATIONS AND CONSEQUENCES OF POSTHUMANISM

One of the consequences of the development of the science of life is that features that were previously considered species specific for humans are attributed to other objects. As an example of this trend, one can cite the “emancipation of consciousness”: in the 20th century, some animals were endowed with higher mental functions, then discussions began about the actualization of consciousness on an artificial carrier and the possible presence of consciousness in plants [Segundo-Ortin and Calvo, 2021]. A natural result of this process is a modern version of panpsychism, which is accompanied by a discussion of the protophe-

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nominal properties of the world [Chalmers, 2013]—the expansion of the space for the spread of consciousness in the world has led to the endowment of things with consciousness. Posthumanism actualizes this process through the idea of the need to abandon anthropocentrism due to the obvious “end of human exceptionalism.” However, this approach limits the study of some phenomena, for example, consciousness.

The psychophysical problem<sup>1</sup> indicates an “explanatory gap”: at present, there is no generally accepted idea of how consciousness in the form of subjective experiences is inscribed in the world of physical interactions. The problem of the connection between the mental and the physical is currently so complex that some scientists declare its fundamental insolubility and point to the probable cognitive closure of man in relation to the mind–body problem [McGinn, 1999].

A consequence and one of the elements of the “hard problem of consciousness” is the lack of generally accepted ideas about the function of consciousness in modern science—we do not know what consciousness does and why our life does not pass entirely in the dark [Van Gulick, 2021]. What is the evolutionary reason why the physical processes in the brain are accompanied by the “light of consciousness,” that is, subjective experiences? There is no answer thus far. Therefore, science has vague ideas about the function of consciousness and equally vague ideas about the nature of the connection between consciousness and matter. It remains simultaneously the phenomenon closest to everyone and the main scientific mystery.

However, if the problem of consciousness is so hard, then what are the purely scientific foundations of posthumanism, which proposes to expand the anthropological space at the expense of other objects? If we do not know what function a certain cognitive module “hidden” from the external observer performs, how can we endow other animals with this module, or even more so artificial objects? J.-M. Schaeffer claims that human exceptionalism has come to an end, but in recalling the problem of consciousness, he points out that there is an urgent need to wait a bit with the discussion about conscious states [Schaeffer, 2010]. However, in this case, it is completely unclear why one should not “wait” with the very statement of the end of human exceptionalism, which, according to one of the most likely scenarios, is just a consequence of the species-specific nature of consciousness.

The bat uses echolocation to navigate in the dark. Echolocation is a very interesting evolutionary device that arose in some animals. Do dogs have this ability? This question can be confusing. Most people will answer it in the negative. However, why do we tend to think that dogs do not have echolocation? The most

obvious answer would be that dogs simply do not need the function that echolocation performs in bats for their survival as a species; thus, we assume that they do not have it. If dogs cannot echolocate, then why should they have consciousness? What grounds do we have for endowing other objects with some property hidden from the external observer if we do not know how it manifests itself in the behavior of the object? If bats were intelligent enough to transfer their characteristics to other animals but not intelligent enough to understand why they themselves need echolocation, they might think that humans also have this ability, which is a mistake.

Consciousness can be a species-specific feature of humans. In this case, posthumanism is an unreasonable expansion of the anthropological space. We may not like the idea of human exceptionalism for some ethical reasons, but from a purely scientific point of view, this is not grounds to deny human exceptionalism. Other animals may not have the function of consciousness, and consciousness itself may be a feature of humans. As long as the function of consciousness remains undefined, there are no rational grounds for bestowing it on other objects. Accordingly, it is still possible that there is a fundamental difference between man and other objects of the world.

Thus, posthumanism with its vector to expand the presence of consciousness in the world—up to the animation of inanimate objects—turns out to be a form of animism and contradicts science. The position that humans do not have a certain unique property because we are comfortable with the rejection of anthropocentrism can be called ethical and political but by no means scientific. Therefore, posthumanism cannot be considered a scientific doctrine; it is an exclusively ethical or political concept. Let us turn to the purely ethical foundations and consequences of posthumanism.

## ETHICAL FOUNDATIONS AND CONSEQUENCES OF POSTHUMANISM

The author divides ethical consequences into two groups:

- (1) decrease in the value status of man due to the appearance of nonhuman subjects of morality;
- (2) decrease in the value status of man in connection with socioeconomic changes.

*Nonhuman subjects of morality.* Here we mean the inclusion of other animals and plants in the space of morality. Discussions are beginning about the ethical status of artificial intelligence and whether machines have the potential to be moral agents [Bostrom and Yudkowsky, 2011]. Such an expansion of the ethical space fixes the responsibility assumed by man for the environment and is certainly positive. Caring for one’s habitat is the result of a rational attitude towards one’s own long-term goals: by caring for the world, man

<sup>1</sup> In the modern explication, “the hard problem of consciousness” [Chalmers, 1995].

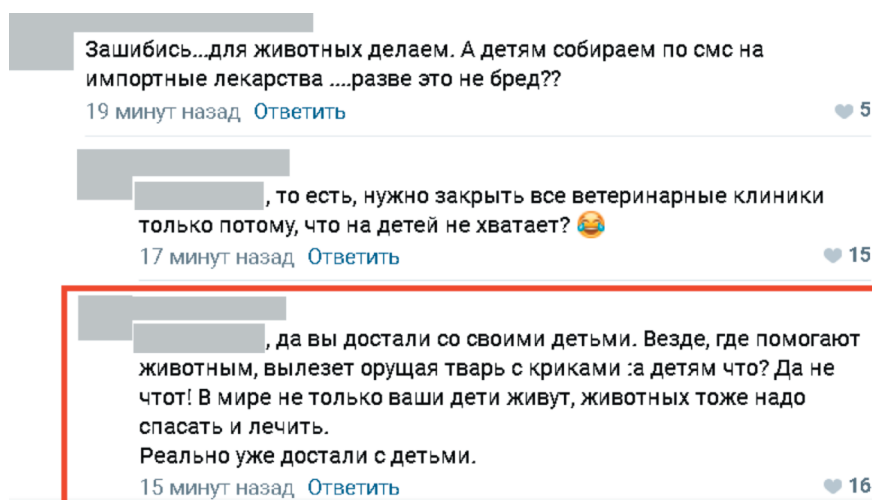


Fig. 1. Discussion of the creation of a vaccine for animals in a social network.

invests in his future. However, the critical expansion of the space of morality entails a severe value deformation, which can have an extremely negative impact on the status of humans. If we assign the status of moral agents to objects other than humans, then the “ethical focus” naturally shifts away from humans: they have fewer ethical privileges. This process is normal when it comes to the boundaries of permitted human behavior. However, it is necessary to clarify what “fewer ethical privileges” means: how much fewer?

Currently, there is a trend towards ethical anthropomorphism. We are already ready to perceive the computer as an equal moral agent and discuss the moral privileges of the machine—humanity is drawn in this direction by the development of technology and the associated cultural shell. In addition, society is ready to accept other animal species as equal moral agents due to the development of life sciences, which are gradually blurring the line between humans and animals (for example, [Olson, 2015]). However, in the long term, moving in this direction can be dangerous; thus, we should pay attention to possible risks.

Let us give a short illustration. On one of the social networks, the author paid attention to a discussion of the news about the creation of an antiviral vaccine for animals. The first comment was, perhaps, not entirely correct but innocent and quite standardly oppositional for the Russian-language Internet, a remark that fixes a position with which it is equally easy to agree or disagree: “...we do it for animals. Yet we collect money for children by SMS for foreign medicines.... Isn’t that nonsense?” (Fig. 1). However, we are interested in the commentary to this remark, which has a distinctly negative and, moreover, aggressive character: “Pissed with your children. Wherever animals are helped, a shrieking toad comes out with cries, ‘What about the children?’ Nothing! Not only your children live in the

world, animals also need to be saved and treated. Sick and tired of children.”

In the author’s opinion, this example illustrates a trend towards the expansion of the space of ethics, which leads to a shift in focus from humans to other objects, up to a critical decrease in the ethical status of man. Note that such an aggressive position is not the opinion of one person but a sign of a growing trend. It is likely to intensify under the influence of sociocultural processes that accompany the spread of posthumanistic thinking: posthumanism easily turns into antihumanism. Perhaps we are not yet sufficiently aware that giving animals the status of moral agents equal to humans will lead not only to treating animals as humans but also to treating humans as animals. And if things become humans, then humans become things.

*Value superstructure over the economic basis.* The rapid development of technology—in particular, artificial intelligence—accelerates the processes of industrial automation. This, in turn, raises the question of the role of man in the economy of the future: if artificial systems can more effectively perform the functions of man, then what place will man, as a potentially inefficient economic agent, take in the economy? The acceleration of innovation and robotization has led to a new round of discussion of technological unemployment—a decrease in the number of jobs due to technological changes.

Optimistic views of the problem point to compensation effects: although technological innovation may indeed lead to job losses, these effects are temporary, and in the long run technology will “compensate” for job losses through the emergence of new jobs and new products. Optimistic scenarios draw attention to the fact that a decrease in demand for labor is an exclusively theoretical possibility [Korenevskii, 2021].

Within the framework of such scenarios, recommendations are given on how to prepare for a future transformation, for example, in the form of learning new skills [Zemtsov, 2018]. Presumably, robotization will not lead to the exclusion of man as an economic entity from the economy but will only change the structure of competencies, as has happened more than once in history. In other words, the current problem of technological unemployment is a standard problem of current skills and professions, which will be solved in the same way as in the past.

However, modern studies question the theory of compensation [Vivarelli, 2007]. Some authors express concerns that new technologies may make human labor redundant [Acemoglu and Restrepo, 2018]. At the same time, according to some forecasts, by 2030, about 800 million people may lose their jobs because of automation.<sup>2</sup> Whether this process will be offset by compensation effects is an open question. Note that this is not at all about replacing only those professions that are associated with physical labor or relatively simple actions according to an algorithm: it is also about replacing workers with artificial intelligence in specialties that are currently considered intellectual.<sup>3</sup>

Optimistic positions regarding the future of interaction between man and artificial intelligence, which recommend changing education and compensating for the development of technology with new skills, do not take into account that human capabilities are limited. In a long-distance race, a machine will be more effective than man in everything or almost everything because in the long run the artificial is functionally more effective than the natural.<sup>4</sup>

Of course, the very possibility of freeing man of routine work (and of work in general) cannot be con-

sidered either a fundamental problem or a negative phenomenon. On the contrary, life without unnecessary work is an image of the desired future.<sup>5</sup> However, it is highly likely that the economy of the future will not need man, which raises the question: Why save man at all (and even more so improve the quality of human life)? This extremely tough and unpleasant question is likely to be raised by economic expediency and aggravated by the loss of man's status of exceptional value.

Economic development tends to increase efficiency, that is, to automate production. Accordingly, if in the long-term man is redundant for economic development, then posthumanism corresponds to the economy of the future as a value foundation. The point is not only that man will not be needed as an effective economic entity; he is losing the status of a valuable object in principle, which is intensified by the loss of the position of the most complex object in the world.<sup>6</sup> Biology and psychology have made him predictable, and technology has made him controllable. The thing becomes an object much more complex and valuable, as well as less predictable. In other words, effective economic development benefits from shifting the value focus from humans to other objects (including artificial ones). As a result, posthumanism becomes a superstructure over the emerging economic basis: as technology develops, capital will be less and less interested in man; thus, posthumanism becomes the ideology of a new stage of capitalism.

## THE METAPHILOSOPHICAL ASPECT OF POSTHUMANISM

Posthumanism, with its dehumanization of discourse and the deprivation of man of privileged value status, is not only a consequence of the development of science and technology but also a response to postmodern concepts such as the death of the subject [Barthes, 1994], the collapse of metanarratives [Lyotard, 1998], and the historical conditionality of the concept of man [Foucault, 1994]. What is the value of a face inscribed on the coastal sand if in a second it is washed away by a wave? Very low. However, bracketing off

<sup>2</sup> J. Manyika, S. Lund, M. Chui, et al., "Jobs Lost, Jobs Gained: What the Future of Work Will Mean for Jobs, Skills, and Wages: Report," McKinsey Global Institute, November 28, 2017. <https://www.mckinsey.com/featured-insights/future-of-work/jobs-lost-jobs-gained-what-the-future-of-work-will-mean-for-jobs-skills-and-wages>.

<sup>3</sup> For example, the software development community is actively discussing the possibility of replacing the programmer with a program. See, for example, "Is the No-Code Movement the End of Programmers? Analyzing the Pros and Cons. Vc.ru. July 30, 2020. <https://vc.ru/services/146312-dvizhenie-no-code-konec-programmistov-razbiraem-plyusy-i-minusy>. This discussion fixes the problem: sooner or later, artificial intelligence can replace even those who create it because human intellectual capabilities have natural limits.

<sup>4</sup> We can, of course, draw an analogy with the story of a stupid hare who does not know which way he will run, and therefore he manages to outwit a smart fox. In this story, the hare is man, and the fox is artificial intelligence (A. Auzan, "The Digital Economy: The Human Factor," Polit.ru, July 25 (2019). <https://polit.ru/article/2019/06/25/auzan/>). This analogy is an example of reasoning about intuition and creativity as an advantage of man over machine. However, such metaphors and reasoning are like postponing a solution to a problem or self-deception: it is possible that intuition is also based on algorithms of unconscious processes, and creativity is not as exceptional a feature of man as is believed [Elgammal et al., 2017].

<sup>5</sup> Currently, the concept of *postwork* is being discussed, and positive future scenarios such as "tech-led abundance," "nonworkers' paradise," or "sustainable commons" are being considered [Hines, 2019]. The idea of an unconditional basic income is also discussed, which some call the desired scenario, while others call it an economically unrealizable armchair utopia [Kapelyushnikov, 2020].

<sup>6</sup> Experts draw attention to the complexity of artificial systems. This feature concerns both the complexity of development (one person cannot know how all modules function) and information processing mechanisms. For example, one of the author's interlocutors, a programmer, put it this way about the operation of the neural network: "We do not understand how the neural network works with information. Nor do we know what is going on inside. This is a black box. Yes, we set the initial criteria, but at the end we get an unexpected result."

man, postmodernity only points out the excessive complexity of the question of his existence and fixes his tiredness of trying to solve it—the problem is solved by ignoring or denying. This position is weak: what kind of historical conditioning of man and the collapse of metanarratives can we talk about if today the main metanarrative—existence in its ontological sense—becomes the stumbling block for science, technology, and philosophy?

Man acts as the bearer of existence in its ontological sense: at present, we cannot say that there are others. Most likely, there is an ontological gap between man and other objects. You cannot change man for them, because the exchange of being for nonbeing is a bad exchange from the point of view of both our basic intuitions and absolute value—existence itself. The value of man is no longer determined by his species, functional potential, cognitive characteristics, or economic efficiency; it is determined by man's status as a bearer of existence.

It is human nature to endow objects with value: we single out certain objects by giving them a special—and often exceptional—importance for us. The value of objects is relative and subjective because it depends on cultural, economic, or subjective contexts. However, “beauty is in the eye of the beholder,” and hence even our habitat, filled with objects of exceptional value for us, is only an application to existence, that is, to the possibility of the presence of value as such.

Bracketing off man and expanding the space of agency at the expense of other objects makes it possible to enjoy by getting rid of the need to solve an overly complex problem. Posthumanism offers us a tempting prospect—to finally get rid of man, who has ceased to be an object of interest for us, and to go beyond the boundaries of irksome humanness. The problem is that we have nowhere to go—we are the home from which all roads run.

## POSTHUMANISM VS. TRANSHUMANISM

Man not only cannot compete with machine functionally; he becomes uninteresting to himself, ceasing to be a way to expand our knowledge about the world. It is possible to return interest in man by expanding the anthropological space at the expense of man himself. In this sense, transhumanism is opposed to posthumanism. Moreover, transhumanism turns out to be a “cure” for posthumanism. Despite the active development of technologies in all areas, the technologies of potential transformation of man are developing more slowly than those that replace him functionally. This trend is associated both with the obvious fear of artificial interference in human nature and with the relative simplicity of functional substitution. However, there are risks associated with a negative change in the value status of man. They can be leveled if man-replacement technologies and man-transformation technologies

are aligned in terms of dynamics. Fear of the artificial transformation of cognitive and biological capabilities can lead to an insurmountable value gap between man and other objects of the world, that is, to the dominance of posthumanism in the ideological space. In choosing between the obscurity of transhumanism and the “bad” version of posthumanism, we should perhaps choose obscurity.

If the problem is to align the technologies of substitution and change, some elements of its solution can be proposed. To preserve the value of man, it is not at all necessary to simplify technologies. On the contrary, they should be made more complex. When choosing between “simple” technologies and “complex” ones, one should choose the latter. Complex technologies are understood as those that do not just perform functions (for example, control) but also are subordinated to the priority of man as the main goal and are complicated by the need to correspond to the environment in which man is the main goal.<sup>7</sup> In other words, the “digital concentration camp” is too simple [Merzlyakov, 2021].

Posthumanism works with man as if man is the end of the road, a dead end from which there is only one way out—back to objects. However, is this possible, if it is already clear that modern man is the beginning of a new stage of human development? Yet this stage may remain only a potentiality if man loses his value status. At present, people are catching up with technology. Perhaps some effort should be made to reverse this trend. Accordingly, man must have the freedom to change, which is the ethical element of “technological humanism.”

## THE SOCIOCULTURAL POTENTIAL OF TRANSHUMANISM

Paradoxically, the value status of man is currently declining under the influence of two traditionally opposing ideological positions. On the one hand, his value priority is questioned in Western liberal societies due to the vector to expand the anthropological space at the expense of objects other than humans; this is a natural consequence of the development of posthumanist ideas. On the other hand, man, as an absolute value, experiences pressure from “Eastern” societies, in the value framework of which he traditionally occupied a subordinate position. In other words, even a society that was traditionally considered a “defender” of the individual no longer performs this function; man as the main value no longer has protection. Of course, in the long term, this situation is dangerous. However, here one can find a significant potential for sociocultural development: sandwiched between

<sup>7</sup> Regarding control technologies, we can talk about replacing universal control with targeted control, abandoning control, public discussion, introducing spaces free from digital control, etc.

**Table 1.** Please tell, if it were to happen, whether you think it would be a good thing, a bad thing, or don't you mind? More emphasis on the development of technology

	Japan	Mexico	Russia	Turkey	United States	Germany
<b>Good thing</b>	<b>68.4</b>	<b>56.9</b>	<b>73.9</b>	<b>54.6</b>	<b>54.2</b>	<b>74.8</b>
Don't mind	26.9	29.3	13.7	31.6	38.8	11.1
Bad thing	4.4	12.6	8.7	12.7	6.2	10.8
Don't know	0	1.1	3.5	1	0.1	2.9
No answer	0.3	0.1	0.1	0.2	0.7	0.5

Source: World Values Survey.

the two competing ideological systems that erode the value status of man, Russia can become a force capable of taking on the role of man's "defender." Note that technological humanism as an option of sociocultural development may be a good fit with Russia.

Russians have a positive attitude towards the development of technology in general, and therefore they can rather be considered techno-optimists. The idea that Russians are conservative technophobes is not true, as both Russian [Vakhshstein et al., 2016] and international studies point out (Table 1). It can be assumed that the techno-optimism of Russians will also contribute to the development of technologies associated with changing and supplementing the natural characteristics of man. Movement in this direction also corresponds to the Russian cultural and intellectual tradition, in particular, to the ideas of Russian cosmism [*Russian cosmism*, 1993, pp. 282–354]. In addition, Russia has the scientific and technological potential to improve the natural physiological and cognitive characteristics of man and demonstrates a positive trend in research in this area (for example, [Dezhina et al., 2020]).

Movement towards technological humanism can be a sociocultural advantage and fit into the logic of advanced development. The transfer of sociocultural values from another society can become an effective tool for modernization, but such a transfer is an element of catch-up development and is not always efficient. The problem is that transferred values may conflict with the existing informal institutions, which can change over a very long time. Therefore, it is important to find and use national cultural specifics to modernize society. In this case, it becomes possible to update those sociocultural mechanisms that are highly likely to be used positively in the future by other societies; such mechanisms have the potential to be not just an element of sociocultural development but part of a strategy for advanced development.

In terms of the logic of advanced development, it is more efficient to focus on cultural features that fit into the trends but are ahead of them [Merzlyakov, 2020]. In this case, it is more productive to emancipate groups of people that already include communities

emancipated in a potential donor society, that is, to search for the most promising options for "future" emancipation. From the standpoint of the emancipatory effect and the potential of involvement, the author views as a promising group people who either already have a technological/biological modification or who positively assess this phenomenon. Both those who already have some kind of modification and those who do not object to the very idea of a positive change in man can participate in the conditional "parade of the augmented." It does not matter what kind of artificial enhancement or some other addition a person has (an artificial hand, an artificial tooth, cognitive features, or brightly colored hair), the emancipatory and integrating effects act on all people. Positive consequences will be the demonstration of the techno-optimism of Russians, their orientation towards the future, a signal to Russian companies that have the potential to develop in this direction about the presence of a domestic market, "soft" reintegration of Russian society into Western culture in the format of cultural advance,<sup>8</sup> the formation of a "future identity" that unites society with a strong ethical foundation, and emancipation of a large number of people.<sup>9</sup> Thus, the potential of sociocultural development in this direction is determined not only by the "hard" ethical framework but also by the pragmatic expediency and sociocultural characteristics of Russian society.

## CONCLUSIONS

Posthumanism can be called a useful concept from the point of view of science, ethics, and philosophy since it changes the research optics and makes it possible to look at existing problems in a different way. However, it carries long-term risks. From the standpoint of science, posthumanism ignores the problem

<sup>8</sup> Advanced development implies "playing by one's own rules" and, consequently, less resistance from opponents of cultural pressure from outside.

<sup>9</sup> People who are somehow uncomfortable with certain differences. Acceptance of artificial change is also a story about accepting differences in principle; hence, moving in this direction makes it possible to emancipate different groups of people.

of consciousness, which can be a species-specific feature of man. Until science has figured out the nature of consciousness and its function, there is no reason to endow other objects with consciousness. The unreasonable expansion of the presence of consciousness in the world leads to modern versions of panpsychism and the absolutization of animism, that is, to unscientific speculations. From the standpoint of ethics, posthumanism is capable of transforming into antihumanism. Posthumanism can be regarded as the value foundation of a new stage in the development of capitalism, which is accompanied by the gradual loss of the value status of man as an effective economic entity. An alternative to posthumanism could be movement towards technological humanism, which, presumably, corresponds to the sociocultural characteristics of Russian society.

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#### CONFLICT OF INTEREST

The author declares that he has no conflicts of interest.

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## Global Trends

# Digitization of Society: Alternative Projections of the Future

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**Abstract**—The impact of digitization on four spheres of society, i.e., economic, political, social, and spiritual, is analyzed. Digitization is defined as the diffusion of information and communication technologies (ICT) that can bring about both positive (legitimate) and negative (wrongful) effects. At the same time, today the digitization of public spheres directly involves the component of ensuring the digital security of society, which is becoming increasingly global in character. Cyber wars and cyber attacks cause economic damage on a global scale, amounting to six trillion dollars US annually, which is commensurate with the economic losses of wartime. Large-scale digitization of public spheres for the first time in human history creates an objective opportunity for constructing and designing future social states, which makes a fundamental difference between the course of future socio-economic and political processes and the historical evolution of the previous eras. This gave rise to a dichotomy of virtual utopias and dystopias of Future projects. Dystopias are inspired by visions of the coming “digital slavery,” while utopias focus on visions of a “digital paradise.” Polarized views on the digital Future are based on the processes of the “digital divide,” the meaning of which is that digitization contributes to a significant increase in inequality in access to digital goods, which in turn results in a growing inequality in the distribution of income and wealth. The coronavirus pandemic promoted a powerful acceleration of digitization processes, which acted as a form of society’s adaptation to its stresses and harmful consequences. Digitization has made social distancing possible and cost-effective. At the same time, the pandemic was conducive to a colossal increase in the economic power and political influence of digital corporations, which objectively requires a sharp increase in the regulatory role of the state, which should put digitization under effective public control.

**Keywords:** digitization, digital security, social spheres, scientific and technological formation, digital project, coronavirus pandemic, digital divide, digital utopias and dystopias

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## INTRODUCTION

### *Global Digital Security*

Digitization, the “brand identity” and the basis of which is the World Wide Web of the Internet, has become the most important material factor in accelerating global processes, determining their specificity and direction. As in previous eras, globalization turned out to be a two-faced Janus, on the one hand, bringing together socio-economic and political systems, and on the other, sowing seeds of destruction, discord, and wars between countries. Digitization, as a powerful force for global socio-economic and political transformations, can act as a potent tool for both creative and destructive processes. In its last capacity, it has the potential to turn, and perhaps has already turned, into a new type of collision—cyberwars, the destructive potential of which, in terms of economic losses, is comparable to the economic damage of the

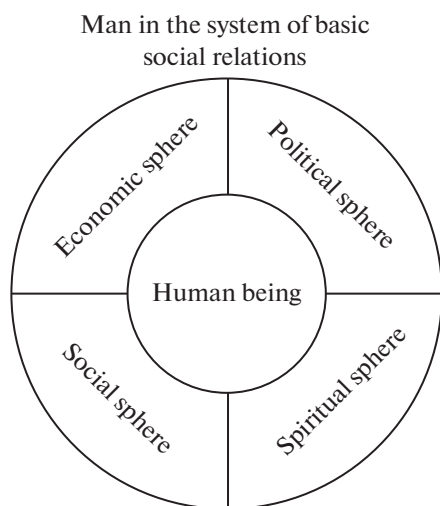
world wars in the first half of the twentieth century and financial and economic crises of the twenty-first century.

Digitization has brought with it, as a mandatory and integral element, the parameter of security; the digital Future must be secure, otherwise, there may be no chance for it at all. In this regard, we can mention the following fact: attacks in cyberspace aimed at obtaining economic benefits are already causing damage to the global economy in the range of \$100 billion to \$6 trln, and every year these losses increase [1 : 1].

## DIGITAL DIFFUSION IN SOCIETY

The canonical definition of digitization states that it represents the process of introducing digital technologies into various public spheres. The generally accepted classification of public spheres includes four realms, i.e., (1) economic, (2) political, (3) social, and (4) spiritual. Humans stand in the center of this classification matrix because the listed spheres reflect their basic social needs as individuals and personalities: the

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**Fig. 1.** Human being in the system of basic social relations.

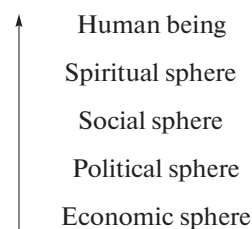
\* Spheres of life in society, Available at: <https://www.grandars.ru/college/sociologiya/sfera-obshchestva.html>

need to work and increase the material goods and services at one's disposal; the need to participate in public and state life, reflecting one's political preferences and views; the need for a social life, which stems primarily from belonging to a family, people, and various age and sex groups; and, finally, the need for spiritual development, which involves the development of worldview ideas and morality, and an improvement in the educational level. This "weaving" of an Individual into public relations in the broadest sense of the word is reflected in Fig. 1.

Historically, digital technologies appeared immediately after World War II, in the second half of the 1940s, but the modern history of information and communication technologies (ICT) begins in 1969, when the US Department of Defense put into operation the Arpanet computer network, which became the prototype of the modern Internet [2].

The diffusion of subsequent digital innovations was ascending, starting from the economic sphere, and gradually spreading to all other public spheres, and since the beginning of the twenty-first century, it has begun increasingly to involve man himself (concepts and practical application of artificial intelligence, AI). This incremental advance of digital technologies across the main public areas is schematically shown in Fig. 2.

The progressive digitization of public spheres, including that of an individual himself, makes us wonder about the legitimacy of digitizing each of those, which will ultimately enhance its functional efficiency in meeting human needs, and about the extent to which the intrusion of digital technologies into areas that occupy a higher place in their hierarchical order is a factor in the growing dysfunctionality of this area.



**Fig. 2.** Gradual digitization of public spheres and man.

At present, it can be stated that the widespread use of digital technologies in the economy seems justified, since it reflects the logic of a progressive change in scientific and technical paradigms. The economic sphere is a legitimate area for the application and dissemination of digital technologies, although, as the Dutch sociologist M. Ossewaarde pointed out, "digital transformation can be interpreted as an assertion of the dominance of economic forces personified by the oligarchic power of technological clusters, the most famous of which is Silicon Valley" [Ossewaarde, p. 25]. With regard to other public spheres, it can be hypothetically assumed that their digitization looks more problematic and is accompanied by a growing mutual substitution of digital technologies for the qualities and properties of a Human as a sociobiological species, which includes, among other things, mental, sensual, and volitional areas.

It should be pointed out, for example, that the digitization of the political sphere can lead to a sharp tightening of political control over society and its manipulation in the interests of the "governing elites." According to the German professor of political science J. Hofmann, authoritarian regimes "either cannot or do not want to rely on the willingness of their citizens to cooperate. Established democracies have many opportunities for the political mobilization of citizens: they can rely on the public to form a critical consensus, understanding, and solidarity. In addition, they can expect a community action from a significant part of their population. Instead of strengthening these aspects of political life, digital monitoring can only undermine them" [3].

The digitization of the social sphere can result in the weakening and even disintegration of social communities, including the institution of the family, and even entire societies. This danger, in particular, is pointed out by Norwegian sociologists professors H. Spilker and L. Reutter, who analyzed the problem of creating large databases for ordinary citizens by government bodies: "The use of large databases raises serious questions about privacy, data security, and ethics. When using artificial intelligence, these issues are, of course, even more critical in the public sector than in the private sector. At the same time, there is a significant potential for unauthorized control over citi-

zens, as well as the risk of automation of unfair actions” [Reutter and Spilker, p. 96].

The digitization of the spiritual sphere in its finished form in the future means the complete leveling of values that are purely human, related to moral, ethical, and religious values. Digitization, in fact, cuts off all connections of a person with the spiritual dimension, because, as noted by the American theologian and engineer L. Dovich, “life in a community of people and constant communication with them is the currency of spiritual growth” [Dovich, p. 12].

Moreover, finally, the digitization of a person himself can be considered tantamount to the “self-destruction” of a person as *homo sapience*, a wise man, as modern biological science and every human being knows him. According to the popular historian Y. Harari, breakthroughs in biotechnology and information technology “will give us power over the inner world and allow us to change ourselves, but we do not understand the complexity of our mind, and these changes can have a devastating effect on our entire system of thinking” [Harari, p. 16].

#### DIGITIZATION AND CONSTRUCTING VIRTUAL PROJECTIONS OF THE FUTURE

The traditional view of the course and evolution of historical processes boiled down to the fact that the temporal flow from the Past to the Future through the Present is autonomous, to a certain extent independent of the will and consciousness of individual social groups and societies as a whole. It is the ideas about the autonomous nature of the action performed by forces that determine the transition from one social formation to another, from one scientific and technological paradigm to another, that underlie the laws of the historical evolution of countries and humanity as a whole. The change in scientific and technological paradigms, starting from the end of the eighteenth century and ending with our time, is reflected in the Table 1.

It should be noted that modern social sciences in their understanding of the general direction of the social, scientific, and technological evolution of humanity have not gone far from the statement of the founder of political economy A. Smith, who believed that the course of historical evolution is determined by the “invisible hand” of Providence.<sup>1</sup> At the end of the twentieth century, a discussion began and continues in the foreign literature about the extent to which the references to the “invisible hand” in the three works of A. Smith can be considered nothing more than a metaphor, and to what extent they are a claim to a theoret-

ical generalization, which was formulated by the great thinker of the end of the eighteenth century, but could not bring it to its logical conclusion. According to some researchers, the “invisible hand” can be considered the basis for far-reaching theoretical generalizations, especially when the question arises about the effectiveness of a “sound” state policy that leads to unforeseen consequences often opposite to the original intentions. This situation arises because public policy makers “carry out a course aimed at correcting certain problems, ignoring the opinion of critics who warn that the chosen direction of policy will lead to the opposite result, and then the responsibility for unforeseen results will be shifted to a third party to take the blame. As a result, unforeseen results are caused by elites who believe they have the knowledge and wisdom necessary to realize a “better society for all” [4, p. 9].

The digitization of social relations drastically changes the direction of their evolution, in which the Future can be designed in the Present. Social forces that have fully mastered and control the process of digitization claim that the society of the Future is not the result of the action of autonomous forces, in some cases relying on the help and support of the “invisible hand” of Providence, but arose as a result of the implementing the *digital Project* created in computers, supercomputers, and with the help of artificial intelligence (AI).

