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Manuscripts should be submitted on the journal's website [www.cyprusreview.org](http://www.cyprusreview.org). Should you encounter any difficulties, do not hesitate to contact the Editorial Team of *The Cyprus Review* at <cy\_review@unic.ac.cy>.

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- Articles should range between 8,000-10,000 words.
- Documents should be submitted in **A4 format, 1.5-spaced lines, in a 12-pt type-face, Times New Roman font.**
- Pages should be **numbered** consecutively.
- An abstract of no more than **150 words** should be included together with a **maximum of ten (10) keywords** to define the article's content. The abstract and keywords should be placed at the beginning of the first page just after the article's title and before the main text.
- **Policy Papers:** Policy Papers on subjects relating to Cyprus should range between 4,000 and 7,000 words in length.
- **Book Reviews** are normally 2,000 words maximum in length. The **reviewer's name** should appear at the end of the review. Guidance notes are available for book reviewers. Headings should appear as follows:

Title

Author

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(Place, Date), number of pages [pp. ....]

ISBN:

## SEPARATE FILES

- As manuscripts are sent out anonymously for editorial evaluation, the **author's name should appear on a separate covering page.** The author's **full academic address and a short bio of no more than 50 words** detailing current affiliation, areas of research interest and publications should also be included in the said cover page.
  - **Images, Tables, Figures, and Photos**
- *The Cyprus Review* has adopted a **strict BnW/no-more-than-three policy** regarding images and/or photos accompanying submitted articles. More than three (3) items can be accepted at the editorial team's discretion, **if (and only if)** they are deemed absolutely necessary for the sake of scientific completeness.
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a **separate annex, following** the end of the **article's main body**. References to such images etc. within the article should be made in a **footnote** citing the item's title and the word Annex, e.g. <sup>1</sup> Photo 1 'Vision of Cyprus' Annex.

- Images, tables, figures, graphs, and photographs should be **numbered consecutively** with **titles**, and submitted in **separate file(s)**. A **copyright credit should be added, if mandatory, under a permissions agreement**.

## GENERAL STYLE AND FORMAT

- *The Cyprus Review* uses **British spelling**, '-ise'/'-our' endings (e.g. 'organise' and 'organisation', 'labour' and 'honour'), and strongly supports the **Oxford comma**.
- Possessives of words (nouns and proper names) ending in -s (such as Cyprus, politics, Descartes etc.) should be formed by the addition of an apostrophe ( ' ') at the end of the word, e.g. Cyprus', politics', Descartes'.
- We would ask authors to use the following **formula in the headings (full capitals, as in CAPITALS, in headings are to be absolutely avoided)**.
- **Headings and subheadings** should appear as follows:

### 1. Part One

#### A. First Subheading

##### 1. Second Subheading

##### (a) Third subheading

##### (i) Fourth subheading

- All **nouns, verbs and adjectives** on the **first three levels** should **begin** with **capital letters**.
- The word '**state**' should begin with a **capital 'S'** when it denotes a polity, e.g. the international community of States; **but** the state of play.
- **Acronyms** should be **capitalised** in full.
- **Basic legal material** (e.g. the Treaty on the Functioning of the European Union, United Nations Charter) and their **short titles or abbreviations** should begin with **capital** letters (TFEU, UN Charter). The same rule applies to the **titles of books, chapters, articles** etc. cited in the footnotes and in the references section.
- Sources written **in languages other than English** (for instance French or German) follow their own rules regarding the **use of capital letters**. In such cases, it is preferable to follow the **rules** applicable in the **source's original language**. For instance:

Christopher Staker, 'Public International Law and the Lex Situs Rule in Proprietary Conflicts and Foreign Expropriations' (1987) 58(1) *British Yearbook of International Law* 151.

Antony Anghie, *Imperialism, Sovereignty and the Making of International Law* (Cambridge: Cambridge University Press, 2004).

Maarten Bos, 'Public International Law and Private International Law: Two Well Distinct Identities' ('Droit international public et droit international privé: deux identités bien distincte') in Jerzy Makarczyk (ed.), *Theory of International Law at the Threshold of the 21<sup>st</sup> Century: Essays in Honour of Krzysztof Skubiszewski* (The Hague/Boston MA: Kluwer Law International 1996) 89 (in French).

Georg Jellinek, *The Legal Nature of State Conventions: A Contribution to the Legal Construction of International Law* (*Die rechtliche Natur der Staatenverträge: Ein Beitrag zur juristischen Construction des Völkerrechts*) (Wien: Hölder 1880) (in German).

- Use **italics** for the following:
  - The **names of cases and judgments** either domestic or international:  
*Attorney General of the Republic v. Mustafa Ibrahim & Ors*  
*Military and Paramilitary Activities in and Against Nicaragua*  
*Distomo case*
  - The titles of published books, e.g. Professor Emilianides' *Constitutional Law in Cyprus*
  - The titles of periodicals, journals, and review e.g. *British Yearbook of International Law*, *American Journal of Legal History*, *The Cyprus Review*
  - **Short foreign phrases**, names or individual words, e.g. *Areios Pagos*, *Cour de Cassation*, *sui generis*.
  - However, **Latin abbreviations or words commonly used** should not be italicised: cf., e.g., ad hoc, i.e., per se.
  - Words or phrases which the author wishes to **emphasise**. Emphasis added by the author in a quoted passage should be explained in the corresponding footnote as follows:

'[...] gender equality in *every* aspect of economic and social life is a *basic* obligation for *every* state which ensures equal treatment for *all* citizens irrespective of their gender'.<sup>1</sup>
  - <sup>1</sup> Konstantinos Dimarellis, Christina Ioannou, 'Equal Treatment of Women and Men in Employment: An Analysis of the Cypriot and the Greek Legal Frameworks' (2018) 30(1) *The Cyprus Review* 259, 273 (emphasis added).
  - In a likewise manner, when the author wishes to **omit an emphasis** in a quoted passage, this should be explained in the corresponding footnote adding (emphasis omitted).
  - Emphasising by use of **Bold** is to **be absolutely avoided**. Exceptions may apply strictly for quoted passages where the original text already contains certain

emphasised passages in italics and the author wishes to add more emphasis in another part. The corresponding footnote should then contain the explanation: (italic emphasis in the original, bold emphasis added).

## PUNCTUATION, FOOTNOTE INDICATORS, NUMBERS, AND ABBREVIATIONS

- **Quotations** must correspond to the original source in wording, spelling, and punctuation.
- Any **alterations** to the original should be noted (e.g. use **brackets [...]** to indicate omitted information).
- **Single quotation marks (‘ ’)** are to be used to denote direct quotes and **double quotation marks (“ ”)** to denote a quote within a quotation.
- The **closing full stop** should be **outside** the closing quotation mark (‘ \_\_\_\_\_’.)
- **Footnotes** should be placed **after the closing quotation mark** (‘ \_\_\_\_\_’1), unless a specific reference to a term within the quoted passage is made.
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- **Footnotes** should be used to provide additional comments and discussion or for reference purposes, and should be numbered **consecutively** in the text.
- **Acknowledgements, references to grants etc.** should appear within the footnotes.
- **Passages of more than three lines** should be printed as a **separate paragraph, indented, without quotation marks (11-pt, Times New Roman, Indent: Left 2,00 cm, Right 2,00 cm)**
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- **Em-dashes [—]** should be used as punctuation devices, introducing parenthetical phrases, **without a space in either side**.
- It is preferable **not to use hyphens**, when such a choice is **grammatically** available (e.g. coordination, transnational, intergenerational etc.).
- **Single parentheses ( )** should be used for all comments, remarks, and explanations either in the main text or in the footnotes.
- **Brackets [ ]** should be used in the following cases:
  - For the **publication year of reports/reviews lacking a volume number**, e.g. *A. Christodoulides v. The Republic* [1967] 3 CLR 356; Paul Craig, ‘Theory, “Pure Theory” and Values in Public Law’ [2005] *Public Law* 440.
  - For **modifications and explanatory remarks** within quoted passages.

- **Other parenthetic indicators and quotation marks**, such as **braces { }** or **Guillemets « »**, are to be **absolutely avoided**, even if preferred in the original language of a given source (e.g. French, Greek, or German).
- **Numbers one to ten** should appear in their **written form**, whilst numbers **above ten** should appear in **Arabic numerals**, e.g. one, nine, 11, 20, 100, 10,000).
- The **period sign ( . )** should be used as a **decimal separator/radix** (e.g. 2.02 cm), while **comma ( , )** as a **groups of thousand's separator**, e.g. 100,000,000.
- **Dates** should follow the **day month year format**, as in 1 January 2000.
- **Months** should not be abbreviated in any case (e.g. February; not Febr.).
- **Decades** should be referred to as the 1930s, the 2000s etc.
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- **Abbreviations** should be followed by a full stop, e.g. Doc., Cf., Appl., Suppl.
- The abbreviated form of the word **'number'**, i.e. **No**, should not be followed by a period.
- The word **'editors'** should be abbreviated as **eds** (without a period); the word **'editor'** should be abbreviated as **ed.** with a period.
- The word **'edition'** (i.e. 1st edition, 2nd edition etc.) should be abbreviated as **edn** (**without a fool stop**, while the word **'translator'** as **tr.** (followed by a full stop).
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- The moderate use of the Latin indicator **Cf. / cf.** (compare) is encouraged.
- When **two or more works of the same author** are cited, the indicator **'Id./id.'** can be used instead of repeating the name of the author.
- **Acronyms and law report abbreviations** should **not** be followed by **full stops**, e.g. UN, EU, NATO, CLR, EWCA Civ, WLR.
- It is preferable to **avoid abbreviating the title of journals, reviews, yearbooks, and other periodicals**. Titles should be written **in full and italicised** accordingly, e.g. *Journal of European Legal Studies* instead of JELS. However the **word 'and'** can be **replaced** with the ampersand sign (**&**), if and if only the ampersand is used in the official name of the respective journal, e.g. *The Law & Practice of International Courts and Tribunals, Law & Contemporary Problems, International & Comparative Law Quarterly, Science & Education*.

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- When **introducing an abbreviation or short title of an entity’s or a source’s name**, the abbreviation should be stated **after the first mention of the entity or the source**.
- **Abbreviations of entities’ names** can appear **either in the main text or in a footnote**.
- **Sources** should be **abbreviated in the first footnote** citing them. Afterwards, the short title or abbreviation can be used in both the main text and the footnotes.
- **Avoid forming the possessive of a noun, when it is followed by an abbreviated or short form in parentheses**, e.g. the Third Post-Program Monitoring Discussions Staff Report of the International Monetary Fund (henceforth IMF) on Cyprus.

## REFERENCES IN FOOTNOTES

- As a general rule, if a secondary source is authored, edited etc. by **more than three scholars [in which case the formula Name, Name & Name is applicable]**, it is advisable to write **just the first name** of the author/editor etc., as it appears in the original source, and add **et al.**
- If the source’s **original language is not English**, both the **title** and possible **quotes** should be **translated** into English.
- When a book, book chapter, or article is written in a **language other than English**, its **original title** should be stated in **eclipses ( )**, **following the translated version**, using the **alphabet** (Latin or other) utilised by its **original** language. At the end, the **name of the language should be indicated** within **eclipses, i.e. (in ....)**.

Christina Ioannou, Demetris P. Sotiropoulos, Achilles K. Emilianides, *Cyprus in a New Era: Geostrategic Parameters, Economy, Foreign Policy (Η Κύπρος στη Νέα Εποχή: Γεωστρατηγικές Παράμετροι, Οικονομία, Εξωτερική Πολιτική)* (Nicosia: Hippasus, 2014) (in Greek).

Achilles C. Emilianides, ‘State and Church in Cyprus’ (‘Staat und Kirche in Zypern’) in Gerhard Robbers (ed.), *Staat und Kirche in der Europäischen Union (State and Church in the European Union)* (2<sup>nd</sup> edn, Baden-Baden: Nomos Verlagsgesellschaft, 2005) 231 (in German).

Georges Ténékidès, ‘The International Condition of the Republic of Cyprus’ (‘La condition internationale de la République de Chypre’) (1960) 6 *Annuaire Français de Droit International* 133 (in French).

- When a book has **more than one edition**, the **number of the cited edition** should be mentioned, **before** the rest of the **publication details**. The **translator** of the book, if existing, should be **mentioned before** the said details too. If the book has **several editions and different publishers** etc. (especially older books or classic works), the **date of first publication** should be mentioned. For instance:

Thomas Hobbes, *Leviathan* (first published 1651, London: Penguin 1985).

Charles de Visscher, *Theory and Reality in Public International Law* (Percy Ellwood Corbett tr., 1<sup>st</sup> edn, Princeton NJ: Princeton University Press, 1957).

Achilles Emilianides, *Family and Succession Law in Cyprus* (2<sup>nd</sup> edn, The Hague: Kluwer Law International, 2019).

- **Books**

[Author], [Title], [Vol. if from a series] [Volume’s number] [if applicable: *Volume’s title*] ([edn/tr.], [Place of Publication]: [Publisher, if not applicable omit], [Date]) [exact page if a direct quote or paraphrase].

When the **place of publication** is in the **United States**, it is advisable to state **both the city and the abbreviated version of the respective State’s name**, e.g. Boston MA, Cambridge MA, Chicago IL. The abbreviated version of the State’s name should follow the **USPS rules**, available at <https://pe.usps.com/text/pub28/28apb.htm>.

Furthermore **places of publication** which are **not major cities** may be accompanied by a **country indication**, e.g. Basingstoke UK or Harmondsworth UK.

Antônio Augusto Cançado Trindade, *The Access of Individuals to International Justice* (Oxford: Oxford University Press, 2011).

Jean-Marie Henckaerts, Louise Doswald-Beck, *Customary International Humanitarian Law*, Vol. 1 *Rules* (Cambridge: Cambridge University Press, 2005).

Polyvios G. Polyviou, *The Case of Ibrahim, the Doctrine of Necessity and the Republic of Cyprus* (Nicosia, 2015).

- **Edited Books**

[Editor (ed./eds)], [Title], [Volume, if from a series] ([edition], [Place of Publication]: [Publisher], [Date]).

Achilles C. Emilianides (ed.), *Religious Freedom in the European Union* (Leuven: Peeters, 2011).

Emilios Solomou, Hubert Faustman (eds), *Colonial Cyprus 1878-1960: Selected Reading* (Nicosia: University of Nicosia Press, 2010).

