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December  
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# *Diplomatic*

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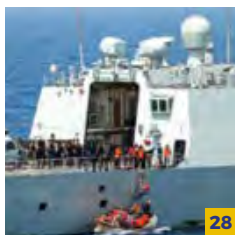
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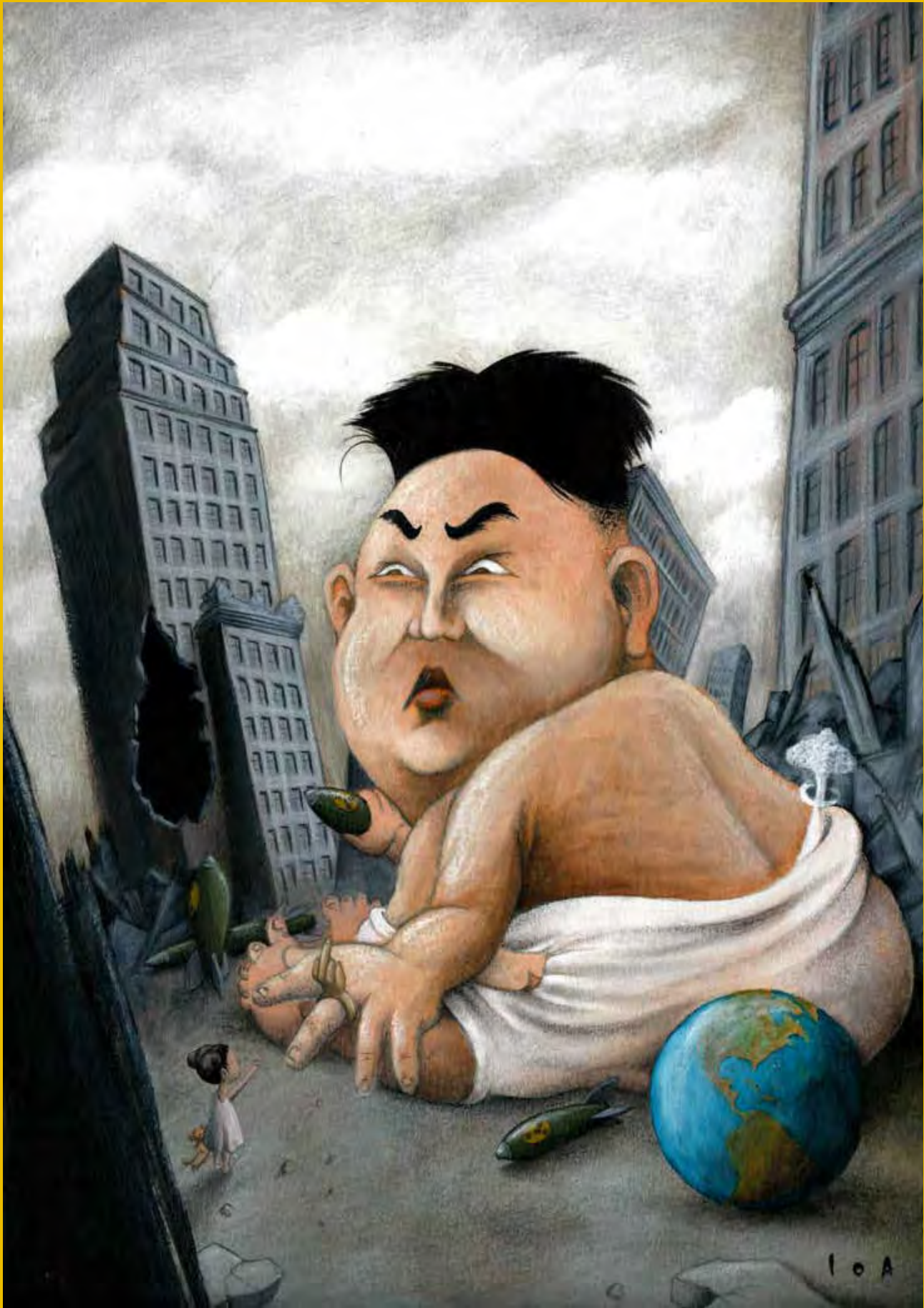
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Nikola Hendrickx





# NORTH KOREA, EUROPE AND THE USA

## *Two very different approaches to Nukes threatening their borders*

A global threat requires, in principle at least, a global response. But although North Korea has long been cast as a grave threat to regional as well as international security, the European Union and the United States have demonstrated significant differences in their approach to this particular situation.

### THE BEGINNINGS

The European Union (EU) has a policy of critical engagement towards the Democratic People's Republic of Korea (DPRK).

Its goals are to support a lasting diminution of tensions on the Korean peninsula and in the region, to uphold the international non-proliferation regime and to improve the situation of human rights in the DPRK.

*"Despite having no military presence*

*or alliances, and very modest economic links with North Korea, the EU plays a large role in the Korean Peninsula"* says Ramon Pacheco Pardo who is KF-VUB Korea Chair at the Institute for European Studies & Senior Lecturer at King's College London.

In an article on the Euractiv Think Thank web site, he also added: *"In order to deal with the North Korean threat, the EU can certainly continue to use sanctions and forceful interdiction of Pyongyang's weapons and nuclear technology shipments. They signal condemnation of North*

*Korea's behaviour and, more importantly, seem to have had a real effect in reducing its proliferation activities"*.



Kim Jong Un guides test-fire of super-large multiple rocket launcher



North Korean government shows leader Kim Jong Un, (center), with his wife Ri Sol Ju, (right) riding white horses during their visit to the sacred Mount Paektu

According to Mario Esteban from the Royal Instituto Elcano in Madrid: *“The EU still describes its official position towards North Korea as one of ‘critical engagement’”.*

Mario Esteban further describes in his working paper that the volume of coercive measures within its strategy has increased substantially and its ties to the country have been significantly reduced.

This suggests that its current approach could be more accurately defined as one of ‘active pressure’.

The EU had already approved autonomous sanctions that were more severe than those of the Security Council with Resolution 1718 (2006), which included an arms embargo.

However, it was with Resolution 2087 (2013) that the EU began to systematically adopt a tougher position towards North Korea than that of the Security Council and significantly expand its autonomous sanctions on nuclear programme-related persons and entities, dual-use goods and technology, trade, financial services, investment and transport.

In addition to this, Resolution 69/188 (December 2014), which demanded that the Security Council contemplate the possibility of referring these violations to the International Criminal Court, intensified the level of international pressure against North Korea’s human rights situation.

The EU had played a fundamental role in this, as it had attracted attention to the issue in 2005 by co-sponsoring the Resolution on the Situation of Human Rights in the DPRK, which had since been annually approved by the UN General Assembly.

These autonomous sanctions have gone hand-in-hand with a significant political disengagement between the EU and North Korea. Disengagement has not been reverted by the North Korean regime’s intensive diplomatic activity, which is best exemplified by the two diplomatic processes it has opened with the US and South Korea.

Its persistence is evidenced by the suspension of all bilateral political dialogue between Brussels and Pyongyang. No dialogue has been held since June 2015, whereas previously talks had been held every year since 1998.

Furthermore, member states that have a North Korean embassy on their territory have been demanding that Pyongyang reduce the size of its delegations throughout 2017. Member states with an embassy in North Korea have done likewise.

The most extreme case was Spain’s expulsion of the North Korean ambassador in Madrid in September 2017. Since then, it has only allowed North Korea to have a single diplomat in its embassy. It should also be noted that Portugal fully suspended its diplomatic relations with North Korea in July 2017, a decision it will not revert unless the regime takes effective and independently verified measures towards denuclearization.

The Korean nuclear threat is taken very seriously in the European capitals. Recently, in the UK Government’s Response to the House of Commons Defence Committee’s Fourth Report (2017-2019) concerning North Korea, it was stated :

*“It is a reasonable assumption that North Korea can already reach the UK with ballistic missiles which could potentially carry nuclear warheads. In any case, it is almost certain to be able to do so within the next six to 18 months if it continues its program at the current rate of development. North Korea has made significant advances in its nuclear weapons development program over the last two years. It is widely believed that North Korea can now launch short-range ballistic missiles capable of hitting targets in the region. North Korea has, however, yet to demonstrate that it has successfully tested the remaining elements required for full Inter-Continental Ballistic Missile (ICBM) capability, such as re-entry vehicle technology or the miniaturization and integration of nuclear warheads with its ICBMs.”*



Kim Jong Un guides test-tire of new rocket





© Wikicommons Roman Bansen

An old Tatra tram in Pyongyang (Wikicommons Roman Bansen)

## WHAT HISTORY REVEALS ABOUT NORTH KOREA'S STRATEGY TOWARDS THE UNITED STATES

The United States successfully implemented a decade-long strategy against the Soviet Union and its allies that ultimately contributed to the collapse of the Soviet regime and change in governments in numerous countries across Eastern Europe.

Central to the US strategy was forcing the Soviet Union to expend scarce resources on military and security programmes to the detriment of its economy and quality of life. Washington continuously announced policies designed to instil paranoia within the Soviet Union and the Soviet regime to respond with increased military spending.

Soviet leaders ultimately could not fund their perceived defensive needs without destabilizing their political system and alienating their allies.

The United States is following this same proven Cold War playbook in its approach to the Democratic People's Republic of Korea.

Washington purposefully goads and sometimes manipulates Kim Jong-un, forcing him to unwisely spend his limited resources on missile launches, weapons testing, and costly military research and development.

Kim Jong Un's current negotiation tactics make him susceptible to this de facto strategy, and raises the prospect of US strategy threatening the stability of the Democratic Peo-

ple's Republic of Korea's political system and the quality of life of his supporters.

Analysis of North Korea's economic indicators shows Pyongyang will be hard pressed to maintain a viable economy while also pursuing a strategic nuclear weapons programme that alienates global powers such as the US and the West and even China.

The United States outlasted a Soviet Union that was larger and better resourced than present-day Democratic People's Republic of Korea, which raises questions as to whether it can sustain its current strategy. Numerous media reports already say their economy is declining rapidly and facing challenges not seen since the severe famines of the 1990's, which killed millions.

According to regional experts, Kim Jong Un needs to take steps towards denuclearization and reverse his military policies before it is too late.

Throughout the Cold War, the United States constantly monitored Soviet



© Kcna

Kim Jong Un gives guidance to nuclear weaponization

military testing and exercises, which led to the development of effective US counter-measures.

It seems obvious that The United States manipulates Kim Jong Un into conducting costly missile launches because Washington is not overly threatened by Kim Jong Un's military posturing.

Washington is similarly unconcerned with the Democratic People's Republic of Korea's military exercises because of the US ability to detect and counter DPRK military threats.

Kim Jong Un hurts his country's economy, wastes resources, and risks potential instability when he reacts to perceived threats with military tests and exercises.

Experts say that economic difficulties within North Korea are likely to cause fracturing of support among the elites who will look to protect their involvement in various economic sectors and industries, as elites view those investments as long-term lifelines.



A quiet street in Pyongyang, August 2012

The mining and textiles industries are just two examples of those that have been suffering due to international sanctions.

Although the Democratic People's Republic of Korea in 2018 made progress in rehabilitating its image during the Olympics and other engagement with South Korea, experts say that Pyongyang's continued lack of diplomatic progress have undone that progress and left North Korea's image tainted.

According to UN enforcement monitors, even ostensible supporters of the Democratic People's Republic of Korea like China and Russia have taken steps against the DPRK personnel and projects in those countries.

## OPPORTUNITY FOR KIM JONG-UN

Most analysts admit that Kim Jong-Un has done some positive things for his country - that include re-opening of engagements with the US as well as enacting certain domestic reforms that improved the service sector and tourism – and is positioned to expand on those by refining his negotiation strategy.

In addition, according to one foreign affairs expert, *“North Korea should look to take advantage of the fact that it is negotiating with an image-conscious White House administration that is seeking a geopolitical goal.”*

The analyst added that *“It would be a clever move by Kim to give the Western leaders small ‘wins’ that would restore energy to the engagement process and improve Pyongyang’s hand.”*

## BRIDGING THE GAP

European governments have also a major role to play in this diplomatic and strategic round even though, generally speaking, Europe does not see a military solution to the North Korean crisis.

The apparent disinterest on the part of the US to strive more for a diplomatic solution may have created an impression in Europe that the United States is in the process of talking itself into war. However, this may be inaccurate. But if that is the case, then this inaccuracy is solely due the US administration's inability to communicate its strategy.

This results in the EU becoming wary about the ultimate goals of US pressure — is it really designed to bring Pyongyang to the negotiating table, or to drive it into creating a *casus belli*? It seems logical then, that in the absence of better co-ordination, European propositions to take a role in negotiations might become more insistent.

It is conceivable that the EU might increasingly demonstrate its dissatisfaction with US leadership on this issue, although not to the extent of wanting to take up the leadership itself. And if that is the case, the EU might take the unusual step of indicating in advance - most likely privately - that it would not support preventive military action.

However, none of this needs to materialize. If the United States shows more transparency with the EU about its diplomatic strategy towards Pyongyang, it will certainly help to prevent these transatlantic differences of opinion widening and hardening.

In fact, what seems really necessary is a firm foundation for a renewed common front towards North Korea and the global response it demands.

**Trajan Dereville**



© Photo by Sheelagh Craighead

June 30, 2019, as the two leaders meet in Freedom House at the Korean Demilitarized White House



South Korean President Moon Jae-in and Kim Jun Un





# KING PHILIPPE OF BELGIUM

## *Setting a new precedent*

In the heart of the capital city of Brussels, the Royal Palace...an imposing building with its Neo-classical facade that dates back to the 18<sup>th</sup> century. And in this palace, King Philippe, the seventh king of the Belgians works unflinching every day.

Belgium has been a constitutional monarchy since 1831 and although the constitution limits the king's powers, this doesn't mean that he is content to play the role of a simple figurehead...far from it.

Through his opinions, suggestions, his warnings, cautions or encouragement, the king exerts a significant influence on the political world.

He also plays a mediating role with his ministers in favour of many citizens who appeal to him to obtain justice.

The king represents and embodies not the state - the apparatus of power - but the nation. He is in fact the symbol of

the nation's unity and permanence, and the moderator of political life.

Following the results of the last Belgian elections in May 2019, where voters were called upon to elect the federal, regional and European parliaments, it became very clear that welding together a majority coalition at national level would be a very tough task...and so it proved to be.

King Philippe promptly stepped in and began by naming two politicians representing the French-speaking south and the Dutch-speaking north to help pave the way for a new majority government.

### THE BEGINNINGS

Belgium's history of linguistic division is as old as the country itself, the northern half being Dutch or Flemish-speaking while the southern half is French or Walloon-speaking. And we haven't even got into the minority of German speakers living on Belgium's eastern fringes along the border with Germany!

The two larger language groups each attempt to rule their own regions independently, having essentially segregated governments for Flanders and Wallonia.

However the political crisis of 2007 - 2011 showed that while the northern

Flemings wanted more decentralisation and autonomy, the southern Walloons were dead set against it. And since then, a split of Belgium along these lines has loomed large over the political landscape.

But why is Belgium so divided? To answer this question, we have to go way back to a time when there was no Belgium at all and it when belonged to the Holy Roman Empire and some parts of it to the Kingdom of France.



© Wikipedia

Leopold I King of Belgium

This is very important because modern-day Belgium used to be part of both of these entities. This wasn't just a political barrier between states that made up the Holy Roman Empire and the Kingdom of France; it was also a linguistic barrier between the Germanic and Romance languages and this is where some of the present-day problems originate.

As a result of a gradual decrease in the influence and control of the Holy Roman Empire, these territories were left without protection and in many cases, isolated.

The English and the French saw the opportunity to move in and take control.

Over the centuries, these lands were gradually divided into feudal states that became more or less wealthy according to the volume of trade with England and France.

Cities such as Bruges, Gent and Ypres

in the County of Flanders for instance, prospered, thanks to English wool that was imported and converted into fine cloth.

The territories that make up present-day Belgium were under the control of the French, the Dutch and the Spanish until the 19<sup>th</sup> century.

The year 1815 is undoubtedly of significant importance.

After having defeated Napoleon at Waterloo, the victorious powers of Britain, Prussia, Russia and Austria convened in Vienna to discuss and negotiate the jurisdiction of the conquered territories for the years to come.

Of great significance, was the creation of a state that would serve as a buffer against any future French intervention; the United Kingdom of the Netherlands.

The idea for the creation of a Belgian state was also discussed during the congress but there was not enough support for this initiative.

However, as far as the territories that had once been part of France were concerned, it was decided that these were to be attached to the United Kingdom of the Netherlands.

## A HOUSE DIVIDED

However, this historic decision proved to be a mistake; the problems and complications that emerged would create a period of great unrest that would ultimately lead to the Belgian Revolution of 1830.



© Wikimedia photo Myrabeila

French cuirassier during a re-enactment of the 1815 Battle of Waterloo, at Waterloo, Belgium in June 2011

The United Kingdom of the Netherlands was very much divided along religious lines. The north was mainly Protestant, while people in the south were Catholic.

What's more, there was also a linguistic division between the French-speaking Walloons and the Flemish, whose mother tongue is Dutch. And it was this linguistic division that would become one of the main factors for unrest in the southern provinces.

King Willem I of the Netherlands favoured the Protestants and thus became unpopular in the south. Also, the populations in this part of the Kingdom felt less represented as a community.



© www.rijksmuseum

Portrait of William I (1772-1843) as King of the United Kingdom of the Netherlands (Joseph Paelinck)

When Willem attempted to impose Dutch as the common language, he faced a sharp opposition from the French-speaking communities. This state of affairs brought about as a consequence of Dutch dominance was clearly unacceptable for the southern communities; this led to the first stirrings of anger and the backlash that would bring about the Belgian Revolution.

## REVOLUTION AND ITS CONSEQUENCES

On 25 August, 1830, the royal court began organizing festivities to mark the 15<sup>th</sup> year of the reign of Willem I. As part of the celebrations, the king attended a performance of *La Muette*



de Portici, an opera by French composer Daniel Auber, staged at the Brussels opera house.



Belgian Revolution

During the performance, a large section of the audience suddenly produced and waved posters with patriotic slogans that called for revolution. As soon as the second act began with the duet *“Amour sacré de la patrie”*, there was an uprising among the audience. News quickly reached the streets outside and widespread riots erupted in Brussels, before spreading to other cities.

This revolutionary movement which rapidly inspired the masses became unstoppable. And yet, the demands put forward by the people were simple – an end to Dutch dominance and independence. The Belgian Revolution impacted not only the region, but it also shaped the rest of Europe, and created a new country.

## BIRTH OF A NATION

Following these historic events, the great powers from the Vienna Congress gathered once again; this time in London on 20 December, 1830. Now they had no choice but to acknowledge the success of the Belgian revolution and were thus required to guarantee the independence of the newly-formed state.