The most important factor that makes it theoretically possible to implement a digital project is the widespread use of digital technologies in all spheres of society. The wide diffusion of digital technologies leads to a historically unprecedented symbiosis of almost every person and computer bringing about an information society, which is “the result of the transition from the previous digital era to a new post-digital world in which digital has become the basis of everyday life” [Dufva and Dufva, March 2019, p. 18].

The basis of a possible digital project was the concept of a digital code (or algorithm) that can be “changed, updated, fixed, hacked, stored, and analyzed without changing the physical machine itself” [Dufva and Dufva, March 2019, p. 17]. In a historical retrospective, the change in scientific and technological paradigms manifested itself in the form of a visible change in the symbols and products of the achievements of scientific and technical thought in the form of steam engines, railway locomotives, cars, and aircraft, and achievements in biotechnology and petrochemistry, rockets, robots, and automated systems. Thus, the change in the images of the Future also implied a visible change in their material carriers, which made it possible effectively to block only some directions of scientific and technological development by economic and political means, relying on the instruments of state regulation in public spheres. Suffice it to recall cutting the funding for many space

<sup>1</sup> And man is “led by an *invisible hand* to promote an end which was no part of his intention. Nor is it always the worse for society that it was no part of it. By pursuing his own interest, he frequently promotes that of the society more effectually than when he really intends to promote it” [Smith, 2008, p. 332].

exploration and exploration programs or a ban on developments in the field of genetic engineering.<sup>2</sup>

The emergence of an invisible digital code, a pure product of human thought or AI, has fundamentally changed the situation in the field of human interaction and digital technologies. Unlike other scientific and technical fields that a person encounters in the process of his socialization, now digital technologies, at least in developed countries, surround him from infancy. In fact, a modern person from birth finds himself in the digital world; therefore, for social and personal orientation in this habitat, a person is forced to acquire the appropriate skills and experience since his symbiosis with the digital reality will continue until the end of the century. As a result, a person's understanding of the structure of the digital world, one might even say the digital Universe, his "perception of the digital world (for example, as given in comparison with something that is produced and that can thus be formed) determines what types of future are thought of as possible" [Dufva and Dufva, March 2019, p. 18].

Digitization is based on computer simulation based on *virtual reality*, often of a gaming nature. Virtual reality is based on imaginative, one might say artistic, thinking, as pointed out by decision-makers *using* computer programming. In particular, the Dutch analysts I. Cattenburch and M. Duijn, based on the experience of using digital technologies, came to the conclusion that artistic metaphors serve as mental models in the development and implementation of visual concepts. It is mental models that use images to understand clearly how things fit together, since metaphors are "ideal for isolating the main meaning (or meanings) when processing large amounts of data, forming a flexible framework for understanding and interpreting information" [Van Cattenburch and Duijn, March 2019, p. 108].

Image metaphors carry a moral component; for example, this is manifested in ancient Greek myths. In particular, the myth of Phaeton tells about the moral inferiority of the proud Phaeton: having taken the solar chariot from his father Helios for a short time, he lost control, and the horses carried him along the wrong trajectory to the planet Earth. As a result, he died, struck down by Zeus's lightning. Metaphorical modeling of the Future with the help of digital technologies has one more important feature. It is related to programming the role that its creators intend to play in the Future. In essence, this is a scenario for managing and manipulating the structural and functional characteristics of the digital Future by modern political, financial, and economic elites, which begins with

determining their focal location in the digital Universe. In this regard, the same ancient Greek myth about Phaeton gives an idea not only of the unlimited possibilities that the digital control of the world of the Future creates (Helios's solar chariot), but also of the dangers that may arise for the ruling elites if they fail to cope with its management. In fact, the digital project of the Future involves the construction of a hierarchical social order, which has always been present in all socio-economic systems from ancient times to the present day. The blueprint for a digital future will invariably be the product of "elite visionaries" and "the dreams of the profane masses," as most of the world's masses "are in no position to anticipate for themselves either immediate benefits or improved long-term prospects from the forward march of technology. They must accept the promise of benevolent outsiders that their lives will be bettered through inventions designed elsewhere, by entrepreneurs closer to technology's moving frontiers, with the capital and knowhow to engineer large-scale change. Inequality, not only as access but even more of anticipation, thus emerges as an unresolved ethical and political barrier to the just governance of technological innovation" [Sand, March 2019, p. 101].

#### THE CORONAVIRUS PANDEMIC: IS IT A HARBINGER OF THE DIGITAL FUTURE?

The coronavirus pandemic that hit humanity at the beginning of 2020 has radically changed the usual rhythms in functioning of almost all public spheres and most states on planet Earth. The World Health Organization (WHO) declared the coronavirus outbreak a global epidemic on March 11, 2020 [6], and this date can be considered a conditional starting point for the approaching Future. As of spring 2022, 471.0 million people in the world had been infected with the coronavirus and almost 6.1 million people had died. It should be noted that the countries of the Americas and Europe account for 73% of all cases of coronavirus infection and just over 75% of COVID deaths [7].

Yale University history professor F. Snowden has studied the impact of pandemics on social development from 1346 to 1953, which claimed from 75 million to 200 million lives on the planet,<sup>3</sup> starting from the time of the first world plague pandemic, and ending with the global pandemics of our time. He concluded that pandemics, like revolutions, wars, or economic crises, had invariably appeared to be turning points in the development of individual societies and of all humankind as a whole. The fundamental reason is that pandemics "reach into the deepest levels of the human psyche. They pose the ultimate questions

<sup>2</sup> In particular, according to a survey by the UNESCO International Committee on Bioethics, in 29 out of 39 countries actively involved in genetic engineering, there are bans on editing the human genome (that is, obtaining a genetically modified embryo), while in 25 countries such experiments are legally prohibited [5, p. 88].

<sup>3</sup> In 2019, F. Snowden published a monograph on the impact of global pandemics on social development [Snowden, 2019].

about death, about mortality: What is life for? What is our relationship with God? If we have an all-powerful, omniscient, and benign force, how do we reconcile that force with these epidemics that sweep away children in extraordinary numbers?" [8].

As a rule, pandemics have led to a sharp increase in the role of the state and authoritarian forms of government, while such an increase does not stem from an understanding of what measures need to be taken, but from the exact opposite premise: the authorities "...not knowing what to do, this gave the impression that they did: They knew what they were doing, and they were taking decisive measures. And so, it was thought that these sorts of measures would possibly be effective, and would certainly be a display of power and resolution" [9].

The current situation, in particular, has already turned into a tectonic shift in the internal political situation of the United States. According to F. Snowden, the impact of the pandemic on the presidency of Donald Trump was fundamental. "Indeed, my view is that" writes the scientist, "without Covid-19, he would have been successful in his bid for re-election." At the same time, as the American historian pointed out, D. Trump's defeat goes beyond the traditional political theory of presidential elections and, perhaps, is important for representatives of the political elite in other countries. The pandemic has radically changed the usual tactics and strategy of conducting political campaigns, since for D. Trump, "he suddenly confronted an adversary that was a force of nature rather than a human rival. His normal strategy of bullying, and presenting his own 'alternative facts' proved ultimately of no avail when Covid-19 advanced remorselessly. In so doing, the pandemic exposed Trump's incoherent response to the crisis, and it generated enormous suffering and death for which he was unwilling to accept responsibility. He also failed to convince the country that he possessed a solution to the greatest medical crisis of the century."

The coronavirus pandemic has sharply increased the social control of state bodies over citizens based on digital technologies. At the same time, as F. Snowden emphasized, "What is new in the time of Covid-19 is that in some countries the authorities have deployed electronic monitoring devices in ways that George Orwell and Aldous Huxley would have understood. In those places, states have used drones and video cameras to exercise surveillance, have tracked the movements of individuals by employing their cell phones as tracking devices, and have used robots in health centers. Here there are new temptations for authorities to maintain the control, the surveillance, and the invasion of privacy after the emergency has passed. The boundary in these contexts between protecting health and promoting abuse of power is porous and ever shifting as the technology evolves" [10].

The pandemic has affected the mechanisms underlying the functioning of almost all public spheres. However, three main trends have already emerged in most countries that will determine the course of social processes in the near future. *The first trend* is associated with a noticeable increase in large technology firms actively developing and implementing digital technologies. *The second* comes down to an even greater increase in all types of inequality, especially socio-economic, which is stimulated by modern digital technologies, while it affects the distribution of economic benefits, political influence, and social relations, including gender, racial, age, and educational inequality. And, finally, *the third trend* manifests itself in the proliferation of information flows in the media, which are interpreted by certain segments of the audience as misinformation. Actually, it can be assumed that modern digital platforms have become objects of *information wars* going on both within societies and in the global cyberspace.

In general, these trends create "the new normal" situation in the future for the next five to ten years. [11]. At the same time, public life will be increasingly defined by concepts such as the "inflection point," "punctuated equilibrium," "inconceivable proportions," an "exponential process," "mass disruption," and an "unprecedented challenge." The rapidly evolving processes leading to the digitization of societies will unfold in conditions, as the famous American sociobiologist E. Wilson put it, of "Paleolithic emotions, medieval institutions, and godlike technology" [12].

Social distancing, which has become a legitimate form of combating the coronavirus pandemic, will gradually develop into a system of "tele-all," that is, a system of remote healthcare, education, work, entertainment, e-commerce, and social events, including participation in political processes, which includes remote voting [Travkina and Rogovskii, 2016]. Social distancing in the broad sense of the word will mean that social communities, "individuals, cities, and nation-states will become more insular and competitive as survival mode kicks in. Xenophobia, bigotry, and closed communities will also increase" [11].

Social distancing has already led to serious psychological stresses. In the near future, we should expect an increase in psychopathic forms of behavior at the individual and group levels provoked by further complication. According to American analysts, problems and challenges, programs and technologies, everything will become more complex. "The substrate of the new normal will be ineradicable complexity: Both our problems and our technologies (including how we deploy these technologies) have passed the stage of simple approaches" [11].

As it is seen today, the complication of all social processes will create an increasing burden on the psyche, which threatens not only an increase in the number of mental disorders and diseases, but further

change in the consciousness of mankind, which will take on such a wide scale that it can be put on a par with planetary climate changes [Davies, October 2016, p. 2139]. For example, the coronavirus pandemic has clearly revealed a trend towards a rise in mental illness and disorders and an absolute and relative increase in the number of suicides and the use of drugs and alcohol.

Thus, in the United States, according to American official statistics, in the first half of 2020, the proportion of the adult population reporting symptoms of an anxiety and/or depressive disorder increased almost fourfold compared to the first half of 2019, from 11.0% to 41.1%. At the same time, social groups with low incomes, representatives of ethnic minorities, and youth were in a particularly vulnerable position. In particular, in 2020, the proportion of the population aged 18 to 24 years who reported symptoms of anxiety and/or depressive disorder was 56.2% and the proportion of the population aged 25 to 49 years with similar symptoms was 48.9%. The share of the population aged 50 to 64 years with anxiety or depression was 39.1%; and the share of the elderly, only 29.3%, that is, almost two times less than the younger generation [13]. It is quite possible that the processes of further social digitization will be comparable in their medical and biological consequences to the impact of the 2020 coronavirus pandemic.

#### **“THE DIGITAL DIVIDE”: THE MAIN FACTOR OF EMERGING UTOPIAS AND DYSTOPIAS OF THE DIGITAL ERA**

The distribution and implementation of digital technologies in public spheres is uneven and contradictory; as a result, a situation arises when some communities have access to and widely use the fruits of digitization while others are deprived of this opportunity. Inequality in available access to and ownership of digital technologies creates the phenomenon of the “digital divide.” It has many dimensions, but three of its types are considered the most referentially significant, i.e., (1) the gap between urban areas and rural settlements; (2) the gap between different kinds of socio-economic groups; and (3) the global gap between developed and developing countries. Thus, in 2020, approximately 4% of all households in the UK, i.e., over a million people did not have access to the Internet, even though the coverage of British households with the Internet proceeds “by leaps and bounds.” In 2000, only 25% of British households had access to the Internet, but by 2010 it was already 73% [15]. In addition, “the rural telecommunications infrastructure is inferior to that serving urban areas. This results in large numbers of people being unable to exploit fully the potential of ICTs because of where they live and work: yet there is a paucity of literature about the specific spatial nature of rural digital exclu-

sion and the ramifications of this” [Philip, 2017, p. 387].

Socially, inequalities in educational attainment and income distribution in virtually every society play a critical role in shaping and deepening the digital divide. According to statistical surveys, people with higher and incomplete higher education have the potential to use digital technologies on average ten times higher than the same indicator for people with secondary and incomplete secondary education. High-income earners (individuals and households) (\$75 000) are 20 times more likely to access the internet and digital technologies than low-income earners (\$30 000) [14].

The digital divide is especially acute on a global scale: half of the world’s population (which is almost 4.0 billion people!) do not have access to the Internet, and in most of the least developed countries, no more than 20% have access to digital technologies, naturally not the most advanced [16].

The emergence of revolutionary technologies as digital technologies stamped themselves from the very beginning, could not but overlap with the structure of the eschatological consciousness of modern humanity, which, since the industrial revolution in Great Britain in the last third of the seventeenth century, has invariably considered the emergence of technology as an opportunity for humanity to gain the long-awaited “keys to earthly paradise,” having saved most of the population from want, and a growing abundance of material wealth will result, if not in the elimination, then at least in a significant metamorphosis of the various hypostases of Evil.

Digital technologies, which from the very beginning reflected and multiplied the Good, the Bad, and the Ugly, inevitably gave rise to the utopias of a “social paradise” and the dystopia of a “social hell.” As noted in this regard by the American philosopher A. Feenberg, who specializes in the philosophical problems of modern scientific and technological progress, “Contemporary utopias are presented as breathless frontline reports on the latest R and D. These new utopias are inhabited by bioengineered superhumans networked in a universal mind or downloaded to more durable hardware than the human body. Big data will soon predict when we will catch a cold and finally make possible a true science of society. Networked artificial intelligences will serve all our needs and eliminate work” [Feenberg A., 2017, no. 20: 78]. The coronavirus pandemic could not fail to highlight the dystopia of the “digital hell” approaching humanity, at least for those countries and social groups that will not be able to adapt and master modern digital technologies.

#### **DYSTOPIA: “DIGITAL SLAVERY”**

The rapid spread of digital technologies in the political sphere has provoked a lively debate about the

fate and prospects of the liberal democratic system, not only in Western countries, especially in the United States, but throughout the world. Digital technologies create objective opportunities for controlling large social groups of the population and individuals, as well as for strengthening possible repressive measures against them. In this regard, it is extremely significant that famous F. Fukuyama who proclaimed the global triumph of the ideas of liberal democracy directly linked the decline of democratic institutions in the leading Western countries, and especially in the United States, with the spread of digital technologies, which in the last decade contributed to a significant fragmentation of society and the declining confidence in state institutions.

As F. Fukuyama pointed out, even in the most democratic societies, “the emerging “internet of things” is gathering mind-boggling mountains of information whose uses will be even more opaque to individual users than is the case with today’s internet. Large and technically adept organizations, whether governments or private companies, can exploit “big data,” however, and are already beginning to do so. None of this is likely to bode well for democratic empowerment, though we are way too early in these developments to predict their political consequences” [Fukuyama, January 2020, p. 16].

Nevertheless, modern digital technologies at the disposal of political elites open up enormous opportunities for manipulating the moods, expectations, and value orientation of the broad masses of the population with political rights, which in ancient Greece were called “demos.” Modern ICTs make it possible to create a powerful system of imputed political values and ideas that reflect the ideas of political elites about the degree of independence for the “demos” in developing their own political views. Thus, only narrow groups of political elites remain the main political players in the pseudo-democratic political system, which, in relation to the “demos,” begin to pursue a policy of leveling it, which the German political scientist L. Ulbricht figuratively called “demos scraping.” According to her expert opinion, “in the guise of digitally enhanced democratization, a turn towards technocratic take-over and depoliticization is happening. Demos scraping, in its present form, is a Trojan horse for technocratic surveillance capitalism and an aesthetically pleasing materialization of simulative democracy” [Ulbricht, 2020, no. 3, p. 438].<sup>4</sup>

<sup>4</sup> American political life in the past decade provides excellent examples of the gradual transformation of a significant part of the American voters into a politically manipulated “demos.” Thus, in 2012, Republican presidential candidate M. Romney described 47% of American voters voting for the Democratic Party as “social dependents” [17]; in 2016, Democratic presidential candidate H. Clinton scorned D. Trump’s supporters as “a bunch of deplorable people” [18]; and, finally, US President J. Biden in March 2021 described tens of millions of D. Trump supporters as “having Neanderthal thinking” [19].

The loss of political rights opens the way for the next stage of “digital enslavement,” the loss of socio-economic rights and well-being: free citizens are gradually turning into “digital slaves.”

### UTOPIA: “DIGITAL PARADISE”

The visions of a “digital Hell” in today’s world are countered by the slickly beautiful pictures of a “digital Paradise.” An example of this kind of scenario is the analytical work “Digital Europe” prepared by a group of European researchers for the European Commission and published in the spring of 2019. This document contains a list of fundamental principles, the implementation of which will create “a new, society-centric vision that is intended to guide policymakers and civil society organizations in the direction of a more equitable and democratic digital environment, where basic liberties and rights are protected, where strong public institutions function in the public interest, and where people have a say in how their digital environment functions.” The writers of this script firmly believe that “Europe has every opportunity to create this kind of digital society” [20, p. 5].

The concept of creating a pan-European “digital Paradise” proceeds from the fact that at present in European countries there is a lack of digital technologies and, in general, digitization has not revealed its potential and its capabilities to the full. Actually, the authors of this scenario believe that all the problems of European digitization are due to the lack rather than excess of digital technologies. Creation of a “digital Paradise” should be based on four fundamental principles.

According to *the first principle*, personal self-determination should be enabled, that is, opportunities for full participation in social life, including remotely, without the need to transfer personal data to commercial organizations, should be expanded. Self-determination includes the right to privacy and participation in more democratic models of data governance and algorithmic transparency.

According to *the second principle*, a system for cultivating the commons should be developed. This principle assumes that Europeans, through digital technologies, should participate in joint work activities and exchange relevant knowledge for this purpose. Joint labor activity will be of great social value for all Europeans.

According to *the third principle*, a consistent policy of decentralization of the European technological infrastructure should be pursued, which will allow them in the future to increase the technological sovereignty by reducing the dependence on non-European technology suppliers. Technological sovereignty is also a form of strengthening European democratic traditions and historically established cultural diversity in Europe.

**Table 1.** Scientific and technical paradigms, 1785–2022

Mechanization Water energy Iron	Steam engines Railways	Electricity Internal combustion engines Chemicals	Electronics Aerospace engineering	Internet Computers Biotechnology	Digitization
1st wave	2nd wave	3rd wave	4th wave	5th wave	6th wave
1785 *	1845 *	1900 *	1950 *	1990 *	2020 *
60 years**	55 years**	50 years**	40 years**	30 years**	25 years**

\* Beginning of period.

\*\* Length of period.

Finally, according to *the fourth principle*, state government bodies should be empowered, which will ensure the broad participation of citizens of European countries in the management of the education system, science, and culture. State institutions must be strong and effective enough to be able to provide online social services to the public, which must be reliably protected from the control of commercial Internet platforms [20, pp. 14–23].

Thus, while dystopias suggest an implementation mechanism based on the principle of self-fulfilling prophecies, the implementation of utopias comes from project plans implemented by powerful state institutions and global ICT corporations such as Apple, Microsoft, and Facebook. The Digital Future is a man-made project, mistakes and miscalculations in the development of which can have serious and even catastrophic consequences for the further historical evolution of individual countries and all of humanity, and which, apparently, can no longer be corrected by the “virtuous” hand of invisible Providence.

## CONCLUSIONS

### *The Digital Future: Back to the Past?*

The colossal increase in the economic power and political influence of global ICT corporations during the global pandemic crisis in 2020–2022 prompted many US political scientists, sociologists, economists, and state scientists to turn their attention to the American experience of the 1930s, to the New Deal policy of F.D. Roosevelt, who not only managed to use all the potential power of the state apparatus at the federal level to curb the undivided domination of the largest US monopolies of that period but also formed a new “social contract” of American society, which provided it with 30 post-war years of sustainable economic development. Study and reference to the experience of the “New Deal” is increasingly leading American social scientists to the idea that the time has come, at least in developed countries, especially in the United States, to develop and begin implementing the “Digital New Deal,” which would essentially allow for a “digital democratic revolution,” which put the digital

sphere under the effective control of the masses [21, p. 9].

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Translated by I. Pertsovskaya

## European Studies

# Zigzags of the Post-Imperial Syndrome

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**Abstract**—The death of every empire is always painful and often turns into tragedy. It inevitably entails painful processes: the rupture of habitual economic ties, the loss of vast territories and spheres of influence, the formation of new states and the definition of borders between them, the emergence of national minorities on the territory of neighbors, etc. However, perhaps the most painful result is the sense of loss of self-worth, a complex of lost greatness that develops into the so-called post-imperial syndrome. In the 20th century, it manifested itself in Germany, Great Britain, France, Austria, Spain, Portugal, Turkey, and former metropolises, which, with the loss of their colonies, lost not only established ties but also geopolitical influence, and with it their former imperial power. In the first quarter of the 21st century, Russia also has had to face the post-imperial syndrome. This article is devoted to its manifestations at this time.

**Keywords:** disintegration of the USSR, CIS, geopolitics, Russian world, Ukrainian crisis, special military operation, international isolation, sanctions, Winston Churchill, three circles of foreign policy, post-imperial syndrome

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### INTRODUCTION

The death of every empire has always been painful and often turned into tragedy. It inevitably entailed painful processes: the rupture of habitual economic ties, the loss of vast territories and spheres of influence, the formation of new states and the definition of borders between them, the emergence of national minorities in the territory of neighbors, etc. However, perhaps the most painful result is the sense of loss of self-importance, a complex of lost greatness that develops into the so-called post-imperial syndrome. In the 20th century, it manifested itself in Germany, Great Britain, France, Austria, Spain, Portugal, Turkey, and the former metropolises, which, with the loss of colonies, lost not only established ties but also geopolitical influence, and with it their former imperial power.

At the same time, we should take into account one simple, albeit, proven by historical experience as a universal and cruel pattern: there is no greater tragedy for the national self-consciousness and the “health of the nation” than defeat in war and bitterness over lost greatness. Sometimes this gives rise to resentment, forming a feeling of humiliation and frustration, which is almost always followed by the rise of revanchism and even a thirst for revenge, and as a result, a firm desire to restore historical justice at all costs [1].

In the first quarter of the 21st century, Russia also has had to face the post-imperial syndrome.

### ECHOES OF DECAY

The collapse of the USSR, one of the two superpowers of the world, having ended the era of global bipolar confrontation, led to the development of processes, the scale and depth of which were hardly realized by the participants of the meeting in Belovezhskaya Pushcha in December 1991. And not only because the people who gathered there clearly did not possess the rare gift that is required in such situations to be able to see beyond their contemporaries [2].

The creation of an amorphous coalition of the CIS on the ruins of the Soviet superpower and the destruction of the bipolar global configuration that took shape in the second half of the 20th century immediately launched the processes of restructuring the previously formed world order.

In contrast to the one-time cessation of the existence of the USSR as “a subject of international law and geopolitical reality” [3], which was stated in the Belovezh Accords, the large-scale geopolitical restructuring that followed it dragged on for three whole decades. And it has not yet been completed, which is explained by its internal contradictions, the alternation of steps in different directions, and the backsliding.

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The rapidly changing modern world cannot be formed from scratch. The rudiments of the recent past, as well as the material and spiritual remnants of the activities of previous generations, which do not entirely disappear with them, but are transferred to the new era, will always remain in it.

The collapse of the Soviet Union and the destruction of the bipolar structure of the world put an end not only to the global confrontation between the two superpowers and their satellites but also led to the expansion of the Western bloc, which from then on acted as a pole of attraction for the states that were previously in the orbit of the Soviet influence.

Many experts then believed that with the loss of allies and the collapse of the Soviet superpower itself, both its former imperial greatness and Soviet expansionism would become a thing of the past, and sovereign national states would arise on the ruins of the USSR, one of which would be the new Russia.

However, the formation of the post-bipolar geopolitical picture was not easy. The collapse of the integrated structures of Eastern Europe (WTO, CMEA) was not accompanied by similar processes in NATO and the EEC, which, having managed to adapt to the new realities, and expanded their sphere of influence and responsibility through movement to the east. Thanks to this, a fundamentally different geopolitical reality quickly formed in the world, in which the new Russia, weakened by losses, clearly did not fit.

### GEOPOLITICAL DEADLOCK

An essential factor in this reality was the renewed NATO military-political bloc, created back in 1949 with the aim of protecting Western Europe from Soviet penetration. Reformed in the early 1990s, it was nevertheless perceived by modern Russia as a threat and a tool to contain it.

The struggle to find its own rightful place in a changed world did not immediately lead it to its current foreign policy course. The chaotic policy of President Yeltsin, who pushed the Soviet Union to collapse, was aimed at departing from communism and Soviet isolationism, embracing Western values, and integrating the country quickly and hastily into existing international structures and associations. Associated with these processes were both the course of internal reform and the emergence of a new Russian business and political elite, whose interests were oriented primarily towards the West. At that time, the syndrome of post-imperial greatness, which inevitably arose in all the empires of the past that have now disappeared, had not yet had time to develop in Russia.

The policy of V.V. Putin, who came to power in 1999, turned out to be fundamentally different. Russia's foreign policy under President Putin, who in his Munich speech in 2007 called into question the world leadership of the United States [4], began to have an

openly anti-American and anti-Western orientation, and the former foreign policy of Russia began to be fundamentally revised. It is time to review and correct the events of the recent past.

Ten years after the collapse of the USSR, it became clear that, left without allies, having lost its former spheres of regional and global influence, unsuccessfully trying to maintain segments of the disintegrating Soviet legacy in the conditions of ruptured economic ties, and countering the Russophobia emanating from a number of former Soviet republics and Eastern European satellites, Russia suddenly found itself in a geopolitical impasse.

It was the awareness of this fact by its new political leadership that helped to purposefully create a yearning for lost greatness in a part of the Russian elite, which eventually turned into a hypertrophied post-imperial syndrome, accompanied by a relentless desire to restore it at all costs.

Seeking to create new geopolitical fields and form (primarily along the perimeter of its own borders) a strategic security space with the help of its energy strategy, as well as its trade in energy and arms, by conquering new world markets and integration efforts, Russia has increasingly begun to be perceived in the West as a new revisionist power seeking revenge.

Its diplomatic efforts in this area did not have the desired effect, and attempts to solve emerging problems by military means (Georgia, Ukraine) has only strengthened the West's desire to contain it. The instrument of such a policy was a large-scale sanctions regime, which had never before been applied even to the USSR.

Having come close to Russia's western borders and having doubled in size through the admission of new members over the past decades, Russia began to perceive NATO as the main threat to its strategic stability and the challenge of the beginning of the 21st century. Moreover, this realization did not dawn on Russia immediately.

Russia's initial perception of NATO as a partner in the 1990s, as well as its wait-and-see position after 2014, in the context of freezing relations in the format of the Russia–NATO Council, held back the formation of a long-term geopolitical strategy, postponing for an indefinite period the inevitable showdown between them.

### LAST RUSSIAN WARNING

It is always difficult to revise the policies of predecessors. And the current era is a vivid confirmation of this.

In the circumstances, with mutual trust and constructive contacts absent for a long period of time, after a long break, Russia suddenly came up with an unexpectedly large-scale, but clearly overdue and obviously unrealizable initiative, proposing that the

US and NATO conclude two documents: a Treaty between Russia and the United States on security guarantees and an agreement on measures to ensure the security of Russia and NATO member states. Draft copies were transferred to them on December 15, 2021 [5, 6].

The core of the Russian proposals was as follows: ruling out further eastward expansion of NATO, agreement not to admit former Soviet republics in the alliance, and agreement on not entering into military cooperation with them. The parties had to undertake obligations not to use the territory of other states for the purpose of preparing or carrying out an armed attack against the other Party, or other actions affecting the fundamental security interests of the other Party; and refrain from deploying their armed forces and weapons, including within the framework of international organizations, military alliances or coalitions, in areas where such deployment would be perceived by the other Party as a threat to its national security, with the exception of such deployment within national territories of the Parties.

This Russian initiative, which, if implemented, could become the beginning of a radical restructuring of the entire system of international security in Europe and the world, was initially perceived by the West as a belated and undisguised ultimatum woven from propaganda and blackmail. Although this reaction was accompanied by moderately approving diplomatic overtures from the West, they obviously did not intend to fall into the cunning trap set by Putin on Christmas Eve.

As, however, expected, the negotiations initiated by Russia on guarantees of its own security, aimed at solving the overdue problem in one fell swoop, did not yield results. Russia's Western partners turned out to be extremely diplomatic, but extremely intractable. No written promises with legal guarantees (which the Russian side insistently demanded) regarding, first of all, the nonexpansion of NATO to the East and the reduction of its military infrastructure to the level of 1997 were offered by them, and the negotiations themselves were perceived by Russia as unsuccessful.

Admittedly, there were still hopes for a moratorium on the deployment of a new generation of intermediate and shorter range missiles in Europe, on discussing issues of strategic stability, and creating a new arms control mechanism.

### UNSATISFACTORY ANSWER

However, on the evening of January 26, the written responses from the United States and NATO, which Russia insisted on, did not materialize. They, as expected, contained a refusal to fulfill the main requirements of the Kremlin. NATO's policy in the post-Soviet space (a key issue in the package of Russian proposals) was not subject to revision. The West intended to continue to support Ukraine and was not

going to provide any guarantees regarding the non-expansion of the North Atlantic Alliance and abandoning the principle of "open doors."

In an effort to shift the attention of the Russian side to other problems, making it responsible for the escalation on the border with Ukraine and preparing an invasion of its territory, the United States and its allies expressed, nevertheless, their readiness for negotiations and discussion of important, but still (as it turned out) minor problems for Russia. These included deploying strategic and offensive weapons in Ukraine, expanding U.S.–Russian engagement, improving exercise control, returning to mutual inspections, resuming an arms control dialogue, and maintaining strategic stability. NATO proposed to resume relations in the format of the Russia–NATO Council by establishing a direct line of communication and restoring their missions in Moscow and Brussels [7].

And yet, what was the latest Russian warning, which received an unsatisfactory response from the West, aimed at? After all, the obviously unacceptable main demand for non-expansion of NATO, included in the package of accompanying proposals, could hardly have caused any other reaction than rejection. Or perhaps the real purpose of this Christmas message was something else altogether?

Despite Russia's dissatisfaction with the responses it received, its initiative (as a coercive tool), which appeared in an environment of almost complete lack of contact and mutual trust, could have a real positive effect, namely, open the doors to that long-awaited bilateral dialog, which had been blocked over the past few years.

However, instead of the expected start of negotiations on February 24, 2022, a real tragedy occurred. Why did this happen?

### UKRAINIAN KNOT

A whole complex of circumstances created by all internal and external participants in the Ukrainian crisis led to the tragic denouement of the long-term Russian–Ukrainian confrontation [8].

First of all, it is the irresponsible, short-sighted, and openly provocative policy of the nationalist, European-integration-driven Ukrainian political elite, which over the past 17 years, with the support of extremist groups and Western countries, supplied it with weapons, has pursued an openly anti-Russian course, building a new Ukrainian identity and statehood based on it.

The cultivated Russophobic sentiments not only became the base of the behavior of a number of political activists in Kyiv but were also quickly adopted by a significant part of Ukrainian society. In 2021, over 70% of Ukrainians considered Russia to be a hostile state [9]. The glorification of Bandera, discrimination against the Russian language, and calls for reprisals

against the hated Muscovites became the norm of public consciousness and behavior supported by the Ukrainian authorities, forming the idea of Ukraine as a neo-Nazi state, which was used by the Kremlin as a justification for the subsequent military special operation.

A key role in this was played by the internal conflict, accompanied by external interference, that flared up between the authorities in Kyiv, encouraged by the West, and the self-proclaimed DPR and LPR, secretly supported by Russia. In response to their resistance, an antiterrorist operation (ATO) was launched in the southeast of the country, which quickly developed into full-scale military operations using heavy armored vehicles, short-range ballistic missiles, rocket artillery, and strike aircraft.

For eight years, hopes for a resolution of this conflict were pinned on the Minsk agreements, whose implementation was sabotaged for years by those who disagreed with a number of their provisions (implementation procedures and constitutional reform involving decentralization and granting of a special status for certain regions of the Donetsk and Luhansk regions) and Kyiv stubbornly striving to join NATO. All this contributed to the escalation of tension in the region, the possible consequences of which were then not given much importance.