- **Journal & Yearbook Articles**

[Author], [‘Article Title’], (date) [Volume number](issue number) [*Full Title*] [first page of article], [page number if a direct quote or paraphrase].

Christina Ioannou, ‘The Problem of Collective Action: A Critical Examination of Olson’s Solution of “Selective Benefits”’ (2012) 2(3) *International Journal of Business & Social Research* 151.

Alain Pellet, ‘The British Sovereign Areas’ [2012] *Cyprus Yearbook of International Law* 57.

Jacques Ballaloud, ‘The Operation of the United Nations in Cyprus’ (‘L’operation des Nations Unies à Chypre’) (1976) 80 *Revue Générale de Droit International Public* 130, 161 (in French).

- **Chapters in Books**

[Author], [‘Chapter Title’] in [Editor (ed./eds)], [*Book Title*] ([Date]) [first page of chapter in book], [page number if direct quote or paraphrase].

Angelos Syrigos, ‘Cyprus and the EU: Sovereign State, Negotiations and Objections from an International Law Point of View’ in Andreas Theophanous, Nicos Peristianis & Andreas Ioannou (eds), *Cyprus and the European Union* (Nicosia: Intercollege Press, 1999) 91.

Nikos Skoutaris, ‘Legal Aspects of Membership’ in James Ker-Lindsay, Hubert Faustmann & Fiona Mullen (eds), *An Island in Europe: The EU and the Transformation of Cyprus* (London: I.B. Tauris, 2011) 42, 60.

- **Unpublished Theses**

[Author], [Thesis title] ([Date, if available]) (LLM/PhD Thesis, [Name of the University], [Date]) or

[Author], [Thesis title] ([Date, if available]) (LLM/PhD Thesis, [Name of the University], [Date]), available at [insert full URL] (last accessed day month year).

Javan Herberg, ‘Injunctive Relief for Wrongful Termination of Employment’ (DPhil thesis, University of Oxford, 1989).

- **Internet Sources**

[Author (individual author/s if named, organisation if authors unnamed)], [*Title*], [date of publication (in parenthesis if year only)], available at [insert full URL] (last accessed day month year), at [page number if a direct quote or paraphrase].

UN Global Compact, UN Environment Programme, *Business and Climate Change Adaptation: Toward Resilient Companies and Communities* (2012), available at [http://www.unglobalcompact.org/docs/issues\\_doc/Environment/climate/Business\\_and\\_Climate\\_Change\\_Adaptation.pdf](http://www.unglobalcompact.org/docs/issues_doc/Environment/climate/Business_and_Climate_Change_Adaptation.pdf) (last accessed 1 December 2019), at 3.

- **Blogs**

[Author], '[Title]' ([*Name of the Blog etc.*], [Date of Publication in day month year format or just year if further details are unavailable]), available at [insert full URL] (last accessed day month year)

Dimitrios Kourtis, 'The Rohingya Genocide Case: Who is Entitled to Claim Reparations?' (*OpinioJuris*, 21 November 2019), available at <https://opiniojuris.org/2019/11/21/the-rohingya-genocide-case-who-is-entitled-to-claim-reparations/> (last accessed 1 December 2019)

- **News Papers**

[Author], '[Title]' [*Name of the Paper*] ([Place of Publication], [Date of Publication]) [page number]

Jane Croft, 'Supreme Court Warns on Quality' *Financial Times* (London, 1 July 2010) 3.

- **Cross-references**

Cross-references within the same work should be made as follows:

[Author – only surname], [number of the footnote where the work was first cited in the form of (no ....)] [page number]

If two different works of the same author are cited in the same footnote, it is advisable to use a short title.

<sup>14</sup> Manley O. Hudson, 'The Proposed International Criminal Court' (1938) 32 *American Journal of International Law* 549.

...

<sup>28</sup> Hudson (no 14) 550.

OR

<sup>14</sup> Manley O. Hudson, 'The Proposed International Criminal Court' (1938) 32 *American Journal of International Law* 549; id., 'Membership in the League of Nations' (1918) 24 *American Journal of International Law* 436.

<sup>40</sup> Hudson, 'The Proposed ...' (no 14) 550.

....

<sup>45</sup> Hudson. 'Membership ...' (no 14) 438.

## REFERENCES (BIBLIOGRAPHY) SECTION

- For the **references (bibliography) section**, the same rules apply, provided that the surname of the authors, editors etc., precedes the name and other particulars. Names of the authors, editors etc. should be initialised. Diphthongs (St, Ch etc.) should be

preserved. The total number of an article's or book chapter's pages should be mentioned too. For instance:

In the footnotes

Lefkios Neophytou, Stavroula Valiandes & Christina Hadjisoteriou, 'Interculturally Differentiated Instruction Reflections from Cyprus Classrooms' (2018) 30(1) *The Cyprus Review* 397.

In the References

Neophytou L., St. Valiandes & Ch. Hadjisoteriou, 'Interculturally Differentiated Instruction Reflections from Cyprus Classrooms' (2018) 30(1) *The Cyprus Review* 397-408.

For the **citation of legal authorities**, *The Cyprus Review* strongly endorses the use of the **OSCOLA Reference Guide** (4<sup>th</sup> edn, 2012), available at:

[https://www.law.ox.ac.uk/sites/files/oxlaw/oscola\\_4th\\_edn\\_hart\\_2012.pdf](https://www.law.ox.ac.uk/sites/files/oxlaw/oscola_4th_edn_hart_2012.pdf).



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**LETTER  
FROM THE  
EDITOR-  
IN-CHIEF**

## Dear Readers

It is with great pleasure that the 31st volume of *The Cyprus Review* hosts this special issue on Cyprus-Russia relations, edited by two esteemed colleagues from the Moscow State University of the Russian Ministry of Foreign Affairs (MGIMO University), namely Professor Robert V. Yengibaryan, Academic Research Supervisor of the School of Governance and Politics, and Associate Professor Genri T. Sardaryan, Dean of the School of Governance and Politics.

The issue comes as the culmination of a process that began with an agreement signed between the two Universities –Rector of the University of Nicosia Professor Philippos Pouyioutas and Vice-Rector of MGIMO University Professor Andrey Baykov– in December 2018, to launch an academic project, offering the possibility to UNIC students of the Master’s degree Programmes in ‘International Relations and European Studies’ and ‘Law and Politics in the European Union’, to earn a Master’s Degree in International Political Consulting from MGIMO.

In May 2018, and in the framework of agreeing the details of the MoU between the two Universities, the University of Nicosia was happy to host the Dean of the School of Governance and Politics of MGIMO, Genri Sardaryan. It was in the framework of this visit that a collaboration between the respective journals issued by the two Universities was agreed as a way of promoting original research on Cyprus-Russia relations. In this context, *The Cyprus Review* issued a Call for Papers directed mainly to Russian academics interested to publish their research in a special issue of our Journal on this topic, whereas Law and Administration. XXI Century (MGIMO’s political science in-house journal) issued a Call for Papers directed mainly to Greek and Cypriot academics interested to contribute to a special issue of the MGIMO Journal. The rationale was to share and exchange views on the relations between the two countries, but in a reverse way than how it would traditionally be done.

There are a number of people that I wish to thank, without whom this publication would not have been possible: Dr Sardaryan has been instrumental in this collaboration between our Journals ever since his visit here in May 2018; Professor Yengibaryan, my counterpart in the Law and Administration. XXI Century Journal, has also kindly facilitated this collaboration. Both Professor Yengibaryan and Dr Sardaryan have acted as guest editors of this issue and I wish to thank them for this. Dr Antyukhova has been most helpful in acting as the main point of contact between *The Cyprus Review's* Editorial Team and the authors, investing hours on this process, and for this I am grateful. Finally, I appreciate the willingness of the authors to work together with our team and conform to our Author Guidelines and other adjustments requested from them.

Christina Ioannou  
Editor-in-Chief



**LETTER  
FROM THE  
GUEST  
EDITORS**

## Dear friends

For the first time we are given an opportunity to address you in a broad academic and media format, and we hope that this kind of communication will become a tradition. To begin with, let us introduce ourselves.

The School of Governance and Politics is one of the leading academic units within the Moscow State University of the Russian Ministry of Foreign Affairs (MGIMO University), which is widely known both nationally and globally. For many decades, this university has been educating high-skilled diplomats, administrators and political scholars for working both within our country and abroad. This historically established tendency continues today. For the Russian federal legislative and executive authorities, (especially in the field of foreign relations), and among the staff of Russia's Ministry of Foreign Affairs, MGIMO University continues to be one of the key suppliers of human resources.

The faculty of our school plays an important role in these activities and makes significant contributions to the theoretical and practical development of up-to-date concepts for Russian international policy. At the same time, the principal mission of the school is to prepare researchers and practitioners for the Russian Ministry of Foreign Affairs, as well as administrators in the field of foreign relations for governmental or other organisations. The school maintains extensive research and educational relationships with many leading international research and analytical centres, being highly integrated into the international educational processes.

Furthermore, we actively support the exchange of programmes, instructors and students. Many students from Europe and other continents study at our school, and our students, in turn, study at leading foreign educational centres. In particular, our educational programmes in the field of governance are Digital Public Governance, International Public and Business Administration, Smart City Management and External Relations of Regions, and exist in the form of double-degree modules based on our cooperation with the University of Macerata (Italy), Sapienza

University (Italy), Yonsei University (Republic of Korea), and the University of Cagliari (Italy), respectively.

In the segment of political science, the programmes Political Consulting and International Relations and GR and International Lobbying [which are carried out jointly with the University of Pisa (Italy) and the University of Florence (Italy), respectively,] are very popular with our foreign partners. We hope that the double-degree master programme International Political Consulting with the University of Nicosia (Cyprus) will be successfully implemented as well.

For Russians, through many generations, Cyprus has always been spiritually close and without exaggeration, a sister country. This is due to the fact that Christianity, in its Eastern Orthodox version, was embraced in our country from the Byzantine Empire in the tenth century A.D. and had become the spiritual and cultural backbone of our great nation. The historical destinies of our people have always developed in parallel, and our relations have never been blemished for many centuries. Traditionally, there was an existence of a large Greek community in Russia, where Greeks had made a considerable contribution to the Russian political and economic life.

Cyprus and Russia's political and financial relations have seen a significant boost during recent decades. Russian business communities, financial and cultural entities, have increased their presence in Cyprus.

Due to the successfully growing economy of the country and the spiritual and civilisational similarity of its population, many Russian Greeks, together with other Russian nationals have established their residences in the Republic of Cyprus. Beyond doubt, this factor will also be playing an important role in cultural and economic convergence between the two nations.

The research papers contributed by Moscow scholars focus on a wide range of highly topical contemporary issues. These issues include the globalisation of democracy, the organisation of power and government, and various forms of their existence. The readers will find many interesting essays, including new approaches

toward some well-known problems of the contemporary world, such as globalism and ways to ensure the compatibility of different civilisations from a legal perspective, migration-related challenges caused by the demographic explosion in the Global South, as well as crises issues in various countries, such as the problems of democracy and the threat of its transformation into ochlocracy under the influence of radical liberalism. We very much hope that the works of our scholars will be of interest to you and that our research and educational dialogue will develop in a successful manner.

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The School of Governance and Politics,  
Doctor of Law,  
Professor

G.T. Sardaryan,  
Dean  
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Associate Professor



# **ARTICLES**



# Catholic and Orthodox Political Cultures in the Context of the Modern Model of a Democratic State

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## Abstract

*The article provides a detailed analysis of the role of the religious factor in the formation of political culture. In this sense, a comparative analysis of the key distinctive features of the Orthodox and Catholic political cultures and social institutions and how it is carried out. The authors conclude that, despite the fact that these political cultures are closest to each other and have a single system of common Christian values, they also contain significant differences related to the configuration of state-power relations. In the case of Cyprus, the society is not only not secularised, but is also more 'churched' than other western countries. However, the existence of the institute of ethnarch or 'head of the nation' on the island, determines another model: 'symphony'. Having received administrative power, Orthodox hierarchs were not just a living embodiment of the union of religion and state on equal terms, but also stood at the origins of the history of independent Cyprus.*

**Keywords:** Christianity, religion, ideology, liberalism, democracy, political culture

## Introduction: The Crisis of Universalism

The 20<sup>th</sup> century was characterised by the ideological division of the world into the capitalist and communist sides. After the Berlin Wall fell and the Soviet Union collapsed, the concept that any form of global conflict was ruled out for the future and that humankind will inevitably embrace a universal political model, both nationally and internationally, has become more and more popular.

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The political ideology,<sup>2</sup> model and values of liberalism claimed to be intended for all people, but it is evident that they have failed to cope with this role. The binary division of humankind had been overcome, but now the world is unable to address yet another watershed, the one of civilisational.

The western values have failed to become universal,<sup>3</sup> because they were not only western but also essentially Christian. The attempt to build a version of Europe that is based on so-called secular humanism instead of the Christian civilisational legacy is now in an acute phase of crisis, which manifests itself in a number of ways. The inability to integrate immigrants into society, the degradation of the family, education *etc.* are social indicators of the identity crisis resulting from Jacobin-style secularisation.

However, besides its social aspect, this crisis also has a conspicuous political dimension. When, after the ‘Arab Spring’ had been openly supported by western governments, it became evident that, despite the differences in the context of the protests, power was obtained not by democratic forces but by groups similar to the Muslim Brotherhood, which were prohibited in many countries worldwide. The political system was drastically different from models in Europe and the situation regarding the protection of human rights and freedoms had worsened. The concept of universality of the liberal democracy model had lost much of its credibility.<sup>4</sup> The adoption of new constitutions and the holding of honest and open elections by no means solved the problem.<sup>5</sup> The military dictatorship was replaced by a religious fundamentalist dictatorship that was later ousted again by the military elite.

The ‘military/religious leaders’ dichotomy is not new to the Middle East, and it is even unnecessary to mention it in this study. However, the problem appears to be deeper than just the personal composition of the political elite and includes essential institutional differences, which, in turn, rely upon a different conceptual and theoretical basis for political culture in comparison to European states. The

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<sup>2</sup> J. Jost, S. van der Linden, C. Panagopoulos and C. Hardin, ‘Ideological asymmetries in conformity, desire for shared reality, and the spread of misinformation’, *Current Opinion in Psychology*, Vol. 23 (2018).