However, they imposed one key condition: the future king must in no way be affiliated with those powers - especially France - that were suspected of harbouring territorial ambitions in Belgium. Otherwise, the European balance of power created in 1815 might have come under threat.

Consequently, the newly-established government of Belgium offered the position to a German prince from the Saxe-Coburg-Gotha dynasty. And this is how, on 21 July 1830, Leopold I took his oath as the first king of the Belgians. The date of his inauguration

became the national day of Belgium and was recorded in history as the true beginning of modern-day Belgium.

## ONE KING, TWO NATIONS

It was amid political and social tensions that Philippe, a direct descendant of Leopold I, was sworn in exactly 182 years after his illustrious ancestor, as the seventh King of the Belgians on 21 July, 2013.



Philippe sworn in as King of the Belgians

His father, King Albert II abdicated after 20 years on the throne partly for health reasons but also following growing doubts about his ability to bring the divided country closer together and dispel notions of confederalism and even separatism, held by an ever-increasing number of conservative and far-right Flemish politicians and voters.

Philippe was born in Brussels, in 1960. After training at the Royal Military College to become a fighter pilot, he went on to study at Oxford and Stanford. During his father's reign, he represented Belgium overseas in various economic missions but was often seen to lack charisma.

Political analyst, Jean Faniel says *“In terms of personality, Philippe is what he is; he doesn't hide his shyness. He's been asked to cultivate another image which psychologically is obviously not easy, whether it's for a king or for an ordinary person”*.

Philippe has had his work cut out for him to win over the Flemish-speaking north of the country which has long been deeply divided along linguistic and cultural lines.

Herman Matthijs, professor of politics at the Flemish University of Brussels (VUB) says : *“Flanders is asking for an official or formal monarchy, like the one in the Netherlands where the chamber of deputies decides and not the king. But the Francophone part of the country is against this. They want to keep the status quo”*.

It was in 1999 that he married Mathilde d'Udekem d'Acoz, a young Belgian aristocrat who was widely seen as the charismatic figure the monarchy sorely needed.

Smiling and at ease in public, she gave it some of the glamour and spontaneity which the heir to the throne lacked.

She has a credibility which was manifestly something that the government, King Albert II and perhaps their whole entourage tried to highlight in respect to the fact that Philippe was going to become a king...a king who will be well-supported and surrounded, above all by his own wife.



Mathilde de Belgique

In a fragile country suffering from recurrent political crises, Philippe had to prove himself a unifying force, especially following the Belgian federal elections, alongside its regional and European elections that were held on Sunday, 26 May 2019.

## 'BLACK SUNDAY'

The results of the national elections were astonishing in that they were marked by a very significant shift to the extreme right in the more prosperous Flanders region, while Francophone Walloon voters in the south of



NATO Secretary General Jens Stoltenberg observes the fly-past together with HM King Philippe of Belgium and Donald Trump



President Obama, Minister Elio Di Rupo and King Philippe at Flanders Field American Cemetery in Belgium in 2014

the country gave leftist parties, including the extreme-left Belgian Workers' Party (PTB) a clear victory.

The result was seen as a clear vote of no confidence in the outgoing government and its prime minister, Charles Michel.

In Flanders, voters supported the separatist Vlaams Belang party (VB) at the expense of the slightly less extreme nationalist New Flemish Alliance party (N-VA), that had participated in the last federal government.



Tom Van Grieken

In a victory speech before his jubilant supporters, Vlaams Belang leader Tom Van Grieken declared : *"This is not a black Sunday, but a Sunday full of hope ! We're going to assume our responsibilities."*

At federal level, where each region has a pre-determined number of seats, this means that parliament will become even more polarized and will have to face further complications; a marked political divide has now been added to Belgium's long-standing linguistic divide.

The net result is that negotiations in view of forming the country's federal government have become inextricably difficult.

Belgium has already set up a record for being without an elected federal government, beating countries such as Spain and Iraq. It certainly is in no way comparable to, say, Somalia which went for over 15 years without a central government, Belgium nonetheless racked up 589 days with only a caretaker administration in charge, from 2010 to 2011.

The Vlaams Belang, as well as its predecessors were so far excluded from ruling coalitions in Belgium due to an agreement of non-cooperation by other parties – *the cordon sanitaire* – aimed at excluding the far-right from any political majority in Belgium.

But following the announcement of the results, Bart de Wever, leader of the New Flemish Alliance, in his speech, did not exclude the possibility of breaking the embargo around the Vlaams Belang : *"I never subscribed to the 'cordon sanitaire' and I was never a fan of it. But I have never been a fan of the party's style, of some of its exaggerated figures and positions. These two things, which were clear yesterday, are still clear."*



Bart De Wever

As expected, this got all the alarm bells ringing in government circles as well as the private sector. Large sections of the public began to fear for the future.

## THE KING STEPS IN

Sensing the major constitutional challenge facing him, King Philippe set to work on the delicate task of brokering a new governing coalition.

He would need to bring together parties representing Belgium's two major linguistic communities, Flemish and Walloon, to collaborate in a multi-party coalition that can command a parliamentary majority.

But favouring one or the other of the major parties in the south or north of the country would of course, cause its own set of problems.

Be that as it may, he had to make a gesture to an angry electorate – a clear sign that their discontent had been acknowledged.

As is the custom, the King promptly began discussions with party leaders one by one, immediately after election results confirmed the complexity of the political landscape.

However, he had to adopt a cautious approach that kept him from getting mired in unavoidable tensions and skirmishes between the two main political blocs.

The first obstacle in this process was a big one : it has always been the policy that there shall be no place for a far-right political party in the royal house.

Ultimately, the king was wise to depart from tradition and to set a new precedent. Refusing to invite the leader of Vlaams Belang which obtained over 18% of the vote, representing 20 seats in parliament would have been tantamount to pouring fuel on the already raging fire lit by the Flemish separatists.

And so, in a move that sparked controversy, King Philippe decided to



meet Tom Van Grieken, the leader of the anti-immigrant and separatist Vlaams Belang, as part of the ongoing consultations; the fact that this party has long argued for the abolition of the monarchy also exacerbated the unease.

Previous monarchs had abstained from meeting leaders of the Vlaams Blok, the predecessor of Vlaams Belang. That anti-monarchist party which was dissolved in 2004 after a court ruled it was racist, had even turned down an official invitation from the Royal Palace in December 1978.

The last time a far-right party leader held an official meeting with the king occurred in 1936 when Philippe's grandfather, King Leopold III met Léon Degrelle, the head of the Rex Party, which later collaborated in the Nazi occupation of Belgium.



King Philippe of Belgium

Francophone socialist member of parliament, Laurette Onkelinx said she was shocked by the king's decision. *"This is a racist and violent party and I think that the message given by the king is damaging. His actions had gone against the courage of democratic Flemish parties that say no to the Vlaams Belang"*.

But others, including Rudi Vervoort, the outgoing socialist minister-president of Brussels, said the king's decision was understandable. *"Certainly for me, it is not a pleasure to see this scene in Belgium. On the other hand, there is an electoral reality in Flanders that cannot be denied."*



King Leopold III of Belgium signs the abdication document that makes Crown Prince Baudouin king

Many specialists and political analysts agree that the king faced a very difficult decision on whether to include Vlaams Belang in the discussions.

But all in all, King Philippe was praised for his initiative and openness, which went a long way towards appeasing the aggressive passions and blunt criticisms emanating especially from Dutch-speaking Flanders.

### A ROCKY ROAD AHEAD

The 150 seats in the Federal Parliament will have to be spread among many parties, from far-left Francophone to far-right Dutch-speaking political formations.

Duty therefore fell upon King Philippe to appoint someone tasked with forming a new coalition. As was the case after the 2014 federal elections, he appointed this time, two politicians, one from each side of the linguistic divide to hold exploratory talks with the leaders of all the other parties.

After yet again putting out feelers to the various parties involved, King Philippe named a different pair of politicians, a francophone socialist and a Dutch-speaking member of the New Flemish Alliance to explore the terrain in view of proposing a project for the formation of a majority coalition.

However, after less than four weeks of negotiations and finally unable to bridge the wide divergences between

the various parties, they requested that the king relieve them of their mission.

For the king, it was back to square one. After more consultations and reflection, he decided to appoint the leader of the francophone Socialist Party, Paul Magnette to act as the new "informateur" who would be in charge of negotiations in view of finding the parties that would be most likely to reach an agreement on a new federal coalition.

As was widely predicted, the animosity, mistrust and self-seeking party interest that led to the fall of the previous government have made the formation of a new majority coalition a task of herculean proportions; seven months on and Belgium is still chugging along with a caretaker government.

Belgians may be experts at finding ways to keep government programmes and services running without serious interruption, as they have during the past seven months in the absence of an elected government, but the situation is bound to worsen as time goes by.

It is at such times that external factors could force political parties to compromise; challenges such as Brexit, the environment, the risk of recession, say in Germany and a myriad other events could force Belgian politicians to seek more stability and decide to put the interests of the nation before those of their respective parties.

**Hossein Sadre**



# NHS UK

## *Health for the many, wealth for the few?*

The man credited with creating Britain's National Health Service is Aneurin Bevan, the son of a poor coal miner, born in Tredegar, Wales, in 1897. His father, David, along with two thirds of the men of the small, grim town in the South Wales valleys, worked down the pit where he contracted the familiar coal miner's lung disease, pneumoconiosis. The young Bevan worked long hours for a local butcher when he was 11 years old, earning pennies the family needed. When he reached the age of 13, he went to work in Ty-Tryst colliery for seven shillings a week. That's around €0.40; it was worth a little more in 1910 but it was still a pittance. Fifteen years later, Bevan's father died in his son's arms from the disease his mining work had given him. It helped to frame Bevan's belief in the four principles for the new NHS following the Labour Party's landslide victory in the 1945 general election: it should be free at the point of use, available to everyone needing it, paid for out of general taxation and used responsibly.



Aneurin Bevan, Minister of Health, on the first day of the National Health Service, 5 July 1948 at Park Hospital, Davyhulme, near Manchester

There was considerable opposition from the British Medical Association, representing doctors, from some of his Labour Party colleagues, but mostly from the opposition Conservative Party, the Tories of Winston Churchill. Bevan's memories of poverty, mistreatment, overwork and the death of his father made him dislike the Conservatives intensely. "That is why no amount of cajolery, and no attempts at ethical or social seduction, can eradicate from my heart a deep burning hatred for the

Tory Party that inflicted those bitter experiences on me," he said in a speech in 1948, just two days before the NHS came into existence. "So far as I am concerned they are lower than vermin. They condemned millions of first-class people to semi-starvation." And in words that could have been spoken during Britain's recent election campaign he added: "Now the Tories are pouring out money in propaganda of all sorts and are hoping by this organised sustained mass suggestion to eradicate from our minds all memory of what we went through."

It's true that the days of mean, damp terraced houses, sometimes with four or more families sharing one outside earth toilet, are gone, thank goodness. Children no longer go out to work for pennies to augment their sickly parents' meagre earnings. South Wales wasn't alone in such experiences. In her book about Jarrow in North East England, 'The



Town That Was Murdered', Ellen Wilkinson, the town's first Labour Member of Parliament, wrote: "The poverty of the poor is not an accident, a personal fault. It is the permanent state in which the vast majority of the citizens of any capitalist country have to live." Back in Victorian times, every summer saw vast numbers of deaths from disease in Jarrow with its overcrowded and tiny workers' hovels. The medical officers appointed by the Town Council knew where the fault lay, even if the councillors weren't keen to listen to them. But they pointed the finger of blame at the unwillingness of local entrepreneurs to try to clean up the town from which they drew their workforce. "It is not to be wondered at that the surface water is polluted when the ground around the houses is often saturated with the most foul liquid that drains from a privy midden" said a report by the medical officers. "This most foul liquid can be seen oozing through the walls and running according to the level of the ground either into the yards and beneath the houses or into the back streets." But it took many years before anything was done about it; as Wilkinson put it: "The Council protected the interests of its members. A council consisting of property owners is hardly likely to take compulsory measures against property owners. A council of tradesmen is more interested in keeping rates (local taxes) down instead of providing services for its citizens." It's the sort of profit-driven capitalism mentioned by Friedrich Engels in his book "The Condition of the Working Class in England", in which he describes the lives of children who were obliged to work as long and as hard as adults: "Many children complain: 'Don't get enough to eat, get mostly potatoes with salt, never meat, never bread, don't go to school, haven't got no clothes.' 'Haven't got nothing to eat today for dinner, don't never have dinner at home, get mostly potatoes and salt, sometimes bread.' 'These is all the clothes I have, no Sunday suit at home.'" Engels also highlights the problems of England's worst-paid workers at the time, the stocking weavers of Leicester, "earning six, or with great effort seven shillings a week, for sixteen to eighteen hours' daily work." The pay translates as

€0.30 to €0.35 per week. Even allowing for inflation, that is less than a pittance.

## FROM POVERTY TO WELLBEING AND BACK AGAIN

The story of Jarrow as stated by Wilkinson showed greed on the part of the coal owners, iron masters and shipyard moguls and a total disregard for the workers whose skills and hard work helped to make them and keep them rich. When the shipyard and steelworks closed in the 1930s, Jarrow suffered 80% male unemployment, which is why in 1936 some two hundred of the unemployed men marched to London in what they called the "Jarrow Crusade" to demand jobs and present a 12,000-name petition. They were not immediately successful but the march won support from some influential newspapers and helped to change attitudes, leading eventually to the post-war Welfare State and the NHS.

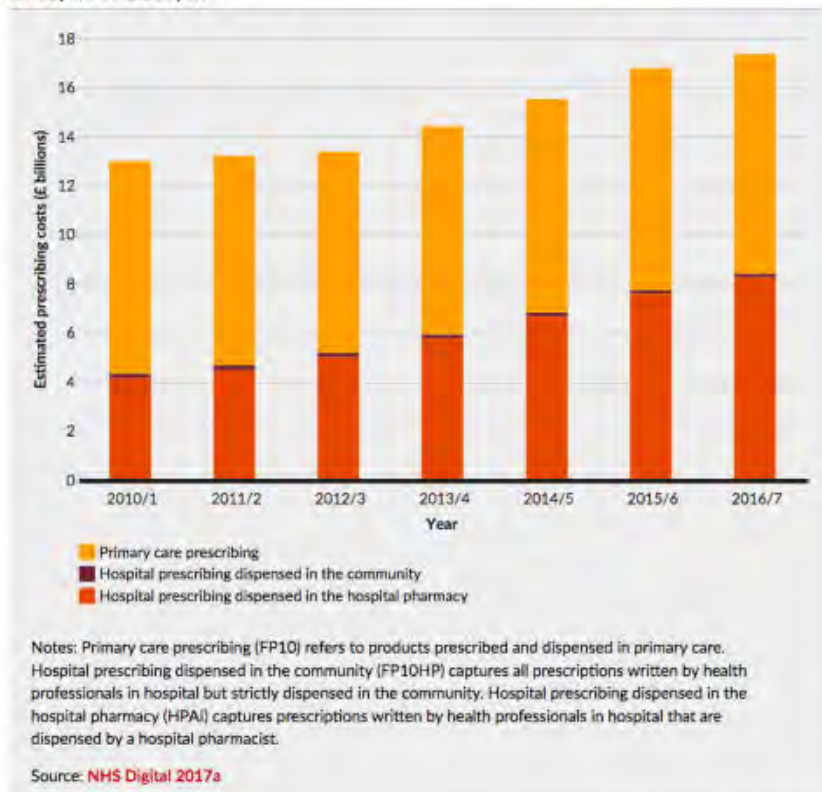


Jarrow Crusade

Mercifully, those days have long gone, although Jarrow remains a town of relatively high unemployment, and medical conditions have certainly improved under the NHS, even if Bevan complained that to win the grudging support of the doctors he had had to "stuff their mouths with gold". So, more than seventy years on, what has gone wrong? There are several reasons. The NHS, in some ways, became a victim of its own success in a rapidly swelling population. More and more people have been calling on its services, often for very minor complaints. Many of the drugs, treatments and equipment have become increasingly expensive

leaving NHS leaders to ponder who should be treated and what sort of financial limit should be placed upon the treatment on offer. When it was set up, the NHS could be funded - just - from taxes. It's much more difficult now. In 1992, the Conservative government of John Major copied the idea of the Private Finance Initiative (PFI) from Australia. Under it, private companies are contracted to fund and run projects safe from the risk that a future, less sympathetic government, may cancel the deal. PFI deals have been used to build and run schools, hospitals and other facilities. They are buttressed around with cast iron guarantees, locking public authorities into contracts of up to 30 years for such things as cleaning and maintenance services, often at somewhat extortionate prices, and sometimes being required to continue paying for buildings that are no longer needed. As economist Vivek Kotechka wrote in a report for the London School of Economics: "This has meant that irrespective of the extreme budgetary constraints on local authorities and NHS Trusts, as well as the shrinking amount of money available for schools, hospitals and social care, they are still required to make annual payments to the PFI companies." Kotechka writes that part of the burden of PFI debt should be taken away from individual trusts and be borne by central government. "One of the most pernicious aspects of PFI in the NHS is the extent to which local health economies are required to service high-cost loans effectively imposed on them by the Treasury as a means of keeping public sector investment off the nation's balance sheet." Kotechka is not recommending that PFI debt should be centralised; the cost of providing services and the cost of buildings would still be paid by the NHS trust benefiting from them. "However, the interest charge attached to the PFI debt under this proposal is capped at 3.5%, which is the borrowing cost of publicly-funded equity from the Department of Health and Social Care," he argues. "With an average interest rate of 7% for NHS PFI schemes, this effectively halves the amount of interest paid by trusts, with the remainder being paid for centrally."

**Figure 2** Estimated prescribing costs (£ billions) by care setting, 2010/11 to 2016/17



The high, immovable cost of the various PFI deals are not the only rising cost the NHS faces. Writing in *The Pharmaceutical Journal* in 2015, Debbie Andalo reports that NHS total expenditure on drugs had risen hugely in England with the biggest rise being in the cost of medicine in hospitals, which rose by double the amount: “The costs of NHS medicines prescribed in hospital and in the community in England rose by 7.8% between 2013-2014 and 2014-2015, according to figures released by the Health and Social Care Information Centre (HSCIC) on 12 November 2015. The biggest rise occurred in hospitals where the net ingredient cost of medicines went up 15.4%. The figure means that the sector’s medicines’ bill has risen by 59.8% over the past four years.”