This fact became the main irritant for Russia, which has completely exhausted its diplomatic resources and patience in search of at least some kind of compromise, but is still interested in keeping the annexed Crimea and its influence in the Donbas, in the hope that these territories will become a reliable barrier against openly unfriendly pressure.

To this end, in 2019, Russia initiated a simplified procedure for issuing Russian passports to residents of the DPR and LPR. On April 24, President Putin signed a corresponding decree [10]. In response to this, Ukraine appealed to the UN Security Council and the country's Foreign Ministry expressed its protest. During the entire time of the Ukrainian crisis, 860 000 residents of Donbass received Russian citizenship, while retaining their Ukrainian passports [11, 12]. Many experts qualified such actions of the Kremlin as an undisguised desire to reinforce their own claims to the separatist-controlled regions of Donbass, which they consider as their sphere of influence and which could be integrated into Russia in the foreseeable future [13].

### ESCALATION

If we look at the evolution of the Ukrainian crisis, we will see that all the events of December 2021–May 2022 are very closely related to each other.

The protracted Russian–Ukrainian confrontation, which deepened after the annexation of Crimea and the start of hostilities in Donbas, and was accompa-

nied by growing mutual hostile propaganda, reached its climax by the end of 2021.

Fearing a possible new offensive of the Armed Forces of Ukraine in Donbass and the seizure of Crimea, Russia decided to take preventive measures and deliberately aggravate the smoldering conflict by concentrating its troops along the border with Ukraine (under the guise of exercises) in November 2021 and at the same time presenting the United States and NATO with obviously impracticable ultimatums (non-expansion of NATO to the East and reduction of its military infrastructure to the level of 1997).

On February 17, 2022, the situation in Donbas escalated. The leadership of the DPR and LPR accused Ukraine of shelling and preparing a “deep breakthrough” on the territory of the republics in order to capture them. On February 18, by agreement with the Russian authorities, it began an emergency mass evacuation of its residents (primarily women, children, and the elderly) to Rostov Oblast, where a state of emergency was introduced. Later, it was extended to Voronezh, Kursk, Penza, Saratov, Volgograd, Ulyanovsk, and Oryol oblasts [14].

The complete failure of diplomatic efforts, the refusal of the West to agree to Russia's main demand and the impasse in the implementation of the Minsk agreements led to the fact that on February 21, Russia decided to take another radical step, which it had been wary of taking for many years. After lengthy deliberation, the Kremlin agreed to recognize the independence of the DPR and LPR [15] and sign treaties of friendship, cooperation, mutual assistance, and military support with these separatist-minded republics, which were struggling for survival [16].

Following this, in the face of growing confrontation, Moscow dared to go even further and began to comply with previously announced warnings, resorting to a military-technical response. The situation had escalated to the limit.

### SPECIAL OPERATION

Early on the morning of February 24, Russia launched a special military operation (SMO) in Ukraine. Its purpose, according to President Putin, was “to protect people who for eight years have been subjected to abuse and genocide by the Kyiv regime.” For this, according to him, it was planned to carry out the “demilitarization and denazification of Ukraine,” to bring to justice all war criminals responsible for the “bloody crimes against civilians” in Donbass [17].

Seventy-five days after the start of the special operation, in his speech during the military parade on May 9, 2022, Putin stated that Russia had preemptively rebuffed Ukraine's aggression, and it was “a forced, timely, and only right decision—the decision of a sovereign, strong, and independent country” [18].

Since then, the Russian–Ukrainian confrontation has been developing militarily. All the warnings of the West, which stubbornly asserted in January 2022 that Russia was preparing for an invasion (despite the repeated firm assurances of the Russian leadership to the contrary) nevertheless materialized.

Another military conflict had flared up again on the territory of the former Soviet Union. This time between two of the formerly largest Soviet republics: Russia and Ukraine. The largest military operations since the Second World War began in the center of Europe, which led to the rupture of diplomatic relations between the two countries.

The fraternal Slavic peoples, who once fought together against Nazism and defeated it, now began to fight against each other. The very fact of what happened was hard to believe.

However, by hoping that the West would not react forcefully and choosing a military way of resolving this problem, Russia, in the opinion of many, took a fatal step and thereby ruined any opportunities of improving relations with the leading world powers, and at the same time destroying its international reputational ranking.

Admittedly, despite the President Putin's statement, from the very beginning, the ultimate goal of this special operation was not clear: the destruction of Ukraine's entire military infrastructure, the eradication of national extremism there, the expansion of the territories of the LPR and DPR to the administrative borders of Donetsk and Luhansk regions, forcing the recognition of Crimea as part of Russia, the complete defeat, capitulation, and establishment of Russian control over all of Ukraine, assurances that Ukraine would not join NATO and remain neutral, a change of the political regime in Kyiv in favor of a puppet pro-Russian government, and, perhaps, the further division of the Ukrainian state, which would call into question its very future.

It is quite obvious that we are witnessing the most dramatic events in the development of the Ukrainian crisis, which has completely changed the entire international context and has resulted in a major humanitarian catastrophe, events that have caused devastation, refugee flows, and despair for millions of people.

## INTERNATIONAL REACTION

Regardless of the terms used for the hostilities launched by Russia against Ukraine ("special operation for the sake of demilitarization and denazification"), the West perceived them as aggression, as a challenge to the entire system of European security, as a reckless adventure, and a senseless bloody battle initiated personally by the President Putin, and began to form its own consolidated response to it [19].

First of all, these events have fundamentally changed the relations between Russia and the West,

which is further intensifying its efforts to isolate Russia internationally and turn it into a world pariah. At the same time, the possibility of normalizing relations with Russia according to the 2014 model, as happened after the annexation of Crimea [20], has now been completely ruled out.

In response to the SMO, Russia's membership of the Council of Europe has been suspended, its application to join the OECD has been rejected, and the World Bank and the Asian Infrastructure Investment Bank have stopped their activities in Russia. The international payment systems *Visa* and *Master-card* have also suspended operations in Russia. In order to block transactions with Western banks and the collapse of the ruble exchange rate, the reserves of the Bank of Russia are being frozen for the first time. Dozens of foreign companies have stopped their business activities in Russia.

Sanctions are also being made stricter against Russia's public debt: a ban was introduced on any transactions in the primary and secondary markets with Russian ruble federal loan bonds or foreign currency sovereign Eurobonds issued after March 1, 2022. Large-scale arrests and freezing of Russian assets in foreign banks have taken place.

Immediately after the start of the SMO, Russia's National Wealth Fund, which was formed through the government's additional oil and gas revenues, and placed in debt obligations in the form of securities of foreign government agencies and central banks of foreign countries, was frozen [21]. On April 5, British Foreign Secretary Liz Truss announced that the West had frozen \$350 billion (more than 60%) of Russia's gold and foreign exchange reserves [22]. The property of Russian oligarchs abroad has been confiscated. The airspace of the EU and the United States has been closed to Russian aviation.

While the sanctions imposed after Russia's annexation of Crimea in 2014 were limited to a number of key financial and industrial institutions and several hundred individuals, the new sanctions have turned out to be much broader and more sensitive. The restrictions imposed are of an unprecedented and complex nature. And Russia was clearly not prepared for this.

Like the previous restrictions, they are considered by the initiators as a punishment, as retribution for a sudden act of unmotivated aggression (this is how Russia's actions in Ukraine are perceived) and are aimed at squeezing Russia out of the world economy, as well as restricting the export of high-tech products and the activities of a number of financial and industrial institutions. Hundreds of Russian legislators have been sanctioned, as well as individuals from President Putin's inner circle and even President Putin himself.

In addition, the participation of Russia in various international organizations, cultural forums, negotiations, sports competitions, and other events has been blocked, academic exchanges have been stopped, and

“golden passport” programs for Russian investors have been canceled.

In many countries, even cultural figures and other Russians who were not involved in the conflict have been subjected to persecution and ostracism.

From 2014 to May 2022, 48 countries have imposed six packages of sanctions against Russia, affecting in total thousands of individuals and legal entities and turning it into a world leader in terms of the number of restrictions imposed. In the short term, they will slow down the modernization of the Russian economy, and in the long term, they pose a serious threat to its development.

So far, the restrictions have not affected the entire oil and gas sector of Russia, which is the main source of income for the state (although the United States has announced a ban on the import of Russian oil, gas and other energy sources). It is also not planned to completely disconnect the Russian economy from the international banking payment system, *SWIFT*. Only seven sanctioned Russian banks (VTB, Otkritie, Novikombank, Promsvyazbank, Rossiya, Sovcombank, and VEB.RF) have been affected.

It is still too early to talk about the economic consequences of the measures taken. However, according to the most general estimates, according to the IMF, the total loss of Russian GDP from the imposed sanctions could be up to 10% annually. The decline in Ukraine’s GDP in 2022 could reach up to 35% [23].

### OPPOSITE EFFECT

As a result of the special military operation, Ukraine has become even more hostile and embittered. It is concerned about its security and therefore striving for revenge and restoration of justice.

The European Union, Britain, the United States, Canada, and many other countries have started providing military-technical and financial assistance to support Ukraine’s resistance [*Reports of the Institute of Europe of the Russian Academy of Sciences*, 2022, no. 390]. According to the Minister of Foreign Affairs of Ukraine Dmytro Kuleba, the Ukrainian side has assembled “an international anti-war coalition, which includes at least 86 states and 15 international organizations” [24]. A total of 141 countries supported the resolution of the UN General Assembly “Aggression against Ukraine” condemning Russia, adopted on March 2, 2022 [25].

On March 16, the International Court of Justice in The Hague announced its decision on provisional measures in a suit brought by Ukraine against Russia on February 27, accusing Russia of violating the Convention on the Prevention of Genocide. Despite the fact that Russia, which had previously declared its nonrecognition of the jurisdiction of the court in this case, refused to participate in the proceedings, the judges nevertheless considered that they could make

a decision in Russia’s absence. The international judges, with 13 votes in favor and two against (representatives of the Russian Federation and China), ordered Russia to immediately stop the hostilities that it launched on February 24 on the territory of Ukraine. The court unanimously called on both parties not to take any action that could aggravate or expand the dispute that had begun [26, 27].

On April 28, the House of Representatives of the US Congress by an overwhelming majority of votes (417 in favor, 10 against) approved a bill on the supply of arms to Ukraine under the Lend-Lease program, which has not been used since the Second World War [28, 29]. The US Senate had approved a similar bill on April 7th. On May 9, the law was signed into law by President Biden [30]. According to it, the United States will be able to lend or lease weapons and other assistance to Ukraine and other countries of Eastern Europe affected by Russia’s SMO in Ukraine for two years in order to “help strengthen the defense capability these countries and protect their civilian populations from potential invasion or ongoing aggression by Russia’s armed forces,” bypassing standard bureaucratic procedures [31, 32].

A supply control center has been established in Stuttgart under responsibility of the US European Command. The center’s weapons include anti-aircraft guns, ammunition, artillery, drones, and howitzers. Logistic support will also be provided. Under this law, Ukraine will receive \$40 billion in military aid and economic and humanitarian support. The goal of the new US initiative is to weaken Russia’s military potential to such an extent that it no longer has the ability to attack neighboring countries [33].

Today, dozens of countries around the world are doing everything possible so that Russia’s protracted special military operation in Ukraine, which has led to significant human casualties, millions of refugees, an unprecedented humanitarian catastrophe, and has been accompanied by powerful informational confrontation and mutually hostile propaganda, does not achieve its goals. In order that the SMO becomes Russia’s biggest strategic failure and results in the opposite effect: the collapse of the Kremlin’s energy strategy, the growth of Russophobia, anti-war demonstrations, economic and reputational damage, the Western countries uniting and rallying together, the expansion of NATO, and the further containment of Russia’s imperial aspirations, presented through a controversial religious-historiosophical and cultural—historical doctrine: the idea of the “Russian world” [34].

Thus, in response to the special operation, the North Atlantic bloc began to rapidly build up its own military presence in the east of the alliance, and the United States itself has started considering options for deploying NATO-integrated air defense systems in the Baltic countries. Poland has declared its readiness to deploy nuclear weapons on its territory. Sweden and

Finland have announced their decision to join NATO. “Russia is not the neighbor we thought it was,” said Finnish Prime Minister Sanna Marin [35].

The escalation of the Ukrainian crisis has resulted in the disruption of the Russian-American negotiations on arms control and strategic stability that had only recently been resumed. The prospects for at least some normalization of Russia’s relations with the “collective” West, which, according to President Putin, turned out to be an “empire of lies” [36], have also moved away indefinitely.

Moreover, the changing goals of the special operation, as well as the statements of the highest representatives of the Russian authorities that it must end the US course of world domination [37] and even the centuries-old “dominance” of the West, which will provide Russia with a great future, are simply bewildering.

It is worth noting the most undesirable possible effect of the special operation or a shift related to a sharp increase in hostile anti-Russian sentiment around the world, the intensification of military cooperation between European countries, the strengthening and expansion of NATO, as well as its refusal to take into account Russian interests, and the reduction of the European market for Russian exports, multiple expansion of a group of states unfriendly to Russia, unprecedented rallying and unification of the Ukrainian nation on an anti-Russian basis, further European integration of Ukraine, a fundamental shakeup of the entire international landscape not in the interests of Russia, boycott by international organizations, and the real prospect of Russia’s long-term international isolation primarily from the West, which entails scientific regression, cultural degeneration, and technological degradation [38].

Russia’s relations with its few closest allies and strategic partners, as well as the very concept of the “pivot to the East” are also at risk. First of all, we should pay attention to the reaction of the CIS countries and members of the CSTO, Russia’s closest military and political allies. Not wanting to be drawn into the aggravated Russian-Ukrainian conflict, they are trying to maintain their neutrality as best they can, except for Belarus, which turned out to be the only country that supported Russia’s SMO.

The UNGA resolution ES-11/1 of March 2, 2022 [25], condemning the military operation, and demanding the immediate and complete withdrawal of Russian troops from Ukraine, as well as the cancellation of decisions on the recognition of the DPR and LPR, which was supported by an overwhelming majority of 141 votes, was rejected by only 5 countries: Russia, Belarus, Syria, North Korea and Eritrea. Among the 35 abstentions were Russia’s closest allies in the CSTO: Armenia, Kyrgyzstan, Tajikistan, Kazakhstan, and its “irreplaceable strategic partner” China [39]. Azerbaijan, Uzbekistan, and Turkmenistan did not vote at all [40].

The lack of unity among the members of the CSTO regarding Russia’s SMO in Ukraine was also manifested during the summit in Moscow on May 16, 2022 [41].

## RUSSIA AND THE WEST

Over the centuries, relations between Russia and the West have changed dramatically. The watershed here was the transformations carried out by Peter I in the first quarter of the 18th century, aimed at forcibly Europeanizing Russia and changing Russians’ attitude towards Europe, although leaving it for a long time to come as a semifeudal absolutist power with serfdom and elements of Eastern despotism, which consolidated the stagnant nature of development.

No matter how the historical dialog between the two civilizations evolved, there was always a fundamental contradiction in it: between the opposition to the “foreign” Western world, accompanied by hostile anti-Western propaganda, leading Russia to self-isolation and turning into a besieged fortress, and its persistent desire to enter it.

Without a doubt, despite the powerful Asian segment that still influences the internal situation and Russia’s foreign policy, even in the period before Peter the Great, from the time of the adoption of Christianity by Prince Vladimir of Kyiv in 988, Russia nevertheless developed as an integral part of European Christian culture. Admittedly, the period of feudal fragmentation, which coincided with the forced dependence of Russian lands on the Khans of the Golden Horde, secured the Asian influence over Russia for two long centuries.

However, the liberation from the 200-year yoke in the battle on Ugra River on October 8–20, 1480, followed by the unification of princely fiefdoms around Moscow, and the formation of the centralized state of Moscow in the 15th century under Ivan III, led to the development of closer contacts with Western European countries, strengthened by trade and dynastic marriages.

The fact that Russia’s movement in a European direction was periodically interrupted (under the influence of conflicts and wars) by anti-Western backlashes testifies to the complex Eurasian nature of this in its own way unique geopolitical phenomenon that has developed as a result of continental expansion eastward, but building its civilizational future mainly in the West.

Over the centuries, from the first ancient Russian state of Kievan Rus to the collapse of the Soviet Union and the formation of modern Russia, the West has occupied an increasingly larger role in its foreign policy, and inevitably becoming decisive.

The collapse of the Soviet Union launched a similar trend in the new sovereign states—their desire to build their own contours of relations with the West,

which, however, in the 21st century caused a negative reaction from Russia.

### WINSTON CHURCHILL'S LESSONS

The process of acquiring a new role on the ruins of the old bipolar world, dragged on for 30 years, turned out not to be easy for Russia, which emerged from the collapsed superpower and defended its interests. It involuntarily forces one to turn to historical parallels, which, of course, should not be taken too literally. However, certain conclusions from them still need to be drawn [1].

When the British Prime Minister Winston Churchill left the Potsdam Conference on July 25, 1945 for London after the announcement of the results of the parliamentary elections held the day before, many thought that he would never return. However, Churchill himself, who left his luggage in Germany, still hoped to continue participating in the historic meetings that decided the fate of the post-war world. True, the British, who repaid him with ingratitude, considered that the victories in the war and Churchill's photographs in the electoral portfolio of the Conservatives were clearly not enough for success in the elections, and voted against the Conservatives.

After leaving the post of prime minister, losing the political battle, but still undefeated, Churchill fell into despondency, which, however, did not last long. The active nature of this mighty man demanded appropriate activity. Secluded in his estate Chartwell, he took up two of his favorite hobbies: painting and literature.

His work on the Second World War [42], having become a monument of military memoirs, literature, and at the same time fundamental historical research, immediately and forever entered the world's historiography, and he received the Nobel Prize for it. However, for Churchill, the war was already in the past, and he himself wanted to change and build not the past, but the modern world, the configurations of which were then rapidly changing.

Oppressed by the thought that the victory over Nazism was accompanied by the loss of former greatness and the collapse of the British Empire, he, in overcoming his own imperial complexes, tried to find new structures for the rapidly changing post-war world and a place in it for the losing power of Great Britain.

### THREE CIRCLES OF GREAT BRITAIN

The result of these unhurried reflections was a coherent theory, which, in the opinion of the former British prime minister with a penetrating mind, should have become the philosophical basis of its new foreign policy. The core of his idea was simple and consisted in the fact that henceforth England should build its foreign policy based on a clearly justified strategy within "*three large circles*."

1. In the *first circle*, he included the countries of the British Commonwealth of Nations and the British Empire itself with its territories. With a desire at all costs (with the help of imperial preferences and the preservation of the sterling zone) to keep former colonies scattered around the world and tuning into independent states in the orbit of its influence, he pursued one pragmatic goal: to preserve the geopolitical space of Britain that had been formed over centuries, and together with it reliable sources of raw materials, labor resources, and markets.

2. In the *second circle*, Churchill included all the English-speaking countries united around the United States. England itself, and with it Canada and other British dominions were contained in this circle. Great Britain itself was assigned the role of the main European ally of the United States, which should build the so-called special relation with the overseas superpower, excluding any serious disagreements between them.

3. Finally, in the *third circle*, Churchill set aside a united Europe, in which only England could connect sea and air routes, becoming the undisputed and undeniable leader of the entire European region, weakened by Nazism and the military defeat of Germany and its allies. In addition, he understood that only a united Europe could resist the growing influence of the Soviet Union after the victory [43].

Building his construction, he proceeded primarily from the fact that England, being in each of these circles, would be able to adapt to the new postimperial realities and, transforming the crumbling empire, would retain its leading role in the renewed world. Thanks to Winston Churchill (who preferred to boldly change circumstances rather than follow them), like hoops tightening a crumbling barrel, these three large circles became the conceptual basis and constant value of the British foreign policy for a long time.

### THREE ORBITS OF RUSSIA

The fact that lessons from the past, as a rule, are learned with difficulty, is no secret to anyone. Let us try to understand whether Churchill's idea (who believed that "for no country has fate been as cruel as for Russia") is suitable for modern Russia, which is experiencing today (as England once was) postimperial syndrome, for Russia, which has become the heirless of the collapsed, but once powerful Soviet superpower, created in turn on the historical foundation of monarchical, imperial Russia?

Indeed, Churchill's concept undoubtedly has certain universal features that can be used to characterize collapsed empires, and therefore (as a scheme) is entirely applicable to Russia as well. The main feature is the loss of the former spheres of influence (territories, sources of raw materials, and markets for goods and capital investment, sources of cheap labor, etc.),

which multiplied the power of the metropolis itself many times over, distinguishing it from a number of other countries. Proceeding from this, but still with the understanding of a certain conventionality of the proposed analogy, we can distinguish three large circles: three orbits of the foreign policy of modern Russia.

**First circle** (the post-Soviet space or the near abroad), without a doubt, is a priority for Russia, since it forms the security perimeter along its current borders. The space of the CIS and other independent states that were once part of the Soviet Union (15 countries with a population of more than 298 million people) has not become cushioned in 30 years. A buffer that would mitigate the undesirable effects of recent allies who have sometimes turned into spiteful neighbors whom Russia never managed to “bind” to itself again. Dangerous gaps have formed in it (the Baltic countries, Poland, Ukraine, Georgia, Moldova, etc.), eroding the strategically important border security of the Russian state.

**Second circle:** Eurasia covers 94 countries with a population of more than 5.4 billion people. Being the largest of the six continents of the planet, throughout history it has become the main arena of ideological, economic and political splits, wars, and conflicts, in which Russia has almost always been involved. Overcoming the era of conflict and turning Eurasia into a peaceful space, where if not all, then the main disagreements and conflicts would be successfully resolved, is an important strategic goal that not a single generation inhabiting it has been able to achieve so far. At the same time, the Eurasian side of the current Russian policy (despite the difficult relations with Europe and NATO) should not be limited to its eastern (Chinese) direction.

**Third circle** (global). Its formation is the result of previous eras, and mainly the era of the Cold War, that bipolar system of international relations in which there were two superpowers that built two spheres of their own geopolitical influence and two opposing worlds on a planetary scale. The global expansionism of the Soviet Union in the second half of the 20th century was not in vain and still remains in the national code of Russians.

As was the centuries-old continental expansion, as a result of which the Russian Empire itself was formed, the largest state in the world. The main content of Russia's foreign policy behavior in this circle should be its relations with the United States, which, using the tools of its own global dominance and geopolitical advantages formed after the collapse of the Soviet Union, has become an important and integral player in the post-Soviet space. Realizing their global responsibility, the two nuclear superpowers of the world, despite the confrontational axis formed between them, cannot but coordinate their policies, primarily in the field of security and arms control.

However, they cannot limit their cooperation to the military sphere.

## PARADOXES OF RUSSIAN GREATNESS

Sometimes it seems that the sphere of international relations resembles an infinite Universe: with many large and small planets moving along the given orbits.

Admittedly, the earthly life of this Universe is much more complicated. Today, large states, becoming world centers of power, attract small ones, primarily with the help of economic and financial instruments, often influencing them by the power of their own example, spreading the achievements of their culture, universal ideals, and values, while creating alliances that multiply their own power, and thereby forming such orbits around themselves, the movement along which occurs not forcedly, under duress, but consciously and voluntarily.

As for the Russian question, around which unceasing passions have been unfolding in the world for centuries, then, remembering Churchill, we should take into account his words spoken almost 100 years ago: “We can measure the strength of the Russian Empire by the blows it has endured, by the disasters it has endured, by the inexhaustible forces that it has developed, and by the restoration of strength that it has proved capable of” [41].

Unsuccessful attempts to keep imperial possessions from disintegrating and nostalgia for lost power, forming a complex of former greatness, which destroyed the Weimar Republic in its time, and after it the Third Reich, years later manifested itself in all the empires of the 20th century that disappeared. This nostalgia has embraced modern Russia, which found itself in geopolitical loneliness.

Will it be able to survive this and, having overcome the protracted postimperial syndrome with all its zig-zags, complete the period of painful searches, finally finding its rightful place in the coordinate system of the rapidly changing 21st century, a century that requires accelerated modernization of not only obsolete state and political institutions but also a profound transformation of Russian society itself?

Sometimes life itself raises fateful questions, but it does so, alas, with a significant delay.

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## European Studies

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# Britain's Sanctions Policy: Institutional Design and Targeting Russia

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**Abstract**—Britain is one of the key initiators of sanctions against Russia. It is pursuing an independent policy of restrictive measures against Russia since its withdrawal from the European Union. However, both the institutional design and practice of the UK's sanctions policy remain poorly covered by the academic literature. These gaps generate a number of questions that are central to this article. What are the institutional characteristics of the contemporary UK policy of sanctions? What are the trends in comparison with other players like the United States, the European Union, and others? In what way are these institutional and practical features implemented in relation to Russia? Three assumptions follow. (i) the UK institutional design provides considerable autonomy to the executive branch to implement sanctions, although the instruments used are standard and similar to the ones applied by other Western countries (including blocking sanctions and export control); (ii) Britain is quite active in using sanctions. Although the UK applies sanctions less actively than the US or the EU, it uses them far more actively than China and Russia; (iii) Russia is becoming a priority target for London both in terms of the number of sanctions imposed and the variety of methods used. These assumptions are tested in this article based on the analysis of legal and official documents, as well as the Sanctions Events Database (SED) designed by the Russian International Affairs Council (RIAC).

**Keywords:** sanctions, sanctions policy, United Kingdom, Russia

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Since leaving the European Union, Britain has pursued an independent sanctions policy. Over the past five years, the UK has formed a legislative framework on the issue of restrictive measures and the practice of their application. Since the beginning of the Russian operation in Ukraine in 2022, sanctions against Russia have been a priority in British politics. Simultaneously with its NATO allies and other partners, the United Kingdom has imposed a number of financial, trade, visa, and other restrictions on Russia. Formal sanctions are combined with informal boycotts run by businesses. The scale of the new sanctions is unprecedented. They are fraught with significant damage both for Russia and for Britain itself.

In the Russian and foreign publications, there are already a number of studies of the UK's sanctions policy after Brexit. Mention should be made of the reports of the Royal United Services Institute (RUSI) [Chase et al., 2019, 2020], other foreign researchers [Moret and Pothier, 2018], and the works of domestic authors [for example, Glandin and Panov, 2019; Khesin, 2019; Godovanyuk, 2018]. In addition, a number of studies

have been prepared that give an idea of the foreign policy context of the current British sanctions policy [Ananyeva et al., 2021, Ananyeva and Godovanyuk, 2021]. However, there are many gaps in the available literature, which leave a number of research questions unanswered: what is the specificity of the institutional design of the current UK sanctions policy. What are the main trends in their use? What are the features of the sanctions against Russia? These questions constitute the research problem of the proposed article.

The following hypotheses have been put forward. First, the British policy of sanctions is characterized by a specific institutional design, one of the features of which is the concentration of mechanisms in one basic legislative act and the relatively high level of autonomy of the executive branch. At the same time, the UK uses universal sanctions instruments comparable to those in the US and the EU. Second, Britain uses sanctions quite actively. It applies sanctions less frequently than the US or the EU but more often than China and Russia. Third, Russia is becoming a priority for the UK both in terms of the number of sanctions imposed and the variety of methods used.

The first hypothesis is tested based on an analysis of the basic legal acts governing the UK's sanctions

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policy. The second hypothesis is tested based on the Sanctions Events Database (SED) of the Russian International Affairs Council (RIAC) [Timofeev, 2021]. The database reflects the precedents for the use of restrictive measures by the key initiating countries, including Britain. The third hypothesis is studied based on the new legal documents for Russia and the SED.

By sanctions we mean restrictive measures imposed by the initiating country or a group of countries against the target country or a group of target companies in order to achieve political goals [Timofeev, 2018]. The key goals include forcing the target country to change its political course, causing damage, limiting its economic and military potential, and sending political signals [Giumelli, 2016]. Sanctions may include asset freezes and bans on transactions with individuals and entities (blocking sanctions), restrictions on certain sectors of the target economy (sectoral sanctions), export and import controls (trade sanctions), restrictions on freedom of movement and transport (visa sanctions, bans on the use of air and sea space), and investment restrictions.

Many of the measures mentioned are targeted or “smart” sanctions, i.e., directed at individuals rather than the country as a whole. The smart sanctions paradigm has dominated the practice of the key initiating countries for the past two decades [Drezner, 2015]. However, in some cases, targeted sanctions have had serious effects on the economies of target countries [Douhan, 2020]. In other words, despite being formally directed against individuals, they affected the target country as a whole. The sanctions against Russia, which have been in place since February 2022, have become a sign of a paradigm shift. Smart sanctions have been replaced by a sanctions “tsunami” or “carpet bombing of the economy,” in which the widest range of tools is applied simultaneously in an extremely short period of time [Timofeev, 2022]. The paradigm shift is common to both Britain and its NATO allies.

A distinction should also be made between multilateral and unilateral restrictive measures. The former include those restrictions that are introduced by a decision of the UN Security Council and are implemented by member countries [Jazairi, 2015]. The latter are introduced by the initiating countries bypassing the decisions of the UN Security Council and are based on their own legislation.

#### UK SANCTIONS POLICY: INSTITUTIONAL DESIGN

The UK sanctions policy is governed by the Sanctions and Anti-Money Laundering Act 2018 (SAMLA).<sup>1</sup> It defines the types of restrictive mea-

asures, the purposes of their application, the powers of the executive and legislative authorities, the procedure for using sanctions, and reporting on their implementation. We note that the law covers both the sanctions that Britain must use in pursuance of UN Security Council resolutions, and the so-called optional (discretionary) sanctions, which are related to unilateral measures. The law also introduces an intermediate category of sanctions, aimed at implementing other international agreements not covered by UN Security Council resolutions. (art. 1. SAMLA).

The appropriate ministers, which include state secretaries, have the authority to impose sanctions. The Treasury also has such powers. The types of restrictive measures include financial, visa, trade, transport (air and sea), and other measures, including those necessary for the implementation of restrictive measures of the UN Security Council. Sanctions are introduced in the form of regulations that reflect the regime of restrictions in relation to a particular country or functional problem. When introducing a new regulation, the relevant minister must submit to Parliament a report on the motives for imposing sanctions. Article 30 obliges the relevant minister to report annually on each regulation to Parliament. Moreover, a number of regulations require approval by the Parliament. These include those regulations that do not provide for the implementation of UN Security Council resolutions, i.e., unilateral measures. Article 55 of SAMLA provides for the approval of such regulations by both houses of Parliament within 28 days. In particular, regulations on sanctions against Russia and Belarus passed through the Parliament.

The design of the UK's sanctions policy is characterized by greater executive autonomy compared to the US and EU. In the United States, the president has broad powers to impose sanctions, governed by the 1977 International Emergency Economic Powers Act (IEEPA).<sup>2</sup> He can apply sanctions very quickly by his executive decrees. It also transfers the relevant powers to the level of individual departments, which supplement the sanctions with their bylaws (directives, licenses, etc.) [Timofeev, 2022]. However, since the 1970s, Congress has made unsuccessful attempts to limit the powers of the president in a number of ways. For example, a whole web of laws has been formed on Iranian issues [Hanauer, 2020], which limited the maneuverability of the executive branch. Each law may imply separate types of executive reporting; i.e., they are less standardized than the UK mechanism. In the European Union, the procedure for imposing sanctions is more complicated, although it is quite efficient [Giumelli et al., 2020; Timofeev, 2021]. The unanimous support of draft decisions and regulations by all members of the EU Council is required.

<sup>1</sup> UK Government (2018) Sanctions and Anti-Money Laundering Act. URL: <https://www.legislation.gov.uk/ukpga/2018/13/contents/enacted/data.htm> (date of the application: May 9, 2022).

<sup>2</sup> US Congress (1977) <https://www.congress.gov/bill/95th-congress/house-bill/7738> International Emergency Economic Powers. URL: (date of the application: May 9, 2022).

However, discrepancies are very rare. Thus, in 2020, Cyprus blocked the decision on sanctions against Belarusian officials, in order to draw attention to its concerns about Turkey's actions in the Eastern Mediterranean.<sup>3</sup> In the end, the Belarusian package was nevertheless accepted.

The instruments of restrictive measures themselves are universal. Britain applies a freeze on the assets of individual individuals and legal entities, sectoral sanctions, export controls, import bans, etc. Similar measures are used by the US, the EU, and many others. Britain borrowed from its allies the so-called rule of 50%. It implies that financial sanctions apply both to the persons named in the sanctions lists and to their subsidiaries or assets under control, provided that the ownership interest is equal to or exceeds 50%.<sup>4</sup>

The sanctions policy is shared among several key departments: the Ministry of Foreign Affairs, the Treasury, and the Ministry of International Trade. The Foreign Ministry makes key political decisions on sanctions. In particular, the Ministry develops draft regulations and amendments to them. The Treasury administers the application of financial sanctions. It includes the Office of Financial Sanctions Implementation (OFSI). The Ministry of Foreign Trade administers import and export restrictions. The Export Control Joint Unit (ECJU) operates within its structure. Such a structure is reminiscent of the American mechanism, where the key departments are also the Ministry of Finance, the Ministry of Trade and the State Department. Other departments may be involved in the policy of sanctions. For example, in British law, transport sanctions are singled out in a separate category. Accordingly, the Ministry of Transport is involved in their implementation.