<sup>3</sup> S. Strunz and B. Bartkowski, ‘Degrowth, the project of modernity, and liberal democracy’, *Journal of Cleaner Production*, Vol. 196 (2018).

<sup>4</sup> V. Gutorov, East-West Dichotomy in the Comparative Analysis of Political Cultures, in *Proceedings of the St. Petersburg State Institute of Culture*, 208 (2015) [in Russian].

<sup>5</sup> S. Abu-Bader, E. Ianchovichina, ‘Polarization, foreign military intervention, and civil conflict’, *Journal of Development Economics* (2018, June), DOI.org: 10.1016/j.jdeveco.2018.06.006.

aforsaid also applies to the political system in the Russian Federation, where there is a growing discussion to the effect that the procedural and institutional rules declared in Russia, as well as the forms in which they are implemented, are materially different from western models. In fact, the issue of Russia's civilisational affiliation ceases to be purely historical and becomes important in determining whether certain institutions and principles of liberal democracy are applicable in the local conditions.

## Political Culture

In order to review this issue, it is necessary to define the key notions and scope of political culture, which, although frequently used in contemporary political science, have not been consensually defined by scholars. At the same time, the importance of political culture,<sup>6</sup> as the basis for the operation of any political system, is rarely doubted in contemporary political discourse, and it increasingly influences investigations into the reasons for the formation of certain economic models<sup>7</sup> and even the reasons for the differences in economic growth rates among various countries.

Nevertheless, a large number of issues related to the concept, essence, and origin of political culture<sup>8</sup> remain open. As a rule, the consideration of this matter is caused by an attempt to identify patterns of political behaviour, to explain the ability or inability to carry out political mobilisation, to substantiate tendencies for various political ideologies or – very rarely – to review the relationship between culture and the genesis of political institutions.<sup>9</sup>

It is widely accepted that the term 'culture' (*coltura*) was first used by Abbot J. Andres in his book *The Origin, Processes and Contemporary State of All Literature*, where culture was limited solely to written sources, but a century later, in 1865, anthropologist E. Taylor already considered it as an integral phenomenon including knowledge, beliefs, morals, laws, customs and many other capabilities and habits acquired by an individual as a member of the society.<sup>10</sup>

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<sup>6</sup> V. Fedotova, N. Fedotova and S. Chugrov, 'Kul'tura, instituty, politika', *POLIS*, 1 (2018) [in Russian].

<sup>7</sup> M. Flemmen, V. Jarness and L. Rosenlund, 'Social space and cultural class divisions: the forms of capital and contemporary lifestyle differentiation', *British Journal of Sociology*, Vol. 69, No. 1 (2018).

<sup>8</sup> T. Clark and R. Inglehart, *The New Political Culture* (New York: Routledge, 2018).

<sup>9</sup> J. Becker, M. Kraus and M. Rheinschmidt-Same, 'Cultural Expressions of Social Class and Their Implications for Group-Related Beliefs and Behaviors', *Journal of Social Issues*, Vol. 73, No. 1 (2017).

<sup>10</sup> T. Alekseeva, 'Strategic Culture: The Evolution of the Concept', *POLIS*, Vol. 5 (2012) [in Russian].

In 1973, US sociologist Clifford Geertz defined culture as, ‘a system of inherited conceptions expressed in symbolic forms by means of which men communicate, perpetuate and develop their knowledge about and attitudes toward life’.<sup>11</sup>

One of the most widespread definitions has been offered by Luigi Guiso, Paola Sapienza and Luigi Zingales; according to them, political culture is constituted by the beliefs and values that certain ethnic, religious and social groups pass down from one generation to another.<sup>12</sup> It should be noted here that beliefs and values are combined in a single group, although they are not identical notions.<sup>13</sup> Beliefs, or faith, refer to the notion that determines individual and social values.<sup>14</sup>

For instance, Guiso et al. state in a later work that individual beliefs would originally be acquired through cultural transmission from one generation to another and then they would slowly be renewed through experience.<sup>15</sup>

The work by Gabriel Almond, where he defined political culture as ‘a particular pattern of orientations toward political action in which each political system is embedded’,<sup>16</sup> became an important reference in discussing culture and, in particular, political culture. In a subsequent work, *The Civic Culture*, Almond, together with Sidney Verba, offered a detailed systematic analysis of political culture, the first of its kind.<sup>17</sup>

In their text, Almond and Verba study the democratic systems in five countries: the US, Germany, Mexico, Italy and the UK. They questioned about 1,000 people in each of the countries regarding their views on government and political life. They defined ‘civic culture’ as ‘based on communication and persuasion, a culture of consensus and diversity, a culture that permits change’. Culture (and, therefore, political culture) was understood as something superior to the individual, but not to such an extent that ruled out any individual action. It is true that people would

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<sup>11</sup> C. Geertz, *The Interpretation of Cultures* (New York: Basic Books, 1973).

<sup>12</sup> L. Guiso, P. Sapienza and L. Zingales, ‘Does Culture Affect Economic Outcomes?’, *Journal of Economic Perspectives*, Vol. 20, No. 2 (2006).

<sup>13</sup> R. Herrmann, ‘How Attachments to the Nation Shape Beliefs about the World: A Theory of Motivated Reasoning’, *International Organization*, Vol. 71, No. 1, (2017).

<sup>14</sup> D. Flynn, B. Nyhan and J. Reifler, ‘The Nature and Origins of Misperceptions: Understanding False and Unsupported Beliefs About Politics’, *Political Psychology* 38 (2017).

<sup>15</sup> L. Guiso, P. Sapienza, and L. Zingales, ‘Social Capital as Good Culture’, *Journal of the European Economic Association*, Vol. 6, No. 2–3 (2008).

<sup>16</sup> G. Almond, ‘Comparative Political Systems’, *Journal of Politics* Vol. 18 (1956): 396.

<sup>17</sup> G. Almond, S. Verba, *Civic Culture: Political Attitudes and Democracy in Five Nations California*: SAGE Publications, Inc.

be consolidated within their culture, but they would also generate and reproduce it. Culture was also understood as a factor containing political systems<sup>18</sup> without being identical to them: only specific systems could adapt the relevant culture to them, but certain inadvertent consequences of institutions could alter the culture<sup>19</sup> that created them.

This approach, while undoubtedly being very important with respect to the evolution of the political science's concepts of culture and its influence upon political systems, has a number of defects and omissions in today's circumstances.

First, there is considerable doubt regarding the very method of polling individuals that proposes to review society as the aggregate of its constituent individuals. Such a paradigm of sociological analysis is well known and has many supporters in the scholarly community. It is said, for example, in M. Weber's *Basic Concepts in Sociology* that, 'for cognitive purposes or for practical ones, it is perhaps appropriate or even inevitable to treat social entities just like particular individuals. These entities are simply processes and relations of specific behaviour of individuals, because they are the only carriers of meaningful acts understandable to us'.<sup>20</sup>

However, this paradigm is not the only one of its kind. A different concept treats society as consisting of individuals but not being their mere aggregate. Society is an integral entity, which has its own life, non-reducible to the existence of its constituent individuals, and which develops according to its own laws. Whereas the former approach can be designated as sociological individualism,<sup>21</sup> the latter is often called 'sociological realism'.

Second, Almond and Verba elected to analyse five countries, which belong to a relatively common civilisational framework and have similar political regimes. The purpose of such self-limitation is not to identify the key values of this specific political culture as one of many cultures existing in the world, but to define a cer-

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<sup>18</sup> M. Böker, 'Justification, critique and deliberative legitimacy: The limits of mini-publics', *Contemporary Political Theory*, Vol. 16, No. 1, (2017).

<sup>19</sup> G. Pasquino, 'The Disappearance of Political Cultures in Italy', *South European Society and Politics*, Vol. 23, No. 1 (2018).

<sup>20</sup> M. Weber, *Basic Concepts in Sociology. Selected Works*, trans. and ed. Yu.N. Davydov. (Moscow: Progress, 1990).

<sup>21</sup> S. Foy, C. Schleifer, and E. Tiryakian, "The Rise of Rational Choice Theory as a Scientific/Intellectual Movement in Sociology", *American Sociologist*, Vol. 49, No. 1 (2018).

tain 'ideal' civic culture,<sup>22</sup> which in any event should be embraced by all countries seeking to build democracy. Such an approach seems to be extremely ideologised and constitutes a classic example of liberal idealism,<sup>23</sup> which does not recognise the possibility of different civilisations with their characteristic values and, accordingly, political cultures with their own political institutions.

It should also be noted that most contemporary investigations into the issues of political culture and its influence upon political processes are limited to studying changes in the political behaviour of individuals under the influence of a specific culture or the degree of political participation.<sup>24</sup>

By no means undervaluing individuals' political preferences and their electoral behaviour, this matter appears to be secondary to the genesis of political institutions that this approach actually fails to cover. Western science considers the origin of governmental institutions primarily within the paradigm of liberal idealism and legal positivism,<sup>25</sup> limiting its discourse to the perfection of legal regulation, the mechanisms ensuring the constitutional status etc., while overlooking the key importance of the political culture, which has led to their formation.

The genesis of social institutions upon which, in turn, political institutions rely is of paramount significance. If social institutions of a particular type<sup>26</sup> are non-existent, the operation of political institutions characteristic of contemporary democracy either proves to be just a formality or terminates at all, giving way to the power

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<sup>22</sup> P. Kasatkin, M. Bobrova, 'American Civil Religion Concept Development', *Mezhdunarodnye protsessy* [International processes], Vol. 14, No. 3(46) (2016) [in Russian].

<sup>23</sup> N. Kaymaz, 'From Imperialism to Internationalism: British Idealism and Human Rights', *International History Review* (2018).

<sup>24</sup> J. Ayers, C. Hofstetter 'American Muslim Political Participation Following 9/11: Religious Belief, Political Resources, Social Structures, and Political Awareness', *Politics and Religion*, Vol. 1, No. 3 (2008); K. Beyerlein and M. Chaves, 'The Political Activities of Religious Congregations in the United States', *Journal for the Scientific Study of Religion*, Vol. 42 No. 2 (2003); R. Driskell, E. Embry and L. Larry, 'Faith and Politics: The Influence of Religious Beliefs on Political Participation', *Social Science Quarterly*, Vol. 89, No. 2 (2008); R. Glazier, 'Bridging Religion and Politics: The Impact of Providential Religious Beliefs on Political Activity', *Politics and Religion* Vol. 8, No. 3 (2015); J. McCauley, 'The Political Mobilization of Ethnic and Religious Identities in Africa', *American Political Science Review*, Vol. 108 No. 4 (2015).

<sup>25</sup> P. MacKlem, 'Positivism and practice beyond sovereignty', *University of Toronto Law Journal*, Vol. 67, No. 4 (2017).

<sup>26</sup> Y. Gorodnichenko, G. Roland, "Culture, institutions, and the wealth of nations", *Review of Economics and Statistics*, Vol. 99, No. 3 (2017).

distribution and implementation mechanisms more traditional for a given society. In such an event, culture and, accordingly, political culture acquire key importance.

Therefore, if the authorities, the population or international organisations prefer the western model of democracy in developing a constitutional, legal, political and party system,<sup>27</sup> then the existence of a political culture enabling the operation of such institutions is an indispensable condition. One may understand political culture as a system of values, which is intrinsic to a society, is transmitted from generation to generation and shapes an attitude toward political institutions and the processes and mechanisms of power implementation. At the same time, one should abandon the paradigm of ‘ideal political culture’, ‘ideal system’ and ‘ideal institutions’ in any form, understanding that they do not exist and that different models, each of which relies upon millennia-old social processes, both exist now and will exist in the future. Any political culture and, accordingly, any political system imply a certain extent of altruism on the part of the citizens.<sup>28</sup> If subjective egoism were dominant in this regard, the whole political life of a society would only be driven by its components’ endless will to power.

In his work *Will to Power*, F. Nietzsche gives several key formulas concerning values and their relationship with the will to power. In addition, it becomes evident from his text that any society would be plunged into chaos in circumstances,<sup>29</sup> where each of its components seeks supreme power and its values are volatile and change at the sole discretion of those who possess the highest power. However, Nietzsche himself describes these circumstances as the characteristics of nihilism, which he believes will prevail after the crisis of morals, primarily Christian morals. He is convinced that Christianity itself will, eventually, lead to nihilism, because the world is incompatible with its ideals.

Consequently, if we apply a reverse logic, no values can be possible without religion, and their absence would eventually lead to chaos.<sup>30</sup> He calls the transition from religion to moralism only a stage on the way to nihilism, because humankind,

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<sup>27</sup> B. D’Haeseleer, ‘Paving the Way for Baghdad: The US Invasion of Panama’, *International History Review* (2018).

<sup>28</sup> R. Carlin and G. Love, ‘Political Competition, Partisanship and Interpersonal Trust in Electoral Democracies’, *British Journal of Political Science*, Vol. 48 No. 1, (2018).

<sup>29</sup> M. Clark, “Will to power and sexuality in Nietzsche’s account of the ascetic ideal”, *Inquiry*, Vol. 60, No. 1–2 (2017).

<sup>30</sup> K. Lee, M. Ashton, Y. Griep, and M. Edmonds, ‘Personality, Religion, and Politics: An Investigation in 33 Countries’, *European Journal of Personality*, Vol. 32, No. 2 (2018).

while in the framework of religion, does not need to consider itself as the creators of values, it will inevitably come to nihilism when faced by such necessity.

Therefore, any system of values which is not in fact reliant upon religion is the product of human activity and, accordingly, implies possible participation of individuals in determining such values, that, given their influence upon the system (first of all, the political system), rules out any stability or institutionality.

In this regard, when studying the role of religion in the evolution of political culture, it is important to start the analysis not from the role of spiritual values in an already operating culture but from its formation. It is evident that political systems do not constitute objective natural phenomena but are an abstract concept,<sup>31</sup> in the same way as any political or social institutions. M. Foucault believes that 'the State, undoubtedly, both now and throughout its history has never possessed unity, individuality or rigid functionality ... in the final analysis, the state is probably just a complex reality, mythologised abstraction'.<sup>32</sup> This is a system of behavioural patterns of individuals and their groups evolving in the political area. Moreover, this system is different from country to country just due to the influence of political culture. In this regard, it appears interesting to review the correlation between the institutions of western democracy and Orthodox political culture.