## THIS WON'T HURT A BIT

The Conservative government’s Health and Social Care Secretary Matt Hancock promised that: “There is no privatisation of the NHS on my watch, and the integrated care contracts will go to public sector bodies

to deliver the NHS in public hands.” However, NHS contracts worth £3.3-billion (€3.9-billion) had been awarded to private companies by the end of the largest single contract for £1.09-billion (€1.3-billion) went to Sirona Health and Care, constituted as a Community Interest Company, to provide adult community health services in South West England for ten years. The Conservatives have always maintained that the NHS is “not for sale”, despite the issue being raised at five trade negotiation meetings between US and British officials over recent months.



Health and Social Care Secretary Matt Hancock

In 2012, the then Secretary of State for Health, Andrew Lansley, introduced a massive reform of the NHS aimed at cutting costs. The Chief Executive of the NHS at the time, Sir David Nicholson, described the overhaul as “big enough to be seen from space”, although the government assured the public that nothing would change from their perspective. England’s 152 Primary Care Trusts were replaced by 211 Clinical Commissioning Groups, as they were called. This put general practitioners in charge of much of the NHS budget, being assisted on the new CCGs by a hospital doctor, a nurse and a few representatives of the local community. Not everyone involved in healthcare considered that GP practices, effectively run as small businesses, had the experience to manage the multimillion-pound budgets required. Indeed, by also insisting that all health providers, whether public or private, must be regarded equally with no anti-competitive behaviour, the reform appears to ensure that private companies have equal access. And it allows disgruntled private health care providers to take legal action against the CCGs (and therefore against the NHS) if their bids are rejected, as Virgin Care did in 2016 when it failed to win an £82-million (€96.7-million) contract to provide children’s health services in Surrey. That way, instead of wasting money on costly drugs and treatments, the NHS could waste it in law suits brought by wealthy private health companies. Not everyone sees that as a step forward, even though Virgin came in for a lot of criticism and the episode did little to burnish boss Sir Richard Branson’s halo.



Andrew Lansley



## BUYING INTO, NOT BUYING

Those campaigning to keep the NHS to be the public service Bevan intended constantly draw attention to the creeping privatisation, or at least to the increasing use of private health care providers reaping a profit from public ill health. Even while Hancock was promising “no privatisation of the NHS on my watch” he was supporting a privately-run service in North London, GP At Hand, that is already spreading across the UK. It’s an on-line service, targeting younger, fitter and more internet-aware patients, leaving traditional GPs with older, less healthy patients with more complex needs, while the reduced number of overall patients on their lists means they receive fewer resources with which to cope. Commissioners at local level have continued to hand out contracts for a wide range of services, according to the lobby group Keep Our NHS Public, “including patient transport services, diabetic eye care (retinopathy), GP practice administration, elective surgery, community health care, and of course mental health care to private companies, many of them unreliable.” The same group cites the example of SSG UK Specialist Ambulance Support Limited which provided emergency and non-emergency ambulance transport for the NHS but which went into administration in September.



SSG UK Specialist Ambulance Service

The idea of blatantly, openly selling off the NHS to private companies, however large, however prestigious, is a non-starter. The NHS is a sacred cow, held in holy high regard by the very people who moan about waiting lists and how long it takes to get an appointment with their GP. No-one

would dare to sacrifice it on the altar of profitability, however sharp the knife and however fervent the belief in unbridled capitalism. However, parts of it have been sold off, at least in terms of putting some of the work out to tender and accepting bids from massive US health corporations, private equity companies and hedge funds. However, if we’re talking about the mental health sector we find that it has relatively little public sympathy. Need mental health care? Good luck with telling your friends and neighbours, who dismiss sufferers as loonies, hypochondriacs and just rather scary. Who cares what happens to them? The care of people in need of mental health care deteriorated under Margaret Thatcher, who sold off the large residential mental hospitals to wealthy individuals and corporations in the name of “care in the community”, which has often turned out to mean “lack of care on the streets”. Homelessness and rough sleeping have been on the increase across the United Kingdom with around 320,000 lacking a permanent place and some 8,000 sleeping in doorways or on park benches on any given night, according to the housing charity Shelter, far more than the government claims. That figure is thought to have doubled in the last five years. According to the combined Homelessness and Information Network (CHAIN), an extra 50 people per day were made homeless last year every day and forced to sleep rough, a 50% increase on the previous year’s figures. The British Legion, which looks after veterans’ interests, believes that around 60,000 former military personnel are homeless or in prison. In answer to a written parliamentary question from the Welsh national party, Plaid Cymru, the government wrote that 25,000 veterans received treatment for mental health problems in 2016-2017, but according to Ian Birrell, writing in the “i” newspaper, the Mental Health Foundation said that only around half ever seek help because mental health problems are hard to self-diagnose and embarrassing to talk about, putting the real number closer to 50,000. These are tough people who have put their lives on the line and would find an admission of mental ill health very painful, even if Post-Traumatic Stress Disorder is quite common. Again, Birrell reports that according to the

Ministry of Defence, around 3% of those admitted to prison have been in the armed forces, giving a number of around 9,600, but the probation union Napo claims the proportion is closer to 8%, which would put the figure at more than 25,000.

## TURNING A DISINTERESTED EYE

But if the public seem to take little interest in those needing mental health care, the same cannot be said of the large private health corporations, which have taken on business worth almost £2-billion (€2.36-billion) and are now providing almost a quarter of mental health beds while soaking up (claims Birrell in the “i” again) almost half the total NHS spend on child and adolescent mental health services. Under their kind aegis, these wards hold not only self-harming or anorexic teenagers but also hundreds of people with autism or learning difficulties who are locked up because there is insufficient support in the local communities. What’s more, they’re often locked up a long, long way from home which means family visits are, at best, few and far between. Running these hospitals is very profitable for the people owning these health companies, even if their front-line staff are on the minimum wage. Furthermore, the US ambassador to the UK, Woody Johnson of the Johnson and Johnson pharmaceutical family has said that more open access to the NHS will be part of any post-Brexit trade deal.



Acadia Healthcare headquarters

Acadia Healthcare, based in Tennessee, bought the Priory Group from a private equity firm in 2016 for £1.28-billion (€1.5-billion). In its last Annual Report, it gave the optimis-

tic view that “Demand for independent-sector beds has grown significantly as a result of the NHS reducing its bed capacity and increasing hospitalisation rates.” It would appear that making profit from the sick takes priority over healing them in the eyes of the board and shareholders back in the US.



Priory Hospital Ticehurst House

It owns 450 facilities in the UK, including 10 hospitals but although it was involved in detoxing celebrities like Kate Moss and Robbie Williams, it has come in for criticism, especially after an ITV documentary revealed how one teenage patient spent several weeks wearing nothing more than a blanket at The Priory Clinic in Ticehurst, Sussex. The scandal has led to Acadia's owner sounding out buyers for the Priory Group, for which it hopes to get £1-billion (£1.18-billion). City of London experts think it's unlikely Acadia will recoup its costs, especially as Priory was bought before the EU referendum, when the pound was worth rather more than it is today.

Even so, Britain's NHS remains a tempting prospect for health companies in the US and elsewhere. Why shouldn't they seek to make a profit in the UK if the government makes it so easy for them? And why does the government do that? Because they haven't a clue what they should do with people suffering mental health problems; if someone can come along and take that problem away, so much the better. But most doctors would agree that locking up people with autism or learning difficulties doesn't help, although I suppose that at least they're out of sight. And while they're out of sight, a series of investigative TV reports have shown that they are often mistreated and abused. “In hospital you should get the very best care and treatment,” says Jordan Smith of

Dimensions Health Equality. “You should get the right levels of food and medication and air and conversation. When you go into these places you are stripped of everything, it's like they cut you in half and they lose half of you.” Dimensions, along with Rightful Lives, an initiative to highlight the human rights concerns of people with learning disabilities and autism, say that locking someone away for £3,000 (£3,537) a month is poor value for the NHS's money and does nothing to help that person. “There are other ways to support someone to help them to get better,” says Smith, “like, instead of keeping them in rooms, giving them choices about where they want to live, who supports them and focusing on what they can do well.”

## GRAB THE GOAT

The NHS is, as I've mentioned, a sacred cow and the problem with sacred cows is that politicians are incapable of talking about them sensibly. Instead, they become more like the goat carcasses over which mounted Afghan tribesmen used to fight in the traditional game of buzkashi. The aim was to snatch the carcass from the ground while at full gallop and get it to one of two designated posts while others, riding equally furiously alongside, tried to snatch it away. You could cheer on the player of your choice, you could envy the winning riders, but nobody wanted to be the goat. So, we're left with mere slogans, ignored by the general public simply because they're so used to politicians talking nonsense and bad-mouthing each other's policies that they no longer listen. A game of buzkashi would attract more interest, even though the goat in question is invariably dead. The media may make heart-wrenching documentaries about conditions in some health facilities but health is a big and complicated issue.

When my wife qualified as a State Registered Nurse in Newcastle in the 1970s, it involved a 3-year course, partly in the classrooms of Newcastle General, a teaching hospital, but most of the time gaining hands-on experience on the hospital wards, including feeding patients who couldn't manage, bed-bathing those who couldn't get out of bed and cleaning up the inevitable vomit or worse. That, of course, on top of chatting to them, checking tem-

peratures, making sure they took their medications and so on. The Matron's word was law and woe-betide any uppity surgeon who crossed her. It was all about compassion for the sick. Now, nurses need a degree, spend less of their training in practical work and most seem resolutely to refuse to clean patients up. The ward's dedicated cleaners have been replaced by people on the minimum wage, working for outside contractors who don't really care what happens as long as the bills are paid. Why should they care? Unless they have to go to hospital as a patient, of course. But on that score, public opinion seems more exercised about keeping foreigners away (presumably not including those working as doctors or nurses) than about how it all works. Aneurin Bevan must be revolving in his grave, although he may not have been surprised. Mendacity and greed were as common in his day as they are today.

For politicians, assuming a pro-NHS stance is always a sound policy. Those campaigning during Britain's 2016 referendum for Britain to leave the EU claimed that it would free up £350-million (£413-million) a week to help fund the NHS. The figure was completely false and seems to have been plucked from the air, but even after it had been disproved repeatedly, Boris Johnson continued to quote it, although he sometimes denied doing so. More recently, he claimed that a plan to inject a further £34-billion (£40-billion) into the NHS would be “the biggest increase in modern memory”. He must have a short memory and believes (probably correctly, to give him his due) that others do, too. In real terms, it equates to an increase of £20.5-billion (£24.2-billion) between 2018/19 and 2023/24. But there was a larger cash injection made by the last Labour government of Tony Blair and Gordon Brown of £24-billion (£28.3-billion) over the period 2004/05 and 2009/10. Those who knew Johnson in Brussels (as I did - he was a neighbour and fellow-member of the media lobby) will not be surprised; he was never a man for detail. Or accuracy. He was carpeted more than once by the UK's ambassador to the EU for writing totally untrue anti-EU articles for the Daily Telegraph. Johnson's Conservative predecessor at No. 10 Downing Street, Theresa May, also claimed a “record investment” in the NHS But as the Victorian British prime minis-



ter Benjamin Disraeli said, according to Mark Twain: “There are three kinds of lies: lies, damned lies and statistics.” Most people don’t read the fine print on an agreement and they certainly don’t question figures employed by someone they support politically. Take Donald Trump, for instance. Do you believe him when, where the NHS is concerned, he says “Everything is on the table. So, NHS or anything else.”? This probably isn’t helpful to Johnson, but does it really matter? A recent opinion poll in the UK suggested more people trust Vladimir Putin than trust Donald Trump (and few people bother to read what Trump says or analyse its meaning). Or, for that matter, than trust Boris Johnson. So, even the use of Novichok in Salisbury is forgotten, along with the woman who died and the four people (only two of them Russian) who nearly did. It’s a strange old world.



© Wikimedia

Specialized out-patient oral surgery operating room in a general hospital

## DIVIDE AND DON'T RULE

Britain is strange in some ways because it breaks down into England, Scotland, Wales and Northern Ireland and health provision is slightly different in each. For instance, in Scotland, all social care over the age of 65 is free. In Scotland and Wales, prescriptions are free, whereas there is a means-tested charge in England. Scotland also has different prescribing rules for drugs and medicines to the rest of the UK. The Scottish Medicines Consortium make decisions about the prescribing of drugs in Scotland, and has different timescales and priorities to NICE, which provides the same service to England, Wales and

Northern Ireland. Wales normally follows the decisions of NICE but the All Wales Medicines Strategy Group may in some case make a different recommendation. According to the UK’s Multiple Sclerosis Trust, it means people with MS in Wales may have access to different drug options to those elsewhere in the UK. It’s different again in Northern Ireland, where the NHS is referred to as HSC, which stands for Health and Social Care. Like the NHS, treatment is free at the point of delivery but it also provides social care services like home care, family and children’s services, day care and social work as well as deciding policy and legislation for hospitals. It’s a mishmash, not so much like the dead goat used in Afghanistan’s buzkashi game; more like one that’s already been butchered into separate parts so that none of the tribesmen knows what bits to grab.

So where does all this leave us? The NHS as envisaged by Aneurin Bevan is virtually gone, rendered obsolete by rising costs, a swelling population, the PFI programme and the pricing policies of some pharmaceutical companies, but it still delivers health care “free at the point of delivery”, as he demanded. Maybe it does need a re-think but it certainly doesn’t need to be bought and sold by giant health conglomerates seeking wealth before health. I was very happy with the Belgian system when I lived there: you telephone for an appointment and in most cases your doctor answers in person; not all doctors can afford receptionists in Belgium and nobody expects them to run their practices for profit, like a corner shop. Yes, you pay for the visit and for the drugs prescribed, but everyone pays into a “mutuelle” - a health insurance company, most of which are attached to religious groups or political parties - and a large part of the cost is refunded. If you see a consultant, he or she is likely to give you their mobile phone number to ring if you need to speak to them. I can’t imagine this ever happening in Britain, where doctors tend to occupy ivory towers from which too many look down on their patients.

So, what’s the prescription? Well, it seems inevitable that private companies will have to provide some of the more specialised services where expensive equipment is required, but they should not have the right to charge exorbitant prices for it. Drug prices must be con-

trolled, too. Britain does not want to follow America’s lead here. Certainly, a number of foreign companies have eyed opportunities within the NHS, which already spends some £9-billion a year on privately-provided clinical services, although that figure has remained fairly steady over recent years, according to the Nuffield Trust. But Trump has complained that Americans pay more for their drugs because Europeans pay too little. The American pharmaceutical industry agrees. In a blog for the Nuffield Trust, Mark Dayan writes of a submission by the industry to trade negotiators, complaining about the UK’s “long-standing market access barriers such as rigid health technology assessments, government price controls, insufficient health care budgets, and increasingly punitive and proactive national procurement initiatives.” In other words, the NHS should be more sympathetic to their shareholders and less concerned about health.



© Edm

Brain operation

The US is famed for having the highest healthcare costs in the world, spending \$3.5-trillion (£3.16-trillion) on it, averaging out at \$11,000 (£10,000) per person or 18% of the GDP, up from 5% in 1960. It will go on rising, partly because of an ageing population, partly because of the development of costly hardware and very expensive drugs, but health outcomes are not as good in the US as in most other developed countries. The average life expectancy in the US is 78.6 years; the average for developed countries in general is 82.2 years with Japan coming out on top with 84.1 years. The UK’s figure is 81.2 years and few would agree that lowering it is a good idea. America’s experience gives the lie to the old adage that “you get what you pay for”. You clearly don’t. The best advice, in the UK or anywhere else, is don’t get ill.

*T. Kingsley Brooks*



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# CONCERNING INVESTMENTS

*More scrutiny over purchases by foreign companies that target Europe's strategic assets*

The United Nations Conference on Trade and Development, which exists under the ugly acronym UNCTAD, is not often given to hyperbole. So people tend to sit up and take notice when, in its latest Investment Policy Monitor report, it highlights “at least twenty instances of planned foreign takeovers with a value exceeding \$50-million (€45-million) that were blocked or withdrawn for national security reasons in the period from 2016 to September 2019.” The report says the aggregated value of these transactions amounts to more than \$162.5-billion (€146.47-billion), a not insignificant amount and one to make those seeking inward investment nervous. “For example, in 2018 the value stood at \$150.6-billion (€135.74-billion) - which represents

11.6% of global FDI (Foreign Direct Investment) flows in that year.”

Yes, governments are getting picky where FDI is concerned. It's one thing to attract a much-needed basket of development cash, quite another to find, like Cleopatra, an asp hiding there. That's why, according to UNCTAD, a number of countries have either introduced or else reinforced existing mechanisms and procedures dedicated to screening proposed inward investments as an acknowledgement of and answer to national security or rising political concerns. According to Joseph Nguyen, writing about emerging markets in Investopedia: “Investing internationally has often been the advice given to investors looking to increase the diversification and total return of their portfolio. The diversi-

fication benefits are achieved through the addition of low correlation assets of international markets that serve to reduce the overall risk of the portfolio.” Nguyen writes that the biggest barrier to investing in another market is often very high transaction costs. And that's not all: “on top of the higher brokerage commissions, there are frequently additional charges that are piled on top that are specific to the local market, which can include stamp duties, levies, taxes, clearing fees and exchange fees.” As the saying goes, caveat emptor.

For US investors looking for somewhere overseas to invest, there are ways to minimise these expenses, such as “through the use of American depositary receipts (ADRs),” writes Nguyen. “ADRs trade on local U.S. exchanges and can typically be bought with the



same transaction costs as other stocks listed on U.S. exchanges.” However, he also points out that the cost can be affected by currency fluctuations. But what if investment coming the other way hits snags because of its origins? “From January 2011 to September 2019, at least thirteen countries introduced new regulatory frameworks,” according to the UNCTAD report. “In addition, at least forty-five significant amendments to existing screening systems were recorded in fifteen jurisdictions in this period.”

The Website ‘ConnectUS’ lists a number of the advantages FDI can bring: it stimulates economic development, it simplifies international trade, it can boost employment and it helps to develop human resources as workforces learn skills from each other, spreading knowledge and expertise. It can also boost productivity and, of course, profit. But on the other hand it can dilute the funds available for investment at home, there is a risk of political change or instability and often a fear on the part of the country in which the investment is being made that it’s an attempt to expropriate the company itself, a fear especially felt in developing countries. Many third-world countries, or at least those with history of foreign conquest and rule, worry that foreign direct investment would result in some kind of modern day economic colonialism, which exposes host countries and leave them vulnerable to foreign companies’ exploitations.