The practice of coercive measures of a criminal or administrative nature against violators of UK sanctions regimes in Britain after Brexit is only developing. It has borrowed a number of American approaches. For example, in the process of administrative prosecution, an important mitigating circumstance is the voluntary disclosure of violations, which gives a discount on a fine of up to 50%. The classification of violations is similar. In the United States, there are *egregious* and *nonegregious* violations;<sup>5</sup> in Britain,

*serious* and *extremely serious* violations.<sup>6</sup> However, the number of investigations is still incomparable. OFSI has investigated six violations since 2019,<sup>7</sup> while OFAC, a specialized office of the US Treasury, 63.<sup>8</sup> This difference can be explained by the fact that many OFAC investigations concern violations that occurred several years before the decision to issue a fine, while in the case of OFSI, there was no such leeway due to the fact that the British sanctions policy started comparatively recently. In the future, we can expect fewer penalties in the UK compared to the US also due to the lower transaction density in the British financial system compared to the US. The ECJU also has its own policy of punitive measures for the violation of export control regulations.<sup>9</sup> There are also parallels here with the work of the US Bureau of Industry and Security of the Department of Commerce. In both the UK and the US, there are criminal penalties for violating sanctions regimes. In both countries, intent and deliberate schemes to circumvent sanctions are important grounds for prosecution. A similar practice exists in individual EU countries, for example, in Germany.

#### SANCTIONED EVENTS: BRITAIN AND OTHER INITIATORS

The RIAC's SED shows an increase in Britain's sanctions activity. It concerns a variety of events, ranging from the application of restrictive measures against individuals, to their mitigation or cancellation. In 2020, the database recorded 58 events, of which 34 were negative (imposition of sanctions, their expansion, etc.). Among the negative events, only four were directly related to Russia. In 2021, 83 events were noted, of which 48 were negative. There were only three event directly aimed at Russia. At the beginning of 2022, there was a sharp increase in the number of sanctions events. In the first three months, there were 67 events, which was more than in the whole of 2020. Of these, 35 events were negative. Twenty-three events were related to Russia.

<sup>3</sup> Tadtayev G. (2020) The media learned about the blocking of EU sanctions against Belarus by Cyprus. RBC. 10-Jul-20. URL: <https://www.rbc.ru/politics/10/09/2020/5f59a8619a7947415cf7054f> (date of the application: May 9, 2022).

<sup>4</sup> UK Government (2020) UK Financial Sanctions General Guidance for Financial Sanctions Under the Sanctions and Anti-Money Laundering Act 2018. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1062452/General\\_Guidance\\_-\\_UK\\_Financial\\_Sanctions.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1062452/General_Guidance_-_UK_Financial_Sanctions.pdf) (date of the application: May 9, 2022).

<sup>5</sup> US Federal Register (2008), Appendix A to Part 501. Economic Sanctions Enforcement Guidelines. URL: [https://www.sec.gov/about/offices/ocie/aml/enf\\_guide\\_09082008.pdf](https://www.sec.gov/about/offices/ocie/aml/enf_guide_09082008.pdf) (date of the application: May 9, 2022).

<sup>6</sup> UK Government (2022) Monetary Penalties for Breaches of Financial Sanctions. Guidance. [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1051875/Monetary\\_Penalties\\_Guidance\\_Jan\\_2022\\_.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1051875/Monetary_Penalties_Guidance_Jan_2022_.pdf) (date of the application: May 9, 2022).

<sup>7</sup> UK Government (2022) Enforcement of Financial Sanctions. URL: <https://www.gov.uk/government/collections/enforcement-of-financial-sanctions> (date of the application: May 9, 2022).

<sup>8</sup> US Department of the Treasury (2022) Civil Penalties and Enforcement. URL: <https://home.treasury.gov/policy-issues/financial-sanctions/civil-penalties-and-enforcement-information> (date of the application: May 9, 2022).

<sup>9</sup> UK Government (2022) Importers and Exporters: Financial Sanctions — Frequently Asked Questions. URL: <https://www.gov.uk/government/publications/ofsi-guidance-html-documents/importers-and-exporters-financial-sanctions-frequently-asked-questions> (date of the application: May 9, 2022).

For comparison, in the EU (excluding actions taken against individual member states and partner countries), 110 events were recorded in 2020, of which 60 were negative. Among the latter, 14 were in relation to Russia. In 2021, these figures were 137, 70, and 9, respectively. In the first quarter of 2022, they were 45, 31, and 17.

There were 440 events across the US in 2020, of which 300 were negative, including 17 events related to Russia. In 2021, there were 488, 302, and 31 cases, and in the first quarter of 2022, 104, 72, and 29 events.

The presented data show that a significant increase in sanctions events related to Russia has become common for the US, EU, and Britain. The peculiarity of the United Kingdom is both the increase in the number of events in general and the faster expansion of Russia-related events. Significant growth is recorded in the first quarter of 2022 in relation to the Russia's special military operation in Ukraine. In Britain, this growth is most noticeable.

For comparison, China in 2020 is characterized by only 11 events, of which 9 were negative. Of these, six were directed against the United States, and three were the creation of new sanctions mechanisms. In 2021, 20 events were noted in the SED, of which 15 were negative. The range of target countries has increased significantly. This was explained by the fact that China imposed retaliatory sanctions on the restrictions of Western countries in relation to human rights and other topics. Thus, six actions were directed against the United States, two against Britain, and one each against Belgium, the EU, Canada, and Lithuania. In 2022, only one event has been observed so far: sanctions against three US defense companies. However, only formally declared measures are reflected in the SED. While China may well combine them with informal restrictive measures.

Russia initiated 17 events in 2020, of which nine were negative. The initiators of restrictive measures against Russia fell under sanctions, and measures were also taken against "undesirable organizations." There were 28 such events in 2021, of which 21 were designated as "negative." Restrictions were imposed against the United States, Britain, Canada, the Czech Republic, Ukraine, Poland, the Netherlands, and Germany. In the first quarter of 2022, 14 events were noted, 12 of which were negative. All of them were introduced against the initiators of sanctions against Russia itself.

China and Russia do not apply sanctions as actively as Western countries: for Russia and China, it is often a question of retaliatory measures to restrictions imposed on them. In Russia's case, the number of sanctions events increased in the first quarter of 2022, which is obviously related to a similar increase in sanctions pressure from the West.

## BRITISH SANCTIONS AGAINST RUSSIA

The 2019 Russia Regulation can be considered the key legal mechanism for British sanctions against Russia.<sup>10</sup> Its aim was to "stimulate Russia to abandon actions to destabilize Ukraine," including the problem of Crimea and Donbass. Until 2022, the regulation generally reproduced the structure of the EU sanctions. In particular, it recorded visa and blocking sanctions (a freezing of assets and a ban on the provision of economic resources) against persons responsible, according to the British authorities, for the destabilization of Ukraine. The list of persons was reflected in the corresponding appendix. Art. 6, pt. 2 of the regulation clearly defines the definition of these "persons involved." They include those who are controlled by these individuals or act on their behalf. In particular, the regulation sets the rule of 50% (Article 7). The regulation also replicated the sectoral sanctions. Among them is a ban on lending to the Russian financial, energy, and military-industrial companies named in the appendix, as well as their subsidiaries (the 50% rule also applies here). In relation to the energy sector, the sale or resale of goods and services for oil production on the continental shelf, in the Arctic, as well as in deep water drilling projects, was prohibited. The trade blockade of Crimea was also prescribed here, the export of defense products, technologies and dual-use goods to Russia was prohibited.

Along with the Ukrainian package, other regimes were used against Russia. In particular, blocking sanctions were used against Russian citizens in response to the alleged use of the Novichok nerve agent in 2018 and 2020. (Skripal case and Navalny case.) The blocking sanctions were carried out in accordance with the 2019 Chemical Weapons Sanctions Regulations.<sup>11</sup> Currently, the list of blocked persons on it includes 17 Russian citizens and the State Research Institute of Organic Chemistry and Technology. In addition to the Russians, there are five citizens and one institution from Syria on the list.<sup>12</sup> Blocking sanctions have also been used under the 2020 Cyber Crime Sanctions Regulation.<sup>13</sup> The lists include 14 individuals and three legal entities. In addition to the Russians, the regulation was used in relation to two Chinese citizens, one organization each from the North Korea, China, and

<sup>10</sup>UK Government (2019) The Russia (Sanctions) (EU Exit) Regulations. URL: <https://www.legislation.gov.uk/uksi/2019/855/introduction/made> (accessed May 9, 2022).

<sup>11</sup>UK Government (2019) The Chemical Weapons (Sanctions) (EU Exit) Regulations. URL: <https://www.legislation.gov.uk/uksi/2019/618/introduction/made> (accessed May 9, 2022).

<sup>12</sup>UK Government (2022) Consolidated List of Financial Sanctions Targets in the UK. Regime: chemical weapons. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1061764/Chemical\\_Weapons.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1061764/Chemical_Weapons.pdf) (accessed May 9, 2022).

<sup>13</sup>UK Government (2020) The Cyber (Sanctions) (EU Exit) Regulations 2020. URL: <https://www.legislation.gov.uk/uksi/2020/597/contents/made> (accessed May 9, 2022).

Turkey.<sup>14</sup> The Russians were blocked under the rules of global sanctions in response to the violation of human rights in 2020.<sup>15</sup> Here they coexist with citizens of the Republic of Belarus, China, Saudi Arabia, and other countries (total 75 individuals and 6 legal entities).<sup>16</sup> Fourteen Russian citizens are also on the list under the 2021 Anti-Corruption Sanctions Regulations,<sup>17</sup> together with citizens of Sudan, Iraq, South Africa, India, etc., in total 27 persons.<sup>18</sup> However, the application of these regulations can be considered peripheral. They were more of a political signal and, unlike the Ukrainian package, did not affect Russian companies or sectors of the economy.

The Russian special operation in Ukraine has become an occasion for a radical strengthening of the UK's sanctions policy. Two weeks before the operation, in response to the maneuvers of the Russian army in the southwest, the British Foreign Office amended the 2019 sanctions against Russia regulation.<sup>19</sup> This meant that blocking sanctions could be applied not only in relation to a person who directly or indirectly participated in the events around Ukraine but also any person directly or indirectly related to the Russian government or working in strategic sectors of the Russian economy in the interests of the Russian government. The sectors include the chemical industry, construction, the military-industrial complex, electronics, energy, mining, the financial sector, communications and digital technologies, and transport. Prior to the start of the Russian operation, the regulations were not applied.

Eight more amendments to the 2019 regulation have been passed since the start of the operation up to the present time. Amendment 2 clarified prohibitions on dealing with debt obligations, prohibitions on maintaining correspondent accounts in the UK, a

number of key concepts, and exceptions to the sanctions regime.<sup>20</sup> Amendment 3 clarified restrictions on dual-use goods, military goods, and goods for "critical industrial sectors." It also introduced exemptions for consumer electronics.<sup>21</sup> Amendment 4 set restrictions on access to British ports for ships flying the Russian flag or owned by Russian persons, as well as on the registration of such ships.<sup>22</sup> Amendment 5 defined financial sanctions against the assets of the Central Bank, the National Wealth Fund, the Ministry of Finance of Russia, and entities controlled by them.<sup>23</sup> Amendment 6 extended export controls to the aerospace industry and insurance services for this industry. It imposed restrictions on the access of Russian aircraft to Britain, prohibiting their landing, overflight in UK airspace of the country, and registration in the United Kingdom.<sup>24</sup> Amendment 7 expanded the criteria for blocking "persons involved." They include, for example, blocking by the US, Canada, Australia and the EU. The maintenance of ships and aircraft belonging to blocked persons was banned.<sup>25</sup> Amendment 8 imposed a ban on the export of a number of "luxury goods" to Russia (previously, similar measures were taken by the US and the EU; they covered a wide range of goods, from cars and watches to pianos and high-end clothes). This amendment also banned the import of Russian steel and ferrous metallurgy products. The EU had also previously announced a similar decision. Restrictions on export control were added: technologies and goods necessary for oil refining, quantum computers, and advanced materials fell under it.<sup>26</sup> In addition, a ban was announced on the import of silver, wood products, and other products, including

<sup>14</sup>UK Government (2022) Consolidated List of Financial Sanctions Targets in the UK. mode: Cyber. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1063152/Cyber.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1063152/Cyber.pdf) (accessed May 9, 2022).

<sup>15</sup>UK Government (2020) The Global Human Rights Sanctions Regulations. URL: <https://www.legislation.gov.uk/uksi/2020/680/contents/made> (date of the application: May 9, 2022).

<sup>16</sup>UK Government (2022) Consolidated List of Financial Sanctions Targets in the UK. mode: Global Human Rights. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1057481/Global\\_Human\\_Rights.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057481/Global_Human_Rights.pdf) (date of the application: May 9, 2022).

<sup>17</sup>UK Government (2021) The Global Anti-Corruption Sanctions Regulations. URL: <https://www.legislation.gov.uk/uksi/2021/488/made> (date of the application: May 9, 2022).

<sup>18</sup>UK Government (2022) Consolidated List of Financial Sanctions Targets in the UK. mode: Global Anti Corruption. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1057478/Global\\_Anti-Corruption.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1057478/Global_Anti-Corruption.pdf) (date of the application: May 9, 2022).

<sup>19</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/123/regulation/3/made> (date of the application: May 9, 2022).

<sup>20</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/194/contents/made> (date of the application: May 9, 2022).

<sup>21</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 3) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/195/contents/made> (date of the application: May 9, 2022).

<sup>22</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 4) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/203/made> (date of the application: May 9, 2022).

<sup>23</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 5) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/205/contents/made> (date of the application: May 9, 2022).

<sup>24</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 6) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/241/contents/made> (date of the application: May 9, 2022).

<sup>25</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 7) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/395/contents/made> (date of the application: May 9, 2022).

<sup>26</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 8) Regulations. URL: <https://www.legislation.gov.uk/uksi/2022/452/made/data.pdf> (date of the application: May 9, 2022).

caviar, as well as an increase in tariffs on rubber and diamonds.<sup>27</sup> Together with other members of the G7, Britain has abolished the most favored nation trade with Russia and Belarus.<sup>28</sup> Amendment 9 prohibited Internet service providers from providing access to social networks, services, and applications to Russian persons under sanctions.<sup>29</sup> A ban on providing Russians (regardless of whether they were on the sanctions lists) with consulting, accounting, or PR services was also announced.<sup>30</sup>

Together with these amendments, the UK actively introduced blocking financial sanctions against Russian citizens and organizations. On February 22, three well-known entrepreneurs (Gennady Timchenko, Igor and Boris Rotenberg) and five banks (Bank Rossiya, Black Sea Development Bank, IS Bank, Genbank, and Promsvyazbank) were blocked. These measures could have been considered a loud warning, which was naturally ignored by Moscow. A new wave followed two days later. This time, large defense enterprises were blocked (United Shipbuilding Corporation, United Aircraft Corporation, Uralvagonzavod, Rostec, Tactical Missiles, and VTB Bank, one of the largest Russian financial institutions). Five Russian citizens were also added to the lists of blocked persons, including children of prominent statesmen holding various managerial positions. On February 25, the British authorities added Russian President Vladimir Putin and Foreign Minister Sergei Lavrov to the list of blocked persons. In itself, such a measure is rare. Usually, the initiators of sanctions prefer not to block top officials. However, this step was taken by other initiators, including the US and the EU. On February 28, transactions with the Central Bank, the National Wealth Fund, and the Russian Ministry of Finance were prohibited. On the same day, Otkritie Bank, Sovcombank, and Vnesheconombank were added to the lists of blocked entities. During March-May, blocking sanctions against Russian individuals were intensively expanded. They included the Russian Direct Invest-

ment Fund, Sogaz, Zelenodolsk Shipbuilding Plant, Rosneft Aero, Ural Bank for Reconstruction and Development, Alfa-Bank, Alrosa, Gazprombank, RusHydro, Rosselkhozbank, Russian Railways, Russian Venture Company, SMP Bank, Sovkroflot, Moscow Credit Bank, Sberbank, and Rossiya Segodnya media group. Among individuals, well-known businessmen and government officials such as Igor Shuvalov, Alisher Usmanov, Roman Abramovich, Igor Sechin, Andrei Kostin, Alexei Miller, Nikolai Tokarev, Dmitry Lebedev, German Gref, Dmitry Shugaev, Oleg Tinkov, Yuri Trutnev, Leonid Mikhelson, Tigran Khudaverdyan, and all members of the State Duma and the Federation Council who voted for the recognition of the sovereignty of the Lugansk and Donetsk People's Republics were included in the sanctions list.<sup>31</sup>

In total, the UK list of blocked persons (Consolidated List of Financial Sanctions) as of May 2022 included 1255 individuals and 148 legal entities.<sup>32</sup> By comparison, the EU had blocked 1,110 individuals and 83 entities.<sup>33</sup> In the US, Executive Order 14024 alone blocked 826 individuals and entities. This legal mechanism is the key to blocking sanctions in relation to the military operation in Ukraine. Here we can add 232 persons who were blocked under the "Ukrainian dossier" since 2014 under other orders (13660, 13661, 13662, etc.). This came to a total of 1058 persons. This number does not take into account those who were blocked in other areas: "election interference," human rights, the conflict in Syria, etc.<sup>34</sup>

In other words, the UK's blocking sanctions largely coincide with similar measures taken by the US and the EU. The same can be said about export controls. Its rules have their own specifics in the UK case. For example, the UK does not maintain separate lists of individuals and entities that are subject to certain trade restrictions, while the US, EU and, for example, Japan do. However, the range of goods subject to export control generally coincides with other initiators, including electronics, dual-use goods, oil refining equipment, and luxury goods.

We can also talk about the similarity of plans for the further escalation of sanctions. The partial or com-

<sup>27</sup>UK Government (2022) UK Announces Further Import Sanctions Against Russia. URL: [https://www.gov.uk/government/news/uk-announces-further-import-sanctions-against-russia?utm\\_medium=email&utm\\_campaign=govuk-notifications-topic&utm\\_source=c7895b38-02ff-4495-9183-eb9196464657&utm\\_content=daily](https://www.gov.uk/government/news/uk-announces-further-import-sanctions-against-russia?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=c7895b38-02ff-4495-9183-eb9196464657&utm_content=daily) (date of the application: May 9, 2022).

<sup>28</sup>UK Government (2022) UK Announces New Economic Sanctions Against Russia. URL: <https://www.gov.uk/government/news/uk-announces-new-economic-sanctions-against-russia> (date of the application: May 9, 2022).

<sup>29</sup>UK Government (2022) The Russia (Sanctions) (EU Exit) (Amendment) (No. 9) Regulations. URL: <https://www.legislation.gov.uk/ukxi/2022/477/made/data.pdf> (date of the application: May 9, 2022).

<sup>30</sup>UK Government (2022) Russia Cut Off From UK Services. URL: [https://www.gov.uk/government/news/russia-cut-off-from-uk-services?utm\\_medium=email&utm\\_campaign=govuk-notifications-topic&utm\\_source=82c72197-4728-4d31-9c48-2e4d1a67f2d3&utm\\_content=immediately](https://www.gov.uk/government/news/russia-cut-off-from-uk-services?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=82c72197-4728-4d31-9c48-2e4d1a67f2d3&utm_content=immediately) (date of the application: May 9, 2022).

<sup>31</sup>UK Government (2022) Consolidated List of Financial Sanctions Targets in the UK. mode: Russia. URL: [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/1073489/Russia.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1073489/Russia.pdf) (date of the application: May 9, 2022).

<sup>32</sup>Ibid.

<sup>33</sup>Council of the EU (2014-2022) Council Decision 2014/145/CFSP of 17 March 2017. URL: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02014D0145-20220414> (date of the application: May 9, 2022).

<sup>34</sup>US Department of the Treasury (2022) Specially Designated Nationals And Blocked Persons List (SDN). URL: <https://home.treasury.gov/policy-issues/financial-sanctions/specially-designated-nationals-and-blocked-persons-list-sdn-human-readable-lists> (date of the application: May 9, 2022).

plete refusal to import Russian fossil fuels plays an important role in them. The US has already completely banned its import.<sup>35</sup> The European Union has banned the supply of coal after August 2022.<sup>36</sup> Britain has not yet introduced formal bans, but has announced plans to phase out coal and oil from Russia by the end of 2022.<sup>37</sup> Such discrepancies can be considered temporary. In pushing out Russian raw materials, the initiators of sanctions are guided by their economic interests and the degree of dependence on Russian raw materials. The imposition of sanctions on them will be heterogeneous, but the course itself towards the rejection of raw materials from Russia is common for those initiating the sanctions.

Thus, we can talk about the application of almost the entire set of sanctions against Russia that are envisaged by British law. However, this does not mean that sanctions instruments have been exhausted. In the future, sanctions may be increased by expanding the list of blocked persons, the range of goods restricted by export controls and import bans, investment bans, etc. New qualitative changes are also possible. They include the confiscation of the property of Russian persons, which was previously frozen in the jurisdiction of Britain due to the imposition of blocking sanctions. This practice has been developed in US law. It is likely to be reflected in British legislation and law enforcement.

\* \* \*

After leaving the EU, Britain relaunched the sanctions policy mechanisms on its own. The institutional design was finalized and the basic “Law on Sanctions and Combating Money Laundering” appeared. Based on it, regulations have been prepared that reflect the policy of sanctions in certain areas. Despite the specifics of institutions and legislation, there is a certain universality of the sanctions instruments used by the UK and its allies, primarily the US and the EU. They use similar instruments of blocking financial sanctions, trade restrictions, transport bans, etc. The parameters of coercive measures against violators of the sanctions regimes are also comparable. The database of sanctions events shows the UK’s fairly high activity level in applying sanctions. However, Russia’s place in the

total share of British sanctions actions until 2022 was secondary: the number of such events was small. The sharp change in the political environment in February 2022 led to an explosive expansion of their sanctions policy, both quantitatively and qualitatively.

In general, there is a high degree of coordination of the sanctions policies being followed by London, Brussels, and Washington. They are characterized by comparable coverage of Russian individuals and legal entities with blocking sanctions, general areas of export control and import bans, and identical transport sanctions. There are also common strategic goals, including the displacement of Russian raw materials from its market. There are also individual discrepancies in the lists of blocked persons or certain bans. For example, the US and the EU, unlike Britain, have not yet banned consulting services to Russian individuals. Such discrepancies, however, are not fundamental. The sanctions policy against Russia against the backdrop of the Ukrainian crisis has used almost all possible tools. Their application has not been exhausted. As political contradictions deepen, we can expect an expansion of restrictive measures against Russia.

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## Economic Problems

# A Paradigm Change in Energy Cooperation between Germany and Russia

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**Abstract**—Germany’s transition to a climate-neutral economy, the main parameters of which were determined by the European Green Exchange Rate (December 2019) and clarified in the updated Law on Climate Protection of Germany (June 2021) and the EU Fit-for-55 program (July 2021), leads to the abandonment of the use of primary energy sources, including their importation from Russia. The energy transformation of the German market economy presumed a gradual restructuring of the existing model of German–Russian cooperation in the energy sector, including its transfer to priority cooperation in the field of energy efficiency and renewable energy sources. Brussels and Berlin responded to the special military operation of the Russian Federation on the territory of Ukraine with large-scale economic and political sanctions, which included significant restrictions on the import of Russian coal and oil. At the same time, the German federal authorities outlined the necessity to abandon Russian pipeline gas and petroleum products, as well as the deprivation of ownership of the two main players from the Russian Federation in the German oil and gas market—Gazprom and Rosneft. Their German partners have frozen participation in Russian projects. At the end of February, the certification of the Nord Stream-2 offshore gas pipeline was stopped. Interdepartmental state interaction and scientific and technical cooperation in the energy sector have been terminated. These events indicated the readiness of the government coalition in the short term to replace the previous model of energy cooperation, which has performed well for half a century, and to move to independence from Russian fossil resources and their derivatives. The author analyzes the reasons and content of the current measures taken by Berlin, as well as their medium- and long-term consequences for German–Russian cooperation.

**Keywords:** Germany, European Union, EU, Russia, European Green Deal, energy transition, transformation, German–Russian cooperation

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### ENERGY DEVELOPMENT: THE BASIS OF GERMAN–RUSSIAN ECONOMIC COOPERATION

The modern model of German–Russian energy cooperation began to take shape more than half a century ago, when in May 1969 the Minister of Foreign Affairs of the USSR A.A. Gromyko proposed to the leadership of the FRG, in the conditions of bans on the purchase of West German large-diameter pipes that had been in force since the early 1960s, a new model of economic and political interaction: to supply these products, as well as the equipment necessary for the construction of a modern gas pipeline in exchange for future supplies of Soviet natural gas<sup>1</sup>. On February 1, 1970, the Soviet Union and West Germany in

Essen concluded the “deal of the century” on the terms proposed by the Soviet side. It was based on a grandiose barter, the exchange of three billion cubic meters of gas for pipes. Already in May 1973, gas supplies began moving through the main gas pipeline to the GDR (the recipient was Verbundnetz Gas, VBG), and in October to the Federal Republic of Germany (the counterparty was the Ruhrgas concern). In 1972, 1974, 1979, the Soviet–West German “deal of the century” was supplemented by agreements to increase the volumes supplied. In November 1981, within its framework, the largest contract was signed, providing for the construction of two gas pipelines and the supply of 40 billion cubic meters of gas, of which 10 to 12 billion were destined for West Germany. Due to opposition from the US administration, in the end, only one line was built (Grivach and Simonov, 2019; Afanas'yeva, 2021a, 2021b).

In 1974, an agreement was signed on the construction of the Orenburg–Western Border of the USSR gas pipeline with the participation of the GDR and other

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<sup>1</sup> “40 years on the German market.” <https://www.gazprom.ru/about/history/events/germany40/>. Cited April 20, 2022.

CMEA countries, which began operating in November 1980. In 1986, an agreement between the USSR and the GDR on cooperation came into force during the development of the Yamburgskoye field, within which the East German Verbundnetz Gas received Soviet gas until 1989 in exchange for the construction of facilities, the supply of equipment and pipes (in particular, for the construction of the Yamburg–Western Border of the USSR main gas pipeline).

After the unification of the two German states, Gazprom and its second main German partner (along with Ruhrgas) Wintershall (a subsidiary of BASF) in November 1990 created the first joint venture, WIEH, which became involved in the transportation, storage, marketing, and trade of gas in Germany and other European countries. In 1993, the partners completed the construction of the STEGAL and MIDAL gas pipelines in Germany with a total length of more than one thousand kilometers, which gave the Russian concern direct access to the German gas market for more efficient operation. The second joint venture, WINGAS, was established. Gazprom signed long-term gas contracts with both JVs. In 1998, the WEDAL gas pipeline was built. At the end of the same year, the Russian concern agreed with Ruhrgas to extend most of the long-term contracts until 2020. In December 1998, the German partner acquired a 2.5% stake in Gazprom for 660 million dollars at an auction.<sup>2</sup> Built in 1999, JAGAL connected the STEGAL and Yamal–Europe gas pipelines.

In 1999, JV WINGAS brought Reden, the largest underground gas storage facility (UGS) in Germany and Western Europe, to full capacity. In 2009, Gazprom and VNG established a consortium for the construction of the Katarina UGS facility, which began in Saxony-Anhalt in 2011. Its phased expansion was planned until 2025. In 2013, together with BP Europe SE and Dong Energy, Gazprom Germania commissioned the Etzel gas storage cavern located in Lower Saxony. In the same year, the Yemgum UGS, built by WINGAS and VNG, began to operate.

The agreements between Gazprom and German partners on the exchange of production and marketing assets became a breakthrough in energy cooperation. In 2006, BASF (Wintershall) received 25% minus one share in Severneftegazprom OJSC, which is developing the Yuzhnorusskoye oil and gas field. The deal was the first joint project with a foreign partner to create a complete chain from gas production to its end consumer. In 2008, the right to coparticipate in production at this field was also acquired by E.ON. In 2012, Wintershall took ownership of two hard-to-reach areas of the Achimov deposits of the Urengoysskoye

field (in 2003, a JV Achimgaz CJSC was established with it to develop one of them). In May 2019, LetterOne, owned by Russian citizen M. Friedman, which owned the German DEA Deutsche Erdöl AG, created a joint venture Wintershall Dea with this subsidiary of BASF. The Russian share was 33%, then it was reduced to 27.3%. As of early 2022, the JV was also involved in the development of the third section of the Achimov deposits.

In parallel, Gazprom developed a partnership with Siemens, as well as scientific and technical cooperation with its main German gas partners. The relevant agreement was signed with E.ON Ruhrgas AG in 2006, and with Verbundnetz Gas in 2013.

In 2011–2012 the unique international offshore gas pipeline Nord Stream-1 was launched with a capacity of 55 billion cubic meters (participation interests: Gazprom, 51%; Wintershall and E.ON Ruhrgas AG, 15.5% each) from land branches of NEL and OPAL. In autumn 2021, the Russian concern completed construction of Nord Stream-2,<sup>3</sup> both lines of which (with a similar power) were completely ready for technical operation and certification (Shagina and Westphal, 2021). On the eve of the end of this project, Germany in 2019 acted as an intermediary in concluding a five-year agreement between the Russian Federation and Ukraine on the transit of a total of 220 billion cubic meters of Russian gas in the period from 2020 to 2024 (with a guaranteed payment, regardless of whether this volume is delivered or not).

Thanks to long-term contractual relations between German and Russian partners established over several decades and a reliable infrastructure for the supply, storage, and sale of gas, Germany for half a century was guaranteed to receive the volumes of pipeline gas necessary for its industries and households from the Russian Federation, which has never violated its obligations. According to the German government, until 2022, half of the volumes of Russian gas came to Germany through the Nord Stream-1 gas pipelines (the entry point to German territory in the city of Lubmin) and Yamal–Europe (the city of Malnov), half through the Ukrainian GTS (Widhaus)<sup>4</sup>.

As of March 2022, Gazprom Export LLC and its subsidiary Gazprom Germania were responsible for export deliveries. It sold gas to end consumers, most of whom had long-term contracts with Gazprom (until 2030–2035). First of all, these are energy companies Uniper<sup>5</sup> and EnBW (through its subsidiary Verbundnetz Gas). An important role belonged to the wholly

<sup>2</sup> Subsequently, Ruhrgas increased its stake in Gazprom to 6.5%. During the years 2002–2003, it became part of the German concern E.ON. In 2004, the subsidiary was renamed E.ON Ruhrgas. In 2013, it became the property of E.ON Global Commodities SE, which, in turn, became part of the Uniper SE concern established in 2016.

<sup>3</sup> Additionally, its onshore section was built, the EUGAL gas pipeline.

<sup>4</sup> Gasversorgung: Abhängigkeiten verringern. <https://www.bundesregierung.de/breg-de/themen/gasversorgung-abhaengigkeiten-verringern-441270?view=rendernewsletterhtml>. Cited April 24, 2022.

<sup>5</sup> A subsidiary of Uniper, Unipro PJSC (until June 2016, E.ON Russia JSC, registered on March 4, 2005, in Surgut), owns five thermal power plants in the Russian Federation.

owned subsidiary of the Russian concern, WINGAS, as the central sales structure responsible (like other German partners of Gazprom) for gas supplies to cities, large industrial consumers, and regional gas supply companies. The big player was RWE, which has a contract until 2023.<sup>6</sup>

Since the 1990s, Germany has been developing cooperation with Russia in the field of energy efficiency, energy conservation, and renewable energy sources. In 2006, the German–Russian Raw Materials Forum was created for this purpose. Since 2020, hydrogen energy has become one of the most important areas of cooperation.