### **Orthodoxy and Politics**

It is usually believed that the Orthodox Church came into existence in 1054. Although it is worth noting that Christianity has not been a consolidated a belief since the fourth century AD. The period between the fourth and tenth centuries saw a strong internal evolution within the Church, it was then that the authorial contents of key postulates were determined and the service was given its commonly recognised structure.

Over several centuries, Christianity gained a sufficiently stable area of existence, and five great spiritual centres were established in Rome, Constantinople, Alexandria, Antioch, and Jerusalem.<sup>33</sup> The archbishops of those cities were proclaimed Patriarchs, and they ruled solely within their respective areas: 'regional bishops

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<sup>31</sup> M. Wilder, 'Comparative Public Policy: Origins, Themes, New Directions', *Policy Studies Journal* 45 (2017).

<sup>32</sup> M. Foucault, *Intellectuals and Power*, Part 2 (Moscow: Praxis, 2004), p. 45.

<sup>33</sup> M. Kozlov (ed.), *The rules of the Orthodox Church with the interpretation of Nicodemus Bishop Dolmatinsko-Istriyskogo*, vol. 1. (Moscow: Izdatel'stvo «Otchii dom», 2001), 253-255 [in Russian, trans. from Serbian].

shall not extend their power beyond their regions, nor shall they mix churches; but, according to the rules, the bishop of Alexandria shall govern only Egyptian churches, the eastern bishops shall rule only in the East, provided that the preferences of the Church of Antioch, as recognised by the Nicene rules, shall be retained'.<sup>34</sup> At the same time, despite the clear delimitation of diocesan areas, a single culture was developing, primarily based on a mixture of the Greek, Roman and Judaic cultures, which has shaped contemporary western (in the broadest sense of this word) culture.

In 381, Constantinople became the 'New Rome', and its bishop became second in honour after the Roman one,<sup>35</sup> having risen above the bishop of Alexandria, who had previously been deemed the first in the East. The dispute between the east and the west, already anticipated by then, gained new momentum and resulted in a church law argument and, in fact, the Great Schism.

The beginning of the second millennium in Christian history saw a widening gap between Constantinople and Rome. Political differences were manifested in a radically different attitude toward the primacy of power. The western Christians grouping around Rome put forward the idea that the Pope, as successor to Saint Peter, should have the primacy of power. The role of the pope within the church was also different from that of Orthodox patriarchs. The pope was a figure possessing extremely broad powers, and this fact soon began to play a key role in developing the model of relationship between the state and the church in the west and the east of the Christian world.

The relationship between the church and the state in the Byzantine Empire was established, in principle, in the form of symphony, i.e., mutual coordination, while keeping the independence of each field. The state recognised ecclesiastical law for the purposes of its internal guidance, and the church believed that it should submit to the state.<sup>36</sup>

Helene Glykatzi-Ahrweiler, the Greek scholar in Byzantine history, explains the essential contents of 'symphony' as follows: 'The monarch, as a Christian, submits to the patriarch, and the patriarch, as a subject of the state, submits to the mon-

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<sup>34</sup> Ibid., 247-248.

<sup>35</sup> Ibid., 253.

<sup>36</sup> S. Bulgakov, *Pravoslavie* (Moscow: Terra, 1991), 230.

arch'.<sup>37</sup> The principle of symphony was adopted as mandatory for the activities of both secular and ecclesiastical hierarchs. However, popes were not bound by the emperor's edicts and could openly oppose them, and, since the establishment of the Papal States within the area of the former Exarchate of Ravenna, the pope concentrated in his hands not only spiritual but also secular power.

On the one hand, it would be logical to suppose that the constitution of the church and its relationship with the secular authorities as described above would have facilitated the inception and development of a modern democracy and republic primarily within the area of eastern Christianity, where the principle of conciliarism and the absence of an excessively personified ecclesiastical power could have created prerequisites for the evolution of parliamentarism, the separation of powers as such etc.

However, as it appears, it was the mighty, central figure of the pope, capable of restricting the power of a secular monarch and acting as a counterbalance to his absolutism, as well as representing a truth higher than the sovereign's, including being able to check the sovereign's acts for compliance with the unchangeable text of the Holy Scripture, that played the key role in the development of a political culture implying a system of checks and counterbalances, the supremacy of law, the separation of powers and other institutions of contemporary democracy.

On the other hand, conciliarism and the 'theory of conciliarist democracy' imply the principles of succession, stability, high respect for the government, the priority of spiritual and moral factors over secular ones, the prevalence of society over the individual, and solidarity. Moreover, its dual, religious/theological (the relationship of believers within the community) and historical (communal organisation), origin determines conciliarist democracy as a form of government based on the organic unity of society and the state relying on a strong government and an authoritative leader. As a result, any non-adapted, direct borrowing of liberal values and western democratic institutions can lead to the population being alienated from the government.

Does it mean that the implementation of such institutions and mechanisms is impossible within different political cultures? No, it is not always so. It is evident that, despite the material controversies between today's Catholic and Orthodox

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<sup>37</sup> H. Glykatzi-Ahrweiler, 'The Fundamental Principles of Political Thought in the Byzantine Empire', *Cacak* (1993), 69.

Churches, they are close enough to each other as the structures, which have shaped the civilisational foundations of the whole of contemporary Europe, including Russia. It is clear, however, that the perception of these institutions and mechanisms as some universal values of humankind is wrong. They have resulted from a historical process of government power, socio-cultural, economic and other transformations, which have occurred within the area of Catholicism. Consequently, the resulting political institutions relied upon social institutions and political culture that were different from those prevailing in eastern Christianity; therefore, the imposition of the models and configurations of government power relations that were established in western countries cannot find social and cultural support in all aspects in the countries of the Orthodox area. It is still harder to imagine any direct replication of the said institutions and principles in countries belonging, for example, to the Islamic civilisation.

Formally, the Schism constituted a separation between the local Churches of Rome and Constantinople, but the Patriarch of Constantinople was later supported by the other eastern Patriarchates, as well as the younger churches included in the Byzantine zone of influence, in particular, the Russian Church.

Orthodoxy is more or less widespread around the globe, but the key centres of Orthodox culture are located in Eastern and Southern Europe and in the Balkans. Orthodox Christianity first occurred in the Slavic regions of Eastern Europe in the ninth century. Initially, Orthodoxy came to Bulgaria, Serbia and Moravia (now part of the Czech Republic), and then, beginning in tenth century, to Russia, where it would spread up until the 19<sup>th</sup> century. In contrast to Catholicism, Orthodox missions were scarcely active outside Eurasia, although in the Middle East, for instance, Orthodox churches have existed for centuries, and Orthodox missionaries would convert into their faith residents of such distant lands as India, Japan, East Africa and the US.

In total, 220 to 250 million people practice Orthodoxy. The countries, where most of the population are, according to census and poll data, Orthodox, include Belarus, Bulgaria, Greece, Georgia, Cyprus, Macedonia, Moldova, Romania, Serbia and Ukraine. Orthodoxy has also a noticeable presence in Bosnia and Herzegovina, Kazakhstan, Estonia, Latvia, Lithuania, Kyrgyzstan, Albania, Uzbekistan, Turkmenistan, Finland and the Aleutian islands in the US State of Alaska. In addition,

Orthodoxy is professed by some portion of the population in Lebanon (8%<sup>38</sup>), Syria and Israel.

The world's Orthodox community is represented by 15 local Orthodox Churches, each of which has its own head having the title of Patriarch, Metropolitan or Archbishop. Moreover, in any local church, its head does not enjoy supreme power, because it belongs to a council. The Church of Cyprus is one of these 15 local churches (since 2019, 14 generally recognised churches and two partly recognised ones), and in it 'national' Orthodoxy finds a new meaning. The specific features of interaction between the church and the state institutions in Cyprus are interesting. At least, it should be mentioned that the Orthodox Church of Cyprus is not separated from the state, as is the case in, for example, the Russian Federation. Moreover, the clergy receive part of their remuneration from the state budget, and the government funds church projects. The history of the institution of head of state in the Republic, in particular, the person of its first President, Archbishop Makarios III, is the best example of its unique political culture.<sup>39</sup> On the one hand, from the standpoint of classical liberalism and the western model of state-church relations, it is hard to imagine that a church being supported by the State takes a neutral or critical attitude toward legislative decisions. From this perspective, the State has a clear mechanism for influencing the church that protects the State from criticism and add some legitimacy to its decisions. J. Haynes noted, 'The more secularised a society, the less likely that religious organisations would be able to play a politically significant role'.<sup>40</sup> In the case of Cyprus, society is not only non-secularised, but also still more churched than in western countries. For instance, a poll conducted by Eurobarometer in 2012 demonstrated that the percentage of Cypriots calling themselves atheists or agnostics was close to zero.<sup>41</sup> To compare, a poll conducted two years before showed only 3% of such people, with the European average be-

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<sup>38</sup> Central Intelligence Agency, 'Middle East: LEBANON', *CIA The World Factbook* (2018, November 13), available at <https://www.cia.gov/library/publications/the-world-factbook/geos/le.html>, accessed on 13 November 2018.

<sup>39</sup> V. Roudometof, 'The Church of Cyprus' Transition into the 21st Century', in Stupperich, R. and Richter, H.A. (eds), *THETIS: Mannheimer Beiträge zur klassischen Archäologie und Geschichte Griechenlands und Zyperns*, Vol. 20, (2013).

<sup>40</sup> J. Haynes (ed.), *Religion and Politics in Europe, the Middle East and North Africa* (Milton Keynes: Routledge 2010).

<sup>41</sup> European Commission, *Discrimination in the EU in 2012* (Brussels: European Commission, 2012, November), 233.

ing 20%.<sup>42</sup> Thus, the scholars include the Orthodox Church of Cyprus in the list of churches significantly influencing society.<sup>43</sup>

However, the existence of the institution of ethnarch, or 'head of the nation', on the island predicated a different model, namely 'symphony'. Having obtained administrative power, the Orthodox hierarchs were not only a living embodiment of a combination between religion and the state on an equal basis, but also initiated the history of independent Cyprus. Moreover, the ethnarchs were responsible for the local population's compliance with law. For instance, a wave of turmoil did not reach Cyprus during the 1821 Greek rebellion, and even earlier, in the middle of the 18<sup>th</sup> century, Archbishop Philotheus had repeatedly asked the Turkish government to reduce the taxes and duties payable by the island's Greek population. He even managed, through a personal petition to the Grand Vizier, to reduce the aggregate amount of the *kharaj* (per capita tax) payable by the Christians within his diocese.<sup>44</sup>

A close interaction between the church and the state can be seen in today's world as well. During the 2008 financial crisis, the Orthodox Church of Cyprus decided to pledge part of its assets to the state's creditors and to sell another part in order to invest the proceeds in Cyprus sovereign bonds and help the country overcome the crisis. A similar solution was proposed five years later, in 2013. 'The whole wealth of the church is at the disposal of the country. We should stand on our two feet, but not on the feet of the foreigners', said Archbishop Chrysostomos II.<sup>45</sup> In this statement, one can easily see not only the degree of mutual penetration between the government and ecclesiastical fields, but also the fact that the hierarch criticised the existing system as a statesman. At an earlier date, Chrysostomos II stated that the Europeans wanted to choke the economy of Cyprus and that the Cypriots should use the first opportunity to leave the Eurozone and return to their national currency.<sup>46</sup>

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<sup>42</sup> European Commission, *Biotechnology* (Brussels: European Commission, 2010, October), 204.

<sup>43</sup> S. Mudrov, 'European Christian Churches and Their Level of Influence' *RUDN Journal of Sociology*, Vol. 17, No. 1 (2017).

<sup>44</sup> *Orthodox Theological Encyclopedia or Theological Encyclopedic Dictionary*, Vol. X: Cinnamon - Kion [in Russian], available at <https://azbyka.ru/otechnik/Lopuhin/pravoslavnavaja-bogoslovskaja-entsiklopedija-ili-bogoslovskij-entsiklopedicheskij-slovar-tom-10-kinnamon-kion/24>, accessed on 05 February 2019.

<sup>45</sup> TASS 'Politicians in Cyprus Search for a Way out of the Crisis after the Decision to Deny the Imposition of a Fee on Bank Deposits', TASS News Agency (2013), available at <https://tass.ru/archive/586814/>, accessed on 23 January 2019.

<sup>46</sup> Vedomosti, 'Orthodox Church of Cyprus Is Ready to Pledge Assets to Help the Country', Vedomosti

Furthermore, this kind of symphony has predetermined a special democratic system of electing the Archbishop and Metropolitans. In the 20<sup>th</sup> century, the Orthodox Church of Cyprus was the only Orthodox Church where archiepiscopal elections were held by general, secret and indirect elections. According to the 1979 Statutory Charter, the right to elect special and general representatives was granted to women as well as men. All Orthodox believers of both genders (whose minimum age was changed by the new charter from 21 to 18 years) participate in the election of 1,400 special representatives (Greeks over 25 years old) in their respective parishes, who, in turn, elect 100 general representatives (Greeks over 30 years old, including 66 laymen and 34 clergymen). The general representatives participate in the Electoral Assembly, which includes, in addition to them, a number of top church officials.<sup>47</sup>

This also suggests another analogy to the contemporary world, the dichotomy of globalisation and sovereignty. It is evident that Orthodoxy is essentially a 'national' or at least territorial association. Orthodox churches are closely connected with national state entities in which they have been formed and quite actively facilitate the development of a political culture, including a high significance of the 'national' factor.

For instance, according to a survey by Pew Research, the ten countries characterised by the highest percentage of population who are convinced that their national culture is superior to others are Greece, Georgia, Armenia, Bulgaria, Russia, Romania, Serbia, Moldova, Belarus and Ukraine. As regards the top three countries, this figure was 84% to 89%, respectively. Out of the Catholic countries, the list includes Poland (55%), Hungary (46%) and Croatia (44%).<sup>48</sup>

Catholicism is global in its essence. Despite the status of the Pope as the Bishop of Rome, the structure of his church has no national basis, extends to distant continents and erases all ethnic boundaries within the church itself. Representatives of 13 ethnic groups have been elected as Popes, and the political doctrine of the

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(2013, March 20), available at [https://www.vedomosti.ru/politics/news/2013/03/20/kiprskaya\\_pra-voslavnyaya\\_cerkov\\_gotova\\_zalozhit\\_imuschestvo/](https://www.vedomosti.ru/politics/news/2013/03/20/kiprskaya_pra-voslavnyaya_cerkov_gotova_zalozhit_imuschestvo/), accessed on 18 January 2019.