## WHO, WHY AND WHERE?

But it’s not only developing countries that are concerned about interest from abroad. UNCTAD cites the case of an attempt by Shanghai Fosun Pharmaceutical Group in 2017 to take over Gland Pharma of Hyderabad. After national security concerns were raised by India’s Cabinet Committee on Economic Affairs, Shanghai Fosun reduced its investment to a 74% stake. The following year, the German government blocked the acquisition of a 20% minority share of the German grid operator ‘50Hertz’, which boasts 18-million connected users, by the State Grid Corporation of China, even though the intended stake was below the level needed to trigger automatic screening. The government helped

ensure that the stake went instead to the state-owned Kreditanstalt für Wiederaufbau. German concern over Chinese inward investment has heightened since the takeover in 2016 of German tech manufacturer Kuka Robotics by China’s Midea Group.



Bank of China

State interference in FDI bids is on the increase. In Italy, screening for security reasons rose from 2015 to 2018 by 255%; in the United States over the same period the number of cases rose by 160%. Natalie Regoli, Editor-in-Chief of ConnectUS, adds a caution: “Remember that we live in an increasingly globalized economy, so foreign direct investment will become a more accessible option for you when it comes to business. However, you should weigh down its advantages and disadvantages first to know if it is the best road to take.” And, of course, assuming the country where you want to invest sees no security risks in letting you in in the first place.

A report by the World Bank Group in 2017, the ‘Global Investment Competitiveness Report, 2017-2018’ speaks encouragingly of the opportunities out there for overseas investment but it has words of caution, too: “A business-friendly legal and regulatory environment - along with political stability, security, and macroeconomic conditions - are key factors for multinational companies making investment decisions in developing countries,” according to Anabel Gonzalez, Senior Director of the World Bank Group’s Trade & Competitiveness Global Practice. “Combining a survey of global investors with analysis of investment policy issues makes

this report a powerful contribution to our understanding of how developing countries - including fragile states - can de-risk their economies and unlock FDI.”

The problem is that the volume of FDI is raising concerns in a number of countries. The European Union has now introduced a screening system, as the European Commission announced: “The new EU framework for the screening of foreign direct investments has officially entered into force on 10 April 2019. The new framework is based on a proposal tabled by the European Commission in September 2017 and will be instrumental in safeguarding Europe’s security and public order in relation to foreign direct investments into the Union.” The former President of the European Commission, Jean-Claude Juncker said at the time: “This new framework will help Europe defend its strategic interests. We need scrutiny over purchases by foreign companies that target Europe’s strategic assets. I want Europe to remain open for business, but I have said time and again that we are not naïve free traders. The adoption and entry into force of this proposal in an almost record time shows that we mean business and that when it comes to defending Europe’s interests we will always walk the talk.” Walking the talk sounds somewhat confusing, but I think he meant we mean business, in both senses of that phrase.



Jean-Claude Juncker, former President of the European Commission

As of the April 2019 launch date, EU Member States have been required to notify their national investment screening mechanisms to the Commission. At the time, 14 Member States already had national screening mechanisms in place. Several Member

States were in the course of reforming their screening mechanisms, or adopting new ones. Since then, the European Commission and individual member states have been seeking to ensure that the EU can apply in full the new Investment Screening Regulation as of 11 October, 2020. Member states will be expected to notify each other of any concerns about specific foreign investments.

## WATCHING OUT FOR FREEBOOTERS

Let's not be ambiguous about this: foreign direct investment is important to the EU, as the European Commission discovered when investigating the issue before drawing up its plans: "While only 3% of European companies in the sample considered in 2016 were owned or controlled by non-EU investors, they represented more than 35% of total assets in the sample and around 16 million jobs." In fact, the report produced by the Commission raised no concerns about the origins of FDI with the EU at that time: "the 'traditional' main investors in the EU - i.e. advanced economies such as the US, Switzerland, Norway, Canada, Australia, Japan - remain well ahead and still control more than 80% of all foreign-owned assets. They started investing a long time ago and have kept their acquisition rates constant over time. Their investments are diversified across sectors, with a particularly high level of diversification for the US." So far, so reassuring. It's the investments from other more ambitious or less predictable countries that cause concern, and a lot of countries have taken steps to address the issue through adopting a screening process, not unlike the one the European Commission is putting in place: "UNCTAD has identified 28 jurisdictions that have such a mechanism. These countries are: Australia, Austria, Belgium, Canada, China, Denmark, Finland, France, Germany, Hungary, Iceland, India, Italy, Japan, Latvia, Lithuania, Mexico, New Zealand, Norway, Poland, Portugal, the Republic of Korea, Romania, the Russian Federation, Spain, South Africa, the United Kingdom and the United States." All of this, of course, in addition to the EU's new mechanism.



Paris Stock Exchange

The UNCTAD report also says that countries that have not established an FDI screening mechanism for reasons of national security may control inward investment by other means, such as restrictions on foreign land ownership or complicated licencing procedures. The European Commission notes that although it is widespread across virtually all sectors of the EU economy, foreign ownership is remarkably high in a number of sectors that are at the heart of the economy, such as oil refining (67% of total assets of the sector), pharmaceuticals (56%), electronic and optical products (54%), insurance (45%) or electrical equipment (39%). The database also makes it possible to identify the types of entities owning or controlling EU companies. While state-owned companies represent only a small proportion of foreign acquisitions, their share in the number of acquisitions and their assets have grown rapidly over the most recent years. The Commission report starts that: "Russia, China and the United Arab Emirates stand out in this respect with a total of 18 acquisitions in 2017, three times more than in 2007. Another noticeable development is the 'financialization' of FDI, in the sense of foreign investment funds and private equity firms accounting for an increasing number of acquisitions (from 102 in 2007 to 194 in 2017)." You may not be surprised to learn that: "This segment is heavily dominated by the US, followed by the Cayman Islands and Switzerland. Finally, a rise of individuals as ultimate owners in an increasing number of acquisitions is also found. These hold mainly Swiss,

US, Russian, Norwegian and Chinese passports." And there's another factor: "Albeit these represent only 5 percent of the total number of deals, between 2007 and 2017, the number of acquisitions involving individuals or families has increased from 31 to 197." We are left to imagine what sort of individual beneficial owners we're talking about here. The number of new owners or would-be owners giving the Cayman Islands as an address suggests they are among those who would rather not face taxes or any kind of scrutiny.

## BUILDING SUBTLE BARRIERS

The foreign presence is greatest in mining and oil refining as well as in high tech sectors like the manufacture of computer, electronic and optical products, the Commission report states, where 54 percent of all assets of the sector and 7 percent of all firms are controlled by non-EU nationals. That is also the case in services sectors such as security and investigative activities (48% of all assets and 2% of all firms of the sector). This gets complicated; we are referring here to firms controlled by non-EU citizens, and it turns out that this is the case for 45% of all assets and 3% of all firms that are auxiliary to the financial services and insurance industries, and 45% of all assets and 15% of firms engaged in insurance, reinsurance and pension funding, except compulsory social security. The higher proportion of assets relative to the number of firms indicates that, on average, foreign-controlled companies





London Stock Exchange

tend to be bigger than domestic ones. These are arguably slightly alarming figures, given the relative importance strategically of the extractive industries, IT, electronics, financial services, insurance and pensions. Who owns your pension?

Given all of this, it's hardly surprising that many countries want to screen and take a very careful look at the sorts of inward investments on offer. Oddly, they tend to do it in different ways. In terms of sector-specific screening, Austria targets defence and military manufacturing, security services, energy production and distribution, water supply, transport and aviation, telecoms and communication and health provision, while Hungary looks at Defence and military manufacturing, intelligence and cryptology, dual-use products, energy and water but also gas or petroleum production, storage and distribution, telecoms, financial services and governmental or infrastructure IT system and software development. Russia looks at virtually everything except dual use products, energy and financial services. If you look carefully at the areas in which individual countries are most concerned it tends to reflect their politics and general outlook to a certain degree.

The EU, being a trading bloc rather than a country, is keen to ensure that exchanges of information and mutual wariness and circumspection provide a barrier that is permeable to those with good intentions but tough against others. The former Commission President Jean-Claude Juncker said it would be: "proof the EU is able to act quickly

when strategic interests of our citizens and economy are at stake. With the new investment screening framework, we are now much better equipped to ensure that investments coming from countries outside the EU actually benefit our interests. I committed to work for a Europe that protects, in trade as in other areas; with this new legislation in place we are delivering on a crucial part of our promise." All well and good and doubtless important, but UNCTAD does sound a warning: "Concerns have been expressed that an overly broad interpretation of these interests could create new investment barriers." Nobody wants global industry to become sclerotic out of mutual fear. The EU, after all, is the world's leading source and destination of foreign direct investment. In 2015, the EU attracted €5.7-trillion in inward investment. The United States attracted €5.1-trillion and China (including Hong Kong) just €1.5-trillion. So everyone stands to lose if an atmosphere of protectionism and worry were to slow things down.

How about the United States? It remains the largest single investor overseas (the EU invests more but it is not a single country, of course) and FDI both inwards and outwards is important, according to the US Council on Foreign Relations (CFF): "Washington has traditionally led international efforts to bring down barriers to cross-border capital flows with the goals of expanding investment opportunities for U.S. multinational businesses and creating a more stable and efficient international system." The CFF doesn't want to see FDI discouraged: "The United States relies greatly on foreign inflows

to compensate for a shortage of savings at home, and it routinely ranks among the most favorable destinations for foreign direct investors." However, although the Organisation for Economic Cooperation and Development (OECD) has introduced rules to ensure that all companies and commercial enterprises are treated in the same way, regardless of who has beneficial ownership, this is a less confident world. In 2017, a fall in corporate restructurings led to an 18% drop in global FDI flows to \$1411-billion (€1276-billion) and in the fourth quarter of 2017, flows reached their lowest levels since 2013. The inflow of investment into OECD countries was down a remarkable 37%, largely because of decreases in the United Kingdom and US. There was also a decrease in outflows from the OECD, but only of 4%. FDI inflows to non-OECD G20 economies increased by 3% while FDI outflows decreased by 33% as FDI outflows from China declined for the first time since 2005. FDI flows into EU countries decreased by 45%, from \$531-billion (€480-billion) to \$290-billion (€262-billion), and dropped to negative levels in the last quarter of 2017, due to widespread decreases and large net disinvestments recorded in Ireland and Luxembourg (excluding resident SPEs) in that quarter. SPEs (special purpose entities) are bodies with little or no physical presence or employment in the host country but that provide important services to the MNE (multi-national enterprise) in the form of financing or of holding assets and liabilities.

## GOING DOWN, WARILY

In 2017, according to OECD figures, the major FDI recipients worldwide were the United States at \$287-billion (€260-billion) followed by China with \$168-billion (€162-billion). Brazil received \$63-billion (€57-billion), the Netherlands got \$58-billion (€52.5-billion) excluding resident SPEs, France \$50-billion (€45-billion), Australia \$49-billion (€44-billion), Switzerland \$41-billion (€37-billion) and India \$40-billion (€36-billion). The OECD figures, compiled in cooperation with the IMF, make for interesting reading. The 37% decrease in OECD inflows of FDI was driven by large decreases in the United Kingdom and in the United



# INVESTMENT POLICY MONITOR



States from very high levels in 2016. The decrease was also widely spread among twenty other OECD countries but was particularly large in Belgium, where FDI fell from \$30-billion (€27-billion) to \$0.8-billion (€0.72-billion), Luxembourg from \$45-billion (€40.7-billion) to \$7-billion (€6.3-billion) excluding resident SPEs (a decrease that is more than twice the size of Luxembourg's economy), the Netherlands from \$86-billion (€77.8-billion) to \$58-billion (€52.5-billion) excluding resident SPEs and Spain from \$32-billion (€29-billion) to \$6-billion (€5.4-billion). Interestingly, in contrast, FDI flows increased by almost \$20-billion (€18-billion) in Austria, France, Germany and Ireland. The EU's Eurostat statistical body confirms the fall-off in FDI: "Since 2008, the EU-28's outward investment position has been positive. In other words, the value of the EU-28's outward stocks of FDI has exceeded the value of inward stocks. In 2017, the ratio of the EU-28's stock of FDI (relative to GDP) was 48.3 %, while the stock of inward investment in the EU-28 (relative to GDP) was 41.0 %."

The threat of a trade war between China and the United States has certainly caused some worry in FDI circles, reducing China's FDI in November by 27.6% to \$13.6-billion (€12.3-billion). It happened before the 90-day trade truce announced between Trump and Xi Jinping over fears of a possible tariff battle. According to the South China Morning Post, Beijing was quick to play down the latest figures: "The monthly decline is due to the high base of comparison in the same period of last year," commerce ministry spokesman Gao Feng told the media at a regular briefing. And, of course, one month's figures don't mean the figures will continue to fall. Shao Yu, chief economist at Orient Securities in Shanghai, quoted in the South China Morning Post, said it was too early to say if the slump in the

November FDI figures was solely due to the tariff dispute. "It may have something to do with the trade war, but data for a single month doesn't represent a trend," he said.

In Britain, the fall in FDI is being blamed on Brexit. Figures released by the Department of International Trade, says the Politics Home website, revealed that "1,782 Foreign Direct Investment (FDI) projects were secured in 2018-19, down 14% to a five-year-low. The report also found a 24% slump in new jobs being created - 57,625 compared to 75,968 in the previous year." But it's not all doom and gloom, says the website. "Out of the year's total investment projects, expansions - including retentions - took the biggest hit of 22%, while new investments saw a 12% decline. Mergers and acquisitions however, including joint ventures, went up by 8%." So that's a bit of good news at least. But security concerns are rising, and with them the scrutiny reviews being applied to inward FDI by a number of countries.

The global law firm White and Case, in a report on FDI trends, points out that the United States is getting especially tough with its Foreign Investment Risk Review Modernisation Act (FIRRMA) but that it's not alone: "the European Union, United Kingdom, Germany, France, China and other nations are also incrementally ratcheting up their reviews. In the UK, for instance, the government is proposing radical new legislation to allow it to intervene in cases that raise potential national security concerns. The UK government itself estimates that, under the new law, approximately 50 cases a year may end up with some form of remedy to address such concerns." The EU's decision to harmonise the way in which FDI schemes are reviewed follows massive investment from China in European technology assets.

## CHOOSE YOUR THREAT LEVEL

So just what sort of threat does FDI pose to a country? According to the Peterson Institute for International Economics, a research institute based in Washington DC, there are three main areas of concern. Firstly, there's a fear that the proposed acquisition of a domestic company could make the recipient country dependent on a foreign-controlled supplier for goods or services vital to that country's economy. That is especially the case where defence industries are involved. The second category of threat is that it could allow the transfer of technology to a foreign-controlled entity in a manner that could prove harmful. The third category is the fear that the acquisition could facilitate the insertion of "some capability for infiltration, surveillance, or sabotage - through a human or non-human agent - into the provision of goods or services" that may be crucial to the functioning of the economy of the country receiving the investment, whether or not that involves companies engaged in defence.



Shanghai Stock Exchange

Certainly, fears have been expressed that China has wound down its cyber



attacks and corporate espionage in favour of buying up (or at least buying an interest in) the companies whose expertise and knowledge Beijing wants to acquire. Writing in *Raconteur*, Sharon Tiruchelvam says: "In recent years, Europe has received record levels of Chinese inward investment, with minimal barriers to Chinese-led mergers and acquisitions. China, by contrast, has maintained extensive restrictions on inward FDI." Tiruchelvam says that most of the concern is over technology advances that could have potential defence applications: "It is widely thought that countries possessing the technological edge in artificial intelligence, chip-making, quantum computing and aerospace will have an economic and defensive advantage. Indeed, the Pentagon warned in 2017 that state-led Chinese investment in US firms working on facial-recognition software, 3D printing, virtual reality systems and autonomous vehicles is a threat because such products have blurred the lines between civilian and military technologies."



Molecular Data, which offers e-commerce and software solutions to the Chinese chemical industry, filed for an initial public offering (IPO) on the US stock market

Spying on China, on the other hand, is a dangerous and deadly game. In 2011, employees of a government ministry in Beijing were forced to watch the execution of a colleague who had been caught spying for the CIA. The case is highlighted in a new book by Peter Mattis and Matthew Brazil, 'Chinese Communist Espionage: An Intelligence Primer'. According to the book, the man executed was one of twenty rounded up as part of a network of spies. His pregnant wife was executed, too. Both writers have backgrounds in the US military and intelligence services. Western security services regularly highlight the dangers posed by Chinese espionage, as they have done for decades. People are more inclined to listen now that Russia is no longer seen as China's and the

West's common enemy. China is a major user and developer of face recognition technology and several Chinese telecoms companies have sought approval at the International Telecommunication Union, a UN body responsible for technical standards, to agree a common set of rules so that different countries' surveillance technology will be inter-operative, including in the field of facial recognition. And Companies that help shape standards are sometimes able to help draft regulations to suit their own goals and specifications.



Renminbi (RMB) or yuan

Facial recognition technology is extremely valuable. The Chinese company specialising in it, Face++, recently raised \$750-million (€678-million) taking its total valuation to more than \$4-billion (€3.62-billion). Human Rights Watch claims that the company's technology is being used by China's security services to spot potential 'terrorists' and that the technology was directly involved in the detention of well over a million Turkic Muslims, including Uyghurs and ethnic Kazakhs, living in China's north west Xinjiang region, although Beijing claims the places of detention are just "re-education" camps. However, it seems that inmates are forbidden to practice Islam, forced to swear allegiance to China and to learn Mandarin. Presumably, they will be encouraged to speak it rather than their own Turkic language. The Nazis occupying France's Alsace region during the Second World War imposed language restrictions on the locals, making the speaking of French an offence punishable in law. According to a report on China by Human Rights Watch: "Authorities increasingly deploy mass surveillance systems to tighten control over society. In 2018, the government continued to collect, on a mass scale, biometrics including DNA and voice samples; use such biometrics for automated surveillance purposes; develop a nationwide reward and punishment system known

as the 'social credit system'; and develop and apply 'big data' policing programs aimed at preventing dissent."

Xi looks like remaining ruler of China for the foreseeable future, the restriction on terms of office having been removed. He has ambitious plans for his country, which include FDI. His diplomats at the UN have shown themselves more willing to use outright coercion to get China's views approved, such as getting support from various undemocratic countries to see off criticism of what is happening in Xinjiang. Austria was even warned that it wouldn't obtain the land it wants for its new embassy in Beijing if it joined in criticism of how the Uyghurs have been intimidated and interned. Austria signed anyway, which was rather courageous. So it's hardly surprising when approaches from Chinese companies to invest in the West get looked at with suspicion. It is why Trump is suspicious of Huawei and other Chinese tech companies. As the UNCTAD report explains: "First, cutting edge technologies and know-how have become a key factor for the international competitiveness of countries. States in possession of such assets may therefore have a strong interest in ensuring that they remain in domestic hands." The report goes on to say that many countries "may find it necessary or desirable that other companies of strategic importance and critical infrastructure are not foreign controlled. Third, governments may consider FDI screening as a necessary counterweight to earlier privatizations of State-owned companies and infrastructure facilities."