The Rosneft State Concern at the beginning of the 21st century acquired participation in the capital of three oil refineries in Germany: these are Raffinerie GmbH in Schwedt an der Oder (54.17% share in the capital, and in capacities, 6.3 million tons per year), which receives oil through the Druzhba pipeline, built in parallel with the gas “deal of the century” in the 1970s with the support of the GDR; Germany’s largest refinery MiRO GmbH & Co. KG in Karlsruhe (24% and 3.6 million tons) and BAYERNOIL Raffineriegesellschaft mbH in Neustadt an der Donau (28.57% and 2.9 million tons).<sup>7</sup>

In the context of a gradual reduction in unprofitable coal mining in Germany in the zero years (it was finally terminated at the end of 2018), while maintaining it as a fuel for thermal power plants and raw materials for the metallurgical industry, its imports increased significantly, including from Russia. Deliveries came mainly from Kuzbass and Krasnoyarsk krai, the companies from which, at the expense of foreign exchange earnings, modernized mining facilities and equipment, including purchases from German companies. The share of the Russian Federation in the total German imports of this resource in 2021 amounted to 56.6% (18.3 million tons); the share of the United States, 15.5% (5.0 million tons); Australia, 16.1% (5.2 million tons); Colombia, 5.5% (1.8 million tons).<sup>8</sup>

According to the Federal Office for Economics and Export Control (BAFA), the peak year for Russian gas supplies was 2018, when the volume of its imports amounted to 54.7 billion cubic meters (see Table 1). After its decrease in 2019–2020, deliveries increased again to 50.0 billion tons. In the period from 1973 to 2013, about one trillion cubic meters were supplied to

Germany, and from 2014 to 2021, 372 billion.<sup>9</sup> Thus, the volume of gas imports from the Russian Federation over the past eight years has exceeded one-third of all supplies over the previous forty-year period. According to various estimates by German experts, Russia accounted for 50 to 55% of all imported gas at the beginning of 2022 (Holz et al., 2022; Fischer and Küpel, 2022; *Wie sich russisches Erdgas...*, 2022),<sup>10</sup> and the main competitors were Norway (about 30%<sup>11</sup>) and the Netherlands (from 13<sup>12</sup> to 21%).<sup>13</sup>

In 2021, Germany imported 27.7 million tons of oil from the Russian Federation, which accounted for about a third of its total imports. Other major suppliers were the United States (12%), Kazakhstan and Norway (10% each), as well as Britain (9%) (Just, 2022).

In Germany, in 2021, oil, gas, and coal accounted for 68% of primary energy consumption (32, 27, and 9%, respectively).

### ENERGY TRANSFORMATION OF THE GERMAN MARKET ECONOMY

The general direction of reforming the German energy sector was set at the beginning of the 2000s by the government under the leadership of Chancellor G. Schroeder. The Social Democrats and the “greens” proclaimed a course towards an environmentally friendly industrial policy and passed laws on the abandonment of nuclear energy and on the development of renewable energy sources (RES). The reforms were continued by the following coalitions of A. Merkel. Germany has become the founder and main protagonist of a unified climate and energy policy built on the transformation of RES into the “bearing pillar of a sustainable energy system” (Meden, 2015).

The European Green Deal (EGD), approved by Brussels in December 2019, outlined the parameters for the transition of the EU states to a climate-neutral economy. It provides for a significant reduction in the share of primary minerals in energy production, respectively, a gradual rejection of their imports, including from Russia. Germany, the informal economic and political leader of the EU, has become one of the main protagonists of accelerating this process. In June 2020, the National Hydrogen Strategy was

<sup>6</sup> Der Weg des russischen Gases, March 30. <https://www.tagesschau.de/wirtschaft/konjunktur/erdgas-russland-deutschland-lieferketten-101.html>. Cited April 14, 2022.

<sup>7</sup> Rosneft website. [https://www.rosneft.ru/business/Downstream/refining/Neftepererabativayushie\\_aktiv\\_v\\_Germanii/](https://www.rosneft.ru/business/Downstream/refining/Neftepererabativayushie_aktiv_v_Germanii/). Cited April 14, 2022.

<sup>8</sup> Calculated according to the Federal Statistical Office. <https://www.destatis.de/DE/Themen/Branchen-Unternehmen/Energie/Verwendung/Tabellen/einfuhr-steinkohle-zeitreihe.html>. Cited April 30, 2022.

<sup>9</sup> Calculated based on BAFA data. [https://www.bafa.de/SharedDocs/Downloads/DE/Energie/egas\\_entwicklung\\_1991.xlsm;jsessionid=CBC7C83877BB94D7C3FD0BA43169A5F4.2\\_cid371?\\_\\_blob=publicationFile](https://www.bafa.de/SharedDocs/Downloads/DE/Energie/egas_entwicklung_1991.xlsm;jsessionid=CBC7C83877BB94D7C3FD0BA43169A5F4.2_cid371?__blob=publicationFile). Cited May 10, 2022.

<sup>10</sup> Apparently, it is referred to physical volumes. In terajoules, the share of the Russian Federation at the beginning of 2022 was 37%.

<sup>11</sup> L. Gries, Wer könnte Russlands Lücke füllen?, Tagesschau, January 21. <https://www.tagesschau.de/wirtschaft/verbraucher/gas-russland-luecke-101.htm>. Cited April 14, 2022.

<sup>12</sup> Ibidem.

<sup>13</sup> A.-C. Beck, Der Weg des russischen Gases, Tagesschau, March 30. <https://www.tagesschau.de/wirtschaft/konjunktur/erdgas-russland-deutschland-lieferketten-101.html>. Cited April 14, 2022.

**Table 1.** Import of oil, gas, and coal by Germany from the Russian Federation from 2014 to 2021

Year	Oil		Gas		Coal	
	tons	thousand euro	thousand cub. m*	thousand euro	tons	thousand euro
2014	30025.655	15702.239	37599.000	9514.953	12616.681	931.833
2015	32577.031	10790.561	40041.189	8317.464	14392.932	992.724
2016	36047.803	9800.990	45146.865	7290.053	15927.293	1005.712
2017	33511.768	11553.715	52003.622	8952.246	16323.103	1452.267
2018	30968.720	13446.999	54682.622	10040.220	17640.868	1663.006
2019	27091.274	11012.159	46942.216	7076.880	15795.233	1257.579
2020	28132.402	7227.165	45866.919	5760.243	12554.604	780.421
2021	27741.322	11407.433	50046.757	8766.123	18339.774	2086.629
Total for the period	246095.975	90941.261	372329.189	65718.182	123590.488	10170.171

\* Converted from terajoules, in which BAFA accounts for gas imports. Therefore, there may be slight differences from the actual physical volumes of deliveries.

Source: compiled by the author based on BAFA data published by the German Ministry of Economy and Climate Protection (BMWK). URL: [https://www.bmwk.de/Redaktion/DE/Parlamentarische-Anfragen/2022/03/3-37.pdf?\\_\\_blob=publicationFile&v=6](https://www.bmwk.de/Redaktion/DE/Parlamentarische-Anfragen/2022/03/3-37.pdf?__blob=publicationFile&v=6). Cited April 30, 2022.

adopted, the main provisions of which were included in a similar EU strategy (July 2020). In April 2021, the German government developed a draft amendment to the Climate Law, which was approved by both houses of the federal parliament in June. It set a new deadline for Germany to achieve climate neutrality—2045. In July 2021, the European Commission clarified the directions outlined earlier in the EGD by adopting the Fit for 55 package of measures, which Berlin fully supported.

Formed following the results of the September elections to the Bundestag, the German government coalition consisting of the SPD, Union 90/The Greens, and the FDP at the end of 2021 confirmed the course towards boosting energy transformation and creating a carbon-free economy, minimizing the use of oil, natural gas, and coal, and further maximization of the share of renewable energy in the country's energy balance, with the development of electromobility and green hydrogen energy (Sokolov, 2022; Mehr Fortschritt..., 2021).

In 2021, a number of well-known analytical structures analyzed the possibilities for Germany to achieve the climate neutrality goals by 2045. The decrease in the demand of the German economy for gas by 2030, according to the forecast, will range from 6 to 17% (Fischer et al., 2022). The main reason for this slight drop is due to the desire of the old and new government coalition to use natural gas as a guaranteed and relatively environmentally friendly transitional energy source in the conditions of a complete phase out of coal and nuclear fuel. The construction of new gas-fired CHP plants is allowed, but they must be able to be converted to hydrogen in the future and, along with the old fossil fuel plants, ensure the reliability of the

expansion of RES, hedging them during periods of adverse weather/peak loads. Under pressure from Berlin, the European Commission in early 2022 classified natural gas as “temporarily sustainable” in its taxonomy. This means that, within the framework of the German energy transition, it will continue to play one of the important roles in the German energy sector.

The main consumers of natural gas, 95% of which is imported by Germany, are industry (about 29% of total consumption), households without district heating (about 29%), trade and small artisans (13%), the energy sector (producers of electricity and heat generation), and oil refineries (28%) (Holz et al., 2022).

Vice-Chancellor and head of the new Ministry of Economics and Climate Protection (BMWK) Robert Habeck at the beginning of 2022 repeatedly stated the need to abandon the import of primary minerals from Russia gradually and the government's readiness for the economic costs of such a step (*The stage of a special military...*, 2022). Together with other politicians and experts, he critically assessed Gazprom's policy regarding the filling of its German UGS facilities in fall 2021 and winter 2022, considering it one of the reasons for high spot gas prices and a means of pressure on Berlin to speed up the certification process of Nord Stream-2. He initially considered it a geopolitical project, increasing the dependence of Germany on the Russian Federation, and tried to close it.<sup>14</sup>

<sup>14</sup>On February 22, 2022, the certification process of the Nord Stream-2 was frozen at the initiative of Chancellor O. Scholz. Thus, the project avoided imposition of inevitable sanctions against it by the EU. This kept the possibility to return to the certification procedure in the future without the need to make decisions on lifting restrictions (Belov, 2022a).

Even before the start of the special military operation (SMO) of Russia on the territory of Ukraine, German experts prepared a number of studies (including those made on external orders) regarding the possible consequences for the German economy of a decrease in the supply of Russian energy carriers, primarily gas (see, e.g., Fischer and Küper, 2022). After the start of the SMO, Germany became one of the main protagonists of the consistent introduction of severe restrictive measures against the Russian Federation. Interdepartmental interaction was frozen, including in the energy sector, in particular, hydrogen energy; joint scientific and technical projects were stopped.

Largely thanks to Berlin, the fourth EU sanctions package was adopted as quickly as possible. The Federal Chancellor and his entourage lobbied to hold a meeting of EU heads of state in Versailles on March 10–11, 2022, at which measures were approved to reduce dependence on gas, oil and coal supplies from the Russian Federation gradually. At the same time, O. Scholz opposed the introduction of an embargo on them. Berlin also became one of the initiators of the preparation of the RePowerEU plan, aimed at developing a new energy strategy for the EU. The decisions of the EU summit in Brussels, held on March 24–25, consolidated the course outlined in Versailles for the consistent and, if possible, rapid ridding of the EU countries from energy dependence on Russia (Belov, 2022a; Hemp, 2022; *The stage of military operation...*, 2022).

The German authorities initially took a cautious position regarding the possible negative consequences of restrictions on the import of a number of critical products for the German national economy, primarily energy fossil resources. In March–April 2022, the number of German scientific papers devoted to this topic increased significantly.

Experts warned about the impossibility of abandoning Russian gas in the short term due to the lack of prospects for finding alternative import sources quickly. It was due to limited opportunities to increase supplies by Germany's main pipeline partners, Norway and the Netherlands, as well as the specifics of the international LNG market and its infrastructure in Europe. It was assumed that, in the event of an embargo/cessation of imports, in the short term it would be possible to replace no more than a third of imported Russian gas, including through LNG, increasing capacity utilization of coal-fired CHP plants and reducing gas consumption/savings in all economic sectors (Bähr et al., 2022; Just et al., 2022; Fischer et al., 2022; Holz et al., 2022).

## BERLIN'S PLANS TO PROVIDE ENERGY INDEPENDENCE FROM THE RUSSIAN FEDERATION

Taking into account the assessments of the expert community, BMWK has accelerated the preparation of measures for a gradual transition to energy independence from the Russian Federation, which has been worked on since the beginning of February 2022. The first results were published on March 25 in the report "Progress in ensuring energy security" (Fortschrittsbericht Energiesicherheit).<sup>15</sup> The authors reported that Berlin continued to purchase the so-called balancing gas and pumping gas into UGS facilities, allocated 3.2 million barrels of oil from strategic reserves, and, through the KfW state credit institution, signed a memorandum with Gasunie and RWE on the construction of an LNG terminal in Brunsbüttel (capacity of 8 billion cubic meters, readiness in 2026) and instructed Uniper and RWE to arrange the lease of three floating storage and regasification units (FSRU). According to its plans, the abandonment of Russian coal and oil is possible as early as 2022, and gas in 2024. By the end of April, BMWK stated a number of further successes in this direction. The second report published on May 1 with the same title<sup>16</sup> emphasizes the good and regular level of interaction of all interested actors at the level of the EU, the federation, and the states to reduce energy dependence on the Russian Federation. Since the second half of March, gas has been pumped into UGS facilities in Germany, the level of filling of which by the beginning of May amounted to 34.3% (on March 18 it was equal to 24.6%). A government order was made for the lease of another fourth FSRU, and preparations began for a bill to accelerate the creation of an LNG infrastructure (LNG-Beschleunigungsgesetz). In order to further reduce the consumption of oil and gas, additional support is provided for energy saving measures, including the promotion of the accelerated replacement of gas equipment for heating houses with heat pumps.

If at the beginning of spring BMWK opposed Brussels' plans to impose an embargo on the import of coal and oil from the Russian Federation, then by the end of April its head and Vice-Chancellor R. Habeck changed his position, believing that Germany as a whole had reliable alternatives to the Russian supplies. Its dependence on coal from the Russian Federation decreased to 8% in the first four months of 2022.<sup>17</sup> It is forbidden to conclude new contracts from April 9, and the existing ones must be completed no later than August 10, 2022. By the beginning of May, only two

<sup>15</sup>Fortschrittsbericht Energiesicherheit, BMWK, Berlin, March 25, 2022.

<sup>16</sup>Zweiter Fortschrittsbericht Energiesicherheit, BMWK, Berlin, May 1, 2022.

<sup>17</sup>Ibidem.

East German refineries in Löhne and Schwedt depended on the supply of Russian oil, the share of which in Germany's oil imports was only 12%. By the end of the summer of 2022, these supplies are also expected to be completely replaced, which will mean oil independence from the Russian Federation.

The share of Russian gas in German gas imports fell to 35% in mid-April.<sup>18</sup> On March 23, the European Commission published a document containing new UGS management rules and providing for a number of measures to fill them up to 80% by November 1, 2022 (Kaveshnikov, 2022). In accordance with this regulation, the German government prepared the Gas Storage Law (Gasspeichergesetz),<sup>19</sup> which was approved by the Bundestag on March 25 and entered into force on April 30, 2022. It provides for the required level of occupancy of gas storage facilities in Germany by October 1 by 80%, by November 1, by 90%. This process is controlled by BMWK, the Federal Network Agency (BNetzA), and Trading Hub Europe GmbH, which manages the unified gas hub of Germany.<sup>20</sup>

At the end of March, the management of Uniper was ready to fulfill long-term contracts with Gazprom, but refused to conclude new ones. A similar position was taken by the EnBW concern (in addition to the contract until 2030, in 2022 it ends a two-year contract concluded in 2021). RWE had only short-term contractual obligations until 2023. The company stopped all other relations with Russian partners.

As for the JV Wintershall Dea, the Russian partner at the beginning of 2022 planned to withdraw from its capital, and, being interested in the maximum sale price of its stake (27.3%), objected to the IPO, which, as part of the exit from the oil and gas business was planned to be held by the majority owner concern BASF SE. After the decision in early March to abandon new projects in the Russian Federation, the Board of Executive Directors of BASF decided in late April 2022 to withdraw from all its businesses in the Russian Federation, leaving only the production of additives for the food industry. In early May, the German leadership began to study the issue of the fate of their Russian assets in Wintershall Dea. According to preliminary information, Letter One did not plan to discuss their purchase.

<sup>18</sup>Ibidem.

<sup>19</sup>Gasspeichergesetz. [https://www.bmwk.de/Redaktion/DE/Downloads/Energie/220325\\_faktenpapier\\_gasspeichergesetz.pdf?\\_\\_blob=publicationFile&v=8](https://www.bmwk.de/Redaktion/DE/Downloads/Energie/220325_faktenpapier_gasspeichergesetz.pdf?__blob=publicationFile&v=8). Cited May 5, 2022.

<sup>20</sup>The company was created in October 2021 by the merger of GASPOOL Balancing Services and NetConnect Germany, which previously operated two separate gas market zones in Germany. This made it possible to create a single German hub, Trading Hub Europe (THE). Consolidating 40000 km of high-pressure gas pipelines and about 700 gas distribution pipelines and being located in the center of Europe, THE is intended to become an international hub connecting other European gas markets.

## RUSSIA'S RESPONSE: THE THREAT OF NATIONALIZATION OF RUSSIAN ENERGY ASSETS IN GERMANY

On March 23, 2022, the President of the Russian Federation decided to switch on a new scheme of payments for Russian gas with buyers from "non-friendly" countries, including Germany, from April 1 of this year. On March 31, V.V. Putin signed Decree No. 172 "On a special procedure for the fulfillment of obligations to Russian suppliers of natural gas by foreign buyers."<sup>21</sup> The leaders of the EU countries, including Germany, perceived this move by the Russian side as allegedly another use of gas by Moscow as an "energy weapon" and as a "gross violation of contract practice" (Konoplyanik, 2022). From the point of view of Berlin, there is a real threat of cessation of gas supplies.<sup>22</sup> In anticipation of such a decision, BMWK already announced on March 30 that the first stage (out of three) of the Emergency Gas Supply Plan (Notfallplan)<sup>23</sup> was put into operation.

Against this background, the leadership of Gazprom, in anticipation of possible sanctions measures against its subsidiary Gazprom Germania GmbH<sup>24</sup> at the end of March, decided to transfer it to the ownership of another Russian legal entity, Palmary JSC (through Gazprom Export Business Services LLC), which, in turn, announced its readiness to liquidate this subsidiary. Despite the fact that the transaction was notarized in Berlin, BMWK declared it illegal on April 4, citing the Law on Foreign Economic Activity, which requires the mandatory permission of ministry officials. In order to "ensure the security of a part of the country's critical infrastructure," it urgently introduced trust management in the person of the Federal Network Agency over the now "former," from its point

<sup>21</sup>The new scheme works as follows: on the basis of an application, a foreign company opens two special K-type accounts in Gazprombank, authorized for settlement operations for gas supplied: foreign currency (in the contract currency) and ruble ones. When purchasing gas, the buyer transfers the currency to a foreign currency account, from which the bank sells it on the Moscow Exchange on their behalf and credits the received amount to the supplier's ruble account, after which the payment is considered to have been made. In the absence of payment or an attempt to pay in another way, export gas supplies are terminated.

<sup>22</sup>Russland akzeptiert nur noch Rubel, Tagesschau, March 23. <https://www.tagesschau.de/wirtschaft/weltwirtschaft/gaslieferrungen-russland-rubel-101.html>. Cited May 1, 2022.

<sup>23</sup>Bundesministerium für Wirtschaft und Klimaschutz ruft Frühwarnstufe des Notfallplans Gas aus – Versorgungssicherheit weiterhin gewährleistet, BMWK, March 30. <https://www.bmwk.de/Redaktion/DE/Pressemitteilungen/2022/03/20220330-bmwk-ruft-fruehwarnstufe-des-notfallplan-gas-versorgungssicherheit-gewaehrleistet.html>. Cited May 5, 2022.

<sup>24</sup>Gazprom Germania owns gas trader Wingas, underground gas storage operator Astora, Gazprom Schweiz, Gazprom Marketing & Trading, Wien GmbH, Gazprom NGV Europe, and Vemex S.R.O. It is also a minority shareholder (49.98%) of gas transportation company Gascade.

of view, company of the Russian concern until September 30, 2022 (Belov, 2022a).

The production assets of Rosneft Deutschland GmbH, the third largest in Germany in terms of oil refining of crude oil (up to 12.8 million tons per year, i.e., more than 12% of Germany's capacity), turned out to be at risk of nationalization or forced sale, in the first turn, the Raffinerie GmbH refinery in Schwedt an der Oder<sup>25</sup> (Belov, 2022a; Kotov, 2022).

On April 12, 2022, it became known about the preparation of amendments to the Energy Security Law (Energiesicherungsgesetz (EnSiG)), adopted by the Federal Republic of Germany in 1975 after the global oil crisis, but for four and a half decades almost not applied in practice. One of the main reasons was the desire of the government to introduce mechanisms for more stringent regulation of subjects of critical energy infrastructure. At the end of April, the amendments were formalized into a corresponding bill submitted to the Bundestag for consideration.<sup>26</sup>

The 50-page document provides for the right of the state, in the event of a security threat from enterprises related to critical infrastructure, to either introduce their external management (for six months or more), or to organize their alternative acquisition by third parties, or nationalize. A prerequisite for this is the risks of failure by a specific economic entity to fulfill its obligations to customers in a specific sector of the energy economy, which may jeopardize the country's sustainable energy supply. However, the new rules allow their introduction before such risks occur (see paragraphs 17–23 of EnSiG). The amendments provide for the “creation of prerequisites” to prevent the so-called “critical components” (obviously, it is referred to primary minerals) from entering a critical energy structure in the event that their producer is controlled by a non-EU state, since this endangers “the public order or the security of Germany.” It is obvious that the authors of the project had Russia in mind. The document also proposes corresponding changes to the Energy Management Act and the Gas Safety Ordinance (Gassicherungsverordnung).

At the end of April 2022, Gazprom refused to accept payments from Gasprom Germania (through its structure Gazprom Marketing & Trading Ltd), which it tried to make according to the new procedure, in fact expressing a protest against the external man-

agement of its former assets. The decision of the German partners to participate in the new scheme of payments for Russian gas depends on the preservation or termination of their contractual relations with Russia.

## CONCLUSIONS

The former unique model of German–Russian cooperation in the energy sector, formed over five decades and proving its reliability and efficiency, is becoming a thing of the past. Following the strategic decisions of Brussels, Berlin froze interdepartmental and scientific and technical cooperation with the Russian Federation in the energy sector and consistently refuses to import primary minerals from the Russian Federation, setting the goal of achieving complete energy independence from Russia. During 2022, Germany intends to stop importing hard coal and crude oil and conclude new contracts with alternative suppliers. An intractable problem for Berlin will be the organization of the supply of refineries in East German Schwedt. It will not be easy to find an alternative for Russian oil products.

The most difficult task is to abandon pipeline gas, guarantee its replacement with other sources, and organize sustainable LNG supplies (including the construction of the necessary infrastructure), as well as increase energy efficiency/energy saving in these conditions and accelerate the energy transformation of the German national economy. Such a transitional period may drag on for many years, during which, at least until 2030–2035, Uniper and EnBW could receive certain volumes of Russian gas through existing gas pipelines. Time will tell how much Berlin will be able to abandon pipeline supplies from the Russian Federation completely. Let us express doubts about the attainability of this goal.

There are certain hopes that Uniper, EnBW, and RWE will agree to new terms of payment for Russian gas. The prospects for resolving the conflict situation with Gazprom's property, Gazprom Germania and its subsidiaries, remain unclear. The government submitted to the Bundestag a bill that gives the state the right to introduce not only external management, but also to nationalize such structures that are critical for the country's energy security. Rosneft, which could lose its shares in its refineries (primarily in Schwedt), is also at risk. German energy concerns abandoned new projects in Russia and expressed their readiness to sell their Russian assets.

The main political goal of Germany (as part of the collective West) is to deprive the Russian state of foreign exchange income generated by the sale of oil, gas, and coal through unprecedented large-scale sanctions; to worsen significantly the socio-economic situation in the country; and, as a result, to encourage Russian citizens to “take to the streets in order to overthrow the government.” On the other hand, in Ger-

<sup>25</sup>On February 21, 2022, the German antimonopoly authority allowed Rosneft to exercise the preemptive right declared in November 2021 to purchase 37.5% from Shell in the capital of this refinery. Thus, its share could increase to 91.67%. But the deal was slowed down by R. Habek. Immediately after the start of the SMO, at his direction, BMWK initiated the so-called investment verification procedure.

<sup>26</sup>Entwurf eines Gesetzes zur Änderung des Energiesicherungsgesetzes 1975 und anderer energiewirtschaftlicher Vorschriften, BMWK, April 21. [https://www.bmwk.de/Redaktion/DE/Downloads/Gesetz/entwurf-eines-gesetzes-zur-anderung-des-ensig.pdf?\\_\\_blob=publicationFile&v=6](https://www.bmwk.de/Redaktion/DE/Downloads/Gesetz/entwurf-eines-gesetzes-zur-anderung-des-ensig.pdf?__blob=publicationFile&v=6). Cited May 5, 2022.

many, in all spheres, a new “culture of canceling Russia” is being formed, there is a mass repentance of the majority of German politicians who previously acted as the main protagonists of the development of comprehensive German–Russian cooperation and now recognize the wrongness of their actions. From an economic and political point of view, the “cancel culture” provides for a complete rejection of the import of fossil Russian raw materials, which have become a toxic commodity in the understanding of the German establishment. Here, the establishment supports the readiness of the state to confiscate the property of Russian concerns in critically important areas, primarily in the energy sector. At the same time, Berlin is ready for the negative consequences of the inevitable rupture of traditional supply chains from the Russian Federation, rising inflation, unemployment, falling economic growth, slowing down of the energy transition, and reducing the attractiveness/competitiveness of the German economic space. The government has already adopted and will continue to adopt various programs to help businesses and households that suffer losses due to the refusal of energy cooperation with Russia and the transition to other alternative supplies.

Against the background of the growth of Germany’s energy independence from Russia, there will not be a break in all relations in the field of energy. Certain links between the main economic players will remain. In the field of energy efficiency/energy saving, there is still a potential for interaction not only between large, but also between small and medium-sized businesses. The rejection by the European Union and Germany of energy cooperation with the Russian Federation may slow down the achievement of climate targets in Europe. For the duration of the SMO, there will be an ice age in energy cooperation between Germany and the Russian Federation with “signs of life,” which, after its completion, may move into a phase of gradual restoration of bilateral relations, primarily at the entrepreneurial level. Their qualitative and quantitative parameters will be determined by other conditions.

#### CONFLICT OF INTEREST

The author declares that he has no conflicts of interest.

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## Economic Problems

# French Tax for the European Union: The Genesis of Cross-Border Carbon Adjustment

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**Abstract**—The genesis of the EU initiative of cross-border carbon tax on imported carbon-intensive products is analyzed. An assessment of the positions of the EU countries in relation to this initiative has been given, and the evolution of these positions over the past 25 years has been traced. An analysis has been made of the tactics of France, as the main supporter of the cross-border carbon tax, used to promote this tax on the EU agenda during a number of presidencies, from J. Chirac to E. Macron. The link between the UN climate negotiation process and the EU's position on the cross-border carbon tax has been clarified. Particular attention was paid to the analysis of the early versions of the EU cross-border carbon tax, which preceded the current version of this initiative, and a comparative study of these versions by the basic parameters of carbon taxation has been conducted.

**Keywords:** Paris Agreement, greenhouse gas emissions, emission reduction, cross-border carbon tax, Carbon Border Adjustment Mechanism (CBAM), climate agenda, competitiveness, Grenelle Forum, UN Climate Conference, Kyoto Protocol

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## INTRODUCTION

The EU initiative to introduce the so-called Carbon Border Adjustment Mechanism (cross-border carbon regulation, hereinafter referred to as CBAM), first openly announced by the European Commission in 2019 as part of the so-called “Green Deal,” became an unpleasant surprise both for Russian business and for most of the expert community. This initiative is still being analyzed as a kind of ready-made given; the long and difficult history of its origin remains beyond the scope of estimates. Meanwhile, the history of the issue deserves the closest attention, since an analysis of the motives of the EU and the leading EU countries, as well as external factors that influenced and influence the actions of the EU in this area, not only clarifies many details of the CBAM, but also allows us to assess the likelihood of certain actions of the EU to promote this mechanism in the future.

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## PARISIAN VIEWS ON CARBON

The idea of cross-border carbon regulation, from its time of appearance, is not far from the idea of a carbon tax as such, since in essence it comes down to carbon taxation of imported goods. The thought that the carbon tax could become an effective tool in trade competition or simply a means of obtaining additional income for the importing country at the expense of the exporting country, inevitably had to make it to the level of political decision-making sooner or later.

In Europe, the birthplace of the idea of cross-border carbon regulation as a political initiative is considered to be France, whose presidents, Jacques Chirac, Nicolas Sarkozy, François Hollande, and Emmanuel Macron, succeeding each other, constantly promoted this idea with perseverance worthy of a better use, elevating it from the subject of European discussions into the absolute political mainstream for the EU.

According to evidence, this idea began to be worked out by Jacques Chirac in 1995;<sup>1</sup> Chirac was the first in the international political debate to put forward

<sup>1</sup> E. Combe, La taxe carbone revient par la fenêtre de l'Europe, March 18, 2021. <https://www.emmanuelcombe.fr/la-taxe-carbone-revient-par-la-fenetre-de-leurope-lopinion>. Cited May 5, 2022.

the idea of introducing a tax at the EU borders on goods coming from countries that “do not make an equal contribution to international action to combat climate change.” The argument was based on the need to protect the industrial competitiveness of France and Europe from “unfair and dishonest competition” on the part of the so-called “stowaways” from other countries who were accused of “irresponsible behavior” (Godard, 2009). However, initially the cross-border carbon tax was seen as a means of pressure or even a threat to international climate negotiations. This is not surprising: there were negotiations on the creation of the structure of the Kyoto Protocol, and Chirac’s proposals could have scared Russia, China, India, and other EU trading partners from participating in the structure. “Blowing the covers” of the real interests of France and the EU in the climate agenda was recognized as at least premature; it did not fit well with the role of “climate leader” and savior of the world, which the European Union was trying on even then.

But the French leadership did not accept the rebuff and submitted the idea for detailed study to the expert community, the main platform of which was the so-called Grenelle de l’environnement, an environmental panel of the Grenelle Forum (the leading national forum for reconciling the interests of government, employers, and trade unions, which has existed since the famous crisis of 1968). This work was carried out under the patronage of Prime Minister Dominique de Villepin, and in 2006 gave the first results in the form of developed political proposals.<sup>2</sup> These proposals were submitted to the European Commission but were not supported. The views of the leadership of the European Commission were divided: the British Commissioner for Foreign Trade Peter Mandelson strongly opposed the French initiative, while the Commissioner for Industry Günter Verheugen supported it, reasoning it with considerations of maintaining the competitiveness of European industry.

Since Nicolas Sarkozy came to power, the case for a cross-border carbon tax has been strengthened and expanded. The new basis of the argument was the idea of introducing a carbon tax in France, which Sarkozy spent a lot of time and effort trying to introduce. A tax rate has been proposed of 17 euros for every ton of CO<sub>2</sub> emitted;<sup>3</sup> it was supposed to levy a tax from motorists and households heated by hydrocarbon fuel. Counting on the French love of pathos, Sarkozy praised the tax as a monumental national achievement for the French Republic, putting it on a par with “the decolonization,

the election of the president by universal suffrage, the abolition of the death penalty, and the legalization of abortion.”<sup>4</sup> However, the lofty vocabulary was not successful: the proposed reform was ridiculed with rare unanimity by both conservative and left-wing voters and legislators. The issue was not limited to laughter: the attitude of the population towards the carbon tax was expressed in the resounding failure of the Sarkozy-led Republican Party in the regional elections in March 2008, in which left-wing opponents won a landslide victory.

Less than 24 hours after declaring disastrous regional results, Sarkozy instructed Prime Minister François Fillon to repeal the carbon tax. But Sarkozy did not abandon the idea of “linking” the case for a cross-border carbon tax to an internal tax, deciding to use it for external application. In the same 2008, he made another attempt to throw this idea into the EU debate on the Energy Package, even creating a special post of “ambassador” for the carbon tax and appointing Françoise Grosset to it. The work she did, including a series of meetings with MEPs, with industrialists, with European environment ministers, and with representatives of the European Commission, to “convince them of the need for this carbon tax,”<sup>5</sup> did not bring success: the European consensus on the issue did not work out.

This failure did not discourage Nicolas Sarkozy, who returned to the promotion of a cross-border carbon tax already in 2009. On September 3, 2009, while visiting a plant in Caligny, the President of France once again put forward his idea of a cross-border carbon tax. “I will ask Europe to impose a tax on carbon emissions at the borders,” he told employees of the automaker. “Those who produce dirty products must pay,” he added.<sup>6</sup>

However, in the fall of 2009, the idea of a trans-border carbon tax, unpopular for many countries of the world, was guaranteed to fail: the UN Copenhagen Climate Change Conference was approaching, at which it was hoped to achieve the creation of a new global climate structure designed to replace the Kyoto Protocol. The scheme was designed for the participation of all countries of the world and had to appear attractive (at least at the adoption stage). Therefore, it is not surprising that a number of EU countries (and, above all, Germany and Denmark) considered that

<sup>2</sup> Sarkozy remet la taxe carbone aux frontières sur la table, Euractiv, September 3, 2009. <https://www.euractiv.fr/section/energie/news/sarkozy-remet-la-taxe-carbone-aux-frontieres-sur-la-table>. Cited May 5, 2022.