<sup>47</sup> Orthodoxie.com, 'Chypre: une nouvelle charte fondamentale de l'Eglise', *Orthodoxie.com* (2010), available at <https://orthodoxie.com/chypre-nouvelle-charte-fondamentale-de-leglise/>, accessed on 23 January 2019.

<sup>48</sup> Pew Research Center, 'Democracy, nationalism and pluralism', Washington, D.C.: Pew Research Center (2017, May 8), available at [http://www.pewforum.org/2017/05/10/democracy-nationalism-and-pluralism/pf-05-10-2017\\_ce-europe-08-10/](http://www.pewforum.org/2017/05/10/democracy-nationalism-and-pluralism/pf-05-10-2017_ce-europe-08-10/), accessed on 11 November 2018.

church has implied its universal and global nature. Moreover, one can state that the Holy Roman Empire, which was based on Catholicism and disintegrated as nationally oriented Protestantism rose, was the only full-fledged integration project in Europe having a united cultural space.

An analysis of the genesis and evolution of Christianity as the conceptual and theoretical basis for various political ideologies, philosophical theories, legal schools and political movements demonstrates that its role in the formation of modern, in a broad sense, European civilisation, is indisputable. The culture, principles, institutions and mechanisms of contemporary republican democracy increasingly appear to be the result of the Christian civilisation, which has accumulated some elements of the Greek, Roman and Judaic cultures.

In this regard, just as Christianity contributed to the formation of European political culture, its internal branches and confessions resulted in the bifurcation of this culture into various models and configurations of government power relations. On the one hand, it appears that no civilisation has ever been so close to western civilization as the Orthodox one. Any attempt to compare, say, Italy with Iran, Swaziland, Laos or Japan would clearly indicate that it has much more common civilisational and cultural principles with Bulgaria, Greece or Russia than with them. On the other hand, the differences between the western and eastern Christian world that have developed over centuries have played an extremely important role in the formation of political cultures in the countries belonging to these civilisations, so that it is impossible to replicate the institutions, mechanisms and principles characteristic of a different culture by a positivist modification of legislation, without adaptation and without due regard for the specific features of social evolution in such countries.

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- insko-Istriyskogo*. Trans. from Serbian. Vol. 1], Moscow: Izdatel'stvo «Otchiï dom».
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# Religious Lobbying: Comparing the Models of the USCCB and the Church of Cyprus

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## Abstract

*The article discusses the lobbying activities of the United States Conference of Catholic Bishops and the Orthodox Church of Cyprus. Both religious interest groups rely on inside lobbying strategies based on their institutional expertise and resources. At the same time, while the Catholic Church in the US is characterised by a combination of inside/outside strategies and framing of its own requests, the Cyprus Orthodox Church prefers a direct impact on policy-makers and does not seek to adapt the language of their political and religious messages.*

**Keywords:** lobbying, religion, Cyprus, church, USCCB

## Introduction

The article addresses the issue of religious lobbying in the Republic of Cyprus, comparing the models promoting the interests of the Orthodox Church of Cyprus and the United States Conference of Catholic Bishops (USCCB). Both the Church of Cyprus and the Roman Catholic Church in the US provide good examples of religious organisations with a clear institutionalised structure and similar agendas. At the same time, the nature of relations with secular authorities, self-positioning and peculiarities of the lobbyist and religious environment in the US and Cyprus, play a significant role in the choice of strategy, tactics and specific mechanisms for the realisation of their interests. Comparison of the lobbying strategies of the USCCB and the Church of Cyprus is of interest from the point of view of analysing the advancement of the interests of religious organisations in different religious markets and with different institutional constraints. While the Catholic Church in the US is

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in a situation of high religious competition and legislative regulation of lobbying activities of non-profit organisations, the Cyprus Orthodox Church is *de facto* in the position of a privileged monopolist not limited to any institutional framework.

## Lobbying Strategies

### *Inside Lobbying*

Lobbying strategies in the broadest sense can be divided into insider and outsider strategies. Inside and outside lobbying strategies are presented simultaneously as characteristics of a particular interest group in terms of its involvement in the decision-making process, and as a designation of a chosen type of lobbying strategy involving a certain set of tactical decisions and specific mechanisms for promoting interests.<sup>2</sup> The insider position gives the group privileged access to decision-makers. An insider lobbyist is usually a large stakeholder with significant resources and personal connections in the legislative, executive, or judicial powers (in those political systems where there is space for judicial lobbying, such as in the US).

In understanding lobbying as a democratic practice that promotes more uniform representation of interests, it is necessary to take into account that insider lobbying is considered primarily in the communication dimension. Access to a decision-maker does not initiate a corrupt interaction but opens up opportunities for a trustworthy exchange of views. An insider group has the ability to convey directly its vision of the problem, knowledge of the situation, expertise, assessment and forecast, thereby reinforcing the position in favour of the discussed decision, or, conversely, contributing to its review.<sup>3</sup> Psychological aspects also matter. When making decisions, people tend to give greater weight and importance to the competing position that they hear first. From this point of view, insider access at the preliminary or closed discussion stage gives the group significant advantages.

The existence of insider lobbying groups and interest in their inclusion in the political process is explained by three main motives:

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<sup>2</sup> W. Maloney, G. Jordan, and A. McLaughlin, (1994) 'Interest Groups and Public Policy: The Insider/Outsider Model Revisited', *Journal of Public Policy*, Vol. 15, No 1.

<sup>3</sup> A. Binderkrantz, (2005) 'Interest Group Strategies: Navigating Between Privileged Access and Strategies of Pressure', *Political Studies*, Vol. 53, No. 4; R. Braunstein, (2012) 'Storytelling in Liberal Religious Advocacy', *Journal for the Scientific Study of Religion*, Vol. 51, No. 1.

- Segmentation of the political elite and conflicts in the bureaucratic environment. Powerful competing groups, parties, individual politicians and officials can rely on external interests to seek their support;
- The desire to attract non-political groups to solve the problem issue, in order to minimise additional tension and avoid political controversy;
- Getting relevant information and mutual support.<sup>4</sup>

Inside lobbying as a strategy is understood *qua* activities that aim directly at policy-makers.<sup>5</sup> Such lobbying actions, as a rule, do not attract public attention; they are not reflected in the media and are not noticeable to a wide audience. Inside lobbying can include various tactical decisions: from direct face-to-face meetings to phone calls and contacts via email and instant messenger applications. The main thing is that direct access to policy-makers is carried out by means of communication channels that are inaccessible or restricted to other actors. The key characteristic of this strategy is the mutually beneficial exchange, understood in market terms, between a group of interests and decision-makers or the government as a whole. Authorities provide groups with the opportunity to influence public policy by receiving in return any resources (e.g., knowledge, expertise, membership, compliance, and consent).<sup>6</sup>

In the case of religious organisations, at first glance, support from their followers is the most obvious resource. Even if religious organisations cannot guarantee their believers will be loyal to an individual candidate or party (which is unlikely in the political landscape of modern democracies), they can offer the political actors access to a unique audience where common religious identity can be almost the only unifying feature. In addition, if there is a developed church infrastructure, a religious organisation can be a useful ally or significant opponent during the electoral campaign. However, the resources of a religious organisation are not limited to its electoral capabilities. It should be borne in mind that well established churches have significant influence on the economic and social sphere, acting as a beneficiary or co-owner of economic enterprises and a founder of socially significant or-

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<sup>4</sup> Maloney, 'Interest Groups' 36-37.

<sup>5</sup> I. de Bruycker and J. Beyers, (2019) 'Lobbying Strategies and Success: Inside and Outside Lobbying in European Union Legislative Politics', *European Political Science Review*, Vol. 11, No. 1.

<sup>6</sup> J. Beyers, R. Eising, and W. Maloney, (2008) 'Researching Interest Group Politics In Europe and Elsewhere: Much We Study, Little We Know?', *West European Politics*, Vol. 31, No. 6; J. Richardson, (2000) 'Government, Interest Groups and Policy Change', *Political Studies*, Vol. 48, No. 5.

ganisations (e.g., hospitals, schools, universities, colleges, charitable foundations, and orphanages). At the local level, one or several religious organisations may turn out to be the most significant stakeholder(s), regardless of its/their religious component, simply as the largest business entity/-ies on which the vast majority of the social infrastructure of the local community is concentrated.<sup>7</sup> Do not forget the value of the religious factor if the policy-maker belongs to the same denomination as the religious interest group.

With effective church leadership able to establish and maintain ties with the legitimate elite, the organisation's chances of realising its own interests increase. At the same time, though, in modern political science, there remains an open question about how much policy-makers' religious views influence their decisions, the position of a religious leader who represents the same religion as the person who makes a decision may have a psychological or moral-ethical influence on him or her.<sup>8</sup> Moreover, religious leaders and their publicly voiced position influence the legitimisation or the de-legitimisation of political initiatives, in the formulation of which politicians allow religious argumentation, which is typical, for example, of the US. This value increases in religious systems with a hierarchical system of governance, where the positions of hierarchs are inevitably interpreted as the position of the whole organisation, which is characteristic of Catholicism and autocephalous Orthodox churches.<sup>9</sup>

In a practical sense, inside lobbying of religious organisations manifests itself in church hierarchs or a church representative having direct contacts with policy-makers. Religious leaders have a significant advantage over other non-commercial and commercial interest groups. They can meet with decision-makers without arousing suspicion not only in 'government territory', but also in church institutions. A private visit to a church by a politician or official can always be explained by his religious, and not political, motives and needs.

Thus, in the case of the insider strategy, the Catholic or Orthodox bishop, who heads the resource-secured diocese, communicates with the authorities not just as

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<sup>7</sup> M. Oyakawa, (2015) 'Turning Private Pain into Public Action: The Cultivation of Identity Narratives by a Faith-Based Community Organization', *Qualitative Sociology*, Vol. 38, No. 4.

<sup>8</sup> D. Yamane and E.A. Oldmixon, (2006) 'Religion in the Legislative Arena: Affiliation, Salience, Advocacy, and Public Policymaking', *Legislative Studies Quarterly*, Vol. 31, No. 3.

<sup>9</sup> H. Bedford-Strohm, (2008) 'Poverty and Public Theology: Advocacy of the Church in Pluralistic Society', *International Journal of Public Theology*, Vol. 2, No 2.

one of the leaders of the religious community, but also as a significant local stakeholder, influencing the local agenda and often ensuring the functioning of a substantial part of social infrastructure, and in some cases, the economy of the region. In addition, congressional testimonies, which are less closed, are also examples of this strategy.

### *Outside lobbying*

Outside lobbying is often presented as a less effective alternative to an insider strategy, accessible to less successful and less significant stakeholders, who are denied access to direct communication in the decision-making process. However, given that insider groups also resort to this strategy, it is more expedient to consider outside lobbying as an independent strategy often used in combination with inside lobbying. Outsider strategies rely on shaping public opinion in the interests of the group by means of appeals via the media and various forms of mobilising its members; from letters and petitions to rallies, demonstrations, and other political actions aimed at attracting the attention of politicians, media, and the general public.<sup>10</sup> Outside lobbying can take the form of a conference on the subject of a lobbied issue, press releases, official statements, media interviews, public campaigning, social media advertising, protest events etc.<sup>11</sup>

A key feature of this strategy is its reliance on grassroots lobbying. Like other interest groups, religious organisations rely on their own network of loyal members and associated organisations to put pressure on members of parliament or representatives of the executive or municipal authorities. Demonstrating the public activity of their organisation of interest groups, they seek, through outside pressure, to influence public opinion on key issues of the current agenda. When a religious interest group manages to demonstrate its ability to influence the media information agenda and shape public opinion, this indirectly influences policy-makers. A classic example of outside strategy and grassroots lobbying are letters from voters to their representatives in parliament or collective meetings of ordinary representatives of the organisation with policy-makers during the so-called lobbying days or in their local offices.

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<sup>10</sup> C. Wilcox, (2016) 'Toward a Theory of Religious Coalitions, Politics and Religion', Vol. 9, No2.

<sup>11</sup> I.D. Loshkariov, (2017) 'Resources of Ethic Lobbying in US Foreign Policy: Theoretical Aspects', *Mirovaya Ekonomika i Mezhdunarodnye Otnosheniya*, Vol. 61, No 3 [in Russian].

Recently, the importance of events aimed at attracting the attention of the media has increased, and the very fact that letters or petitions have been handed over becomes, primarily, the reason for launching a media campaign. Successful campaigns do not necessarily imply a massive mobilisation of supporters. An interest group may rely on public figures who are likely to attract media attention or have direct access to decision makers. Certain religious groups with a developed system of planning and implementing lobbying campaigns maintain lists of key contacts that can be promptly involved in an information campaign in support of or against any initiative.<sup>12</sup> Sometimes a popular musician or writer tweeting on Twitter or posting on Facebook, after being asked by a parish priest to whom he goes to confession and communion, may be more effective than a rally in Central Park. Large stakeholders have advantages within the framework of this strategy. Public statements and interviews with church leaders of major religious organisations have always attracted media attention.<sup>13</sup> Statements by Catholic bishops of the US are always reflected in the press, and vivid speeches by hierarchs in Russia, Greece, Cyprus, and other countries with a predominant Orthodox population do not go unnoticed. In addition to inside lobbying, the development of the church infrastructure and the presence of a network of affiliated organisations play a role.<sup>14</sup> Policy-makers have to pay attention to the opinion of the leaders of religious colleges, hospitals, charitable foundations and other institutions that are significant for the life of the local community, even if such opinion is expressed not directly, but through the media.

### ***Framing***

An important tactical move by religious organisations in the implementation of both inside and outside lobbying strategies is framing. In western democracies, religious groups tend to increase the effectiveness of influencing public policy by transforming their religious demands into more mainstream secular frames.<sup>15</sup> This allows them to attract a wider audience and to protect themselves from accusa-

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<sup>12</sup> See R. B. Fowler, *Religion and Politics in America : Faith, Culture, and Strategic Choices*. 4th edn. (Boulder, CO: Westview Press, 2010).

<sup>13</sup> J. Lynch, (1990) 'Marketing and the Religious Right: An Application of the Parallel Political Marketplace Conceptualization,' *Journal of Public Policy & Marketing*, Vol, 9, No1.