Or to put it simply, in general terms FDI is good for the global economy. It interweaves the interests of different countries and ensures a spread of technical and other skills and knowledge, supposedly to the advantage of humankind. But like so many activities, it requires careful consideration. China's bullying tactics at the UN may make other countries wary of letting Beijing get too firm a foothold in their territory. Everybody would like to have China as a friend, but as the 18<sup>th</sup> century poet and playwright John Gay wrote in 1727:

"An open foe may prove a curse,  
But a pretended friend is worse.

**Robin Crow**



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# BIOECONOMY

## *A European fund to support the circular bioeconomy*

- The European Commission and the European Investment Bank announce the selection of an Investment Advisor for the upcoming European Circular Bioeconomy Fund.
- The fund aims to provide financing for innovative circular bioeconomy companies and projects in the EU and in countries associated with the Horizon 2020 programme.

The European Commission and the European Investment Bank (EIB) have announced the completion of the public procurement process for the selection of an investment advisor to set up and manage the European Circular Bioeconomy Fund (ECBF). The selected investment advisor is ECBF Management GmbH and Hauck & Aufhäuser Fund Services S.A. will act as the Alternative Investment Fund Manager.

The new fund will provide access to finance – in the form of equity, debt or quasi-equity – to innova-

tive circular bioeconomy companies and projects of various sizes. ECBF Management will raise funds from public and private investors with a target fund volume of EUR 250 million and aims for a first close in Q1 2020. A proposal for the EIB to invest up to EUR 100 million in the fund will be submitted to the EIB's Board of Directors for approval. This investment will be backed by a guarantee from InnovFin – EU finance for Innovators, an initiative of the EIB Group and the European Commission to facilitate access to finance for

innovation and research through a wide range of financing tools and advisory services.

**Carlos Moedas**, Commissioner for Research, Science and Innovation, said: “Sustainable bioeconomy has the potential to play a major role for the European Green Deal. It will help us reach our environmental, climate and biodiversity targets in line with the UN Sustainable Development Goals. The European Circular Bioeconomy Fund will fill the funding gaps, attracting private investments that bring bio-based innovations closer to the market.”





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Carlos Moedas, Member of the European Commission in charge of Research, Science and Innovation



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Andrew McDowell, EIB Vice-President

**Andrew McDowell**, EIB Vice-President responsible for agriculture and bioeconomy, said: *“Using renewable biological resources to produce our goods and energy is essential to transition to a circular economy and reduce our reliance on fossil fuels. With the launch of the European Circular Bioeconomy Fund, we have reached an important milestone to ensure that groundbreaking projects in the sector get the financing they need.”*

**Michael Brandkamp**, Head of ECBF, said: *“It’s a great honour and privilege as well as an entrepreneurial obligation for us to be chosen by the EIB to execute this very important fund initiative. In the transforming industry we see great investment opportunities in Europe contributing to a sustainable circular economy. With more than 30 years of investment experience, the ECBF team has the right qualifications to do the execution professionally. We are very grateful for the valuable support of the European Commission, the EIB, InnovFin, Hauck & Aufhäuser, and many other institutions and networking partners.”*

The creation of such a fund was recommended by the 2017 InnovFin Advisory study Access-to-finance conditions for Investments in Bio-Based Industries and the Blue Economy which identified an important financing gap in the bioeconomy sector.

### THE EUROPEAN INVESTMENT BANK (EIB)

The EIB is the long-term lending institution of the European Union owned by its Member States. It makes long-term finance available for sound investments in order to contribute towards EU policy goals. During the last five years (2014-2018), the EIB has provided EUR 32.8 billion of co-financing to the agriculture/bioeconomy sector.

### INNOVFIN

EU Finance for Innovators was launched, by the European Investment Bank Group (EIB and EIF) in cooperation with the European Commission under the EU Research and Innovation Frame-

work Programme Horizon 2020. It aims to facilitate access to finance for innovation and research through a wide range of financing tools and advisory services, and secure Europe's global competitiveness.

In a transforming economy, the **European Circular Bioeconomy Fund (ECBF)** invests and partners with ambitious and visionary entrepreneurs to accelerate late stage companies. ECBF relies on expertise and powerful networks to catalyze sustainable innovations and fuel business growth. We aim to fill a funding gap in the European (bio-)economy, bringing Europe's excellent expertise in circular technologies to market. ECBF will be established in Luxembourg, advised by an experienced venture capital team within ECBF Management GmbH and managed by Hauck & Aufhäuser Funds Services S.A. (AIFM). Being a market standard growth stage venture capital fund, ECBF has the additional ability to focus on project financing as well as typical venture capital investment structures.



# A DRAGON AMONG MEN

## 人中之龙

### *China's growing confidence and clout*

“Wherever you have an efficient government you have a dictatorship,” said US President Harry S. Truman during a lecture at Columbia University in 1959. Maybe we in the West simply have inefficient governments and that is why we fear efficient ones elsewhere? Certainly, plenty of political observers in the West fear China’s efficiency (not to mention its ruthless determination) and it’s not hard to see why. This rapidly changing balance of power across the world is a cause for concern at NATO. In its recent document “Ready for the Future: Adapting the Alliance (2018-2019)”, NATO Secretary General Jens Stoltenberg wrote: “I believe the Alliance has to push forward its adaptation to the shifting global balance of power. This includes continuing to map the challenges and opportunities presented by China’s rise and working together

to understand and address the implications for our Alliance.” Some might argue that such a sentiment is tantamount to shouting “run for the hills!” America is, we’re assured, a God-fearing nation while China is theoretically atheist, which brings to mind the US naval chaplain Howell Forgy, who in 1941 famously said “Praise the Lord and pass the ammunition.” China, after all, is an increasingly self-confident world power, extending its economic reach around the world whilst also developing formidable weapons with which to defend its advances and ensure its own security. Its stock of nuclear weapons is, however, quite small in comparison with the United States and Russia, and unlike them, it does not maintain its missiles with active warheads, which means they cannot be brought into play at a moment’s notice.

All this helps explain, perhaps, the somewhat nervous response by Germany’s NATO partners to the organisation of joint exercises involving China’s People’s Liberation Army (PLA) and the German army, the Bundeswehr. In order to take part, China deployed armoured personnel carriers and medical vehicles as well as soldiers on German soil for the first time. The joint exercise, named Combined Aid 2019, involved German and Chinese military medical staff working together to improve their joint response to humanitarian crises such as incidents involving multiple casualties and major outbreaks of disease. This most recent exercise, back in July, followed a similar one held in Chongqing in 2016, where armed forces from both countries practised responding to a major earthquake.



The PLA's paramedical staff have been stepping up their participation in cooperative training, according to the US-based Military Times. They have been deployed to humanitarian crisis zones in Africa, such as areas suffering Ebola outbreaks, and as part of the UN Peacekeeping forces, they are working alongside German troops in Mali, albeit heavily outnumbered by troops from Chad, Burkina Faso, Bangladesh, Egypt, Senegal, Togo, Niger and Guinea. Togo's population is less than eight million, a mere fraction the size of China or Germany, but it supplies 937 soldiers to Mali, more than China and Germany combined.

However humanitarian the latest joint exercise in Germany may be seen to be, not everyone is convinced that it's pure altruism on China's part. In the US armed forces newspaper Stars and Stripes, Jorge Benitez, a NATO expert with the Atlantic Council, is quoted as saying "The presence of the Chinese military in Germany for this exercise creates very bad optics for Germany, NATO and the US and is a cheap propaganda victory for China". Even retired PLA colonel Yue Gang told the South China Morning Post that there may be more to China's military exercises abroad than simply preparing for crises. "The PLA in the future will need to go abroad to protect China's overseas interests in countries along the Belt and Road Initiative (BRI)," he said. "If there could be some basic mutual trust and understanding with NATO forces, the risk of potential conflict could be greatly mitigated."

### UNEASY FRIENDSHIP

Surprisingly, perhaps, there is a long history of links between China and Germany, going back at least to 1861, when Prussia signed a treaty with the empire of the Qing dynasty ten years before the unification of Germany. The newly united Germany inherited the agreement. Germany took part in helping to crush the Boxer Rebellion and soon afterwards provided military advisors to the Kuomintang government's nationalist army. Relations were not close in the intervening years, with Germany joining other European imperialist powers in trying to gain influence over swathes of the country. They ended altogether when the Chinese government declared war



German and Malian soldiers

on Germany in 1917, towards the end of the First World War. The two sides never actually came to blows, however, and afterwards, the Weimar Republic renounced its claims to Chinese territory, opening the way for the signing of the Sino-German peace treaty in 1921.

The Nazis trained Chinese forces who would fight against the invasion by the Japanese. One of the Wehrmacht officers in charge was Chiang Wei-Kuo, adopted son of the Chinese Kuomintang chief, Chiang Kai-shek, but this cosy relationship came to an end when Hitler chose to ally Germany with Japan. Many of the Chinese troops of Chiang's National Revolutionary Army wore what would seem to have been Nazi uniforms and Hans von Seeckt, who had spearheaded Germany's victories on the Eastern Front, was sent to advise Chiang on his fight against the Chinese Communist Party. Needless to say, the forces of Mao Zedong's People's Liberation Army (PLA) did not wear German uniforms or get advice from the Nazis. There was also a German on Mao's Long March: Otto Braun, a man from Upper Bavaria who became a Communist, escaped from a German prison with the help of his lover, Olga Benário, and fled to Russia. In 1932 he was sent by the Comintern to Manchuria where he assumed the Chinese name Li De. He became a military advisor to the Communist army but was dismissed from the post by Mao in 1935 after his advice led to a rout of PLA troops and a large number of casualties when facing the larger and better equipped Kuomintang forces. Braun returned to Russia in 1939.

The Long March was intended to get the PLA safely away from their Kuomintang and Japanese enemies in order to pursue a guerrilla war instead of a face-to-face conflict, but it also showed

the sheer determination of Mao and his followers to build a new and better future for China. During the march, the first interview with Mao by a Western journalist was conducted by the British writer and teacher Robert Payne. Payne loathed the Kuomintang for their (as he described it to me) "callous disregard for the peasants", and for getting armed support from brutal warlords who still practised droit du seigneur in the villages and small towns. Payne, a fluent Mandarin-speaker, asked Mao what he would do when American tanks came down on his forces from the surrounding hills. "We shall take them apart with our bare hands," Mao calmly explained. "That's when I knew the Communists would win," Payne told me years later, although he had been disappointed by the bloodshed of the take-over and the greyness of the resulting Chinese post-revolution society. The later so-called Cultural Revolution, another brutal episode in China's history, didn't surprise him. "It is the tragedy of all revolutionaries," Payne told me. "When they have won, you can't just expect them to put down their guns and go back to farming the land or working behind desks." Mao knew the revolution must go on, he said.



## MUTUAL ADMIRATION?

Regard for Germany is high in China. Shanghai Railway Station boasts a large statue of Johan Sebastian Bach, even though he never visited China. According to a poll conducted by BBC World Service in 2017, 84% of Chinese people view German influence as positive, although the same poll revealed that only 20% of Germans take a similar view of China. Germany did not play as big a rôle in China as Portugal or the Netherlands during the years of empire but trade did develop, initially via Siberia, where the heavy duties charged by Russia made it less profitable, resulting in goods being carried by sea in the 1750s under the auspices of the Royal Prussian Asian Trading Company, based in Emden. More formal trading relations were developed in 1861 following China's defeat in the Second Opium War. The Treaty of Tianjin laid the foundation for Sino-German relations until the First World War, when the Republic of China repudiated the treaty. The Opium Wars were among the more disgraceful episodes in British imperial history, fought by Britain with French support to force the Qing dynasty to legalise the opium trade from which Britain was profiting and through which China and its people were suffering.

But all this is, of course, ancient history. Why should anyone today concern themselves with such arcane things as the Tianjin Treaty, opium sales or such relatively minor figures as Otto Braun (or Li De, if you prefer)? Even so, China in its new assertive form

under Xi Jinping does make various western powers nervous. Take Australia, for example, which has been striving for straightforward trade with its enormous near neighbour. Apparently, US officials see Australia as a test case: whatever China would do there it will do more forcefully elsewhere. And if reports are to be believed, China has been very busy. A Chinese defector who turned up in Australia, Wang Liqiang, presented himself as an intelligence asset having been, he claimed, an assistant to a Hong Kong businessman who, he alleges, was a spy for Beijing, conducting propaganda campaigns against the pro-democracy movement. China is unmoved, claiming he's just a convicted felon who cheated someone out of \$17,000 (€15,429). His alleged former boss in Hong Kong denies knowing him, but intelligence agencies find some parts of Wang's deposition convincing. Even the more outlandish claims about Hong Kong book-sellers being kidnapped, spies watching university students and the theft of military technology from the United States are being looked into seriously.

## SCARE STORIES

It must be admitted, though, that accepting some of his allegations as truth suits the more hawkish elements in Australia's Liberal Party, and it's raised fears about another Liberal Party MP, Gladys Liu, over her possible links to groups associated with the Chinese Communist Party. More worryingly still, as reported by the Sydney Morning Herald and The Age, Australian

authorities are investigating accusations made by businessman Nick Zhao, who told them that he's been the target of a plot to install him in Parliament as an agent of China. Zhao was a luxury car dealer and a member of the Liberal Party who paid \$677,000 (€614,000) to finance his election campaign. Just a few months later he was found dead in a hotel room. The state coroner is investigating. The head of Australia's domestic spy agency, Mike Burgess, has said he's taking it very seriously. Meanwhile, attitudes towards China among ordinary Australians are said to be hardening with many allegedly writing to Canberra expressing concern. Or so says Andrew William Hastie, Chair of Australia's Parliamentary Joint Committee on Intelligence and Security and known to be a hawk on China. There have also been worrying reports of people who appeared to be Chinese agents (or at least Chinese) following Australian student activists and also at least one former official, John Garnaut, a journalist who produced a classified report on Chinese political interference for the former Prime Minister, Malcolm Turnbull, in 2017. Garnaut claimed he had been "stalked" by what seemed to be Chinese agents (how does one identify an "agent" as opposed to a "tourist"? Do they look especially suspicious?), even when he was with his family. However, the two countries have co-existed peacefully to their mutual advantage for many years with Australia being China's biggest, cheapest and most reliable source of iron ore, which should give Canberra at least some leverage over Beijing.

The concerns felt in the West are routinely dismissed by Chinese government officials as over-reaction and, of course, lies. Beijing has dismissed the Zhao accusations as signs of Australian "hysteria". "Stories like 'Chinese espionage' or 'China's infiltration in Australia', with however bizarre plots and eye-catching details, are nothing but lies," said China's Foreign Ministry spokesman, Geng Shuang. But as Mandy Rice Davies, one of the young women at the centre of Britain's Profumo spy scandal in the early 1960s told the Old Bailey in response to a claim that Lord Astor had denied having an affair with her, "Well he would, wouldn't he?" And to quote once again former US President Harry S. Truman, "Always be sincere, even if you don't mean it".



UN Secretary-General Ban Ki-moon meeting with Fang Fenghui, Chief of General Staff of the Chinese People's Liberation Army in 2013

© UN Photo/Evan Schneider



## SIGNS OF THE TIMES

According to the Federal Institute for Population Research, in 2016 there were some 212,000 Chinese citizens resident in Germany. That's not a lot out of 83.5-million: just 0.0025%. In terms of China's domestic population (almost 1.5 billion), it's just 0.00015%, an insignificant proportion. So why should anyone worry? But worry they do. Certainly, Joshua Wong worries and his fears are shared by Amnesty International. Wong is one of the leaders of Hong Kong's pro-democracy campaign and made his comments during a visit to Berlin and a meeting with German officials. After Chinese troops appeared on the streets of the protest-hit "special administrative region", Wong urged Germany to end its military training assistance to China. He told Germany's Bild newspaper: "It makes me furious that the German Bundeswehr is apparently helping to train Chinese soldiers. Given the riots in Hong Kong, the defence ministry should have ended this programme long ago." It should be pointed out, however, that the soldiers took no part in riot control; they emerged from their barracks in Kowloon in plain clothes to help clean up the debris left in the streets by the protests. However, many in Hong Kong saw it as a thinly veiled warning that they could get involved if the unrest worsened. Wong also told Bild that German-made water canon are being used and called for their export to be stopped. However, Bild reported that the German military plans to give logistics and officer training next year to eleven PLA soldiers. Admittedly, eleven doesn't sound like much of an invasion force. China rebuked Berlin for Wong's visit.

Industry in both Germany and China doesn't share the misgivings of the political classes over closer ties. The German Federal Ministry for Economic Affairs and Energy (BMWi) is running a project named Sino-German Cooperation on Industrie 4.0, in collaboration with the Ministry of Industry and Information Technology of the People's Republic of China (MIIT). Its aim is to encourage "intensive economic relations and the ongoing modernisation of industry in both countries". This may have a familiar ring for students of 20<sup>th</sup> century Sino-German history. Back in the 1930s, Hans von Seeckt oversaw

the modernisation of China's ancient and outmoded Hanyang Arsenal to produce the Maxim guns needed by the Kuomintang to fight both the Japanese and Mao's Communists. Under his guidance, they also produced rifles based on an early Mauser, while new factories were created to produce MG-34 machine guns and parts for the German-made armoured cars China had imported. They also produced the famous German-design army helmets as well as copies of German artillery and even the so-called "Broomhandle" Mauser machine pistols. The last one of those I saw had been produced in Darra Adam Khel in Pakistan's Frontier Region, Kohat, where a locally-made copy of a Kalashnikov is cheaper than a smartphone, albeit more likely to blow up when in use. The Mauser was being carried by a bodyguard to a Peshawar Trade Union leader I was trying to interview. A scary weapon but effective, if inclined by recoil to punch a vertical line of 9mm holes when fired in automatic mode. In China's case, the design was modified to take .45 ACP cartridges; the recoil must have been terrifying and the holes somewhat larger.



Xi Jinping, President of the People's Republic of China

## ANOTHER CALIBRE OF COOPERATION

Today's less war-like relations on a business level are still causing concern in Germany, despite the upbeat tone of the BMWi's pronouncements. According to the German Chamber of Commerce in China, as reported by Bloomberg, only a quarter of the five-hundred plus German companies operating in China expect to meet or exceed their targets this year. That's partly down to tensions between China and the United States, which are affecting more than 80% of

them. Other obstacles include rising wages and barriers to market access. Germany is not giving in to gloom, however; Chancellor Angela Merkel visited Beijing in September in order to foster better trade relations. As China's state-owned on-line news agency Xinhuanet put it: "Merkel is travelling to Beijing at a time when more of such productive cooperation between the two world's major economies is much needed against the backdrop of global uncertainties." Xinhuanet paints a gloomy picture of global conditions for trade in the short-to-medium term: "Across the world, trade protectionism and economic nationalism are rearing their ugly heads, the existing global free trade system is lurching, a no-deal Brexit is looming and the global economy is slowing down." The conclusion it draws inevitably is that Germany and China should develop closer cooperation: "These tumultuous circumstances offer the two sides good reasons to join forces and work even closer together." Certainly, sales of German cars in China have flatlined, although they've held up better than in some other markets.