<sup>3</sup> La Commission européenne contredit Sarkozy sur la taxe carbone aux frontières, La Tribune, April 21, 2010. <https://www.latribune.fr/journal/edition-du-2104/-/406078/la-commission-europeenne-contredit-sarkozy-sur-la-taxe-carbone-aux-frontieres-.html>. Cited May 5, 2022.

<sup>4</sup> B. Crumley, Why Sarkozy Dropped His Beloved Carbon Tax, Time, March 25, 2010. <http://content.time.com/time/world/article/0,8599,1975350,00.html>. Cited May 5, 2022.

<sup>5</sup> La Commission européenne contredit Sarkozy sur la taxe carbone aux frontières, La Tribune, April 21, 2010. <https://www.latribune.fr/journal/edition-du-2104/-/406078/la-commission-europeenne-contredit-sarkozy-sur-la-taxe-carbone-aux-frontieres-.html>. Cited May 5, 2022.

<sup>6</sup> Sarkozy remet la taxe carbone aux frontières sur la table, Euractiv, September 3, 2009. <https://www.euractiv.fr/section/energie/news/sarkozy-remet-la-taxe-carbone-aux-frontieres-sur-la-table>. Cited May 5, 2022.

throwing in the idea of a cross-border carbon tax could make many countries think about the risks of the climate agenda and negatively affect the results of international climate negotiations.

### THE SARKOZY–BERLUSCONI INITIATIVE

As is known, the UN Copenhagen Climate Change Conference ended in complete failure: the Parties to the UN Framework Convention on Climate Change did not agree on the main parameters of the global climate structure. Nicolas Sarkozy used the pause in the UN negotiation process after Copenhagen to once again achieve recognition of his initiative to introduce a cross-border carbon tax. Less than a month had passed since the date of the end of the Copenhagen conference when, already in January 2010, Sarkozy sent a new proposal to Brussels. To strengthen his position, Sarkozy brought in a serious ally: Italian Prime Minister Silvio Berlusconi. In a joint letter with Berlusconi, Sarkozy proposed to the head of the European Commission “without prior reservations to clarify the conditions under which such a mechanism can be created,”<sup>7</sup> which will affect imports from regions outside of Europe that “do not fight carbon emissions.” The EU’s response to the letter was cautious but generally negative. The European Commission said it “recognizes the risk of carbon leakage,” but noted that it has solved the problem with a system of free allocation of greenhouse gas emission rights for industries most exposed to international competition. Trade Commissioner Karel de Gucht recalled that he “still does not support” such a tax, which “carries great risks of unleashing a trade war.”<sup>8</sup> The Commission, aware of the unpopularity of this idea among the 27 EU countries, especially in Germany, tried to slow down the initiative of France and Italy.

Faced with a rebuff to the proposals, Nicolas Sarkozy went on the verge of a bluffing game: he announced that Brussels agreed in June 2010 to present a well-developed initiative on a cross-border carbon tax. This was a clear exaggeration: the European Commission gave only consent to the study of the issue and the development of evaluation proposals. Therefore, Sarkozy’s statement had to be disavowed on behalf of Brussels; according to an EC spokesman, “we will present an assessment in June that will analyze whether serious economic changes will justify the use of other instruments.”<sup>9</sup>

After such a failure, France had to take a long pause in its carbon tax initiatives. But this time was not in

vain: by 2013, a carbon tax with a punitive emphasis on conventional energy suited not only environmental NGOs, but also almost all economists, both left and right, who agreed that a value assessment of greenhouse gas emissions associated with fossil energy sources was needed. The idea of a cross-border carbon tax was also supported. At the same time, experts frankly stated that the only obstacle was the lack of a proper political “packaging” of the initiative, which would ensure its successful promotion in the EU and in the world community. There were problems with this at the time: as economist Daniel Gros noted, “The economic basis for a tax on carbon imports is clear. Its political translation is confusing.”<sup>10</sup>

### CARBON TAXES OF FRANÇOIS HOLLANDE

Therefore, the newly elected President François Hollande, using the consensus in the expert community and politicians, returned to the topic, repeating, it would seem, Sarkozy’s once failed move: the introduction of an internal tax on carbon emissions. Realizing the unpopularity of the idea among the broad masses of the population, Hollande went for a rather primitive trick: he changed the allergy-inducing name “carbon tax.” Instead, in 2014, the so-called *Taxe intérieure de consommation sur les produits énergétiques* (TICPE) was imposed, an internal tax on the consumption of energy, formerly called the excise on the consumption of petroleum products. This tax was enacted in October 2013 and came into effect on April 1, 2014 (the beginning of fiscal year 2014). By the size of the rate, it immediately took fourth place after VAT, income tax, and the corporate income tax. In order to divert the massive negative about it from the central government, the French government entrusted the collection of this tax to the authorities of the departments.

However, it was not possible to divert attention from the true culprit of the introduction of the new tax: in less than a few years, the tax caused a social explosion in France of the “yellow vests” movement, the strongest in recent decades. Such a scenario was, of course, already imagined at the stage of introducing the tax, which *Le Monde* newspaper right away dubbed “fiscal and social brass knuckles” for a reason, and the reform, “difficult and even explosive.”<sup>11</sup> However, this happened already during the presidency of Emmanuel Macron; as for Hollande, his actions to “repaint” the oil excise was without significant incidents. As *Le Monde* noted, Hollande was “right about the form when he said that contributing to climate

<sup>7</sup> La Commission européenne contredit Sarkozy sur la taxe carbone aux frontières, *La Tribune*, April 21, 2010. <https://www.la-tribune.fr/journal/edition-du-2104/-/406078/la-commission-europeenne-contredit-sarkozy-sur-la-taxe-carbone-aux-frontieres-.html>. Cited May 5, 2022.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> R. Barroux and L. Caramel, Le retour de la taxe carbone, un casse-tête fiscal et social pour le gouvernement, *Le Monde*, September 18, 2013. [https://www.lemonde.fr/politique/article/2013/09/18/le-retour-de-la-taxe-carbone-un-casse-tete-fiscal-et-social-pour-le-gouvernement\\_3479933\\_823448.html](https://www.lemonde.fr/politique/article/2013/09/18/le-retour-de-la-taxe-carbone-un-casse-tete-fiscal-et-social-pour-le-gouvernement_3479933_823448.html). Cited May 5, 2022.

energy is not a new tax. Unlike Sarkozy's failed attempt to introduce a carbon dioxide tax, the 2013 version of the "carbon tax" technically consists of a simple change to the Domestic Tax on Energy Consumption (TICPE),<sup>12</sup> which confirmed the correctness of Daniel Gros, who insisted on the importance of political "packaging"; it works, at least for a while.

As for the cross-border carbon tax, despite all the efforts and statements of French officials regarding the promotion of this initiative, progress on it has not been observed for a long time. There were a number of reasons for this, the most important of which were the following:

(1) The collapse in 2012 of the first attempt by the European Union to implement the idea of a cross-border carbon tax for the pilot sector—civil aviation. Since 2012, the directive adopted by the European Commission has included foreign airlines flying to the EU into the European Emissions Trading System (EU ETS). This meant that they would have to buy EU Allowances (EUA) for every flight they made to a European airport, based on existing EUA prices. This measure met with an unexpectedly tough and organized rebuff from the United States, China, Russia, India, and a number of other countries. Faced with organized opposition, the EU was forced not only to abandon the aviation cross-border carbon tax, but also to reconsider seriously the idea of extending the tax to other sectors of the economy.

(2) Preparations for the UN Paris Climate Conference (COP-21 of the UNFCCC), at which the Paris Agreement was signed, replacing the Kyoto Protocol. France, as the country—Chair of the Conference, made every possible effort for its successful completion, which was not possible without the consensus of all countries—Parties to the UNFCCC. Mindful of the recent aggressive response of the world's leading countries to the EU's initiative on a cross-border carbon tax in civil aviation, Hollande tried not to raise this issue at the global level.

Instead, according to the already well-established scheme, François Hollande returned to the carbon tax as such and began to lobby hard for it at the global level. However, he failed to include a carbon tax in the Paris Agreement: in the text of the Agreement itself, it is entirely absent. The only relevant reference to the "role of providing incentives for emission reduction activities, including ... carbon pricing" (essentially a tax) is contained in paragraph 137 of the Decision of the UN Paris Climate Conference.<sup>13</sup> Moreover, this paragraph is included in section V ("Nonparty stakeholders") and has nothing to do with the obligations of the Parties to the Agreement.

<sup>12</sup>Ibid.

<sup>13</sup>UN Framework Convention on Climate Change. COP 21 Decision 1/CP.21. Adoption of the Paris Agreement. <https://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf#page=2>. Cited May 5, 2022.

## THE EUROPEAN UNION AT THE FOREFRONT

Let us return to the European Union, the main question about which can be formulated as follows: why did the EU, which initially showed a very skeptical attitude towards the French initiative of a cross-border carbon tax, decide to support it after the Paris conference in 2015, the host of which, at the same time, had had the experience of a shameful loss to a group of leading world powers when trying to introduce a similar tax for the aviation companies of these countries?

In our opinion, at least two factors play a role here.

(1) The conclusion of the Paris Agreement, which has one fundamental difference from the Kyoto Protocol, namely, if the Protocol was designed for two so-called Commitment periods (2008–2012 and 2013–2020), then the Agreement is an indefinite document. The introduction of a cross-border carbon tax could scare some countries away from the Kyoto Protocol, which the EU was extremely afraid of, trying to keep the Protocol as a global structure; such a possibility actually existed both at the end of each period (which Russia did when it pulled out the Protocol obligations in 2012, after the end of the First Period), and at any other time (for example, the United States in 2001). Withdrawal from the Paris Agreement is automatically excluded due to the end of it, and for any other reason it is extremely difficult procedurally, which was experienced by US President Donald Trump, who withdrew the States from the Agreement: the process took three whole years and ended only on the eve of Trump's departure from the White House (for comparison, the return of the United States to the Paris Agreement, carried out by the newly elected Joseph Biden, took only a month). There are no people in the world community who want to repeat Trump's experience; therefore, the risk of provoking the collapse of the Agreement by introducing a cross-border carbon tax can be ignored by the European Union.

(2) The very initiative to introduce a cross-border carbon tax was announced by the European Union at the end of 2019, with the prospect of D. Trump leaving and J. Biden assuming the office of US President. Not only the hopes of the EU for the return of cooperation on the climate agenda were projected onto him, but also the hopes for the support of the initiative of the cross-border carbon tax from the United States.

In addition, it is worth noting that the interpretation of relations between France and the EU regarding the initiative to introduce a cross-border carbon tax as a confrontation (and even conflict), which is common in some media, is, in our opinion, a strong simplification. Talk about the "Brussels fortress" that "fends off all the attacks of Paris"<sup>14</sup> is suitable for high-profile

<sup>14</sup>La Commission européenne contredit Sarkozy sur la taxe carbone aux frontières, *La Tribune*, April 21, 2010. <https://www.latribune.fr/journal/edition-du-2104/-/406078/la-commission-europeenne-contredit-sarkozy-sur-la-taxe-carbone-aux-frontieres-.html>. Cited May 5, 2022.

**Table 1.** Characteristics of the cross-border carbon tax mechanism laid down in the 2009 revision of the ETS rules (Directive 2009/29/EC)\*

1	Legal framework	Art. 10b(1)(b) of Directive 2009/29/EC
2	Declared motivation	Solution of the “carbon leak” problem
3	Exceptions	Countries participating in the global climate agreement
4	Scope of the mechanism	Option 1: Goods from countries that do not participate in the global climate agreement in terms of mitigation Option 2: Goods from countries with no carbon price in the sectors included in the EU ETS
5	Sector coverage	Option 1: Commodities at risk of “carbon leakage” (methodology not defined) Option 2: Goods defined by Art. 10a of the Directive as at risk of “carbon leakage” according to EU ETS
6	Taxable base for calculating the tax on imported products	Benchmark, the EU equivalent of the average emissions of relevant products in the EU, taking into account the deductible share of free emission permits
7	Taxable base for calculating the tax on exported products	Not defined, but should comply with WTO rules

\*Source: compiled by the author.

newspaper headlines, but do not give an adequate understanding of the issue. In fact, there is no point in talking about some kind of rejection by the European Commission of the idea of a cross-border carbon tax; it is more appropriate to talk about a detailed long-term study of the issue and preparation for its promotion exactly when, in the opinion of the EU, political conditions are ripe for this.

The analysis shows that issues related to cross-border carbon taxation arose already during the development of the European Emissions Trading System (EU ETS), introduced in 2005 by Directive 2003/87/EC (EU, 2003).<sup>15</sup> This is not surprising: the prospect of introducing carbon charges immediately raised questions about the competitiveness of European goods relative to the goods of those countries that do not have such payments for emissions. Therefore, an example of the European Union’s “borderline carbon adjustment” approach is Annex III Criterion II, developed in Directive 2003/87/EC, which states that national allocation plans for EU Allowances (EUA) (NAPs) “may contain information on the manner in which the existence of competition from countries or entities outside the Union will be taken into account.”<sup>16</sup> However, in the first phase of ETS implementation, no EU Member State used this criterion.

<sup>15</sup>Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32003L0087>. Cited May 5, 2022.

<sup>16</sup>Ibid.

Revision of ETS rules in 2009 (Directive 2009/29/EC)<sup>17</sup> added new provisions to address “carbon leakage.” In addition to allowing the granting of free emission permits to sectors that were particularly vulnerable to leakage, the Directive also states that “By June 30, 2010, the Commission shall submit to the European Parliament and the Council any appropriate proposals, which may include “inclusion in the Community scheme of importers of products which are produced by sectors or subsectors [at risk of carbon leakage].” The main parameters of the mechanism of the cross-border carbon tax, laid down in the framework of the revision of the ETS rules in 2009, are presented in Table 1.

While this provision directly opens the door to a cross-border carbon import tax mechanism, it further stipulates that “Any action taken would need to be in conformity with the principles of the UNFCCC, in particular, the principle of common but differentiated responsibilities and respective capabilities, taking into account the particular situation of the least developed countries (LDCs). It would also need to be in conformity with the international obligations of the Community, including the obligations under the WTO agreement”<sup>18</sup> (preamble paragraph 25 of the Directive).

Despite these provisions, there have been no proposals for “carbon equalization systems” from EU

<sup>17</sup>Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading scheme of the Community. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32009L0029>. Cited May 5, 2022.

<sup>18</sup>Ibid.

countries. Instead, EU member states have addressed the potential loss of competitiveness of EU industries by granting free preferential emission permits to energy-intensive industries.

During the preparation of the third phase of the ETS (2013–2020), an informal proposal was developed by the European Commission, which included a new article 29, establishing “Future import requirements.”<sup>19</sup> They were to apply to products at risk of carbon leakage or unfair international competition until trading partners commit themselves to “verifiable actions to reduce greenhouse gas emissions comparable to those taken by the Community.”<sup>20</sup> Article 29 suggested using benchmarking to calculate the tax on imported products; as such, it was supposed to use the equivalent of average emissions for the corresponding products in the EU. At the same time, it was taken into account that not the entire volume of commodity items included in the ETS is subject to sale at auctions; a significant share of emissions is allowed free of charge; in this regard, the tax rates for imported goods were proposed to be adjusted on the basis of the ratio of paid and free permits in each industrial sector of the EU. Ultimately, however, this option was not included in the published proposal for the third phase of the ETS and was not used to amend Directive 2009/29/EC. Instead, Article 10b of the Directive, as amended, required the Commission to assess the risks of carbon leakage “in light of the outcome of the international negotiations and the extent to which these lead to global greenhouse gas emission reductions,” which must be accompanied by “appropriate proposals.”<sup>21</sup>

The policy options listed in Article 10b include the following:

- (1) free distribution of permits;
- (2) inclusion of importers in the EU ETS;
- (3) specific measures to prevent leakages from the electricity sector.

As a result, it can be concluded that, as early as 2013, the revised EU ETS Directive contained a preliminary version of the legal framework for the cross-border carbon tax mechanism. In particular, preambular paragraph 25 further clarifies that energy-intensive industries, which are identified as being at signif-

icant risk of carbon leakage, may receive more free emissions permits, or an effective carbon load balancing system could be put in place in order to ensure a comparable load on Community installations that are at significant risk of carbon leakage and similar installations from third countries. Such a system could impose requirements on importers that would be no more favorable than those that apply to installations within the Community, for example by requiring subsidies to be waived.

### CBAM: THE PENULTIMATE VERSION

The next attempt to introduce a cross-border carbon tax within the EU was made immediately after the adoption of the Paris Agreement in February 2016, and, as expected, France again turned out to be the initiator. An informal document was sent to the European Commission,<sup>22</sup> in which it was proposed to develop a new mechanism for a cross-border carbon tax based on the inclusion of imported goods in the EU ETS. Goods that were proposed to be taxed in this way had to meet three criteria:

- (1) high carbon intensity and a significant share in total greenhouse gas emissions in Europe;
- (2) ease of determining the carbon footprint;
- (3) limited impact on the processing sector (downstream).

The proposal also emphasized the need for a gradual introduction, for example, in sectors with a low impact on trade. The cement sector was proposed as a pilot, as it had a rather high competitiveness in the EU, and since 2009 the exportation of clinker cement from the EU has been constantly growing; income from it in 2014 and 2015 exceeded 400 million euros.<sup>23</sup> As with the previous proposals, the legal basis was Article 10b(1)(b) of Directive 2009/29/EC. The main parameters of the cross-border carbon tax mechanism included in the proposal for a pilot in the cement industry (2016) are presented in Table 2. In general, one can note the difference between the 2016 informal document and the 2009 proposal; it is more detailed and contains more cautious recommendations for the implementation of a cross-border carbon tax.

Concluding our analysis, it should be emphasized that the history of the emergence of the cross-border

<sup>19</sup>M. Condon and A. Ignaciuk, *Border Carbon Adjustment and International Trade: A Literature Review*, OECD Trade and Environment Working Papers, 2013/06. <https://www.oecd-ilibrary.org/docserver/5k3xn25b386c-en.pdf?expires=1648973123AE384E4>. Cited May 5, 2022.

<sup>20</sup>*Ibid.*

<sup>21</sup>M.A. Mehling, van H. Asselt, K. Das, S. Droege, and C. Verkuijl, *Designing border carbon adjustments for enhanced climate action*, American Society of International Law, 2019. <https://www.cambridge.org/core/journals/american-journal-of-international-law/article/designing-border-carbon-adjustments-for-enhanced-climate-action/BF4266550F09E5E4A7479E09C047B984>. Cited May 5, 2022.

<sup>22</sup>Government of France, *Non-Paper: Carbon Inclusion Mechanism for the Cement Sector*, 2016 (document not published, cit. ex: M. A. Mehling, van H. Asselt, K. Das, S. Droege, and C. Verkuijl, *Designing border carbon adjustments for enhanced climate action*, American Society of International Law, 2019. <https://www.cambridge.org/core/journals/american-journal-of-international-law/article/designing-border-carbon-adjustments-for-enhanced-climate-action/BF4266550F09E5E4A7479E09C047B984>. Cited May 5, 2022.

<sup>23</sup>Competitiveness of the European Cement and Lime Sectors. Summary of the final report, European Union, 2018. [http://publications.europa.eu/resource/cellar/06d2851d-07cd-11e8-b8f5-01aa75ed71a1.0001.01/DOC\\_1](http://publications.europa.eu/resource/cellar/06d2851d-07cd-11e8-b8f5-01aa75ed71a1.0001.01/DOC_1). Cited May 5, 2022.

**Table 2.** Main parameters of the EU cross-border carbon tax mechanism laid down in the proposal for a pilot in the cement industry (2016)\*

1	Legal framework	Art. 10b(1)(b) of Directive 2009/29/EC
2	Motivation	Elimination of “carbon leakage”
3	Exceptions	Imports of cement from countries with adequate emission reduction measures and/or carbon prices equivalent to EU prices
4	Country coverage	Not defined, the mechanism focuses on importing a specific product
5	Sector coverage	Cement industry, clinker import
6	Taxable base for calculating the tax on imported products	Average emissions from EU production (or less if lower emissions can be proven) minus the price of European free emission permits
7	Taxable base for calculating the tax on exported products	Not defined, but should comply with WTO rules

\*Source: compiled by the author.

carbon tax mechanism in the EU should hardly be interpreted in terms of the ideological controversy between the apparatus of the European Commission and the initiating countries (France, Italy, the Netherlands), which ended in victory for the latter. Rather, it is appropriate to talk about the commonality of views on cross-border carbon taxation; disagreements concerned mainly the timing of the introduction of the initiative and its verbal “packaging” for the countries potentially included in it. The reasons for the seeming caution of the European Commission in relation to this initiative were not its obvious incompatibility with the norms of international law, but fears that the prospect of carbon payments in favor of the EU will cause a number of countries to refuse to participate in global climate structures. As soon as almost all countries of the world entered into the Paris Agreement, which was tough on the terms of participation, the European Union decided that these risks (as well as the protests of a number of countries) could be neglected. Time will tell what this tactic will lead to, but it is worth noting that the EU’s vulnerability to the participation of the world’s leading powers in the Paris Agreement remains very high. The prospect of their withdrawal from the Agreement can be a very effective way to get the European Union to refuse to promote the CBAM initiative or (at least) to revise this mechanism seriously, taking into account the interests of exporting countries.

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## Economic Problems

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### Position of Joe Biden's Administration on the World Trade Organization

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**Abstract**—The election of Democratic Party candidate Joe Biden as President of the United States did not change Washington's negative attitude towards the activities of the World Trade Organization (WTO). The historically established consensus of the Republican and Democratic parties, expressed in the general similarity of the approach of the legislative and executive branches of the U.S. government to the WTO as a tool primarily for realizing U.S. national interests in the foreign economic sphere, hinders the achievement of generally acceptable agreements within the WTO in key areas of its activities. Like the previous administration of Donald Trump, Joe Biden's administration has, in particular, been blocking the activities of the WTO's Appellate Body for a number of years. Despite the Democratic President's statements about the commitment of the United States to the principles of liberal trade, the White House, as before, proceeds from the desire to maintain the leading role of the United States in the WTO, even at the cost of curtailing certain areas of its work. The dominant desire is to transform the WTO into an international economic mechanism to strategically contain China and openly oppose Russia by politicizing the WTO and taking measures that pave the way for the complete dismantling of the rules-based multilateral trading system. The WTO is in fact in a state of permanent institutional crisis in a number of central areas of its activity. The only way to deal with the current crisis is to give economics precedence, not politics, and prevent violations of agreed multilateral trade rules by unilateral actions; otherwise the negative impact on world markets and the economies of many WTO members will continue.

**Keywords:** WTO, Joe Biden's administration, economic policy, trade policy, WTO reform, liberal trade, protectionism, EU, China

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#### INTRODUCTION

The United States of America, being one of the founders of the World Trade Organization (WTO) in 1995, has recently been the most severe critic of the multilateral trading system. At the time of the creation of the WTO, the United States was one of the three largest trading countries in the world. American companies continue to benefit enormously from the trade rules that are created, controlled, and enforced through the WTO. No other member of the organization has used the organization's dispute resolution mechanism as frequently as the United States to address potential violations

by other member states.<sup>1</sup> However, there are several aspects that formed the overall critical attitude of official Washington towards the activities of this international organization even before Donald Trump took office as president [Menshikova, 2021].

#### CONSENSUS OF REPUBLICANS AND DEMOCRATS IN WTO ASSESSMENT

There is a consensus in Washington between the views of the Republican and Democratic parties that

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<sup>1</sup> As of January 2022, a total of 607 cases had been initiated at the WTO. This includes the cases filed by the United States as a plaintiff (124, as a defendant (156), and as a third party (171). During the presidency of Barack Obama, from 2009 to 2017, the United States filed 25 cases, more than any other country during this period. Sixteen of them were aimed at China. The United States won seven cases against China, including cases challenging Chinese agricultural and aviation subsidies and import duties on steel.

the WTO does not meet the requirements of the changed world. It is believed that the WTO's negotiations failed to update the rules of international trade related to the impact of nonmarket economic factors and unfair trade practices: forced technology transfer and massive industrial subsidies. The impact of new technologies, such as the Internet, has not been taken into account. The obligations of member countries in key areas related to free trade agreements, primarily related to intellectual property and the service sector, have not been revised. It was not possible to significantly reduce or equalize the tariff regime between large economies.

WTO negotiations did not result in new rules or additional opportunities for market access, the system for monitoring compliance with the requirements and obligations of members of the organization did not hold countries responsible for ignoring the basic principles, and the dispute settlement system did not strictly apply the rules agreed in the form as they were originally announced. The WTO is accused of members of the organization lack the necessary consensus related to the acceleration of the processes of opening up national economies in emerging market countries. The White House virtually excludes the possibility of ensuring fair international competition through the WTO, bearing in mind the trade and economic rivalry between the United States and China. The US government, starting with the administration of George Bush Jr. was particularly dissatisfied with the WTO's arbitration system, where the United States regularly lost trade disputes when other countries took action against American antidumping practices. The WTO's appeals body has been accused of exceeding the organization's original mandate, and its activities have been characterized as infringing on US sovereignty: "The Appellate Body has regularly made rulings that have made it difficult for countries to fight unfair trade practices and protect jobs," said United States Trade Representative D. Robert Lighthizer in Donald Trump's administration [1]. As a result, the WTO Appellate Body effectively ceased to function in December 2019 due the United States blocking the procedure for appointing the original number of judges.

Washington criticized the excessively long decision-making procedures. The administrations of B. Obama and D. Trump prevented the nomination of new judges to the WTO arbitration courts. In the fall of 2020, the US blocked the appointment of a new CEO of the organization, and as a result, the process remained frozen until the US presidential election in November. The Republican administration of Donald Trump prevented the coordination of the processes of large-scale reform of the organization, showing interest only in the reform of the rules of transparency, electronic commerce, and the Agreement on Subsidies and Compensatory Measures. De facto bypassing the system of settlement of international trade disputes in the WTO, President Trump applied protectionist

tariff regulations on hundreds of billions of dollars worth of imports from China, the EU and many other countries by resorting to US national security legislation. Making the goal of his foreign economic strategy the strengthening of US sovereignty over trade policy and the revision of international trade agreements, Donald Trump, especially during the COVID-19 pandemic took a clear course so that the United States could leave the WTO, which to a large extent deepened the fundamental crisis. Moreover, the negative attitude was not limited to the US leadership.

Farmers and wage labor organizations criticized the WTO for focusing too much on corporate interests. Environmentalists spoke out against the organization's decisions on genetically modified foods and what the organization considers discriminatory ecolabels. Experts have argued that the Intellectual Property Agreement—"Trade Aspects of Intellectual Property Rights"—and the WTO's drug patent rules restrict access to medicines in the world's poorer countries, and that WTO rules abolish national sovereignty and thereby undermine environmental protection and labor. The unions say the organization is not effective in protecting US wages from undermining unfair labor practices abroad, arguing, for example, that some countries are violating the basic rights of workers in the developing world to adequate wages. This approach is reflected in the low cost of their products in comparison with similar industries in industrialized countries. Developing countries respond that attempts to review labor standards in the WTO are a form of protectionism in disguise. Some economists say that by encouraging imports and moving operations overseas, WTO-led tariff cuts are hurting US jobs and wages. "The WTO no longer guarantees access to mandatory, two-tier, independent and impartial trade dispute resolution. This is a clear violation of the WTO's agreements," the European Union stated [2].

The WTO's Appellate Body still does not have the quorum needed to hear appeals because President Trump's administration, insisting that the WTO had exceeded its mandate, blocked the appointment of new candidates in December 2019, effectively depriving the organization of its ability to resolve international trade disputes. Unilateral tariffs imposed under the pretext of national or economic security requirements undermine the credibility of the WTO and its key rules and principles and lead to new trade restrictions, as was the case with the US trade policy under Donald Trump on China.

At the December 2018 summit, the G20 leaders endorsed the following wording in their statement: "International trade and investment are important engines of growth, productivity, innovation, job creation and development. We recognize the contribution that the multilateral trading system has made to these goals. At present, the system is not achieving its goals

and there is room for improvement. Therefore, we support the necessary reform of the WTO to improve its functioning.” [3].

#### APPROACH OF JOE BIDEN'S ADMINISTRATION TO INSTITUTIONAL REFORM OF THE WTO

The Democratic administration of President Biden, declaring its commitment to openness in the activities of multilateral organizations and readiness for negotiation processes in US trade policy, focused on the national interests of the country, confirmed the need for reform of the WTO. It was declared to be useful as an “effective tuning tool to restore the relevance of the global trade body to the workers,” while maintaining the traditional leadership role of the United States in the organization's activities. At the same time, as part of the overall strategic course towards the virtual rejection of the principle of unconditional free trade, the need was emphasized to identify and rethink aspects of the existing trading system that stimulate or allow so-called unfair competition. The WTO's “shortcomings” such as its “cumbersome and bureaucratic” decision-making processes, its existence in a “bubble” isolated from reality, excessively slow recognition of global events [4], when “the reality of the institution today does not match the ambitions of its goals” [5], and dispute resolution has become “synonymous with litigation,” which is “lengthy, costly and contentious,” were publicly criticized. It has been stated that too often the rules of global trade are designed to provide benefits that are not based on fair competition or American values more broadly [6].

In February 2021, WTO members approved Ngozi Okonjo-Iweala of Nigeria, the first woman and first African to lead the organization as CEO. Joe Biden announced her appointment two weeks after his inauguration as U.S. president. However, in principle, the US administration's position in relation to the WTO indicates an orientation towards a fundamental change in general international trade relations: from the Ricardian ideal of free trade to mutual protectionism in a world where the United States, Europe, and other world economic centers are fighting for geo-economic dominance with the help of subsidies, tariffs, nontariff trade barriers, technological decoupling, and purely national industrial policy. Washington has, above all, taken a strategic lesson from the pandemic-driven situation in global supply chains, especially in the chip industry: value chains for future technologies must be shortened and new manufacturing facilities for key industries must be created exclusively in the United States itself.

The WTO is the main governing body of international trade and acts as a negotiating forum, arbiter, and observer for the implementation of trade agreements. However, in recent years, major WTO negotiations have stalled, with many countries turning to

bilateral or regional free trade agreements to advance their trade interests. Negotiations on a comprehensive development agenda failed over disagreements over agricultural subsidies and intellectual property rights.

The Biden's administration emphasized its commitment to the organization, but largely continued the approach of adopted by the Republicans under President Trump in its relations with the WTO; in particular, it allowed the blocking of the appointment of new judges to the WTO Appellate Body to continue. This allows countries against which complaints have been filed to indefinitely ignore rulings against them, while their appeal is pending. A group of two dozen countries, as well as the European Union, were forced in this situation to create an alternative arbitration system to resolve disputes in the interim. The US reaction to this was negative. In response to the Appeal Bodies' proposed appointments, the U.S. administration state it was “unable” to uphold the decision because “the United States continues to have systemic problems with the appellate body. As the members know, the United States has been raising and explaining its systemic issues for over 16 years and through several US administrations [7] . “Over the years, the Appellate Body has overstepped its authority and misinterpreted WTO agreements in a number of cases to the detriment of the United States and other WTO members. In addition, the Appellate Body did not follow existing rules designed to resolve disputes in a timely manner. Reforms are needed to ensure that the root causes of such problems do not come to the surface and that the Appellate Body does not diminish the rights and obligations of WTO members” [8]. President Biden's administration is convinced that the Appellate Body in its current form threatens the ability of the United States to protect itself from unfair trade practices in a competitive global economy.