<sup>14</sup> J.A. Wright, (2015) 'With Whose Voice and What Language?: Public Theology in a Mediated Public', *International Journal of Public Theology*, Vol, 9 No. 2.

<sup>15</sup> C. Braun-Poppelaars and M. Hanegraaff, 'Conceptualizing Religious Advocacy: Religious Interest Groups and the Process of Public Policy Making', in *Religious Actors in the Public Sphere*, eds J. Haynes and A. Hennig (London: Routledge, 2013).

tions of trying to impose on society a vision of the problem that has been solely influenced by their own religious views. In the simplest form, for example, in anti-abortion campaigns, they replace the conviction of ‘infanticide’ with ‘protecting the life of unborn’, or present euthanasia not as a sin but as inhumane obligation for doctors forced to perform such an act. More complex framing options involve rationalising the argument and searching for non-religious reasons for supporting or opposing an initiative. Thus, the congressional testimonies of Catholic bishops in the US, as a rule, rely on bulk accompanying materials, including not only references to the teachings of the Church, but also survey data related to the issue, statistical information, forecasts of the situation, and alternative proposals formulated from the standpoint of common civil interests – not only of the Catholic Church.<sup>16</sup>

### The USCCB

In the US, Catholic interest groups rely on insider strategies. The USCCB uses the group resources of the Catholic Church to exchange them for public policy decisions. Historically, the Catholic Church has a unique experience of interaction with political power and has a deep scholastic tradition of reflection on statecraft.<sup>17</sup> The developed theological and canonical rationale for promoting their own interests in the political arena gives the Catholic Church a significant advantage over other religious organisations, since there is no need for Catholics to explain the permissibility of their own lobbying actions to believers and hierarchs. In the US, the Roman Catholic Church began to build its own lobbying institutions at the end of the 19<sup>th</sup> century, and with the formation of the National Catholic Welfare Conference after the First World War, which later transformed into the *United States Conference of Catholic Bishops*, the lobbying activities of the Roman Catholic Church (RCC) are carried out on an ongoing basis. In addition to well-established ties and years of communication with policy-makers, the Catholic Church is distinguished by a unique strategic position in terms of building potential political alliances. The modern Catholic Church has lined up relations with both Democrats and Republicans. Catholic voters represent the largest group of undecided citizens who do not have a constant party attachment.<sup>18</sup> On a number of significant issues on the church agen-

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<sup>16</sup> S. Goldzweig and G. Cheney, (1984) ‘The US Catholic Bishops on Nuclear Arms: Corporate Advocacy, Role Redefinition, and Rhetorical Adaptation’, *Communication Studies*, Vol. 35, No. 1.

<sup>17</sup> See P. Stamatov, (2010) ‘Activist Religion, Empire, and the Emergence of Modern Long-Distance Advocacy Networks’, *American Sociological Review*, Vol. 75, No. 4.

<sup>18</sup> J.M. Wilson (ed.), *From Pews to Polling Places: Faith and Politics in the American Religious Mo-*

da, RCC finds support from both Republicans and Democrats. With Democrats, Catholics have a close understanding of the issues of welfare spending, labour laws, civil rights, and the death penalty, and with Republicans, the position on abortion, parental choice options in education etc. Moreover, the church is trying not to attach an exclusive importance to any of these issues in its agenda, so as not to create preferences for any of the parties.<sup>19</sup>

Given the clear institutional structure and hierarchical organisation of the church, Catholic bishops can afford to speak on behalf of all Catholics, representing a consolidated position even in cases of disagreement within the Catholic community. The USCCB can initiate direct contacts to discuss a specific issue on several levels at once: cardinals can hold meetings at the White House, bishops will meet with congressional representatives, and heads of dioceses or parish priests with representatives of a particular state.<sup>20</sup> In addition to institutional experience, the USCCB relies on extensive resources. The RCC is increasing its presence in the US both in terms of the number of followers and in terms of its involvement in social infrastructure. For example, 29,9 million people were treated in Catholic hospitals in 1974, and 90,6 million in 2016.<sup>21</sup> During this time, the value of services provided by Catholic Charities increased from 361 million to USD3,1 billion.<sup>22</sup> The inclusion of Catholics in the political elite of the US is also increasing. Compared with 1961, the number of Catholics in the US Congress (2017-2018) increased from 19% to 31%.<sup>23</sup> The position of the RCC in the executive branch is also being strengthened. During Obama's presidency, more than one-third of the members of his administration were Catholic. In the same period, other Catholics serving in his administration were the Vice President, Obama's second-term chief of staff, his national security adviser, his homeland security adviser, the three successive speakers of the House of Representatives, the Democratic leader of the House, the director of

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*saic* (Washington, D.C: Georgetown University Press, 2007) 44.

<sup>19</sup> K.R den Dulk and E. Oldmixon (eds.), *Mediating Religion and Government: Political Institutions and the Policy Process* (New York: Palgrave Macmillan, Springer) 59-82.

<sup>20</sup> K.E. Heyer, *Prophetic and Public: The Social Witness of US Catholicism* (Washington, DC; Georgetown University Press, 2006).

<sup>21</sup> Center for Applied Research in the Apostolate, 'Frequently Requested Church Statistics', available at <https://cara.georgetown.edu/frequently-requested-church-statistics/>

<sup>22</sup> *Ibid.*

<sup>23</sup> S. Sandstrom, 'Faith on the Hill: The Religious Composition of the 115<sup>th</sup> Congress', *Pew Research Center* (3 January 2017), available online at <http://www.pewforum.org/2017/01/03/faith-on-the-hill-115/>

the CIA, the director and the deputy director of the FBI, the army chief of staff, the commandant of the Marine Corps, and the chief of staff of the US Air Force.<sup>24</sup>

The US Catholic Church also actively resorts to outside strategies, enhancing the effect of its lobbying campaigns. Although its congregation in the US does not belong to easily mobilised groups, the church uses its network structures to inform believers at the diocesan and parish levels about government actions of importance and their call to action, such as writing letters or making calls to congressmen. During the healthcare debate in 2009-2010, the bishops sent bulletin insets to be distributed in Catholic churches throughout the US.<sup>25</sup> The number of ministers of the church, Catholic organisations and structures affiliated with the church is such that Catholics can launch large-scale public campaigns without the participation of parishioners.

A striking example of the use of the Roman Catholic Church in the US is the combined lobbying strategy campaign in 2011 and 2012 against budget proposals of House Budget Committee chair, Republican Paul Ryan. The USCCB involved both direct contacts with policy-makers and official appeals<sup>26</sup> as well as grass-roots mobilisation and coalition interaction. On 14 February 2011, more than 300 Catholic leaders took the bishops' message to Capitol Hill in a day of visits to their US representatives and senators.<sup>27</sup> On 8 July 2011, representatives of USCCB met with the House Budget Committee chairperson Paul Ryan and the staff of House Speaker John Boehner, and on 20 July an interfaith delegation including Bishop Ricardo Ramirez of La Cruces, New Mexico, member of the USCCB committee on Domestic Justice and Human Development, met with President Obama.<sup>28</sup>

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<sup>24</sup> M. Graziano, *In Rome We Trust: The Rise of Catholics in American Political Life* (Stanford CA: Stanford University Press, 2017).

<sup>25</sup> A.M. Cammisa and P.C. Manuel, (2016) 'Religious Groups as Interest Groups: The United States Catholic Bishops in the Welfare Reform Debate of 1995–1996 and the Health Care Reform Debate of 2009–2010', *Religions*, Vol. 7, No. 2.

<sup>26</sup> See United States Conference of Catholic Bishops' Letter to United States House of Representatives (6 March 2012), available at <http://www.usccb.org/issues-and-action/human-life-and-dignity/federal-budget/upload/Letter-to-Congress-Federal-Budget-2012-03-06.pdf>.

<sup>27</sup> 'Put the Poor First in Federal Budget Decisions Say Catholic Bishops, CRS President', *United States Conference of Catholic Bishops* (15 February 2011), available at <http://www.usccb.org/news/2011/11-032.cfm>.

<sup>28</sup> 'USCCB Meets with President, Congressional Leaders to Urge Protection for the Poor in Debt Agreement', *United States Conference of Catholic Bishops* (21 July 2011), available online at <http://www.usccb.org/news/2011/11-144.cfm>.

Meetings with policy-makers were accompanied by a series of public events within the framework of the inter-confessional lobby group ‘The Circle of Protection’. One of the most striking elements of the campaign was the ‘Nuns on the Bus: Nuns Drive for Faith, Family, and Fairness’ campaign,<sup>29</sup> organised by the Catholic social justice lobby NETWORK. During the campaign, 14 nuns drove on a campaign bus through nine states. The campaign received wide media coverage, and the practice of the ‘monastic campaign bus’ is now used by the Catholic Church annually. For example, in the autumn 2018, ‘Nuns on the Bus’ conducted a regular tour ‘to expose the lies and tell the truth about the harmful effects of the 2017 tax vote – and to hold congressional Republicans accountable for voting in favour of a disastrous tax law’. A wide range of events was held during the tour, from lobby visits, rallies and roundtables, to bus singing.<sup>30</sup> It is noteworthy that the participating nuns were chosen to represent the maximum possible number of states through which they travelled.

In terms of the use of frames, the Catholic Church in the US seeks to build its lobbying campaigns using positively coloured vocabulary and detailed, rational argumentation, minimising purely religious arguments. In particular, Shannon Sco-tece analysed the frames used by religious lobbying groups during the campaign against Ryan’s budget proposals, and found that the Catholic Church used minimal moral and ethical assessments. Only 7% of budget-related documents that were written by Catholics used a moral/immoral frame. During the campaign, Catholic groups used mainly prognostic frames and suggested policy solutions that legislators should consider, particularly the need to increase revenues.<sup>31</sup>

### **The Church of Cyprus**

The Cypriot Orthodox Church is in many ways unique for modern democracies as an example of historical involvement in the political process. The statehood of the Republic of Cyprus is inextricably linked to the church, which has become a catalyst for self-determination of the people of Cyprus and the formation of an independent State. Archbishop Makarios III not only laid the ideological foundation of the

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<sup>29</sup> ‘Nuns on the Bus 2012’, *Network Lobby for Catholic Social Justice*, available online at <https://networklobby.org/nunsonthebus/bus2012/>.

<sup>30</sup> ‘Nuns on the Bus 2018 Route’, *Network Lobby for Catholic Social Justice*, available at <https://networklobby.org/bus2018/events/>

<sup>31</sup> S. Sco-tece, (2015) ‘Forming a “Circle of Protection”: Christian Activism and the Budget’, *Interest Groups & Advocacy*, Vol. 4, No. 2.

Republic but also headed the State-building process, winning the first presidential election in 1959. Until 1974, Makarios III simultaneously headed the Cyprus Orthodox Church and the Republic of Cyprus, acting as an *ethnarch* – the religious and political leader of the Cypriots.<sup>32</sup> During this period, the situation in Cyprus was non-standard in terms of promoting religious interests: there was no need for the church to defend its point of view before the secular authorities, since the church authority was at the centre of the decision-making system. During the 19<sup>th</sup> and 20<sup>th</sup> centuries, the Cyprus Orthodox Church remained the only endogenous institution uniting Cypriots and was able to convert its symbolic, mobilisation and organising role into practically unlimited political capital. The participation of laypeople in the selection of the Archbishop and other bishops gave additional political legitimacy to the ecclesiastical institutions. This practice extended to all ecclesiastical elections in the 20<sup>th</sup> century and became one of the key factors for the inclusion of the Church in the political life of the island.<sup>33</sup>

The interpenetration of church and State at the initial stage of the existence of the Republic predetermined the priority of the insider model for the organisation of church lobbying activities. Like the Roman Catholic Church in the US, the Church of Cyprus uses its accumulated institutional experience, political influence, and resources to build direct communication with policy-makers. A common feature of the RCC in the US and the Orthodox Church of Cyprus is the presence of a developed economic and social infrastructure. Despite the loss of some assets in the northern part of Cyprus, the Church remains one of the largest owners of land, hotels, banks, the media, and other commercial assets.<sup>34</sup> The choice of insider strategy is also affected by the position of key groups within the church hierarchy. Studies of intra-church factions show that the so-called *ethnarchikoi* occupy dominant positions among the episcopate of the Cyprus Church, a group that supports active participation in politics and building up the necessary resources, including economic ones.<sup>35</sup>

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<sup>32</sup> A. Varnava and M.N. Michael (eds.), *The Archbishops of Cyprus in the Modern Age: The Changing Role of the Archbishop-Ethnarch, Their Identities and Politics* (Newcastle: Cambridge Scholars Publishing, 2013).

<sup>33</sup> P.M. Kitromilides, (1980) 'An Unexplored Case of Political Change: A Research Note on the Electoral History of Cyprus', *Επιθεώρηση Κοινωνικών Ερευνών* [Social Research Review], Vol. 38, 187-190.

<sup>34</sup> See V. Roudometof, (2013) 'The Church of Cyprus Transition into the 21<sup>st</sup> Century', *Thetis: Mannheimer Beiträge zur Klassischen Archäologie und Geschichte Griechenlands und Zyperns*, Vol. 20.

<sup>35</sup> M. Sarris, (2010) 'Organization and Divisions in the Orthodox Church in Cyprus', *The Cyprus Review*, Vol. 22, No. 2.