Within Germany, some senior people are urging caution, including German Economy Minister Peter Altmaier. In November, Germany set out plans to create a government committee capable of stepping in quickly to protect key companies from foreign takeovers. A strategy document is expected in February 2020 but it looks as if the sorts of companies thought to be in possible need of protection include the engineering giant Thyssenkrupp, Munich-based industrial manufacturer Siemens and Deutsche Bank. It follows some alarm over the takeover in 2016 of German robotics maker Kuka, which some German officials saw as a wake-up call. Even so, cooperation continues at the China-Germany Equipment Manufacturing Industrial Park in Shenyang, which China Daily describes in a very positive way: "Sticking to opening and innovation, the China-Germany Equipment Manufacturing Industrial Park in Shenyang has been growing into a new frontier of economic cooperation between China and Germany." BMW and its Chinese partner have announced a further €3-billion of investment to upgrade the facilities and to build factories for the production of electric vehicles for the Chinese market and for export. It's a growing area.



© Peng Zhengang / Xinhua

Chinese medical team operating the portable ultrasonic equipment at the Bezirk Feldkirchen training base

## THERE'S A LONG, LONG ROAD A-WINDING

Meanwhile, the Sino-German Centre for Research Promotion in Beijing, which was set up as a joint venture by Deutsche Forschungsgemeinschaft (German Research Foundation or DFG) and the National Natural Science Foundation of China (NSFC) is aimed at promoting scientific cooperation between the two countries. The project's focus is on natural sciences, life sciences, engineering sciences and management sciences, according to DFG. Developing electric vehicles at the moment sounds like a good idea, given the growing alarm about climate change and the contribution the internal combustion engine makes to greenhouse gases.

How would these Chinese-built electric vehicles reach the European marketplace? Well, DHL Global Forwarding has now launched a rail express service from Xi'an in north central China to Hamburg and Neuss in Germany. The 9,400-kilometre journey takes twelve days, going via Kazakhstan, Russia, Belarus and Lithuania. In a statement, DHL said that the "fastest rail service between China and Germany was created with the support of China Railway, Belintertrans, RTSB GmbH and UTLC-Eurasian Rail Alliance". It is

widely seen as much quicker than the sea route and much cheaper than shipping by air. DHL say that the Xi'an-to-Germany route will allow customers to track their goods all along the way, thanks to GPS. It all sounds very new but in fact the first Deutsche Bahn (DB) container used the Trans-Siberian Railway in 1973. In 2008, a test service was run between Beijing and Hamburg and later that same year the first container train made the journey. And it's not all one way. A freight train from Hamburg carried goods to Wujiashan in the province of Hubei in 2011, since when DB has offered regular rail services between Germany and China. In 2018, some 235 weekly container services by rail ran from Hamburg to twenty-seven Chinese cities.

According to the European Commission, the EU is China's largest trading partner with Germany some way ahead of its partners. To service that trade, the Yu'Xin'Ou railway links Chongqing in southwest China with Duisburg. China views it as part of its famous "Belt and Road Initiative" - the new Silk Road, facilitating increased trade and reinforcing Chinese influence wherever a stopover point is established. The Yu'Xin'Ou route is 11,179 kilometres long and can take up to sixteen days for one complete journey. However, it's seen as safer than the trip by container ship which takes more than twice as

long. It's cheaper, too, which is why it is being used increasingly. Back in 2012, there was a weekly service employing the enormous train, some 800 metres long. By 2014 it was running three times a week and may soon have to run daily, to cope with the sevenfold increase in the volume of goods being transported.

But it's not all positive news of unstoppable growth. The former US Treasury Secretary Larry Summers, in a speech to the Harvard China Alumni Public Policy Forum in Beijing, praised China's rapid advance in just two generations from a poor, backward country to a world leader in artificial intelligence (AI), technology and the Internet. It's a bigger leap forward than the Industrial Revolution of the 18<sup>th</sup> and 19<sup>th</sup> centuries because of its wider impact, he told his audience. He also pointed out that China accounts for one in five of the world's population. But he also highlighted the downside: businesses trying to trade with China mention unfair treatment when trying to export or invest there, and he said China is less open today than it was six years ago, during which time there have been increasing reports of oppression and human rights abuses. He expressed the fear that China's Belt and Road Initiative shows economic aggression, using China's position of power to browbeat small countries into acquiescence



while moving away from the rule of law towards the rule of the party and a small caucus of top officials. Summers dismissed claims that China is to blame for an economic downturn in the United States; the main reason for that, he said, is US economic policy. He called on China to abide by internationally recognised standards and rules, such as respect for intellectual property and subsidies and for China to join global institutions without seeking to replace leaders and impose alternative standards that suit it better. Now, a US decision to pass legislation in support of the pro-democracy movement has led to China refusing access to Hong Kong for US troops, aircraft and ships and clamping down on various US-based human rights groups. There may be worse to come. "China will take further steps if necessary to uphold Hong Kong's stability and prosperity and China's sovereignty," said Chinese Foreign Ministry spokesperson Hua Chunying, ominously, at a press conference.

Within the Trump administration China is viewed with deep suspicion and it's causing divisions in Europe. In May, President Trump took steps to ban the giant Chinese technology firm, Huawei, from selling its technology in the United States. The fear was that Huawei was too close to Beijing and could prove a Trojan horse, allowing espionage out of sight of the US authorities. But it's not an attitude that has widespread support among US technology chiefs. According to the online magazine EU Reporter, Microsoft President and Chief Legal Officer Brad Smith has described the way the US government is treating Huawei as "un-American". As far as he knows, he told the magazine, "China's leading maker of networking equipment and mobile phones should be allowed to buy U.S. technology," including software from his company. But a major poll conducted by the European Council of Foreign Relations suggests many Europeans are worried, according to Senior Fellow Susi Dennison, as also reported in EU Reporter. The ECFR polled 60,000 people in 14 EU member states, discovering that, according to Ms. Dennison, "More than half of the survey respondents (57%) believe Europe's economic interests, vis-à-vis China, are not sufficiently protected – with this position held by almost three quarters of voters in France (72%) and

Italy (72%), and almost two-thirds in Spain (64%), Germany (62%) and Greece (62%)." This is probably not something Beijing wants to hear.

## GETTING USED TO PANDAS

Despite its monolithic government, China is highly adaptable to circumstances it finds in other markets. Abraham Liu, President of Huawei Technologies Belgium, told me that anyone could overcome difficulties that resulted from a mere lack of familiarity. "I think it's like with Huawei," he said, "We go to every country, to different cultures, different currency. We face this kind of challenge caused by different cultures. Everywhere our message is to take more competitiveness as the cornerstone of how we work." He believes western companies can follow Huawei's example, too. "I think many companies at the beginning when they go to China there are a lot of different kinds of challenges and finally I think many of them have managed to talk it through." Those challenges, though, many investors in China have found more than just challenging.



ZTE

Germany finds itself in an uncomfortable position. It sees the United States as a close friend but disagrees with the Trump administration over telecoms and the new generation 5G networks, with Huawei and another Chinese firm, ZTE, supplying technology. As to fears of spying, Germany's Economics Minister, Peter Altmaier, reminded a television discussion programme

that Berlin had not imposed a boycott on American tech companies after it was revealed that US authorities had tapped Chancellor Merkel's phone. As the old saying goes, what's salt for the goose is salt for the gander. It's a difficult balancing act for Berlin to stay close to Washington while opening up to Chinese companies.

It's all going to get more important as China's new Silk Road - the Belt and Road Initiative - progresses. "The initiatives are open to all and countries that are interested in the initiatives can participate in them," said Ou Xiaoli, Deputy Director-General of the Department of Western Region Development at China's National Development and Reform Commission (NDRC), "What China has offered is only vision." The plan will link China with much of the rest of the world. The Xinhua news agency said when the plan was announced by Xi Jinping that "the Silk Road can become a common future language." A bit of an exaggeration, even given the fact that China is now offering cruises along part of the maritime Silk Road to the Xisha Islands off the coast of Hainan province and to other destinations; China will also need to ensure the security of its new route and the massive investment it involves, which would mean Chinese forces working closely with those of the countries it links, just as retired PLA colonel Yue Gang said. That's why the joint Sino-German military exercises are seen as important by Beijing and Berlin but feared and opposed by those who still see China as a large, aggressive and rather rapacious rival. Hong Kong's protesters are angered by it. China, it seems, doesn't make friends easily, at least with the benefit of mutual trust. It's significant, perhaps, that the US has the bald eagle as its emblem and Russia has the bear but China's is the Giant Panda, which, unlike the other, rather fiercer symbolic creatures, is very reluctant to mate, even when offered titbits as inducements. More bamboo shoots, anyone? But don't forget: China is also represented by a mythical creature, the dragon, representing wealth, power and leadership. To the Chinese, the phrase "a dragon among men" is used to describe someone of exceptional, unmatched talent. And in China's mythology, dragons can be good or evil.

*Jim Gibbons*



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# EUROPEAN INSTITUTE OF INNOVATION & TECHNOLOGY

*To invest € 500 million for innovators across Europe in 2020*

In 2020, the European Institute of Innovation & Technology (EIT) will invest EUR 500 million in its Knowledge and Innovation Communities across Europe – the EIT Governing Board decided. This investment will drive European innovation in the areas of climate (EIT Climate-KIC), digitisation (EIT Digital), food (EIT Food), health (EIT Health), sustainable energy (EIT InnoEnergy), advanced and sustainable materials (EIT RawMaterials), manufacturing (EIT Manufacturing) and urban mobility (EIT Urban Mobility).

The EIT's eight Knowledge and Innovation Communities competed for **EUR 500 million** and were evaluated against their strategies and business plans for 2020, as well as their performance to date. Based on this, the EIT Governing Board decided to allocate the following grants (in order of their selection in 2009, 2014, 2016, and 2018\*):

<b>EIT Climate-KIC:</b>	<b>EUR 78.4 million</b>
<b>EIT Digital:</b>	<b>EUR 66.2 million</b>
<b>EIT InnoEnergy:</b>	<b>EUR 77.8 million</b>
<b>EIT Health:</b>	<b>EUR 85.1 million</b>

**EIT Raw Materials: EUR 81.7 million**

**EIT Food: EUR 55.1 million**

**EIT Manufacturing: EUR 26.8 million**

**EIT Urban Mobility: EUR 28.8 million**

In addition, the EIT Governing Board also decided to allocate EUR 30 million to the EIT Regional Innovation Scheme (EIT RIS) - the programme that helps modest and moderate regions (according to the European Innovation Scoreboard) to fully realise their innovation potential through the sharing of good practice and experience from across the EIT Community. The

EIT RIS fund will be available to all EIT Innovation Communities that include EIT RIS eligible activities in their 2020 Business Plans. The EIT Governing Board also decided to allocate **EUR 12.5 million** for joint activities between Knowledge and Innovation Communities, as for example in the areas of artificial intelligence and Skills 4 Future.

In addition, the EIT Governing Board put in place a Task Force on enhancing innovation and entrepreneurship in higher education institutions, in preparation for the EIT's role in Horizon Europe. The



Task Force will be chaired by Patrick Prendergast, Member of the EIT Governing Board, and will include representatives of the European Commission (DG EAC).

**Dirk Jan van den Berg**, Chairman of the EIT Governing Board, said: *'I am very pleased to see the progress in the past year, which is strongly based on the focused stewardship of the EIT's Governing Board. It is crucial that the opportunities the EIT community offers innovators are scaled-up across the whole of Europe. Why? This investment is not just to create another product, or power another start-up; it's to bring about the urgent need for more innovative European solutions at a much larger scale to tackle pressing societal challenges.'*



Martin Kern EIT Director

**Martin Kern**, EIT Director, added: *'The EIT is now Europe's proven innovation engine and 2020 will see strong impact from our eight Knowledge and Innovation Communities, based on their submitted plans. Our results clearly show that the EIT's investment delivers and turns ground-breaking ideas into products and services for a greener, healthier, more sustainable Europe. We particularly look forward to scaling up our support for innovators and entrepreneurs in countries where EIT Knowledge and Innovation Communities have a limited presence. I would like to thank the EIT Governing Board Members for their strong strategic steering of the EIT community.'*

## INVESTING IN WHAT WORKS

The 2020 funding will step up activities for entrepreneurs, innovators, and students, including business creation and acceleration services, entrepreneurial educational programmes and innovation-driven research projects. These activities have been shown to work, delivering tangible impact for Europe. In 2020, the EIT Community plans to **power 1000 start-ups and scale-ups** and launch more than **360 new products and services** to contribute to Europe's efforts of tackling global challenges. More than **900 students** are expected to graduate from EIT labelled master and doctoral programmes, strengthening the pool of talented and entre-

preneurially-minded change agents eager to transform their best ideas into solutions for Europe. It is foreseen that in 2020 alone, ventures supported by the EIT-Community will raise **over EUR 400 million in external capital**.

Since the EIT was set up in 2008, it has created Europe's largest innovation community, with **more than 1 000 partners** and **50 innovation hubs**. This has delivered support to more than **2 000 start-ups and scale-ups**, created more than **6 100 jobs** and more than **900 new products and services**. More than **2200 students** have graduated from EIT-labelled master and doctoral programmes. To date, EIT-supported ventures have raised more than **EUR 1.5 billion in external capital**.



## THE EUROPEAN INSTITUTE OF INNOVATION AND TECHNOLOGY (EIT)

The EIT was created in 2008 to strengthen Europe's ability to innovate and is an integral part of Horizon2020, the EU Framework Programme for Research and Innovation. The EIT is a unique EU initiative, the only one to fully integrate business, education and research. The Institute supports the development of dynamic pan-European partnerships among leading universities, research labs and companies



# EUROPEAN SPACE AGENCY

## *Implementing cybersecurity*

A cyber training range has been established at the European Space Security and Education Centre (ESEC), Redu, Belgium.

Strong and reliable communication is a key part of the space industry. From the signals that make global satellite navigation work to the data we collect from Earth-monitoring missions, space telescopes, human spaceflight and planetary exploration, everything has to be transferred and stored securely – including the news in the European Space Agency's website.

And these data must be available to those who need it, uninterrupted, any time.

ESA also has to ensure that assets, far more valuable than a web page, are kept secure, such as the ground systems, data centres and networks that support the real-time operation of space missions and services, which are increasingly critical for the daily lives of European citizens.

Most organisations are vulnerable to attacks on their data or networks in some way – often through the Internet, but also through radio signals or other ways. Some will be generic attacks targeting typical weak spots, while others may be specifically directed against a vulnerable node.

Telecommunications may be interrupted, with signals being 'jammed', or satellite navigation system signals could be replaced with incorrect data, known as 'spoofing'.



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Each year, Europe is becoming more reliant on satellites, and space-based applications are now utterly critical to the large and growing range of services on which our citizens and economies depend.

These range from navigation, broadcasting and weather forecasting to monitoring the health of our planet's climate and the conditions of land, oceans and inhabited areas.

ESA is working to boost cybersecurity not only within the Agency but also across Europe's space sector, helping make spaceflight more resilient to attack and accelerate the integration of space systems and services with the terrestrial economy.

"ESA has the responsibility to protect the interests of its Member States within the space technology domain, ensuring an adequate level of protection for each space system and guaranteeing the continual availability, the integrity and the confidentiality of the information,"



said Massimo Mercati, heading ESA's Security Office.

Accordingly – and because most cyber incidents happen due to initial human error – ESA has established a cyber training range at the European Space Security and Education Centre (ESEC), Redu, Belgium.

“At ESA we have a range of important responsibilities for our networks and data – and it is vital that these are not interfered with in any way, they remain available to those who need them and that private information is kept private,” said Martin Ditter, Head of ESEC.

## ESA TAKES ACTION

The range provides training and testing for its own employees and partners, and aims to develop knowledge in awareness, detection, investigation, response and forensics to counter cyber attacks specific to space systems.

On 6 November, ESA experts from ESEC joined counterparts from 11 European countries and the European Defence Agency in Finland to provide a full demonstration to media that simulated a cyber attack and the response needed.

During the simulation, hosted at Helsinki's House of the States, members of the European Cyber Ranges Federation displayed what it takes to ensure that civil systems remain secure.

“Cyber resilience is one of the security measures ESA has identified and prioritised within the Agency's Cyber Security Policy. The technology and expertise ESA is developing within this area are contributing to a secure environment and to developing secure systems, duly certified and accredited,” adds Mr. Mercati.

Data from space is central to everyday life, and it is essential these are kept safe from any kind of disruption.

“Cyberattacks are things we must be prepared for, and must also be able to recover from quickly,” adds Mr Ditter.



Space19 the ESA Council at Ministerial level in Seville Spain



Space19 the ESA Council at Ministerial level in Seville, Spain



Space19 the ESA Council at Ministerial level in Seville, Spain



# EU LAW ENFORCEMENT AND JUDICIAL AUTHORITIES

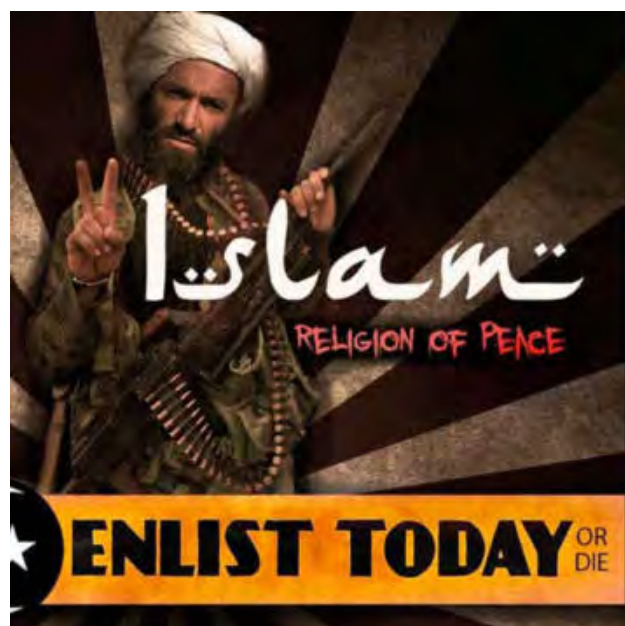
*Join forces to disrupt terrorist propaganda online*

Between 21-24 November, law enforcement and judicial authorities in Europe launched a joint action against the so-called Islamic State (IS) to disrupt the online activities of this terrorist organisation.