An analysis of the latest data from the US presidential administration on the recent activities carried out by the United States in the WTO allows us to single out the main ones, which, in fact, are not of fundamental importance for the implementation of large-scale institutional reforms of the organization. The United States took the following steps in the WTO in 2021 [9]:

- in the Committee on Agriculture, together with Canada, the European Union, and Japan, a formal proposal was presented to achieve greater transparency in agriculture, and, together with Canada, Chile, Colombia, Paraguay and Uruguay, a technical paper was prepared on the public storage of stocks for food security;
- the Rules Negotiating Group continued to play a leading role in achieving results and advocating for strict rules on subsidies for fisheries, and put forward a proposal that the results of the negotiations could contribute to the efforts of WTO members to address the problems of forced labor on fishing vessels;
- the Dispute Settlement Body put forward proposals to improve the transparency and efficiency of WTO

dispute settlement and called on its members to consider the rules for submissions *amicus curiae*, that is, appeals from persons who are not parties to the dispute;

- at the Council for Trade in Services, as in previous years, at the request of the United States, discussions continued on the cybersecurity measures of China and Vietnam, in terms of potentially adverse effects on trade. The US continued to express concern about certain measures taken by the Russian Federation regarding software preinstallation mandates and some tax incentives offered to Russian software and information technology companies;

- in the Internal Regulations Working Group, the United States decided to participate in negotiations on the text of rules regarding authorization requirements and procedures for service providers, as well as technical standards for services;

- the US reiterated its unwillingness to agree to launch a process to fill vacancies in the WTO Appellate Body, thereby allowing it to continue hearing appeals without the participation of WTO members and in resolving these critical issues;

- the US Committee on Trade and the Environment worked to promote priorities related to trade in recyclable and reclaimable materials and focused members on post-consumer “reverse supply chains” to reduce barriers to trade and support resource efficiency in production models. In November 2021, the United States formally joined the informal dialogue “Structured Discussions on Trade and Environmental Sustainability” and cosponsored a ministerial statement outlining dialogue’s priorities for 2022;

- in 2020–2021, the United States continued to provide technical assistance to Afghanistan, Georgia, Jordan, Kazakhstan, the Lao People’s Democratic Republic, the Republic of Moldova, Ukraine, and Vietnam to meet their membership obligations;

- since 2021, the Office of the US Trade Representative has become actively involved in the Trade and Gender Informal Working Group program (established in September 2020 to advance efforts to increase women’s participation in global trade). In July 2021, the office hosted a presentation by the US Department of Commerce’s Commercial Law Development Program on national programs to build capacity for the economic empowerment of women through commercial and economic reforms.

#### OUTLOOK FOR THE EVOLUTION OF THE UNITED STATES’ WTO POLICY

Despite the change in tone on the WTO, there are few signs that the United States will prioritize addressing key issues related to a truly massive reform of the organization. The long-standing, historically typical for Democrats, negative attitude towards the WTO, as well as significant disagreements between the United States and its key allies, including the EU, on the

issues of institutional reform of the WTO, remains in place. In particular, the US and the EU hold opposing views on the WTO’s dispute settlement system and whether it is acceptable for a WTO court to set rules and improve the base of common international law without the consensus of all members of the organization. The United States rejects this idea, while the EU as a whole accepts it.

The concerns raised by the United States go beyond the Appellate Body and cover essentially all the core functions of the WTO. Both Republicans and Democrats have expressed dissatisfaction with the issue of “emerging country status”: the ability of large emerging countries (India) to independently claim their status as an “emerging country” in order to maintain the preferences of such status and avoid the same obligations as states-competitors with developed economies.

From a fundamental point of view, the core of the generally negative approach to the WTO reflects a common, long-established bipartisan consensus in Washington of both the legislative and executive branches of government regarding the policy on a principled policy of strategic containment of China, which, in relation to the activities of the WTO, is expressed in the thesis of the “inability” of the organization to counter China’s “bad faith” trade policy and bring it under concerted multilateral pressure, which portrays this policy as a threat to the global world trading system as a whole. The United States argues that the WTO rules were not designed to effectively address the problems of emerging markets such as China, which are not fully fledged market economies. Such sentiments intensified after a WTO arbitration in January 2022 stated China could retaliate against \$645 million in annual US exports in a decade-long trade dispute over US anti-subsidy duties on Chinese goods. The amount disclosed was far less than the \$2.4 billion initially requested by China when it filed the case in 2012, when China complained to the WTO that the US had imposed illegal countervailing duties on a dozen Chinese imports, including thermal paper, pipes, citric acid, lawn mowers, kitchen shelving, magnesite bricks, printed graphics, solar panels, wind towers, and steel sinks. The American side argued that the decision was “deeply disappointing” and “reflects misinterpretations by the Appellate Body that damage the ability of WTO members to protect our workers and businesses from China’s trade-distorting subsidies <...> the decision reinforces the need to reform WTO rules and resolve disputes that used to protect China’s nonmarket economic practices and undermine fair, market-oriented competition” [10].

#### CONCLUSIONS

President Biden’s administration is basing its work at the WTO on the premise that the organization provides a forum solely for enforcing US rights under various WTO agreements to ensure that the United States

receives all the benefits of membership. It is clearly stated that WTO members must rethink the approach to development within this organization, and that the time has come to move beyond the outdated Doha Development Agenda. To maintain its status as a viable institution and fulfill the functions of its original mandate, the WTO must focus its work on structural reform, find the means to achieve trade liberalization between ministerial conferences, and adapt to address the challenges faced by traders today.

In the future, however, there is no evidence of the readiness of the US administration to significantly contribute to the institutional reform of the WTO in the interests of all participants in international trade. In contrast, a policy of politicizing the activities of this organization, which is clearly contrary to the fundamental principles of the WTO, has been outlined, initiated by the collective West under the leadership of the United States and having nothing in common with the initially declared goals and principles. The Russian Federation circulated a statement among WTO members, in which it drew attention to the danger to the international trading system due to the politicization of trade and the introduction by a number of countries of restrictions on trade with the Russian Federation that violate WTO rules. "The Russian Federation would like to draw the attention of WTO members to the dangers looming over the multilateral trading system due to recent aggressive and politically motivated trade restrictive actions by some members. Instead of encouraging the gradual normalization of international trade that is needed for the economy to recover from the pandemic, these members are gradually implementing unilateral trade measures aimed at undermining the economies of Russia and its neighbors. Recently, the reckless "economic war" unleashed by these members has escalated to a critical point, resulting in "collateral damage around the world," the Russian statement noted [11].

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## Security Challenges

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# Development of the Chinese A2/AD System in the Context of US–China Relations

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**Abstract**—In recent years, the growing arms race between the United States and China has begun to affect almost all areas of the offensive and defensive military potential of the two countries. One of its key directions is the development of the Chinese anti-access/area denial (A2/AD) system, aimed at blocking enemy's military actions, information tools, and capabilities in various zones of the theater of operations, as well as the US response to counter this strategy. The Chinese A2/AD concept and its correlation with the doctrine of development of the Chinese Armed Forces are analyzed. Additionally, based on systematic analysis and analysis of sources and statistical data, the dynamics of strengthening the main elements of China's A2/AD system over the past decade is discussed, including high-precision missiles, ground and air defense systems, fourth-generation tactical aircraft, electronic warfare, antisatellite weapons, and cyberwarfare. Several conclusions are made as to the effect of these processes on the US doctrines and principles of deploying forces in the Asia–Pacific region.

**Keywords:** United States, China, anti-access/area denial, missiles, air defense, tactical aviation, cyberoperations, electronic warfare

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The growing contradictions between China and the United States over the past few decades have increasingly manifested themselves in their policies regarding the development of modern weapons and in the doctrines of the use of armed forces. The growing arms race in recent years has affected almost all the areas of development of the offensive and defensive military potential of the two countries, including their strategic nuclear forces and conventional forces. It can be traced in the race of high-precision weapons, land and sea-based air defense and missile defense systems, space warfare, and hypersonic weapon systems. These processes have especially escalated in the past few years, when the period of confrontation between Washington and Beijing in the military–political sphere, along with the development of cooperation in other areas (primarily in bilateral trade), gave way to the large-scale aggravation of bilateral relations against the backdrop of a tougher, in the opinion of the United States, course by China in the Asia–Pacific region (APR) and adjacent seas, strengthening Chinese strategic forces and capabilities of intelligence and surveillance systems, and developing a wide range

of military technologies in China.<sup>1</sup> At the same time, the doctrines of the use of relevant weapons are being reviewed in the same direction, including the concepts of nuclear and conventional deterrence, force projection, network-centric warfare, and information warfare [Kashin and Lukin, 2021; Kamenov, 2019; *Military and Security Developments...*, 2021; Montgomery, 2014].

This paper examines the development in the PRC in the last decade of the systems of anti-access/area denial (A2/AD systems), which are important for strengthening the conventional forces and means of the armed forces, as well as for combat operations in order to block the actions of the enemy from the point of view of its offensive opportunities and information means of their provision. The corresponding Chinese Anti-Access/Area Denial (A2/AD) strategy was developed just over a decade ago as an answer to the question of how China could counteract the likely military scenarios of US actions (including interservice operation) in the event of interference by US forces or their allies in possible conflicts involving the PRC, and with

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<sup>1</sup> Since 2017, the US National Security Strategy, the National Defense Strategy, and other US strategic documents have begun to note the growing trend of military confrontation between the leading powers. The most likely opponents of the United States are named Russia and China.

the help of which military means the PRC can control strategically important maritime zones in case of a military escalation. At the same time, this strategy (its other common name is the “counterintervention” strategy) took into account that the United States has superiority over China in aviation; warships and naval weapon systems; command, control, communications, computers, intelligence, surveillance, and reconnaissance (C4ISR) systems; and other combat and information assets in these zones.

Various aspects of the A2/AD concept have been widely studied in recent years by foreign (primarily Chinese and American) and Russian experts. The problems of the US response to the formation in China of a system of anti-access/area denial and other related programs of the PRC’s military development were considered by M. Kofman, E. Montgomery, D. Ochmanek, L. Jinghua, and other authors [Kofman, 2019; Montgomery, 2014; Ochmanek, 2014; Jinghua, 2019]. There were also discussions on the possible consequences of the US–China conflict in the Western Pacific with the use of A2/AD systems on both sides [Gompert, et al., 2016]. A number of studies compared the Russian and Chinese approaches to the development of A2/AD assets and also analyzed the American concept of an AirSea Battle, which became one of the responses to strengthening China’s counterintervention capabilities [Kofman, 2020; Kazianis, 2014]. Many Russian researchers have also paid attention to this issue, including in the context of the development of the PRC’s strategic and nonstrategic forces [Arbatov, 2022; Bogdanov and Yevtodyeva, 2021; Kamennov, 2019; Kashin, 2016].

The main objective of this paper is to analyze the course and pace of the formation of the A2/AD system in the PRC over the past decade and to assess the consequences that these processes may have for the military and military–political strategy of the United States in the Asia–Pacific region.

### FORMATION OF THE CHINESE A2/AD CONCEPT

According to an approach shared by many military experts, the core elements of an effective A2/AD system or specific weapons that provide a “counterintervention strategy” include accurate ballistic and cruise missiles; integrated multilayer surface-to-air defenses; large numbers of fourth generation fighter aircraft and high-yield air-to-air missiles; near real time distributed surveillance and reconnaissance systems, and command and control networks; electronic warfare systems (jamming); antisatellite weapons; and cyber weapons [Ochmanek, 2014]. Taken together and considering the relatively recently developed modern concepts of combat operations (the American concept of a multidomain operation and an interbranch AirSea Battle or the concept of joint information operations in the PRC) [Bogdanov and Yevtodyeva, 2021],

A2/AD tools allow solving a wide range of operational tasks. First of all, we are talking about strengthening the interaction between the branches of the armed forces within the framework of the operation; increasing the combat stability and survivability of interbranch forces and assets, including through their distributed formation; development of combat information networks (including interbranch ones), integrating reconnaissance and strike capabilities in the theater of operation; increasing the effectiveness of the use of high-precision weapons as the main combat means; etc. Combined within a specific operation, all these assets—from guided missiles to submarines and cyberweapons—serve the chief goal: blocking enemy access and actions in certain areas of the battlefield [LaGron, 2015].

The Chinese concept of A2/AD was developed in the 2000s; moreover, in the same period, the People’s Liberation Army of China (PLA) abandoned the doctrine of “people’s war,” aimed at a massive build-up of conventional forces, and switched to the doctrine of information (or informatized) war aimed at strengthening high-tech combat forces while relying on A2/AD means. In response to the PRC’s efforts to increase anti-access/area denial capabilities against the US Air Force and Navy, the United States introduced the AirSea Battle concept in 2010, an operational concept that gives the US forces opportunities to counter an adversary in a nonpermissive strategic environment. In the context of countering China, it, along with an appropriate set of military tools, aims to “open access” to a potential battlefield through a blinding campaign against PLA networks using attacks on China’s command, control, computer, communications, intelligence, surveillance, and reconnaissance (C4ISR) systems and its strike systems (including missile launchers), as well as to seize and sustain the initiative in the air, sea, space, and cyber domains [*SIPRI Yearbook*, 2015, pp. 272, 273; Cavas, 2013].

Since the development of the Chinese A2/AD doctrine and the American concept of AirSea Battle, both the United States and China have significantly strengthened their air and naval forces in the APR—along with their capabilities in the field of missile, cyber, and electronic weapons and antisatellite systems. Until the early 2010s, the PRC had at its disposal only some components of the A2/AD system. However, from the time the relevant doctrine was put forward until the current stage, China’s potential in the A2/AD area has been developing so actively that Western analysts are increasingly expressing concerns about the consequences of these processes in the APR [Montgomery, 2014; Ochmanek, 2014].

### BUILDING UP A2/AD IN THE PRC

In determining which specific means belong to the A2/AD potential, it is necessary, first, to emphasize the difference between the A2/AD and C4ISR systems

of modern armies. The C4ISR systems include all the means of collecting information (including intelligence), command, control, and communications through a constellation of satellites and ground infrastructure. In addition to the radar and data transmission systems of fighter aircraft and warships, they also include reconnaissance drones, early warning aircraft (AEW), and several other systems. Accordingly, we are talking about a complex of information support for own armed forces. A2/AD is an information and strike potential configured to defend against enemy intrusions and disrupt enemy's information systems, as well as provide subsequent target designation for own forces based on the data received. Based on this logic, A2/AD does not include nuclear-armed systems because they cannot be used for counterintervention purposes. In other words, the A2/AD concept itself provides for the development of countermeasures, in fact, only against an attack using conventional weapons, while the capabilities of nuclear forces and the concept of nuclear deterrence should be considered as a separate part of the armed forces and military strategy.

If we talk about China's missile potential, i.e., development and adoption of high-precision ballistic and cruise missiles, it has been rapidly strengthening in the last decade in both nuclear and nonnuclear equipment. In the field of ballistic missiles, it consists of the Dongfeng-5/5A/5B and Dongfeng-31/31A/31AG ICBMs, and the Dongfeng-41, which is only just being introduced into the combat structure of the PRC Rocket Force,<sup>2</sup> as well as intermediate-range ballistic missiles (IRBMs) Dongfeng-21, Dongfeng-26, Dongfeng-15, Dongfeng-16, and Dongfeng-17. In the context of A2/AD, one should not consider only nuclear ICBMs and IRBMs that cannot be equipped with conventional warheads (Dongfeng-5, Dongfeng-31, and Dongfeng-41 ICBMs, as well as Dongfeng-21A/B IRMs). Nevertheless, China has a lot of non-nuclear missile weapons "on the balance sheet." Among intermediate-range ballistic missiles, there are five types of missiles (Dongfeng-21C/D, Dongfeng-26, Dongfeng-15, Dongfeng-16, and Dongfeng-17); among cruise missiles, missiles of two types: Donghai-10A (CJ-10) and Donghai-20 (CJ-20). The A2/AD potential also includes a number of anti-ship missiles that are in service in the Chinese Navy, including the S-802, KD-88 (cruise anti-ship missile), and some others. This should also include air-to-air and air-to-surface missiles of relatively long range and power, with which modern Chinese fighters, such as the Su-27, Su-30, Su-35, J-15, J-16, J-17, and J-20,

<sup>2</sup> Dongfeng-5B, Dongfeng-31AG, and Dongfeng-41, the latest most advanced missiles in their lineup, have a range of 11 000–14 000 km and are equipped with means to overcome missile defense and with several multiple independently targetable reentry vehicles (MIRVs) [Yesin, 2020].

are equipped: P-27, X-29, X-31, PL-15, PL-21, YJ-83, and others.

Intermediate-range missiles Dongfeng-21 (with a range up to 4000 km) and Dongfeng-26 (3000–5500 km), which have been in service since the late 1990s, can be equipped with both nuclear and conventional warheads<sup>3</sup> and have maneuvering reentry vehicles with improved performance in terms of range, payload, and speed, making them the most modern types of missiles of this class [Ukhov, 2019]. Dongfeng-26 (the so-called "Guam killer") can hit Guam, where the largest US strategic military base in the Pacific Ocean is located, from a distance of 4000 km. The Dongfeng-21D with a terminal radar-guidance system, or, as American sources describe it, the "aircraft carrier killer," is today considered the only anti-ship ballistic missile in the world. According to some estimates, it may pose a significant threat to US aircraft carrier groups in the Pacific.<sup>4</sup> The new Dongfeng-17 IRBMs, which have recently entered service, will also be dual-use systems and can be equipped with a hypersonic glide vehicle, capable of overcoming any missile defense.

If in terms of the total ammunition of the PRC Rocket Force, which includes nuclear-armed ICBMs and IRBMs, expert estimates differ little [Yesin, 2020; *Military Balance*, 2021, p. 230],<sup>5</sup> it is rather difficult to estimate the total number of deployed Chinese missile systems related to A2/AD. One can only assume that, considering the very wide list of types of corresponding missiles, it is at least several times greater than the number of nuclear-tipped systems.

Tactical aviation of the PRC is actively developing, and in the last 10–20 years, an advantage has arisen due to entering into service of fourth-generation and 4+-generation aircraft, including Su-35 fighters. The fleet of fighter aircraft includes the Su-27SK, Su-30MKK, Su-30MK2, and Su-35 delivered from Russia, as well as their Chinese-made "analogues" J-10A/B/C/S, J-11B/BS, J-15, J-16, and J-20A. According to *Military Balance 2021*, as of the end of 2020, there were 886 aircraft of these types in the PRC Air Force, and 153 aircraft in naval aviation. In addition, the PRC Air Force and Naval Aviation have

<sup>3</sup> Dongfeng-21 in a conventional capable variants are represented by Dongfeng-21C and Dongfeng-21D.

<sup>4</sup> Since the beginning of its deployment, the Chinese leadership has stated that the Dongfeng-21D can hit large moving surface ships, including aircraft carriers. Several experts, having analyzed the capabilities of the Chinese intelligence, surveillance, and reconnaissance system, doubt that the Dongfeng-21D and Dongfeng-26B high-precision anti-ship ballistic missiles are currently capable of striking moving warships from a distance of several hundred kilometers [Watanabe, 2021].

<sup>5</sup> The total ammunition of the PRC Rocket Force could be about 340–350 missiles and 400–410 nuclear warheads. The number of ICBM launchers, according to the estimates of the US Department of Defense, reaches approximately 200, and the number of IRBMs in service is slightly less.

260 JH-7 and JH-7A fighter-bombers. The latter are equipped with Russian Kh-29L and Kh-29T air-to-surface guided missiles, as well as KAB-500kr guided aerial bombs and their analogues. Since 2002, new S-803K anti-ship cruise missiles have been put into service to equip JH-7A aircraft.

The latest Chinese fighter variants, such as the J-16, have improved performance and combat capabilities. In particular, the J-16 is equipped with an active phased array radar (AFAR), while the Chinese Su-35s are equipped with less powerful radars with a passive electronic scanning array. The development of the J-16D aircraft, designed for electronic warfare, is underway; it is currently undergoing flight tests [*Military Balance*, 2021, p. 232]. In addition, China, during special exercises, is exploring the possibilities of strengthening coordination between units of the Air Force, naval aviation, special units of antisubmarine warfare, etc. A significant number of such exercises are being conducted in the region around Taiwan.

It should be noted that, within the framework of the PLA, in parallel with the development of A2/AD, the potential of aviation and naval systems related to C4ISR is increasing significantly. Thus, in 2020, the PLA Air Force was armed with about two dozen or more AEW aircraft created on the basis of the Y-8 aircraft,<sup>6</sup> including 13–19 KJ-500s and 5 KJ-200s (Y-8Ws). In addition, four platforms were purchased from Russia for the most modern Chinese KJ-2000 AEW&C aircraft, developed in the 2000s on the basis of the Russian A-50 with Chinese radars, which replaced the Israeli radio-technical complex with an EL/M-205 radar with three AFARs (Israel's sale of such systems to China in 2000 was blocked under US pressure) [Linnik, 2017]. Electronic warfare (EW) aircraft were created by China also on the basis of the Y-8; in total there are up to ten aircraft of the Y-8CB/XZ type and four Y-9G. Up to 20 electronic reconnaissance aircraft are also in service, including Y-9 JZ/X/XZ, Y-8G, and the Soviet Tu-154. More than 40 special aircraft, including AEW and electronic reconnaissance aircraft, are in the PLA naval aviation [Khramchikhin, 2022].<sup>7</sup>

EW and AEW aircraft, including the KJ-2000, greatly facilitate the tasks of the Chinese Air Force and Navy in collecting real-time intelligence and border's surveillance.<sup>8</sup> They also allow PLA fighters to be less vulnerable to detection by providing them with situa-

tional awareness without using (i.e., turning on) their own radar systems.<sup>9</sup> The PRC also provides early warning capabilities through the supply of long-range and medium-range high-altitude unmanned aerial vehicles (UAVs), which are used primarily in maritime surveillance. There are currently more than ten types of UAVs in service with the PLA ground forces, naval aviation, and the Air Force, including the heavy Pterodactyl I, Wing Loong, BZK-005, and ASN-229A, as well as medium UAVs BZK-006, BZK-007, and BZK-008 [*Military Balance*, 2021, pp. 250–255].

As for air and missile defense, today the PRC has a fairly reliable multilayer air and missile defense system that covers the entire land territory of China and territory up to 550 km from its coast. It relies on a network of early warning radars, advanced fighter aircraft, and various anti-aircraft missile systems (SAMs). An important part of it is Russian S-300PMU and S-300PMU1/PMU2 systems, purchased in the late 1990s–2000s, capable of tracking and hitting various types of targets, including tactical aircraft, as well as cruise and ballistic missiles, at ranges up to 200–250 km.<sup>10</sup> China has placed air defense system radars at key outposts in the South China Sea and on several types of destroyers, greatly increasing the range of integrated air defense. The capabilities of AEW aircraft also have the effect of expanding the coverage area of radars beyond the range of ground-based radars and SAMs. China also uses point defense, i.e., the same air defense systems to protect strategic facilities from long-range cruise missiles and enemy aircraft. At the same time, air defense systems that increase operational mobility are being strengthened, for example, the wheeled version of the HQ-17 HQ-17A SAM adopted for service [*Military Balance*, 2021, pp. 230, 251].

For comparison, it can be noted that at the end of 2010, according to the *Military Balance*, the basis of China's air defense system was just over 300 anti-aircraft missile systems, including HQ-7, HQ-9, HQ-12, S-300, and S-300PMU1/PMU2. At the end of 2020, the PLA had already more than 850 anti-aircraft missile systems, including about 550 long-range systems [*Military Balance*, 2011, p. 234; *Military Balance*, 2021, pp. 254, 255]. Basically, the buildup is due to the increase in the equipment of troops with Chinese air defense systems: long-range HQ-9 and HQ-9B systems, medium-range HQ-2 and HQ-12 systems, HQ-17/HQ-17A complexes, and HHQ-9 naval systems.

To improve the capabilities of its air defense in 2014–2015, China purchased from Russia 32 S-400 Triumph anti-aircraft missile systems (several divisions), which made it possible to expand the range of

<sup>6</sup> An improved version of the Y-8 is the Y-9, which is considered a completely Chinese aircraft and is produced only in special versions.

<sup>7</sup> *Military Balance* 2021 data indicates a slightly smaller number of AEW aircraft in service in the PLA Air Force: 19 AEW and 19 EW aircraft. In naval aviation, according to the publication, there are 24 AEW aircraft.

<sup>8</sup> In particular, the Y-8J is reportedly capable of detecting such small objects as a submarine periscope within a range of up to 185 km.

<sup>9</sup> Previously, this kind of capability provided the US Air Force with significant advantages in battles beyond the visual range. Now the United States actually has lost these advantages in the event of a potential conflict with China [Bilsborough, 2013].

<sup>10</sup> The maximum range of fire of the S-300PMU2 is indicated.

ground-based air defense up to the entire territory of Taiwan, as well as airspace over a significant part of the South China and East China Seas [Yevtodyeva, 2018].<sup>11</sup> An even more significant breakthrough for the PRC was coming to an agreement with Russia on assistance in the creation of a missile attack warning system [Valdai Discussion Club Meeting, 2019], which, apparently, provides for the construction in the PRC of over-horizon early warning radars modeled on Russian ground-based early warning radar stations of the Voronezh type. Previously, China did not have the appropriate technologies and capabilities in the field of early warning of a missile attack (covering the territory of the United States, Japan, and South Korea, from where missile strikes could potentially be launched).

In the past decade and a half, the PRC has achieved a number of significant successes in its space program, as well as in the development of anti-satellite systems. Thus, after a landmark test of anti-satellite weapons in 2007, while simultaneously strengthening the civilian component of the space program, China has demonstrated significant success in space programs related to C4ISR. The Beidou series of global positioning satellites (Beidou-2 and Beidou-3), a Chinese alternative to the GPS satellite system, achieved full regional coverage several years ago, and global coverage by 2020 [China to Complete..., 2019; Qian and Xiaotong, 2020]. China has been successful in modernizing and expanding its space launch infrastructure under the leadership of the PLA General Armaments Department. In general, the launch programs of the Yaogan and Shijian series of satellites, which are used in the target designation system for launching high-precision missiles and electronic intelligence satellites, are going well.

According to *Military Balance*, in 2020 China had 45 navigation and positioning satellites (15 Beidou-2 and 30 Beidou-3 of various modifications), about 30 military tactical reconnaissance satellites (designed to track moving targets in a mode close to real time), and 40 signal and electronic intelligence satellites (ELINT/SIGINT), including Yaogan-30/32, Shijian-6, and Shijian-11. It should be noted that, at the end of 2010, China had at its disposal only eight navigation and positioning satellites (Beidou-1 and Beidou-2), about 15 reconnaissance satellites, and eight satellites with ELINT/SIGINT functions [*Military Balance*, 2011, p. 480]. Thus, at that time, the total number of Chinese military satellites launched into orbit was not about 130–140 (as at the end of 2020) [Kamennov, 2019, p. 43; *Military Balance*, 2021, pp. 250–255] but only 31. Several satellite programs—Beidou, Yaogan, and others—were only at the initial stage. In total, according to available estimates, China currently has more than 350 satellites in orbit, while

the United States has 1300, and Russia has 170 [Arbatov, 2022].

In 2007, China successfully tested its ground-based anti-satellite weapons by destroying an orbital target, the Fengyun meteorological satellite, with a medium-range ballistic missile. Since then, the PRC has continued to conduct other anti-satellite weapons tests [Weeden, 2020], as well as to develop anti-satellite systems and related technologies, including kinetic missiles, ground-based lasers, and orbital space robots. The capabilities for anti-satellite operations are also being worked out [*Military and Security Developments...*, 2019, p. 56].

Thanks to the growth in the capabilities of deployed space systems, including communications satellites and reconnaissance and surveillance satellites, the PRC was able to increase the role of command and control systems in joint operations. The PLA was also able to improve significantly the geolocation and precision strike capabilities, continuous global satellite surveillance, military communications and data transmission architecture. China's active improvement of C4ISR capabilities, as well as space and anti-satellite programs, could threaten the space assets deployed in this region, as well as the potential of the Air Force and Navy of the US and its allies. This trend is also reflected by the assessments of American experts, who show that by the mid-2010s China actually overtook Russia in the deployment of A2/AD systems, becoming the second power after the United States in terms of development of anti-access systems [Ochmanek, 2014, p. 2].

In addition to the development of the A2/AD components listed above, military analysts also see significant cyber and electronic warfare capabilities as key to an effective PRC "counterintervention strategy" that can effectively disrupt enemy's command and control systems and communications [*Military and Security Developments...*, 2021, pp. 77–79; Kashin, 2016].

As the advantages of cybermeans, it is indicated that offensive cyber operations will ensure the deterrence of the enemy or reduce its ability to conduct military operations against the PRC. In addition, with the help of cyber operations, the PRC can manage an escalation of the conflict, in the early stages of the conflict, by attacking and blocking information support and communications and control systems (C4ISR) in the enemy forces or by attacking critical civilian and military infrastructure to deter or disrupt intervention. The development of defensive cyber capabilities in the PRC is also of great importance due to the specifics of counteraction in the information sphere [Jinghua, 2019].<sup>12</sup>

<sup>11</sup>The range of fire of the S-400 air defense system reaches 400 km, and the target detection range is 600 km.

<sup>12</sup>In the cyber domain, after the first round of a cyber attack, the attacked side can respond with an accurate counterattack only if it has a strong defense.

The PRC plans in the coming years to develop capabilities commensurate with its status as a major cyber country [*Military and Security Developments...*, 2021, pp. 77–79]; that is why it integrates offensive and defensive cyber operations and increases the number of joint military exercises that allow personnel to test capabilities.

Actions in the field of electronic warfare (EW) differ from cyber operations in that they are carried out not in the information (cyber) domain but in the electromagnetic spectrum. The electronic warfare strategy focuses on the suppression, destruction, and interruption of the operation of enemy electronic equipment: radars and sensors of data transmission systems that operate at the radio, radar, microwave, infrared, and optical frequency bands. These types of operations are also actively being developed by China. In particular, it was reported that the PRC fielded several types of UAVs with EW payloads, and that PLA EW units routinely train to conduct jamming and anti-jamming operations against communication and radar systems or satellite systems [*Military and Security Developments...*, 2019, pp. 63, 64].

An important element in strengthening the potential of the PRC in electronic warfare and cyber operations was the formation, within the framework of the military reform of 2015, of a separate branch of the armed forces, which combined the entire potential of information confrontation and “intellectual warfare”—the Strategic Support Force (SSF) of the PRC. All forces, missions, and capabilities of technical reconnaissance, space, cyber and electronic warfare, as well as information and psychological warfare, which were previously subordinate to two different departments of the PLA General Staff, were brought together in the SSF [*Military and Security Developments...*, 2021, pp. VII, 77–79; Kashin, 2016]. In fact, the potential for “integrated network and electronic warfare” was created, whereas previously in the PLA, the cyber defence and cyber operations units were not subordinated to the same structure, as well as EW and cyber warfare forces [Costello and McReynolds, 2018]. In addition, SSF,<sup>13</sup> as a separate branch of the armed forces, along with the PLA Rocket Force, obtained powers not only for the construction of their own forces but also for strategic operations. Thus, their status and opportunities for the development of appropriate capabilities increased. Several issues related to SSF development are still not clear (for example, the peculiarities of the PRC doctrine on the use of force in cyber domain, the level of professionalism of the personnel of the units included in the SSF, the effectiveness of ongoing exercises, etc.). However, Western experts generally share the opinion that the PRC has

managed to improve its capabilities in the field of cyber defense/cyber attacks and electronic warfare significantly compared to 2015. According to forecasts, this capability will only be strengthened [Costello and McReynolds, 2018; Desai, 2019].

### IMPLICATIONS FOR THE REGION

The capacity growth estimates also apply to the Chinese A2/AD system as a whole. The PLA certainly faces a number of obstacles that make it difficult to take full advantage of the current systems and capabilities of C4ISR and A2/AD. These obstacles complicate the functioning of a unified system of “network management” and information operations. For example, despite the adoption of the latest communications, intelligence, and surveillance systems, as well as the development of the EW, cyber and space warfare potential interoperability problems remain. Furthermore, the troops lack experience in the use of the appropriate technologies and systems. There is also a kind of “technological gap” between PLA units that have the latest high-tech A2/AD systems and equipment and those that do not [Bilsborough, 2013]. But it should be recognized that the overall capacity of China’s A2/AD assets has developed rapidly over the past ten years and will continue to strengthen in the coming years [Gompert, Cevallos, and Garafola, 2016]. At the same time, the PLA has goals to be ready to “win in informatized (network) local wars” with an emphasis on confrontation at sea (as they are formulated in the 2015 PRC Defense White Paper) and to win in “intellectual war” of a new type (China outlined such goals for the modernization of the PLA in 2020).

An integral part of China’s approach to informatized war will be the information and technological support (in the field of space and cyber operations and electronic warfare) that the strengthening of SSF will provide, as well as the integration into a single system of offensive and defensive operations of other components of the C4ISR and A2/AD systems. These changes will allow the PLA to increase significantly its offensive capabilities against technologically powerful adversaries, including the United States. Through “cross-domain integration,” the threat of Chinese attacks using conventional weapons and cyber warfare against various significant civilian targets and critical infrastructure will become a deterrent to possible military operations [Desai, 2019].