An example of the insider lobbying of the Church of Cyprus is the struggle to keep in force the 1971 agreement on State co-financing of the wages of a portion of the clergy. According to media reports, the State's spending on subsidising the salaries of priests in 2018 amounted to EUR6,75 million, EUR6,8 million planned for 2019, and should reach EUR7 million by 2020.<sup>36</sup> Since 1983 (the data from 1971, when the agreement was concluded, until 1983 are unavailable), the State transferred to the Church EUR 123,7 million to subsidise priests' salaries.<sup>37</sup> In early 2013, the government of Dimitris Christofias decided to reduce the subsidy by 15% and initiated a discussion of revising the entire agreement with the church. However, after Nicos Anastasiades, who was supported by the Church, won the presidential elections in February of the same year, the direct intervention of the Archbishop made it possible to cancel the decision to reduce the subsidies and to block discussion on revising the agreement.<sup>38</sup>

At the local level, the church also relies on direct non-public contacts. In 2007, Archbishop Chrysostomos II asked the Municipal Council of Nicosia for permission to build a new cathedral in the historic centre of the city. Despite active public outcry and a negative review of the project by the Cyprus Scientific and Technical Chamber,<sup>39</sup> the church's direct contacts with municipal deputies led to it obtaining a building permit.<sup>40</sup>

Unlike the Catholic Church in the US, the Church of Cyprus uses financial lobbying tools. If, in the US, there is a direct ban on the financing of parties, candidates and their election campaigns by religious organisations, Cyprus law does not regulate this issue. Taking advantage of the lack of institutional constraints, the Church of Cyprus and its affiliated organisations provide financial support to a wide range of political forces, including the AKEL Communist Party.<sup>41</sup>

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<sup>36</sup> E. Hazou, 'Green Light for Transfer of Church Land to the Dstate', *Cyprus Mail* (8 January 2019), available at <https://cyprus-mail.com/2019/01/08/green-light-for-transfer-of-church-land-to-the-state/>.

<sup>37</sup> *Ibid.*

<sup>38</sup> 'State Continues to Pay Priests' Wages', *Cyprus Mail* (22 January 2014), available at <https://cyprus-mail.com/2014/01/22/state-continues-to-pay-priests-wages/>.

<sup>39</sup> The official technical consultant of the State and the professional body of all Cypriot mechanics.

<sup>40</sup> A. Emilianides, C. Adamides, and E. Eftychiou, (2011) 'Allocation of Religious Space in Cyprus', *The Cyprus Review*, Vol. 23, No.1.

<sup>41</sup> A. Emilianides, 'The Mutual Role of Religion and the State in Cyprus', *The Mutual Role of Religion and the State in Europe*, ed. B. Schanda (Trier: European Consortium for State and Church Research, 2014).

Compared to the USCCB, the Orthodox Church of Cyprus has limited resort to outside lobbying. Controlling a significant part of the Cypriot media space, the church does not feel the need for additional tools to attract media attention, having direct access to the main communication channels.<sup>42</sup> The church, of course, issues press releases and official statements, but they, as well as public speeches of the hierarchs, are more likely informational. This activity of the church is primarily oriented not towards arguing and explaining the position but only towards voicing it. In this case, church hierarchs tend to use harsh religious vocabulary. For example, in 2004, the Bishop of Kyrenia told Greek Cypriots that those who voted during the referenda for a plan to reunite the island, proposed by UN Secretary General Kofi Annan, would not go to heaven.<sup>43</sup>

Aggressive religious framing can also be observed in official statements by the church that accompanied the campaign against the legalisation of abortion. In March 2018, the parliament passed a law decriminalising abortion up to 12 weeks of gestation. This was preceded by several years of lively public discussion, during which the church unsuccessfully tried to prevent the adoption of the bill. In the Synodic Circular on the issues of abortion, the Church of Cyprus has used accusatory vocabulary, stating that the authors of the bill ‘prepared the bill without the required religious and ethnic sensitivity and without due regard to the traditions of our people’.<sup>44</sup> In their message, the bishops of the Church of Cyprus also expressed bewilderment about the fact that parliamentarians visiting Orthodox churches, plan to pass a law ‘justifying the killings and that detracts from the basic origins of the faith and the human life’.<sup>45</sup> The text accuses the legislators and others of sin. The circular also emphasises that ‘a pregnant woman who kills the foetus is a murderer’.<sup>46</sup>

The pronounced religious framing is also inherent in the church’s statements against the bill ‘On Legal Recognition of Gender Identity’<sup>47</sup>, which is under public

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<sup>42</sup> See A. Bitonti and P. Harris (eds.), *Lobbying in Europe: Public Affairs and the Lobbying Industry in 28 EU Countries* (London: Springer, 2017) 89-102.

<sup>43</sup> Department of State of the USA, *Annual Report on International Religious Freedom* (2009).

<sup>44</sup> Synodic Circular on the Issue of Abortions (20 March 2016), *Church of Cyprus*, available at <http://churchofcyprus.org.cy/17156>.

<sup>45</sup> *Ibid.*

<sup>46</sup> *Ibid.*

<sup>47</sup> The Legal Recognition of Gender Identity Bill of 2018, *Ministry of Justice and Public Order*, available at <http://www.mjpo.gov.cy/mjpo/MJPO.nsf/All/770B707519F125DCC22582F600446B7E>.

discussion. They suggest that Cypriot citizens can change their gender presented in the documents based on a simple statement about self-identifying with the other sex. The Holy Synod of the Church of Cyprus stated that ‘the sex bestowed by God cannot be a matter of choice’, and such initiatives carry the ‘threat to the survival of the nation’.<sup>48</sup>

For comparison, the Roman Catholic Church in the US points out itself that an important component of its anti-abortion campaign is that the USCCB’s ‘frames its arguments using accessible concepts and constructions that can be brought to bear on moral discourse in a non-confessional environment’.<sup>49</sup> Thus, American Catholics, for many decades, have chosen to build their rhetoric about abortion based on pro-life arguments in support of the life of an unborn child, and not on murder charges. In this case, the figure of a woman appears in the speeches of the bishops, not as a criminal sinner, but as a person in need of support and protection. For example, the Testimony of United States Catholic Conference on Constitutional Amendments Protecting Unborn Human Life before the Subcommittee on Civil and Constitutional Rights of the House Committee on the Judiciary, on 24 March 1976, stated that ‘a permissive abortion policy socially approves and encourages the irresponsibility of those who abandon the woman, and it betrays the woman and her child’.<sup>50</sup>

Concentrating on inside lobbying does not mean a complete rejection of combined strategies, but the key role in lobbying is given to the direct influence on policy-makers, which, in the context of the strategic position of the church, is reasonably considered by their leaders as the most effective. Thus, in 1998, within the framework of an unsuccessful campaign against the decriminalisation of homosexual relations, the church not only sent personal letters to members of parliament, but also organised the umbrella structure, Pancyprian Committee for the Fight against the Decriminalisation of Homosexuality, that united clergy, various

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<sup>48</sup> Announcement of the Church of Cyprus (11 September 2018), available at <http://churchofcyprus.org.cy/45710>.

<sup>49</sup> Thomas D. Williams L.C., ‘Abortion and Catholic Social Teaching’, *United States Conference of Catholic Bishops* (2007), available at <http://www.usccb.org/issues-and-action/human-life-and-dignity/abortion/upload/Abortion-and-Catholic-Social-Teaching.pdf>

<sup>50</sup> Testimony of United States Catholic Conference on Constitutional Amendments Protecting Unborn Human Life before the Subcommittee on Civil and Constitutional Rights of the House Committee on the Judiciary (24 March 1976), *United States Conference of Catholic Bishops*, available online at <http://www.usccb.org/issues-and-action/human-life-and-dignity/abortion/upload/On-Constitutional-Amendment-Protecting-Unborn-Human-Life2.pdf>.

Orthodox movements and organisations. The committee stated that it would keep records of all members of parliament who voted for decriminalisation and would punish them in the ballot.<sup>51</sup> Grassroots lobbying elements were also present in the 2009 campaign to support the construction of a new cathedral in Paphos, during which the Church relied on the support of civil society groups, namely the 'Initiative Group in favour of the erection of the Cathedral' and 'Human and Environment', which used a non-standard framework for the development of the urban environment for the Church of Cyprus, noting the positive effects of the construction of a cathedral to preserve the fading city park.<sup>52</sup> It is worth noting that, in contrast to the Nicosia case, the building permit in Paphos was never obtained.

## Discussion

Both religious interest groups rely on insider strategies in their lobbying activities. Institutional experience and resource security allow the Catholic bishops of the US and the Orthodox Church of Cyprus to convey their views directly to policy-makers. They play on situational coincidence of interests with various political parties, avoiding permanent and exclusive alliances that, in the long run, may limit the possibility of realising their own interests.

Nevertheless, there are significant differences in the use of outside lobbying and framing between Catholics in the US and the Orthodox Church in Cyprus. While the USCCB pays enough attention to building combined inside/outside strategies and tends to use frames acceptable to a wide audience, the Church of Cyprus does not pay due attention to these issues. The Catholic Church in the US exists in an open religious market and competes with other religious organisations for believers and resources. This leaves an imprint on the positioning and self-perception of the church hierarchy, pushing it towards larger and more comprehensive lobbying campaigns that can confirm, in the eyes of policy-makers and society, the status and importance of the organisation. In a competitive religious environment, the goal of a lobbying campaign is not only to achieve the desired political result, but also to demonstrate its own mobilisation capabilities for its followers and representatives of other religions. The media coverage of lobbying activities helps to consolidate the religious group in the information agenda, strengthening its common positions.

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<sup>51</sup> See G. Charalambous and C. Christophorou (eds.), *Party-Society Relations in the Republic of Cyprus: Political and Societal Strategies* (Abingdon: Routledge, 2015).

<sup>52</sup> A. Emilianides, C. Adamides, and E. Eftychiou, (2011) 'Allocation of Religious Space in Cyprus', *The Cyprus Review*, Vol. 23, No. 1.

In this regard, the Catholic Church, as a rule, accompanies its inside strategies with other tactical decisions, allowing it to achieve the desired information effect.

The Church of Cyprus, however, exists under the conditions of an actual religious monopoly and considers its strategic position to be a self-sufficient condition for launching lobbying campaigns. It can be assumed that the church leadership and bureaucracy are captivated by their own stereotypes about their influence on Cypriot society, extrapolating their historical significance to the current situation. This, in turn, leads to a false conviction that the position of the church itself can shape public opinion, regardless of the method of presenting information and engaging grassroots structures and/or social movements in promoting their interests. The church may support the unification of believers in an effort to help advance its interests, but on its own, it prefers not to contribute to excessive political mobilisation of the flock.

A similar situation can be observed in Russia, where the Russian Orthodox Church, in promoting its interests at the state level, rarely involves wide groups of believers in the process. Preference is given to religious, rather than political mobilisation. For example, the ROC successfully gathers hundreds of thousands of believers for various pilgrimage events and worshipping at shrines. During such occasions, political positions are not voiced. Even so, the mere fact of an episodic concentration of a significant number of citizens around the Church strengthens the image of the hierarchs at meetings behind closed doors within the framework of inside lobbying. In addition, such self-restraint in the use of outsider strategies means they do not have to spend additional efforts on explaining the church's position to various groups of its own followers, as well as on manipulating the possible scale of political mobilisation of the congregation in the eyes of policy-makers.

For autocephalous Orthodox churches, this model seems to be ineffective in the long term. The growing divergence of citizens' political and social agenda from the church (manifested, for example, in attitudes towards abortion), as well as the influence of global trends, require the search for more flexible strategies. This is especially true for the Church of Cyprus, considering that it cannot realise its interests outside the context of the processes taking place in the European Union, whose future is tied to a State in which –if the Cyprus issue is resolved– the religious landscape will cease to be so monolithic. The experience of the Catholic Church in the US can be one of the possible sources for updating the model of lobbying activities of Orthodox churches, including in Cyprus.

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# Institutional and Social Dimensions of the Presence of the Russian Language in Cyprus

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*‘Language is deeply entwined in the intellectual development of humanity itself, it accompanies the latter upon every step of its localized progression or regression; moreover, the pertinent cultural level in each case is recognizable in it’. — Wilhelm von Humboldt<sup>2</sup>*

## Abstract

*The Russian community is one of the largest communities in Cyprus, since the island has been historically regarded as a preferred relocation destination. The current research on the presence of the Russian language on the island is conducted from the viewpoint of georusistics, a semi-new branch of Russian philology, which considers the Russian language as a variable, worldwide language. A retrospective of the Russia-Cyprus relationship is provided and the current state of play, public and private Cyprus institutions supporting the Russian language, is also described. The expanding Russian community in Cyprus is adjusting through various similar features between the two cultures, through a wide use of the Russian language, establishment of Russian schools, churches, organisations and media.*

**Keywords:** Russian language, georusistics, Russian language in Cyprus, philology

## Introduction: Language as a Part of Noosphere

The concept of ‘noosphere’ was proposed by the French scientist Édouard Le Roy<sup>3</sup> and further developed by his two contemporaries and colleagues, Pierre Teilhard

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<sup>2</sup> W. von Humboldt, *‘On Language’: On the Diversity of Human Language Construction and its Influence on the Mental Development of the Human Species* (Cambridge: Cambridge University Press, 2000).

<sup>3</sup> E. Le Roy, *Les origines humaines et l'évolution de l'intelligence* (Paris: Bolvin & Cie, 1928).

de Chardin and V. Vernadsky.<sup>4</sup> Their views on the noosphere are usually assessed as opposing each other, although the sufficiency of grounds for this is rather controversial.

P. Teilhard de Chardin considers the noosphere, in the context of a unified philosophical doctrine, as a stage in the development cycle of matter – the universe – from the starting point of singulation (*alpha*) to the final point (*omega*).<sup>5</sup> However, Teilhard de Chardin was not only a theosophist but also a great biologist and paleontologist, whose views were imbued with evolutionism. He considered evolution as the basic condition and rule that all systems must obey. Such an approach became a reality in the 1970s and 1980s, when ideas about the origin of matter as a result of the Big Bang became a scientific theory.

According to Teilhard de Chardin, the emergence of the human mind is a natural result of the development of matter, prepared by the whole course of the development of the world. These representations are close to the framework of the ‘anthropic principle’. The emergence of the human mind is qualitatively a new stage in the evolution of living matter, the transition of evolution from the biological phase to the social and spiritual, and the prevalence of the spiritual principle over the material in the organisation and functioning of the biosphere.<sup>6</sup>

Human, as the carrier of the mind, does not adapt to the environment, like other animals, but changes and subordinates it to her/himself, eliminating and conquering every form of life that is not human. Social evolution is objectively aimed at the unity of humankind, the social and spiritual convergence of cultures, nations, different strata of society, and at the formation of a ‘like-minded’ person in the world outlook. Thus, the noosphere is the result of the activity of all humankind, starting from the moment of the appearance of the human being; at the present stage, like the biosphere, includes ‘former noospheres’.<sup>7</sup>

Almost all of the abovementioned provisions were supported and further developed by Vladimir Vernadsky, who undoubtedly was familiar with them due to his personal contact with Le Roy and Teilhard de Chardin. Vernadsky’s views on the noosphere were quite outstanding, as he attached decisive importance to the scientific knowledge of the laws of the biosphere’s organisation, its transformation

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<sup>4</sup> V. Vernadsky, (1945) ‘The Biosphere and Noosphere’, *American Scientist*, Vol. 33.