The referral action coordinated by the European Union Internet Referral Unit of Europol, supported by Eurojust was joined by 12 Member States and 9 online service providers. It led to the referral of a total of over 26 000 items of IS-supporting content. This process is based on the referral by Europol of branded terrorist propaganda to online service providers who are responsible for evaluating it to establish any potential breach of their terms of service, to ensure that the rule of law is implemented and freedom of speech is safeguarded.

The operation was led by the Belgian Investigating Counter Terrorism Judge and the Belgian Federal Prosecutor's Office, together with the Belgian Federal Judicial Police of East-Flanders.

Within this operation the Guardia Civil carried out an arrest in Spain of an individual suspected of being part of the core disseminators of IS terrorist propaganda online. This arrest was carried out in coordi-





nation with the Central Magistrate's Investigating Courts number 3 and 5, and the Prosecutor's Office of the Audiencia Nacional.

## EARLIER EFFORTS

This latest action ties in with a series of previous joint efforts aimed at taking down the various communication assets of this terrorist organisation.

In August 2016, a first takedown was launched against Amaq's mobile application and web infrastructure. This action forced the propagandists to build a more complex and secure infrastructure to prevent further disruption from law enforcement.

In June 2017, a second strike led by the Spanish Guardia Civil and supported by Europol, Eurojust and the United States of America targeted part of the news agency's web assets and infrastructure. The servers seized by the Guardia Civil allowed for the identification of radicalized individuals in 133 countries, and the detection of more than 200 million accesses to the so-called Islamic State propaganda contents by 52 000 possible consumers.

In April 2018, a multinational operation led by the Belgian Federal Prosecutor's office together with the Belgian Federal Judicial police of East Flanders, and with the support of Europol's EU IRU, Eurojust and EU Member States finally took down the web infrastructure of IS, forcing the terrorist propagandist to rely heavily on social media and messaging applications to reach wider audiences online. This shift to online service providers allowed Europol and investigators in Member States to focus their work on the social media networks used by the IS media operatives, resulting in the actions day of November 2019.

Europol will continue working towards fostering closer public-private partnerships to ensure the disruption of the dissemination of the terrorist online propaganda, and will continue to support law enforcement authorities in EU Member States to address the terrorist abuse of the internet.



Entitled 'Be Patient America', the poster, has been distributed on encrypted messaging app Telegram by pro-ISIS media.





# MONACO

## *World pioneer with 100% 5G coverage*

Other countries such as South Korea, the United States, the United Kingdom and Spain have rolled the technology out but only to select pilot cities. Monaco took advantage of its small surface area to take the giant leap forward and become the first state in the world with full 5G coverage.

Since 9 July, 2019, individuals and businesses in Monaco have been able to access the new 5G technology, which opens up new opportunities that make everyday life easier for those who live or work in Monaco, and for visitors to the country.

Smart bus shelters now offer public Wi-Fi via the 5G network. They will also soon feature new services supported by environmental sensors.

Monaco's Fire and Emergency Service plans to use 5G to better protect the population: firefighters are getting ready to use surveillance drones equipped with high-definition cameras as well as a pre-diagnostic app that is linked to the hospital and can be used at the scene of an accident to save time and improve victims' chances of survival.



Base Transceiver Station

Self-driving vehicles which have been tested in the Principality will include 5G technology in future versions. For companies based in Monaco, the 5G roll-out also opens up functionality that will help to generate new markets.

For example, Teale, a start-up working with the Principality's start-up programme MonacoTech and which specialises in intelligent building management, has demonstrated the contribution 5G can make to remote control of facilities in order to improve energy efficiency.

The opportunities associated with 5G are huge, still difficult to qualify and quantify, and different from those of previous generations. The technology behind 5G makes it possible to expand its scope, notably by connecting objects and will have an impact on the pillars of society and the economy.



Energy, health, the media, industry and transport will all enter a new era. This is therefore a true step forward for the Principality, its residents, its public policies and its economy.

## SIGNIFICANT TECHNICAL IMPROVEMENTS IN SPEED, LATENCY AND DENSITY



© Wikimedia

Monaco Telecom

4K video is becoming more widespread, 8K is on the way, streaming has become the norm for video and will increase in popularity in ever more areas, including cloud gaming and virtual reality. These are all uses that demand more speed to eliminate the barrier, which should no longer exist, between our fixed and mobile devices.

5G technology substantially increases speed, making it possible to achieve a level equivalent to fibre, with users enjoying speeds of at least 100 Mbits/s and up to a maximum of 20 Gbit/s.

5G reduces latency from 10 ms to 2 ms, opening up opportunities for self-driving cars and drones as well as in medicine and remote surgery.

And in terms of density, 5G makes it possible to connect a high number of devices per square kilometre, something which is key to the Internet of Things, particularly when it comes to smart homes and the Monaco Smart City goal.

Monaco Telecom is offering a strong response to the new uses and demands from residents for fast mobile access with a high level of density, by introducing a technology that will soon become indispensable.

At the same time, Monaco Telecom is continuing to roll out the fibre network in order to provide businesses and individuals with an exceptional level of service.

## REGULATIONS THAT EXCEED INTERNATIONAL STANDARDS

As a precaution and in anticipation of residents' concerns, in 2010 the Principality drew up a prevailing regulatory framework on electromagnetic fields, strengthening the international standard published by the International Commission on Non-Ionizing Radiation Protection (ICNIRP), which establishes recommendations on maximum public exposure levels.

These limits are 50 times lower than the level which produces initial thermal effects, and they have been reduced further still in Monaco. To improve transparency, the Government will also publish an electromagnetic map and a map of antenna locations by the end of the year.

Alexandre Bordero, the Government's Director of Health Affairs,

has also issued a message to reassure residents, reiterating the opinions of the World Health Organisation (WHO) and the French Agency for Food, Environmental and Occupational Health and Safety (ANSES) in France.

Having reviewed all of the joint international scientific studies on electromagnetic waves which have been published and audited over the last 20 years, 5G technology, just like 3G and 4G, has been determined to present no new health risks.

In addition, the techniques that 5G uses to emit waves results in a lower degree of dispersion compared with previous technologies such as 2G, 3G and 4G. The phasing out of these previous generations of mobile networks in favour of 5G is likely to lead to a reduction in the average electromagnetic field to which people are exposed, given the same amount of use.

In fact, the deployment of 5G is the first pillar in the 'Extended Monaco' programme set up by the government of the Principality, with the aim of bringing Monaco fully into the digital age.





# NORWAY

## *Johan Sverdrup, the North Sea giant, is on stream*

On 5 October Equinor and the Johan Sverdrup partnership consisting of Lundin Norway, Petoro, Aker BP and Total, started production from the giant field in the North Sea, more than two months ahead of and NOK 40 billion below the original estimates in the Plan for development and operation.

“Johan Sverdrup coming on stream is a momentous occasion for Equinor, our partners and suppliers. At peak, this field will account for around one third of all oil production in Norway and deliver very valuable barrels with record low emissions. Johan Sverdrup is expected to generate income from production of more than NOK 1400 billion of which more than NOK 900 billion to the Norwegian state and society,” says Eldar Sætre, president and CEO of Equinor.

Johan Sverdrup has expected recoverable reserves of 2.7 billion barrels of oil equivalent and the full field can produce up to 660,000 barrels of oil per day at peak. Powered with electricity from shore, the field has record-low CO2 emissions of well-below 1 kg per barrel.



Eldar Sætre, President and Chief Executive Officer of Equinor ASA

The break-even price for the full-field development is less than USD 20 per barrel. After reaching plateau for the first phase, anticipated during the summer of 2020, expected operating costs are below USD 2 per barrel. The operator also expects cash flow from operations of around USD 50 per bar-

rel in 2020, based on a real oil price of USD 70 per barrel, partly as a result of the phasing of tax payments in the ramp-up phase.

### **HIGH QUALITY IN EXECUTION, NEW TECHNOLOGY AND DIGITALIZATION**

“Starting production months ahead of schedule helps realize additional value from the field and is fitting for a project that over the development phase has redefined excellence in project execution,” says Anders Opedal, executive vice president for Technology, projects & drilling in Equinor.

The Plan for development and operation (PDO) for Johan Sverdrup phase





© Espen Rennekleik/Oyvind Gravås

Johan Sverdrup field centre



The Johan Sverdrup field

1 set an ambition for production start-up in late December 2019. Since the PDO was approved in August 2015, investment costs for the first phase of the development have been reduced by NOK 40 billion to now NOK 83 billion (nominal NOK, fixed exchange rate).

“Close cooperation with our partners and suppliers has contributed to high quality in the execution phase, and has been a key part of the improvement story. And we’ve also made courageous decisions with new technology and digitalization that we’re benefiting from today.”

“The qualification of new installations technology has reduced safety risk, saved more than two million offshore hours and shaved months of the development schedule. We have also invested in digital solutions and ways of working to boost oil recovery, optimize production and improve field operations, and these new ways of working have already saved at least one month in the execution stage,” says Opedal.

## THE LARGEST DEVELOPMENT IN NORWAY FOR THREE DECADES

Sanctioning of Johan Sverdrup in 2015 led the way to the largest development on the NCS since the 1980s. The first phase of the development has taken above 70 million manhours, and more than 12.000 people worldwide worked every day during the main construction period 2016-2018.

“Johan Sverdrup is a giant development, built across nearly 30 construction sites in Norway and globally, and the field centre assembled in the North Sea counts as one of the largest on the NCS. Sanctioned right at the beginning of the downturn in the oil and gas industry, it helped ensure activity for tens of thousands of people, especially in Norway, at a critical time for many,” says Opedal.

More than 70 percent of the contracts were awarded to suppliers in Norway, in strong international competition.

The consultancy Agenda Kaupang has estimated that the Johan Sverdrup development can contribute more than 150,000 man-years in Norway during the construction phase between 2015-2025.

## ACTIVITY AND RIPPLE EFFECTS ON THE NCS FOR DECADES TO COME

In the operations phase expected to last more than 50 years, Johan Sverdrup may also generate employment of more than 3,400 man-years on average every year.

“The field will be operated from Equinor’s offices in Stavanger, whereas base and helicopter services will be delivered from Dusavika and Sola. The oil transported from the field will also sustain activity at the Mongstad terminal outside of Bergen, and the gas will be exported to Kårstø,” says Arne Sigve Nylund, executive vice president for Development & production Norway. “The importance of this field for both the national and regional economies in Norway cannot be overstated.”

“In the same year that Norway celebrates 50 years since the Ekofisk discovery in 1969, which started the oil and gas adventure in Norway, the start-up of Johan Sverdrup lays the foundations for another 50 years of industrial activity and value-creation on the NCS”, says Nylund.



Arne Sigve Nylund, Executive Vice-President for Development & Production, Norway

The Johan Sverdrup field is developed in two phases. Phase II of the development was approved by Norwegian authorities in May 2019 with production start-up expected in Q4 2022.

# COUNCIL OF EUROPE TO BOSNIA AND HERZEGOVINA

## *Immediately close the Vucjak camp*

Bosnia and Herzegovina must immediately close the Vučjak camp and take concrete measures to improve the treatment of migrants in the country.

"The living conditions of hundreds of human beings in the improvised Vučjak camp are shameful. That camp should have never been opened in the first place. It is now urgent to relocate these people and provide them with decent accommodations. I was assured by the State Minister of Security that this relocation is imminent," said today the Council of Europe Commissioner for Human Rights, Dunja Mijatović, during a press conference concluding her 4-day visit to Bosnia and Herzegovina.



Dunja Mijatović, Council of Europe Commissioner for Human Rights

"The living conditions in Vučjak were already terrible before the cold weather and have become even more inhumane now that temperatures have dropped below freezing. Human beings, including several minors, are amassed in the mud on a former landfill next to land-mined areas. They have no running water and sanitary and hygienic conditions are dire. Many people lack adequate clothing and footwear. It is inhumane and unacceptable to keep people in such conditions," said the Commissioner.

Commissioner Mijatović is equally concerned about the situation of migrants and asylum seekers sleeping rough or in

abandoned buildings in Bihać and elsewhere in the country.

As part of the mission, the Commissioner also visited reception centres in Bihać, Cazin (Una-Sana Canton in the north-west of the country) and in the Sarajevo Canton. She stresses that the overall situation in those reception centres is clearly better than in Vučjak. However, conditions are still substandard in several cases, particularly in Bira where some 1,800 people were staying in a disused refrigerator factory. "The state must ensure that there are adequate reception capacities across the country. In particular, they should provide more humanitarian assistance and access to registration in the Una-Sana Canton, where more migrants and asylum seekers have been arriving."

While the authorities should take immediate measures to address this acute situation, they should also adopt long-term measures in order to solve the structural shortcomings when it comes to the treatment of migrants and asylum seekers. "The current dysfunctional system makes it much harder to identify migrants and their protection needs, ensure access to asylum, protect victims of trafficking and children, in particular unaccompanied minors. There is a need for more expeditious registration of migrants and referral to state agencies, as well as for better coordination among the authorities at state, entity, cantonal and municipal levels."

The Commissioner stresses that both the Federation of Bosnia and Herzegovina and Republika Srpska should engage to help improve the situation and share more equally the responsibility for hosting migrants and asylum seekers. She expresses regret that Republika Srpska and several cantons in the Federation have refused so far to take responsibility and calls on them to do their part too.



Migrants warm themselves by the fire set in one of the tents in Vučjak camp, 25 November 2019

Lastly, Commissioner Mijatović expresses grave concern about consistent reports of violent push-backs by Croatian law enforcement officials that she received from a variety of interlocutors. "I was particularly alarmed by stories of migrants being beaten and stripped of their belongings, including their shoes, and forced to walk across rough terrain to return back to Bosnia and Herzegovina."

She stresses that push-backs constitute a violation of the European Convention on Human Rights and prevent migrants from benefitting from other legal guarantees firmly established in international law, in particular the right to seek and enjoy asylum, the protection of life, and the prohibition of torture and of collective expulsion. "I raised this concern with the Prime Minister of Croatia already in October 2018. The situation has only worsened since then. The Croatian authorities must put an end to the practice of pushing migrants back and carry out independent and effective investigations into the reports of collective expulsion of migrants and ill-treatment by law enforcement officials."

(Source Council of Europe)





# EASTERN UKRAINE CONFLICT

*430,000 children continue to bear the brunt*

**E**astern Ukraine has become one of the most mine-contaminated places on earth, despite recent developments aimed to protect the rights of girls and boys affected by more than five-year-long conflict.

In late February 2014, a political crisis in Ukraine turned to violent confrontation as Russia annexed Crimea and a full-scale conflict between Government forces and separatists in the country's east broke out.

According to Afshan Khan, UNICEF's Regional Director for Europe and Central Asia, it is "unconscionable" that children there continue to "go to schools with bullet holes and bomb shelters and live in neighbourhoods that are intermittently shelled and littered with landmines".

After recently meeting children and families in the region bordering Rus-

sia, she spelled out that "a political solution is long overdue".

"We call on all parties to the conflict to end the fighting in eastern Ukraine", Ms. Khan underscored.



Afshan Khan UNICEF's Regional Director for Europe and Central Asia

## FIVE YEARS OF 'CONSTANT DANGER'

While the UNICEF envoy acknowledged that the Government's recent endorsement of the Safe Schools Declaration is a positive step to protect education from attack and reduce the use of schools by military forces, she emphasized that more than five years of conflict have been devastating for children on either side of the contact line.

"The children I met in eastern Ukraine have hopes and dreams like all children but have suffered tremendously after five years of living in constant danger," said Ms. Khan.

UNICEF and partners stand ready to support measures to further protect children and ensure the full implementation of the Safe Schools Declaration", she added.

Across eastern Ukraine, UNICEF and partners provide psychosocial support and mine risk education to hundreds of thousands of children, youth and caregivers. UNICEF also supports repairs to damaged schools and kindergartens and vital water and sanitation facilities.

And yet, in 2019, only 37 per cent of UNICEF's emergency appeal to support children and their families in the region was funded.

(Source: [news.un.org](https://news.un.org))

Water, sanitation and hygiene activities including water trucking, provision of water treatment chemicals and providing uninterrupted access to safe water had an even larger funding gap of 80 per cent.

### DEADLY CONSEQUENCES OF CONFLICT IN UKRAINE

- 172 children have been injured or killed due to mines or other explosive remnants of war (ERW).
- 36 attacks on schools were reported this year alone, including one school hit 15 times.
- Over 750 educational facilities have either been damaged or destroyed since the conflict began.
- Vital water and sanitation infrastructure have come under attack 80 times this year and more than 300 times over the last three years.
- 430,000 children live with psychological wounds and need ongoing emotional trauma support.
- 2 million children, women and men are at risk of death and injury from landmines and other ERW.

## UKRAINE BECOMES THE 100<sup>TH</sup> COUNTRY TO COMMIT TO KEEPING SCHOOLS SAFE DURING ARMED CONFLICT



# Save the Children

To mark International World Children's Day, Ukraine has today become the 100<sup>th</sup> country to commit to protecting students, teachers and their schools from the devastating effects of war by endorsing the Safe School Declaration. However, urgent action is needed to ensure that all boys and girls can attend school safely, Save the Children is warning.

More than half of United Nations members have now joined the Safe Schools Declaration, representing an important milestone in ensuring safe, continuous access to education for school children during armed conflict. The Safe Schools Declaration is an inter-governmental political commitment to protect education during armed conflict, led by the Governments of Argentina and Norway with the support of a core group of countries.

In the last five years, according to research by the Global Coalition



© UNICEF/UN0243152 Morris VII Photo

to Protect Education from Attack (GCPEA), there were nearly 10,000 reported incidents of attacks on education globally, harming over 17,800 students, teachers and education staff. The GCPEA is an inter-agency coalition formed in 2010 to address the problem of targeted attacks on

education during armed conflict.

An estimated 420 million children – one in five – are living in areas affected by war.

In conflicts around the world, schools continue to be deliberately bombed and destroyed, and schoolchildren





© president.gov

Ukraine President's wife Olena Zelenska (right) with UNICEF Representative in Ukraine Lotta Sylwander

and their teachers are being abducted, raped and recruited into armed groups, and even killed, at and on the way to school. The proportion of attacks specifically targeting girls' education appears to have increased significantly during the last two decades.

Schools are used by militaries as barracks, bases, detention centres and weapons stores, exposing children to harassment, sexual violence, recruitment and bombings.

Children have reported seeing other children killed in front of their eyes, bombs landing in their football pitches, their schools burnt down and textbooks destroyed. Many said they live in fear of the threat of attack and are forced to stay at home rather than attend school.