For the United States, China’s progress in the development of the A2/AD system has already led to consequences in military-political and military-strategic sphere; this is reflected both in doctrines of the use of force and concepts of combat operations, and in principles of deploying US forces in the APR. Generally speaking, the zone of free maneuvering of the combat forces of the US fleet stationed in the APR is being reduced (especially in the seas adjacent to the

<sup>13</sup>They consist of the Space Systems Department, which is responsible for military space operations, and the Network Systems Department, which is responsible for technical reconnaissance, EW, cyber warfare, and psychological operations.

PRC), and the operations of military aviation are also being complicated or prohibited. Accordingly, the United States is forced to adjust the principles for deploying its warships, aircraft (strike and reconnaissance), and military and naval bases in the region. The United States recently redeployed the B-52 strategic bombers from the island of Guam in the Pacific Ocean to North Dakota, thereby removing them from a potential strike from Chinese medium-range missiles. In 2020, plans were unveiled to increase funding to the US Indo-Pacific Command to equip joint forces, including those of US allies, with precision-guided (anti ship and anti aircraft) weapons. It is also planned to create, primarily in Guam itself, an integrated air and missile defense and strengthen the groupings of troops in the region [Khodarenok, 2020]. The Joint Pacific Command forces are tasked with preparing for one war between the great powers, in addition to dealing with several smaller conflicts. The change in US views on the principles of conducting operations in the APR is obvious: the country is placing more emphasis on the development of its own C4ISR and A2/AD assets deployed in the region, including electronic warfare, air/missile defense systems, stealth aircraft, cruise missiles, etc.

Many US military analysts share the view that, as Chinese A2/AD capabilities strengthen further, the cost of US losses in conventional forces against China will only increase over time,<sup>14</sup> especially in a scenario of short-term but intense conflict. It is concluded that the United States should rely not on “plans to destroy China’s A2/AD capabilities in the first phase of the conflict” but on containment and de-escalation measures, and at the same time on increasing investment in combat platforms with increased survivability and “in the development of its own A2/AD assets” [Gompert, et al., 2016, pp. XV, XVI, 19–21].

The need to counter China as a powerful adversary at sea, that in the past decade has significantly increased the number of ships of the main classes and developed the “sea component” of the A2/AD potential, is reflected in the new US Naval strategy Battle Force 2045, which the US Navy presented in the fall of 2020. Its key aspects were shifting priorities in the development and deployment of the fleet to light forces (frigates, landing ships, unmanned systems) and the submarine fleet, return to the construction of light aircraft carriers, and development of control and communication systems and infrastructure of the “digital battlefield” with the transfer of target designation between units of different types of armed forces in real time [Kramnik, 2022, pp. 157, 158].

<sup>14</sup>Experts compared possible losses primarily in aviation and warships, taking into account the “A2/AD factor.” It was noted that the situation will worsen significantly for the United States by 2025 compared, for example, with 2015 [Gompert, et al., 2016, p. 12].

It is noteworthy that the Pentagon plans to solve the corresponding tasks, including blocking Chinese C4ISR and A2/AD assets, not solely at the expense of its own combat forces deployed in the region. A number of them, apparently, could be shifted “to the shoulders” of the US allied countries, first of all, on partners in the APR [Gompert, Cevallos, and Garafola, 2016, pp. 56, 57]. This approach explains such regional military-strategic processes as the strengthening of the air/missile defense of South Korea and Japan with the THAAD and Aegis missile defense systems purchased from the United States, the re-equipment by the countries of Southeast Asia of warships and aircraft with modern radars and surveillance and combat control systems, growing gratuitous transfers or preferential purchases of American UAVs by Southeast Asian countries, etc. All these processes, therefore, not only indicate the growing nature of threats and the intensification of the arms race between the United States, China, and between the APR countries in general, but also become a reaction to the active development of China’s reconnaissance and anti-access/area denial systems.

#### CONFLICT OF INTEREST

The author declares that she has no conflicts of interest.

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## Transregional Processes

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# The Official Development Assistance Policy of the European Union in the Post-Soviet Space: Geopolitical Factors

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**Abstract**—The structure, priorities, conceptual framework, methods, and resources of EU policies in the Official Development Assistance (ODA) program are considered. Research shows that the EU funding of ODA programs for the post-Soviet space hiked fourfold between 2010 and 2020. The share of funding for Central Asian states decreased substantially compared to the Western part of the post-Soviet space against the background of confrontation with Russia, as well as due to presidential elections in Belarus. This paper argues that this redistribution is caused by geopolitical factors of EU policy. A conclusion is drawn that the recent declarations by the EU leadership about strengthening the “hard” power and the “geopolitical” agenda are not new and reflect long-term trends in EU foreign policy. Thus, a significant share of ODA funds is traditionally allocated to “social infrastructure,” strengthening Brussels’ control over the sociopolitical sphere in target countries of the periphery, aiming to bring them under EU influence in the economy, governance, goal setting, and ideology. This policy serves the interests of the EU, entrenching asymmetrical “metropole–periphery” relations between the EU and target counties.

**Keywords:** European Union, EU, official development assistance, post-Soviet space, Eastern Partnership, soft power, humanitarian influence

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In May 2022, EU High Representative for Foreign Affairs and Security Policy J. Borrell, referring to the conflict over Ukraine, said that the EU “is not enough to be a good civil power—we need to be also a military power.”<sup>1</sup> The current composition of the European Commission began to promote this thesis long before the start of Russia’s special military operation in Ukraine. Behind these statements, one can see another attempt by Brussels to reconsider its foreign policy identity, citing an external threat. An alternative hypothesis is that the EU is articulating the previously formed logic of foreign policy, which includes an element of geopolitical struggle for spheres of influence, trying to use the Ukrainian crisis to legitimize it and equip it with new tools. The purpose of this article is to test these hypotheses on empirical material. The subject of this study is the policy of the supranational institutions of the European Union in the field of international development assistance (hereinafter,

IDA),<sup>2</sup> the main item of Brussels’ foreign policy expenditures. The European Union has long tried to compensate for weakness in the military–political sphere by creating an extensive infrastructure of humanitarian influence on neighboring countries, including the post-Soviet space. This activity, which presents a challenge to Russian interests and the stability in the region, deserves careful analysis. The general chronological framework of this study covers the period after the EU enlargement in 2007, after which Brussels moved to active expansion in the post-Soviet space. The analysis of the latest trends is counted from 2014 to the present, taking into account the consequences of the Ukrainian crisis. The official documents of the EU bodies and political statements of the EU leadership, statistical data, and specific EU projects in the countries of the post-Soviet space are analyzed.

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<sup>1</sup> European Council: Press remarks by High Representative Josep Borrell upon arrival, May 31, 2022. [https://www.eeas.europa.eu/eeas/european-council-press-remarks-high-representative-josep-borrell-upon-arrival-0\\_en](https://www.eeas.europa.eu/eeas/european-council-press-remarks-high-representative-josep-borrell-upon-arrival-0_en). Cited May 31, 2022.

<sup>2</sup> In the framework of this article, the concept of international assistance is used as a synonym for the wording adopted in the European Union and the OECD—“official development assistance”—which includes official grants, loans, and other financial flows. For more details, see Official Development Assistance (ODA) OECD. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/official-development-assistance.htm>. Cited April 30, 2022.

The internal heterogeneity of the EU hinders the pursuit of a consistent foreign policy and increases its “impulsiveness, irrationality, and aggressiveness” [Gromyko, 2021, p. 22]. A consequence of this in recent years has been attempts by the EU top bureaucracy to use the “external threat” agenda from Russia and China to expand their supranational powers [Sutyryn, 2021]. The area where the foreign policy autonomy of the EU supranational bodies is noticeably manifested (and hence the logic of their behavior) is the promotion of international development. At the working level, there is coordination between EU institutions and member states (and sometimes competition [Bartenev, 2020]), but EU bodies have the ability of relatively independent medium-term planning and prioritization.

The European Union began deploying a large-scale program of political, economic, and ideological development of the region in the post-Soviet space long before the Ukrainian crisis of 2014—after the inclusion in 2007 of Romania and Bulgaria, former members of the Warsaw Treaty Organization (WTO). In the spring of 2008, Poland and Sweden initiated the Eastern Partnership program aimed at deep integration of the six former Soviet republics into the economic, political, and legal sphere of the EU influence, ignoring Russia’s interests. The main instrument of influence within this program, in addition to political dialogue and agreements with the governments of the participating countries, has become the IDA policy of Brussels. It financially supported EU interventions in the target countries based on a combination of program and project approaches.

After the collapse of the Warsaw Pact, the expansion of the European Union did not encounter serious obstacles until it crossed into the territory of the former Soviet Union. As rightly noted by I.V. Bolgova, the expansion of the value approach of the European Union turned out to be possible only in a favorable internal and external political environment, and the direct opposition of the EU values to Russian policy led to destabilization in the region [Bolgova, 2019]. The “geopolitical” logic of the EU’s foreign policy has been openly declared by its leadership over the past 6–7 years; however, the imperial features in the EU’s foreign policy (the desire of the political center to establish control and develop the periphery by consolidating asymmetric relations) appeared earlier. Since the early 2000s they have become noticeable to a number of Western researchers [Cooper, 2002; Forsberg and Haukkala, 2018; Zielonka, 2008], but have not received significant attention in the Russian literature. However, a decade later, these attitudes were enshrined in doctrinal documents. Thus, the EU Global Strategy, adopted in 2016, confirms the traditional thesis that “the power of [the EU’s] attractiveness can spur transformation [in the neighboring countries].” At the same time, the foreign policy of Brussels is tasked with “coping with the superpowers.”

It is stated that, in the modern world “soft power is not enough”; therefore, it is necessary to “strengthen credibility in the field of security and defense,” and the expansion policy is seen as a “strategic investment in security” [Shared Vision, 2016]. Considering that attempts to create a European army have not yet been successful, Brussels sought to increase political influence through an IDA toolkit [Youngs and Zihnioğlu, 2021]. After the Arab Spring and the invasion of Libya, the EU expanded the use of IDA to limit migration flows from the south [Kiratli, 2021]. In the post-Soviet space, the EU sought to expand its influence through “democratization” and the reorientation of new regimes towards the West.

In 2021, EU institutions committed \$19 billion to international development assistance around the world.<sup>3</sup> IDA in the EU is overseen by the Directorate General for International Partnerships of the European Commission. The Commission is responsible for administering aid and monitoring the IDA implementation. The European External Action Service (EEAS) provides overall coordination. In the EU budget plans for 2021–2027, it is argued that EU assistance programs to neighboring countries, which includes the western part of the post-Soviet space, are designed to “strengthen the EU socioeconomic influence” in the region and strengthen the role of the EU as a “global player.”<sup>4</sup> In 2020, the EU Action Plan for Human Rights and Democracy was adopted, linking the IDA, environment, migration, security, and trade issues of the EU with the target country with an assessment of the situation of human rights. A “human rights approach to development” and a “geopolitical human rights agenda” were proclaimed.<sup>5</sup>

The EU IDA paradigm is to export EU norms and standards to the legal and public administration spheres of the target countries.<sup>6</sup> The EU IDA priorities

<sup>3</sup> Total flows by donor, 2018–2021. Official OECD Website. <https://stats.oecd.org/Index.aspx?QueryId=113263>. Cited April 14, 2022.

<sup>4</sup> *The EU’s 2021–2027 Long-Term Budget and Next Generation EU: Facts and Figures* (Publications Office of the European Union, Luxembourg, 2021), p. 19. <https://op.europa.eu/en/publication-detail/-/publication/d3e77637-a963-11eb-9585-01aa75ed71a1/language-en>. Cited April 14, 2022.

<sup>5</sup> Joint Communication to the European Parliament and the Council: EU Action Plan on Human Rights and Democracy 2020–2024, March 25, 2020. [https://ec.europa.eu/transparency/documents-register/detail?ref=JOIN\(2020\)5&lang=en](https://ec.europa.eu/transparency/documents-register/detail?ref=JOIN(2020)5&lang=en). Cited May 14, 2022.

<sup>6</sup> EU High Representative Josep Borrell, in his speech in November 2021, eloquently articulated this principle: “Socioeconomic structures, labor, and the balance of power in the world will change. We, the Western nations, the US and the EU, ruled the world because we set the norms and standards, we dominated the way technology worked... if we can no longer set norms and standards, we will not rule in the 21st century.” Source: J. Borrell’s Address at Global Progressive Forum. Official Account of Foundation for European Progressive Studies. <https://www.youtube.com/watch?v=CVNR-ZuXlyM>. Cited April 14, 2022.

are determined by the EU Global Strategy, the New European Development Consensus, and the Commission's priorities for the period 2019–2024, which include the green deal, digitalization, economic development (with a focus on youth and small businesses), strengthening the global role of the EU, and promoting a European lifestyle and “democratization.”<sup>7</sup>

The Commission and EEAS are the main players in the IDA space, providing operational management of IDA funds and policy support, respectively. The following tools are used: political dialogue, policy dialogue with the participation of NGOs and officials from the target country, project activities (EU delegations subordinate to the EEAS coordinate many IDA projects in the host countries and provide monitoring), and conditionality. The assessment of the results of the application of these instruments by the EU affects the volume and choice of recipients of IDA funds (government, NGOs, opposition) sent by Brussels to the target countries.

Indirect confirmation of the growing importance of the geopolitical factor in the distribution of EU IDA funds is the creation by Brussels of institutional mechanisms for the rapid transfer of IDA funds between specific countries, despite seven-year budget plans. We are talking about the introduction of the so-called “operational” approach into the financial planning process. With the help of a special reserve fund (€3.2 billion allocated for 2021–2027), the EU can quickly raise additional funds to work with target countries where there is an emergency or opportunities for “fast reform.” In this way, the EU is adapting its IDA system to address not only medium-term challenges but also ad hoc interventions, reminiscent of the experience of the US Agency for International Development, which long ago created such mechanisms for political intervention.

## FINANCING VOLUMES AND PRIORITIES

The priority regions for the EU IDA are the Middle East and North Africa in connection with the problem of migration, as well as the western part of the post-Soviet space, which is involved in the Eastern Partnership (EaP) program. Within the EaP framework, action plans are adopted for countries for a period of 3–5 years, which are based on the EU political priorities: “promoting democracy,” “quality of public administration,” “rule of law,” and supporting economic liberalization through financing of small and medium-sized businesses [Turp-Balazs, 2021].

Central Asian countries received EU IDA funds through the Development Cooperation Instrument (DCI) in accordance with the Regional Strategy Doc-

ument.<sup>8</sup> In 2019, a new EU strategy for the region was adopted, identifying priority areas for funding, coinciding with the above priorities of the Eastern Partnership, as well as issues of regional integration, water security, and Afghanistan.<sup>9</sup> Brussels has confirmed its bet on “soft power” as an instrument of its influence in the region. At the same time, the activity of the EU in Central Asia is declining, which experts attribute to a decrease in the geopolitical priority of the region: the EU has an understanding that in the medium term it will not be possible to obtain energy resources from the region.<sup>10</sup> In countries that have signed Association Agreements (AAs) and Deep and Comprehensive Free Trade Area (DCFTA) agreements with the EU—Georgia, Moldova, and Ukraine—Brussels is working to implement and monitor the provisions of these agreements, as well as pan-European priorities. In addition, an Enhanced Partnership and Cooperation Agreement was signed with Kazakhstan<sup>11</sup> (fully entered into force in 2020) and the Comprehensive and Enhanced Partnership Agreement was signed with Armenia<sup>12</sup> (entered into force in 2021). In addition to the emphasis on the convergence of the legislative framework and economic regulation, the agreements include a block of issues on humanitarian cooperation, including “convergence, almost complete convergence” of the educational systems of Kazakhstan (Article 244) and Armenia (Article 93) with “policies and practices of the European Union.”

Over ten years, the amount annually allocated by the EU for IDA programs in the post-Soviet countries, according to the OECD, has grown from \$605 million in 2010 to \$2834 million in 2020.<sup>13</sup> Moreover, the main jump occurred in 2020 (a 2.8-fold increase

<sup>8</sup> See the Accounts Chamber estimates of the results of EU aid to the region: EU Development Assistance to Central Asia (2013). European Court of Auditors. Special Report No. 13/2013.

<sup>9</sup> Council of the EU. Central Asia: Council adopts a new EU strategy for the region. Press release, June 17 (2019). <https://www.consilium.europa.eu/en/press/press-releases/2019/06/17/central-asia-council-adopts-a-new-eu-strategy-for-the-region/>. Cited April 14, 2022.

<sup>10</sup> For more, see S. Blockmans and M. Sahajpal, “The new EU strategy on Central Asia,” CEPS, June 21 (2019). <https://www.ceps.eu/the-new-eu-strategy-on-central-asia/>. Cited April 14, 2022.

<sup>11</sup> “Enhanced Partnership and Cooperation Agreement between the European Union and its Member States, of the One Part, and the Republic of Kazakhstan, of the Other Part,” *Official Journal of the European Union*, Feb. 4 (2016).

<sup>12</sup> “Comprehensive and Enhanced Partnership Agreement between the European Union and the European Atomic Energy Community and Their Member States, of the One Part, and the Republic of Armenia, of the Other Part,” *Official Journal of the European Union*, Jan. 26 (2018).

<sup>13</sup> Hereinafter, the author's calculations are based on OECD data as of 2022. For more, see *GeoBook: Geographical flows to developing countries*. Official OECD Website. <https://stats.oecd.org/viewhtml.aspx?datasetcode=DACGEO&lang=en>. Cited April 14, 2022.

<sup>7</sup> The European Commission's priorities for 2019–2024. [https://ec.europa.eu/info/strategy/priorities-2019-2024\\_en](https://ec.europa.eu/info/strategy/priorities-2019-2024_en). Cited May 14, 2022.

compared to 2019), mainly due to the financing of projects in Ukraine, Georgia, Belarus, and Moldova.

As the data show, funding for EU IDA projects in Kazakhstan and Turkmenistan, which was the lowest in previous years, has virtually disappeared. Allocations for IDA programs in Kyrgyzstan and Uzbekistan have increased, but the growth rates are significantly inferior to the western flank of the post-Soviet space, and the absolute volumes are not comparable. In the post-Soviet space, the EU directs most of its funds to countries that have signed association agreements with the European Union and embarked on “the path of European reforms.” At the same time, judging by the content of the IDA programs, which is discussed below, the formation of prerequisites for the “political choice” of the national government in favor of rapprochement with Brussels is the goal of many EU IDA programs. In addition, there are possible exceptions to this rule dictated by geopolitics. For example, for the period 2014–2019, the amount of funds allocated for work with Belarus has more than doubled, although this country does not even have a basic Cooperation Partnership Agreement (PCA) with the EU (eight times from 2010 to 2020). The recent increase coincided with a period of “thaw” in relations between Brussels and Minsk amid EU interest in encouraging Minsk’s “neutral stance” on the Ukraine crisis in 2014–2020. At the same time, the main jump occurred in 2019 (more than \$100 million were allocated) and 2020 (more than \$160 million) and coincided with the preparations for the presidential elections in August 2020.

The EU, unlike the United States, did not provide the countries of the region with official military assistance but sought to influence the law enforcement agencies. In 2014, the EU Council created the EU Civilian Advisory Mission on Security Sector Reform in Ukraine (EUAM Ukraine).<sup>14</sup> The activities of the Commission are supervised by the EEAS within the mandate given by the EU member states. The mission is developing strategic documents and bills, providing logistical assistance, and coordinating donor assistance to Ukraine for law enforcement reforms. The EU has created similar missions in Iraq and the Central African Republic. In 2019, the budget of the Mission to Ukraine increased by 25% and amounted to €54 million for two years.<sup>15</sup> The official goal is to restore the confidence of the Ukrainian society in the civilian security services.<sup>16</sup> The mission officially employs 370 people, is headquartered in Kyiv, and has a network of regional offices. Day-to-day activities

include the introduction of the practices of the EU countries at the legislative and administrative levels; clarification of the EU policy; expert support; and supply of equipment, software, educational programs for the police, prosecutors, the State Bureau of Investigation, and other bodies. Thus, the classic IDA tools are used by the EU to influence the security sector of the target country.

## IDA MECHANISMS AND IMPLEMENTATION PROBLEMS

The main funds of the EU IDA in the post-Soviet space, as in other regions of the world, are directed to the sphere of the so-called “social infrastructure” (support for civil society, communications, education, and work of social and communal services). A significant part of the activity is concentrated in the areas of direct communication and interaction with the people and societies of the target countries. Thus, for example, for 2016–2019 inclusive, according to the Commission, in the Eastern Partnership countries alone, 78 000 young people took part in exchange programs with the EU, among them 32 000 are students and university teachers, 3000 schools, and 7600 teachers.<sup>17</sup> The “economic infrastructure” includes transport (promoting the development of EU priority transport corridors), energy (“green” energy and energy efficiency), communications, and financial services (loans to small and medium-sized businesses). Infrastructure created using EU funding must meet EU standards, thereby expanding markets for European business.

According to the results of analysis of the databases of EU projects in the post-Soviet countries,<sup>18</sup> they can be classified in the following ways:

- promotion of reforms of public administration institutions in line with EU standards, development of draft laws, creation of expert groups and networks to promote reforms in the direction of opening markets, liberalization, and reduction of state control, and decentralization;

<sup>17</sup> European Commission: Structured consultation on the future of the Eastern Partnership. SWD (2020) 56 final/2. March 18 (2020). [https://www.eeas.europa.eu/sites/default/files/jswd\\_structured\\_consultation\\_on\\_the\\_future\\_of\\_the\\_eastern\\_partnership.pdf](https://www.eeas.europa.eu/sites/default/files/jswd_structured_consultation_on_the_future_of_the_eastern_partnership.pdf). Cited April 14, 2022.

<sup>18</sup> The passports of the EU projects under the IDA, published on the official websites of the EU delegations in the post-Soviet countries, as well as those contained in the database on the official website of the OECD for the period 2013–2021, were analyzed. It should be noted that this analysis is incomplete since information on a significant part of EU-funded projects is not published on the official EU websites and does not contain a description in the OECD databases. Thus, we can only talk about those project areas that the EU considers appropriate to make public. For more details, see official websites of the EU delegations in the post-Soviet countries, as well as the OECD database: Development finance data. Official OECD Website. <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/>. Cited April 14, 2022.

<sup>14</sup> “Council of the EU Decision 2014/486/CFSP of 22 July 2014 on the European Union Advisory Mission for Civilian Security Sector Reform Ukraine (EUAM Ukraine),” Official Journal of the European Union, July 27 (2014).

<sup>15</sup> EUAM Ukraine: Council extends mission and approves budget increase, May 13 (2019). <https://www.euam-ukraine.eu/news/euam-ukraine-council-extends-mission-and-approves-budget-increase/>.

<sup>16</sup> Ibid.

- implementation of EU norms and standards in infrastructure (energy, utilities, transport, border, communications), as a rule, in cooperation with Western development institutions (European Bank for Reconstruction and Development, European Investment Bank, World Bank, etc.);

- lending and grant support to small and medium-sized businesses that form dependence on EU support for socially active groups (business sectors) in target countries;

- stimulation of mobility between the EU and the target country (student exchanges; internships; and study visits of officials, businesses, experts, scientists, and journalists) and scientific research, providing access to human capital and the formation of scientific priorities of the target country;

- introduction of digital platforms, databases, and registries based on Western standards and software into the work of state bodies;

- creation of institutions of public or mixed (public–private) control (in the field of combating corruption, monitoring reforms, and implementing obligations to the EU), which allow influencing the decisions and agenda of public authorities;

- financing projects of individual NGOs and media for active social groups (youth, entrepreneurs, urban communities, protest movements, environmentalists, cyclists, etc.) and minorities in order to “grow” active pro-Western groups in society;

- organization of media campaigns, expert events, and information campaigns dedicated to the benefits of cooperation between the target country and the European Union, promotion of EU values, advocacy for reforms, and promotion of EU foreign policy approaches.

This infrastructure is most widely represented in Ukraine. For comparison, in the previous financial period 2014–2020, EU sent €454 million to Central Asian countries<sup>19</sup> and €2.2 billion to Ukraine. The infrastructure created under the IDA programs, which provides channels of EU influence on the target countries in the post-Soviet space, is actively used by the EU for political purposes. Thus, in 2014, in Ukraine, pro-European organizations played an active role in organizing mass protests [Shapovalova and Bulyuk, 2018]. After 2014, Brussels adopted a series of institutional decisions to counter “Russian disinformation,” as a result of which the humanitarian infrastructure of the European Union began to be used to combat “Russian narratives,” and, in fact, to counteract Russian interests in target countries.

An analysis of the EU budget plans for 2021–2027 and the plans of the European Commission and the Directorates General shows that long before the start

of Russia’s special operation in Ukraine, Brussels made decisions to advance the external threat agenda (primarily the “Russian threat” but more often the “Chinese threat”) into the content of the main humanitarian programs of the European Union, including in the field of education, mobility, science, and culture [Sutyryn, 2021].

The EU links the allocation of assistance to target countries with their legal and political commitments, including the opening of the internal market, public administration reforms, the introduction of European standards in energy and transport, the promotion of human rights in their European understanding, and the demonopolization and decentralization of power. IDA is allocated in parts with an annual assessment by the European Union of the fulfillment of the obligations assumed by the recipient country.

Despite the overall increase in IDA allocations for participants in the Eastern Partnership program, the EU is minimizing direct budgetary assistance to the governments of the countries of the region. They account for only about 5% of the funds under this global EU IDA item, while North African countries receive three times as much [Sergeev, 2021]. The difference reflects the geopolitical priorities of the EU: in the western part of the post-Soviet space, Brussels, as a rule, is interested in solving political problems through humanitarian influence on societies instead of Brussels’ more pronounced orientation in North Africa towards creating structural mechanisms to limit migration.

In 2018, the EU Court of Auditors released a report stating that part of the funds allocated by the EU to nongovernmental organizations is being spent without control, and the ultimate beneficiaries of this assistance are unknown [European Court of Auditors, 2018]. EU audits revealed the theft of IDA funds in Ukraine and Moldova, including the transfer of funds to offshore companies.<sup>20</sup> However, this did not become a reason to reduce the amount of IDA allocated to Kyiv. The report of the EU Court of Auditors, published in 2021, notes that the EU approach did not focus enough on corruption at the highest echelons of power (grand corruption) in Ukraine. The authors of the document believe that the EU has helped reduce the opportunities for corruption in the country, but the key problem is precisely corruption at the highest echelons, and the Commission and the European External Action Service have not developed or implemented a special strategy to address it [European Court of Auditors, 2021, p. 4].

The question remains open about the accident or regularity of the lack of systematic EU activity in this direction over the long years of implementing programs in Ukraine. Thus, A.V. Gushchin and A.S. Levchen-

<sup>19</sup>International Partnerships. European Commission. [https://ec.europa.eu/international-partnerships/where-we-work/kazakhstan\\_en](https://ec.europa.eu/international-partnerships/where-we-work/kazakhstan_en). Cited April 14, 2022.

<sup>20</sup>G. Gotev, “Auditors expose failures in EU assistance to Moldova,” *Euractiv*, Sep. 1 (2016).

**Table 1.** EU allocations within the IDA to the countries of the post-Soviet space in 2015–2020, mln USD

Country			Appropriations			Country			Appropriations		
	2015	2019	2020				2015	2019	2020		
Azerbaijan	27.4	19.1	26.2		Moldova	70.3	167.2	264.6			
Armenia	148.8	32.1	126.1		Tajikistan	28.3	34.2	25.2			
Belarus	25.3	109.5	162.3		Ukraine	234.8	413	1636			
Georgia	146.3	166.7	462		Turkmenia	4.6	4	2.6			
Kazakhstan	14.2	2.5	1		Uzbekistan	11.8	27.3	52.1			
Kyrgyzstan	33.5	37	76.5								

**Total:** 2015, 745.3; 2019, 1012.6; 2020, 2834.6

Source: OECD data at constant prices as of 2022.<sup>21</sup>

<sup>21</sup> GeoBook: Geographical flows to developing countries. Official OECD Web-site. <https://stats.oecd.org/viewhtml.aspx?dataset-code=DACGEO&lang=en>. Cited April 14, 2022.

kov come to the reasonable conclusion that the lack of success in the modernization of the economy and the conflicts of oligarchic groups contributed to the fact that Ukraine followed in the wake of Western partners [Gushchin and Levchenkov, 2019]. Researchers have identified similar trends regarding EU IDA in the Balkans, where “aid” became a form of rent for local power groups, and EU donors preferred to turn a blind eye to corruption in pursuit of their foreign policy interests [Bartlett, 2021].

The IDA policy remains one of the main instruments of the European Union for the expansion of regulation and the inclusion of post-Soviet countries in the common market on EU terms. The widespread introduction of programs in the areas of science, education, government regulation, and human resources enhances the competitiveness of European business and gives the EU access to human resources and scientific developments of the post-Soviet countries, many of which are based on the Soviet legacy. When distributing aid to countries in the region, European officials proceed from political priorities and are often actually ready to put up with local corruption. However, in the absence of a realistic prospect of EU membership, it is difficult for Brussels to ensure the implementation of the desired reforms in the target countries, especially when these reforms run counter to the interests of large local elite groups and come down to “decorative Europeanization.”

The EU policy in the field of IDA is largely determined by the logic of the political and economic development of the EU itself: the expansion of the common market around the Western European core and the inclusion of new territories and resources in the common market. In the academic sphere, as well as in the official rhetoric of the European Union, the thesis is often encountered that the integration priority and EU support are addressed to countries that are

more ready for rapprochement with Brussels and the adoption of European practices and standards [Utkin, 2018]. As the analysis showed, the EU is not always guided by this principle: IDA tools are often used to create public demand and pressure in favor of the pro-European course in those countries that are within the scope of the EU’s geopolitical interests, to “push through” agreements, as was the case with Ukraine [Gaman-Golutvina et al., 2014]. As rightly noted by O.P. Popova, a significant share of IDA’s financial flows is directed to really needy countries in the EU periphery, but among the real motives the desire to realize the economic, political, and geostrategic interests of the EU and the member states of the Union prevails [Popova, 2016]. At the same time, local elites are willing to play on the geopolitical motivation of the EU in the region, trying to divert attention from corruption and their obligations to Brussels by peddling the “Russian threat.”

## CONCLUSIONS

From 2010 to 2020, the EU has more than quadrupled funding for IDA programs for the post-Soviet countries, despite the problems of “decorative Europeanization” and corruption factors in the recipient countries, well known to Brussels. The EU’s total global IDA allocations rose by a quarter over this period. At the same time, the lion’s share of funding in the post-Soviet space falls on its western part, the relative share of Central Asian countries has significantly decreased against the background of Brussels’ lack of relevant geopolitical motivation. On the contrary, faced with Russia’s interests in Eastern Europe, Brussels tried to use the full range of its tools to increase its influence in geopolitical competition with Russia. This is not only about “pushing through” the association agreement and supporting the protests in Ukraine

but also about the growth in funding for projects in the western part of the post-Soviet space with the virtual absence of systemic EU efforts to address the problems of “grand corruption” in the highest echelons of government of the recipient countries. The largest increase in EU allocations was observed in Ukraine, which by 2020 had become the absolute world leader in receiving Brussels IDA funds, as well as in Moldova and Georgia (all three countries signed an association agreement with the EU). At the same time, funding for programs in Belarus increased by more than eight times in ten years, reaching a peak by 2020 (the year of presidential elections), despite the absence of a formal agreement between Brussels and Minsk. Such jumps in the EU IDA policy, which are rare in the work of Brussels in other regions of the world, against the backdrop of support for protests in Ukraine and Belarus, testify to the obvious influence of the geopolitical situation on the decisions of Brussels.

The EU policy in the field of IDA is not limited to loans, grants, and loan guarantees, but includes tools closely related to managing the priorities of the socio-political development of the target countries of the post-Soviet space (project financing in the fields of science, education, and civil society, and support for conglomerates of pro-Western NGOs and the media). Thus, the EU seeks to include the post-Soviet countries in its own system of coordinates in matters of goal setting and ideology through control of the sociopolitical sphere. It is not always possible to measure accurately the political effectiveness of such assistance in terms of EU objectives. However, it leads to the formation of Brussels-funded clientele groups in the target countries, which are called upon to advance the European agenda. The goals and instruments of the EU IDA policy in the post-Soviet space can be explained in terms of interests and geopolitics, without resorting to a value “superstructure.” The EU has created an elegant shell of institutions of influence, based on the features of imperial politics: an asymmetric model of relations with target countries, which, despite the EU policy of differentiation, have not received the right to discuss with Brussels the basic framework and strategic goals of cooperation.

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#### CONFLICT OF INTEREST

The author declares that he has no conflicts of interest.

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