Since the Safe Schools Declaration was launched in Oslo in 2015, Save the Children's Safe Schools programme has helped to keep children safe from all hazards in and around school, and support governments to put their commitments into practice.

In Ukraine, where more than 750 educational facilities have been damaged since

the beginning of the conflict, many children fear attending school and are distressed by the presence of armed soldiers in and around their schools.

\*Ekateryna, a schoolgirl participating in the Safe Schools project in Ukraine, said:

"When there was shooting, I did not go to school. I stayed at home and went to the basement with my parents. School is where we get our knowledge. If it is dangerous there, children will not be able to get that knowledge, and will be forced to stay at home."

Save the Children works with children, teachers, parents and the wider community near the contact line to enable them to identify risks, implement school safety measures, and ensure that their voices are heard by governments to encourage them to take steps to improve the safety and security of schools.

After participating in the Safe Schools programme, children reported feeling safer and more confident, and having an increased understanding of practices to keep schools safe.

### Dariusz Zietek, Save the Children's Ukraine Country Director, said:

"It is great to see Ukraine join that group and become the 100<sup>th</sup>, jubilee country, to endorse the declaration. As a leading child rights agency, advocating for the endorsement of the Safe Schools Declaration in Ukraine, Save the Children is ready to support the implementation of the declaration together with the government and partners."

"Education is key to realizing a range of social, political, and economic rights that are essential to building peaceful and stable societies. However, schools and universities have often become the battlefields where wars are waged, with students frequently being the prime casualties," said Zietek.

"To safeguard learning in armed conflict, education must itself be protected from attack: the Safe Schools Declaration is a critical tool for ensuring that safe education can continue during the conflict."



Dariusz Zietek Save the Children's Ukraine Country Director

With today's endorsement of the Safe Schools Declaration, Ukraine now commits to taking concrete steps to ensure better protection for education, including monitoring and reporting of attacks on education and the military use of schools, assisting victims of attacks, prosecuting perpetrators, and promoting measures that enable safe education to continue during war. They also commit to using the Guidelines for Protecting Schools and Universities from Military Use during Armed Conflict.

# TIMELESS CHIC

## Standout Fashion and Beauty trends

By Clara Bauman

### Perfect gifts to place under the Christmas tree

“You know, I don’t really need anything“, is what you always hear your family members say as Christmas draws near. Except that, we know this is not true. Here are some ideas for last minute gifts with a (practically) zero risk of error !



#### *For the husband with a passion for photography*

A camera by Leica in collaboration with Paul Smith. Among the technical specifications : 24 megapixels resolution, fast autofocus, MP4 video recording. And of course, the unique colourful look by English designer Paul Smith.

([paulsmith.com](http://paulsmith.com))

#### *For the dad who can't resist lovely fragrances*

‘Colonia Pura’ gift box by Acqua di Parma. Eau de Cologne, deodorant stick and shower gel/shampoo - all-in-one –for the man or woman who are mad about fresh and delicate fragrances.

([acquadiparma.com](http://acquadiparma.com))



#### *For the sister who's always late*

Wrist watch in ‘pink gold’ with Milanese strap.

Caution, this gift carries a subliminal message : you won’t resist the non-stop pleasure of consulting this elegant watch !

([fr.tommy.com](http://fr.tommy.com))

#### *For the cousin who's hooked on body care products*

“Ritual of Ayurveda“ gift box. Heady scents and delightfully textured creams that exfoliate, hydrate and perfume the body with the subtle fragrance of Indian rose and Himalayan honey.

([rituals.com](http://rituals.com))



#### *For the dreamy little niece*

Chain bracelet in pink gold. The little star is the lucky charm in this gift to be offered with love.

([ginette-ny.com](http://ginette-ny.com))

#### *For the mum who collects handbags*

A black “crossbody bag“. Like aameleon, this bag made from vegetable tanned leather with silver studs adapts itself to any style, from the most classic to the most rock’n’roll look.

([lilu.be](http://lilu.be))



#### *For the uncle who loves celebrations*

A bottle of Moët Imperial champagne in a limited edition. Let’s uncork it as soon as it’s unwrapped !

([moet.com](http://moet.com))

#### *For the brother, that discriminating gourmet*

A “sculptured chocolate“ gift box. Designed by the illustrious Belgian chocolate maker Pierre Marcolini, this sweet wonder is so big that its recipient will have no choice but to share it. A great idea !

([eu.marcolini.com](http://eu.marcolini.com))



#### *For the goddaughter who likes decorating*

Perfumed candles. Everything here is soft ss: pastel colours and delicate scents that are by turns, woody, spicy, flowery...

([stories.com](http://stories.com))



# TIMELESS CHIC

## Standout Fashion and Beauty trends

By Clara Bauman

### Gold vs Silver : choose sides for the festive season

Christmas with the family , parties with friends or a super glamorous New Year's Eve...end-of-year parties are fast approaching and "last minute" ideas on dressing up for these occasions are more urgent than ever. Our fashion tip : the sound choice of black combined with gold or silver.

#### All that glitters is gold (almost all !)

Skilfully calibrated, little touches of gold give that special sparkle even to the plainest outfit. In "total look" mode, it is risky and best avoided !



Short dress in gold sequin  
([guess.eu](http://guess.eu))



Heeled ankle boots  
([filippa-k.com](http://filippa-k.com))



Crystal encrusted  
bangle bracelet  
([swarovski.com](http://swarovski.com))



Small shoulder bag  
([jerome-dreyfuss.com](http://jerome-dreyfuss.com))

#### Team « Silver »

Silver is the best remedy against the 'sinister' look of some dark outfits. As with the gold, it is best to avoid wearing it from head to toe.



White gold ring with diamonds  
from the "Pulse" collection  
([dinhvan.com](http://dinhvan.com))



Small metallic "Sleepy Fly"  
bag with adjustable and  
detachable shoulder strap  
([patriziapepe.com](http://patriziapepe.com))



Silver biker jacket made from  
luxurious, soft-handle leather  
([paulsmith.com](http://paulsmith.com))



Crystal encrusted pumps  
([stevemadden.eu](http://stevemadden.eu))

#### Black : back to basics

At a loss for inspiration ?  
Add a touch of gold to any of the following festive outfits...  
You're ready for the party !



Strass encrusted,  
sleeveless dress  
([liujo.com](http://liujo.com))



Sequin embroidery  
and lace midi dress  
([twinset.com](http://twinset.com))



Low cut, sleeveless  
Jumpsuit  
([ikks.com](http://ikks.com))



Dress with long  
sleeves longues  
([patriziapepe.com](http://patriziapepe.com))

#### Tips - How to find out which suits you best : gold or silver

Before any impulse buying, get yourself a few sheets of gold and silver paper (most stationary shops have them) and stand before a mirror. Under natural light, hold the sheets below your face.

Now, each question that obtains 'yes' for an answer, confirms that the tested colour does not really suit you:

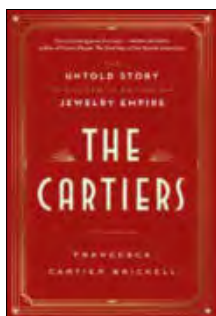
Does the gold/silver sheet make you look bland ?

Does the metal sheet create unflattering shadows ?

Does the metal sheet create or accentuate dark eye circles ?

Does the gold/silver color accentuate redness ?

## BOOKS



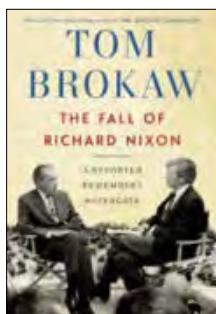
## THE CARTIERS

**By: Francesca Cartier Brickell**

THE UNTOLD STORY OF THE FAMILY BEHIND THE JEWELRY EMPIRE

The captivating story of the family behind the Cartier empire and the three brothers who turned their grandfather's humble Parisian jewelry store into a global luxury icon—as told by a great-granddaughter with exclusive access to long-lost family archives. *The Cartiers*

is the revealing tale of a jewelry dynasty—four generations, from revolutionary France to the 1970s. At its heart are the three Cartier brothers whose motto was “Never copy, only create” and who made their family firm internationally famous in the early days of the twentieth century, thanks to their unique and complementary talents: Louis, the visionary designer who created the first men's wristwatch to help an aviator friend tell the time without taking his hands off the controls of his flying machine; Pierre, the master dealmaker who bought the New York headquarters on Fifth Avenue for a double-stranded natural pearl necklace; and Jacques, the globe-trotting gemstone expert whose travels to India gave Cartier access to the world's best rubies, emeralds, and sapphires, inspiring the celebrated Tutti Frutti jewelry. Francesca Cartier Brickell, whose great-grandfather was the youngest of the brothers, has traveled the world researching her family's history, tracking down those connected with her ancestors and discovering long-lost pieces of the puzzle along the way. Now she reveals never-before-told dramas, romances, intrigues, betrayals, and more. *The Cartiers* also offers a behind-the-scenes look at the firm's most iconic jewelry—the notoriously cursed Hope Diamond, the Romanov emeralds, the classic panther pieces—and the long line of stars from the worlds of fashion, film, and royalty who wore them, from Indian maharajas and Russian grand duchesses to Wallis Simpson, Coco Chanel, and Elizabeth Taylor. Published in the two-hundredth anniversary year of the birth of the dynasty's founder, Louis-François Cartier, this book is a magnificent, definitive, epic social history shown through the deeply personal lens of one legendary family.



## THE FALL OF RICHARD NIXON

**By: Tom Brokaw**

A REPORTER REMEMBERS WATERGATE

Bestselling author Tom Brokaw brings readers inside the White House press corps in this up-close and personal account of the fall of an American president. In August 1974, after his involvement in the Watergate scandal could no longer be denied, Richard Nixon became the

first and only president to resign from office in anticipation of certain impeachment. The year preceding that moment was filled with shocking revelations and bizarre events, full of power politics, legal jujitsu, and high-stakes showdowns, and with head-shaking surprises every day. As the country's top reporters worked to discover the truth, the public was overwhelmed by the confusing and almost unbelievable stories about activities in the Oval Office. Tom Brokaw, who was then the young NBC News White House correspondent, gives us a nuanced and thoughtful chronicle, recalling the players, the strategies, and the scandal that brought down a president. He takes readers from crowds of shouting protesters to shocking press conferences, from meetings with Attorney General Elliot Richardson and White House Chief of Staff Alexander Haig, to overseas missions alongside Henry Kissinger. He recounts Nixon's claims of executive privilege to withhold White House tape recordings of Oval Office conversations; the bribery scandal that led to the resignation of Vice President Spiro Agnew and his replacement by Gerald Ford; the firing of Special Prosecutor Archibald Cox; how in the midst of Watergate Nixon organized emergency military relief for Israel during the Yom Kippur War; the unanimous decision of the Supreme Court that required Nixon to turn over the tapes; and other insider moments from this important and dramatic period. *The Fall of Richard Nixon* allows readers to experience this American epic from the perspective of a journalist on the ground and at the center of it all.

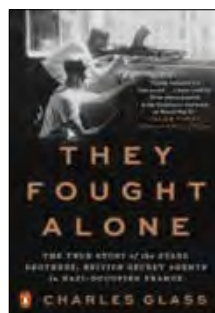


## THE STARLESS SEA

**By: Erin Morgenstern**

A NOVEL

From the *New York Times* bestselling author of *The Night Circus*, a timeless love story set in a secret underground world—a place of pirates, painters, lovers, liars, and ships that sail upon a starless sea. Zachary Ezra Rawlins is a graduate student in Vermont when he discovers a mysterious book hidden in the stacks. As he turns the pages, entranced by tales of lovelorn prisoners, key collectors, and nameless acolytes, he reads something strange: a story from his own childhood. Bewildered by this inexplicable book and desperate to make sense of how his own life came to be recorded, Zachary uncovers a series of clues—a bee, a key, and a sword—that lead him to a masquerade party in New York, to a secret club, and through a doorway to an ancient library hidden far below the surface of the earth. What Zachary finds in this curious place is more than just a buried home for books and their guardians—it is a place of lost cities and seas, lovers who pass notes under doors and across time, and of stories whispered by the dead. Zachary learns of those who have sacrificed much to protect this realm, relinquishing their sight and their tongues to preserve this archive, and also of those who are intent on its destruction. Together with Mirabel, a fierce, pink-haired protector of the place, and Dorian, a handsome, barefoot man with shifting alliances, Zachary travels the twisting tunnels, darkened stairwells, crowded ballrooms, and sweetly soaked shores of this magical world, discovering his purpose—in both the mysterious book and in his own life.



## THEY FOUGHT ALONE

**By: Charles Glass**

THE TRUE STORY OF THE STARR BROTHERS, BRITISH SECRET AGENTS IN NAZI-OCCUPIED FRANCE

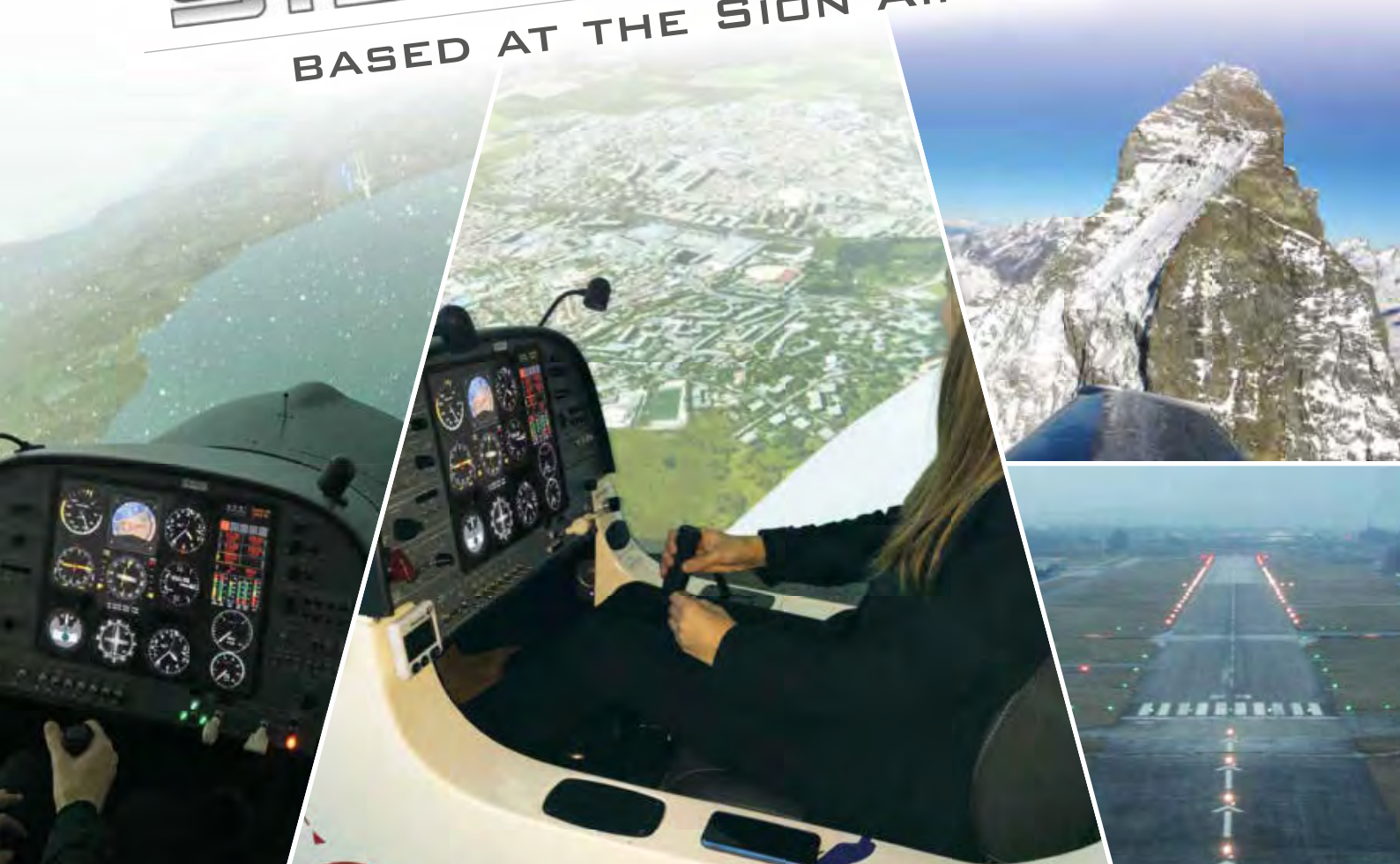
From the bestselling author of *Americans in Paris* and *The Deserters*, the astounding story of Britain's Special Operations Executive, one of World War II's most important secret fighting forces. As far as the public knew, Britain's Special Operations Executive (SOE) did not exist. After the defeat of the French Army and Britain's retreat from the Continent in June 1940, Prime Minister Winston Churchill created the top-secret espionage operation to “set Europe ablaze.” The agents infiltrated Nazi-occupied territory, parachuting behind enemy lines and hiding in plain sight, quietly but forcefully recruiting, training, and arming local French *résistants* to attack the German war machine. SOE would not only change the course of the war, but the nature of combat itself. Of the many brave men and women conscripted, two Anglo-American recruits, the Starr brothers, stood out to become legendary figures to the guerillas, assassins, and saboteurs they led. While both brothers were sent across the channel to organize against the Germans, their fates in war could hardly have been more different. Captain George Starr commanded networks of *résistants* in southwest France, cutting German communications, destroying weapons factories, and delaying the arrival of Nazi troops to Normandy by seventeen days after D-Day. Younger brother Lieutenant John Starr laid groundwork for resistance in the Burgundy countryside until he was betrayed, captured, tortured, and imprisoned by the Nazis in France and sent to a series of concentration camps in Germany and Austria. Feats of boldness and bravado were many, but appalling scandals, including George's supposed torture and execution of Nazis prisoners, and John's alleged collaboration with his German captors, overshadowed them all. At the war's end, Britain, France, and the United States awarded both brothers medals for heroism, and George would become one of only three among thousands of SOE operatives to achieve the rank of colonel. Yet, their battle honors did little to allay postwar allegations against them, and when they returned to England, their government accused both brothers of heinous war crimes. Here, for the first time, is the story of one of the great clandestine organizations of World War II, and of two heroic brothers whose ordeals during and after the war challenged the accepted myths of Britain's wartime resistance in occupied France. Written with complete and unrivaled access to only recently declassified documents from Britain's SOE files, French archives, family letters, diaries, and court records, along with interviews from surviving wartime Resistance fighters, *They Fought Alone* is a real-life thriller. Renowned journalist and war correspondent Charles Glass exposes a dramatic tale of spies, sabotage, and the daring men and women who risked everything to change the course of World War II.



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