<sup>5</sup> P. Teilhard de Chardin, *Le Phénomène humain* (Paris: Seuil, 1955).

<sup>6</sup> P. Teilhard de Chardin, *L’Apparition de l’Homme* (Paris: Seuil, 1956).

<sup>7</sup> P. Teilhard de Chardin, *Le Phénomène humain* (Paris: Seuil, 1955).

under the influence of human activity, as well as conscious activity to accelerate the formation of the noosphere in the present time.<sup>8</sup> His ideas are a rather general concept of the pattern of development of the biosphere in a state controlled by the human mind. Vernadsky's approach to the noosphere is in many respects close to the ideas developed by Teilhard de Chardin.<sup>9</sup>

The works of Vernadsky, as well as of Teilhard de Chardin, were not recognised during his lifetime. The doctrine of the noosphere was claimed only later, when the official communist doctrine on the building of communism was compromised and there was a need for a different natural science substantiation. This was facilitated by Vernadsky's belief in the unlimited possibilities of scientific and technological progress, the reality of achieving the full independence of humankind from nature, its transition to autotrophy. From the objective nature of the transformation of the biosphere into the noosphere, a conclusion was made on the possibility of the harmonious coexistence of man and nature and, as a consequence, the coevolution of nature and society. However, the idea of coevolution was subjected to critical analysis in the work of V.I. Danilov-Danilyan,<sup>10</sup> who considered it completely inconsistent from the scientific point of view.

Thus, Le Roy, Teilhard de Chardin, and Vernadsky all saw the formation of the noosphere as a natural process, a form of evolution, independent of the human will, even though it can be accelerated by human activity.

In 1928, in *The Origins of Humanity and the Evolution of Mind*, Le Roy wrote that human evolution is carried out by new, purely mental means: through industry, society, language, intellect, etc., and thus the biosphere goes into the noosphere.<sup>11</sup> A global world of human languages, as one of the most important parts of our planet's noosphere, is not just a variety of separated standard languages sheltering behind a bastion of its rules and confronting every external impact as a source of harm and distortion. Language is meant for social interaction. Language is a tool of regulation that is expressed in communication; thus, the better the language serves social interaction of its speakers, the better it actually is. The point at issue is that

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<sup>8</sup> V. Vernadsky, *Scientific Thought as a Planetary Phenomenon* [*Nauchnaya myisl kak planetnoe yavlenie*] (Moscow: Science, 1991) [in Russian].

<sup>9</sup> G. Krasnoschekov and G. Rosenberg, *Ekologiya "v zakone" (teoreticheskie konstrukcii sovremennoj ekologii v citatah i aforizmah)* (Tolyatti: IEVB RAN, 2002) [in Russian].

<sup>10</sup> V. Danilov-Danilyan, (1998) 'Vozmozhna li koevoluciya prirody i obshchestva?', *Problems of Philosophy*, Vol. 8 [in Russian].

<sup>11</sup> E. Le Roy, *Les origines humaines et l'évolution de l'intelligence* (Paris: Bolvin & Cie, 1928).

the language gives its speakers a possibility to reach their goals within the widest range of regulation situations. The speed of social interaction is getting faster, and languages cannot avoid this trend either. Consideration of this issue from a broad standpoint will help us to describe the genuine functional nature of language units.

### **Georusistics: The Russian Language Beyond Russia**

From where we stand, it is the functional concept of natural language that assists in obtaining adequate scientific knowledge in the language universe, of which one of the most important parts is Russian language.

The Russian language belongs to the group of Slavic languages, which is part of the Indo-European language family. It is the State language adopted in the territory of the Russian Federation and it is the most widely spoken in terms of geographical coverage and the number of speakers in Europe. Modern lexical and grammatical norms of the Russian language appeared as a result of the long-term interaction of various East Slavic dialects that existed in Russian territory and the Church Slavonic language, which arose from the adaptation of the first Christian books. East Slavic, also known as Old Russian, in the 14<sup>th</sup> and 15<sup>th</sup> centuries, was the basis for the formation of the Russian, Ukrainian and Belarusian languages; however, the dialectical features by which they differ so much appeared a little earlier.<sup>12</sup> In the 15<sup>th</sup> century in the European territory of Russia, the southern and northern dialects were established, which have a number of distinctive features. In addition, a number of Central Russian dialects appeared, which were essentially in between the north and south dialects, partially absorbing their distinctive features.<sup>13</sup> A prominent representative of Central Russian dialect –Moscow– was the basis for the emergence of the literary Russian language, which currently is the classic Russian language and used in literature and media. Other dialects are rarely used in formal written works.

A large stratum of Russian vocabulary is represented by words of Greek origin. For example, the Russian words for ‘crocodile’, ‘bench’ and ‘beets’ come from Greek; moreover, it is no secret that most of the names that are given at baptism also have come to Russia from Greece, and these names are not only Greek, such as ‘Catherine’ or ‘Fyodor’, but also of Hebrew origin, such as ‘Ilya’ or ‘Maria’. In the 16<sup>th</sup> and 17<sup>th</sup> centuries, the main source of new lexical units in the Russian lan-

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<sup>12</sup> A. Rudyakov, *Georusistika: russkij yazyk v global'nom mire* (Moscow: LEKRUS, 2016) [in Russian].

<sup>13</sup> V. Kostomarov, *Russkij yazyk sredi drugih yazykov* (Moscow: Education, 1975) [in Russian].

guage was Polish, thanks to which, words of Latin or Germanic, such as ‘algebra’ or ‘dance’, and directly Polish words, such as ‘table’ and ‘duel’ were adopted into our speech.<sup>14</sup>

In Belarus, Russian is the State language, along with the Belarusian language. In Kazakhstan, Kyrgyzstan, Moldavia, the regions of South Ossetia and Abkhazia, the Russian language is recognised as official, that is, it has a privileged status, despite the presence of the State language. In the State of New York, US, Russian is one of the eight languages in which all official electoral documents are printed, and in California one can take a driving license examination in Russian. Until 1991, Russian was used for communication throughout the USSR. In fact, it was the State language. For this reason, many residents of the republics that left the USSR still use Russian as their native language. Literary Russian is called either Russian or Great Russian; however, it is used mainly by linguistic scholars and is not preferred for modern colloquial speech.

The Russian alphabet consists of 33 letters and has existed since 1918, but was officially approved only in 1942. Until that time, the alphabet officially had 31 letters. Church Slavonic is the language Orthodox Church services have used from the moment of its appearance to the present day. For a long time, Church Slavonic was used as an official written language and even prevailed in colloquial speech. The oldest book written in Russian is the *Novgorod Codex*, and it dates back to the beginning of the 11<sup>th</sup> century. Historians also cite the *Ostrom Gospel* as being one of the oldest books in Russian, which was written in Church Slavonic between 1056 and 1057.<sup>15</sup> Modern Russian, which is currently used and is also known as the literary language, appeared in the 17<sup>th</sup> and 18<sup>th</sup> centuries, after which some serious amendments were made in 1918. Many changes were introduced; for instance, the use of a hard sign at the ends of words was abolished. The official changes did not affect the use of *izhitsa* (ѣ), as this letter was hardly ever used before the reform; with time, it naturally disappeared from the alphabet.

Differences in dialects have never been a hindrance to communication between people, but compulsory education, the emergence of the press and the media, and large-scale migration during Soviet times almost completely drove dialects out of use, because they were replaced by standardised Russian speech. Currently, traces

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<sup>14</sup> E.g., ‘Tanz’ introduced ‘танец’ [tanets]; ‘Tablica’ introduced ‘таблица’ [tablitsa]

<sup>15</sup> A. Zaliznyak and B. Yanin, (2001) ‘Novgorodskiy kodeks pervoy chetverti XI v. — drevneyshaya kniga Rusi’, *Herald of the Russian Academy of Science*, Vol. 71, No. 3 [in Russian].

of dialects are heard in the speech of the older generation living mainly in rural areas, but due to the spread of television broadcasting, their speech has also gradually levelled, acquiring the outlines of the literary Russian language.

Many words were introduced in modern Russian from Church Slavonic. In addition, the languages with which it had been in contact for a long time significantly influenced its vocabulary. The oldest layer of borrowing has East German roots, evidenced by words such as 'cross' or 'church'<sup>16</sup>. A few but frequently used words were borrowed from the ancient Iranian languages, the so-called Scythian vocabulary, for example 'paradise' or 'dog'. Some Russian names, such as 'Olga' or 'Igor', have German and, most often, Scandinavian origin.

Since the 18<sup>th</sup> century, the main stream of words has been coming to us from Dutch ('orange', 'yacht'), German ('tie', 'cement') and French ('beach', 'conductor').<sup>17</sup> Today, the English language is the main influence of the Russian language, and some of the words began to appear in the early 19<sup>th</sup> century. The flow of English borrowed words increased in the first half of the 20<sup>th</sup> century and gave the Russian language words such as 'station', 'cocktail' and 'container'. Some English words even reappeared in Russian while displacing each other, an example of such a word is 'lunch'. In addition, modern English words are gradually replacing words that were earlier borrowed from other languages, for example, the English word 'bowling' replaced the old German word 'kegelbahn', and the old French 'omar' became the modern English 'lobster'.

It is necessary to note the influence of other languages, although to a much lesser extent than English, on the modern sound of the Russian language. Military terms ('hussar', 'saber') came to us from Hungarian, while musical, financial, and culinary terms ('opera', 'balance' and 'pasta') – from Italian. Despite the abundant influx of borrowed vocabulary, the Russian language developed on its own, managing to give the world several of its own words, like 'balalaika', 'pirogi' and 'ushanka'. However, Russian studies throughout the 20<sup>th</sup> century were introverted, preferring to abstract from the processes of understanding the essence of what is happening in the world around it.<sup>18</sup> Today, in the public linguistic consciousness, at a time when the Russian language seems to be complete and formed, there still remains an excessive, in

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<sup>16</sup> E.g., 'Kirika' introduced 'церковь' [tserkov']

<sup>17</sup> E.g., 'Appelsien' introduced 'апельсин' [apelsin]; 'Halstuch' introduced 'галстук' [galstuk], etc.

<sup>18</sup> E.g., see V. Vinogradov, *Velikij russkij yazyk* (Moscow: OGIZ, 1945) [in Russian].

our opinion, desire to continue to protect it from the influence of other languages.<sup>19</sup> However, it is our conviction that the Russian language will not lose its identity, its unique system, or its value for civilisation.<sup>20</sup>

Undoubtedly, all languages are, to varying degrees, endangered. Of course, the competition between languages for the right to serve humanity's need for social interaction in the distant future is extremely acute, but the Russian language might cope successfully with the challenges, especially if internal and foreign language policies become even more professional, more conscious, more pragmatic and more relevant to the current time.

In the course of open discussion at the conference '*Russian language in a multicultural world*' in 2007, A.N. Rudyakov stated that the object of Russian philology is a global Russian-speaking domain, called '*Russophony*'.<sup>21</sup> Russophony is an objectively existing supranational, supracultural, non-denominational language community. It is a complicated system that represents, from a substantive point of view, the community that uses the Russian language for social interaction.

Today, many linguistic groups that use the Russian language introduce their own features in it, due to objective factors. It is important to emphasise that in this and similar cases we are elaborating on the concept of codified Russian. For instance, Russophones living in Cyprus prefer using '*kinitó*' instead of '*mobile phone*' even when speaking Russian. In the foreseeable future, the norm will, out of necessity, become planetary, reflecting the whole diversity of linguistic states; in the future, a description of the Russian language will be based on the understanding that Russian of the Russian Federation is *one* of the possible Russian languages. It is certainly the linguistically original, evidently the most important, and, cogently, the main language of the Russophony, but not the only possible one.

Development of a science such as Russian philology is visible in terms of the perception that the Russian language world is a single piece, actively interacting with languages in its family. Recently a new sphere of Russian philology has been created, which is called '*georusistics*'. Georusistics is based on the assumption that in our modern world no units are separated from the influence of global economic and information processes; global climate change, worldwide flow of information

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<sup>19</sup> E.g., see A. Streltsov, (2012) '*Svoi chuzhoi yazyk*', *Translation and Comparative Linguistics*, No. 8 [in Russian].

<sup>20</sup> Rudyakov, *Georusistika*.

<sup>21</sup> *Ibid.*

and commodities, series of labour strikes, ideas, brands, the Internet and media sources go beyond all artificial and natural barriers, borders and stereotypes.

Today the Russian language exists as a variety of ‘Russian languages’, more usually as a variety of functional models of Russian languages, which in different ways serve people’s needs for social interaction in Russia, Ukraine, Kazakhstan, Belorussia, the US, Germany, Israel, Lithuania, and in Cyprus, regions forming the Russian-speaking world. Thus, it is necessary to perceive language *œcumene* from another perspective. Russian philology has to become a geographically based science orientated towards studying the interaction between the Russian language world and other language worlds.<sup>22</sup>

Geographical borders of Russophony are defined by one factor only, namely the usage of the Russian language as a tool of social interaction. Obviously, in different subsystems of Russophony, the intensity of the Russian language’s usage fluctuates. In some places, it is the only communication tool, which is true at the centre of the system, whereas in other places, it is the main but not the only communication tool, which is true for the core of the system, and finally, on the periphery of the system, the language is neither the main nor the only communication tool.<sup>23</sup>

The Russian language that is used in another country must provide its speakers with the tools for naming day-to-day realities of that country, which is the consequence of the principle, according to which the world of words corresponds more to the world of terms. A language is perfect not for someone who exists out of time and space, it is perfect in the here and now, in the country where the speaker lives. This, obviously with millions of Russian language speakers living, due to certain historical or personal reasons, far from the metropolitan linguistic area, makes them use Russian differently from the one used in the Russian Federation. Another form of Russian can emerge and successfully function, regardless of its official status in a non-Russian reality, because –in this case– legal status is just a record of entitative fact.

You become a georusist when you understand that the traditional classification of language situations helps to understand only what is happening inside a particular country and does not say anything about what the global language situation is,

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<sup>22</sup> A. Rudyakov, (2009) ‘Georusistika i natsionalnyie variantyi russkogo yazyika’], *Culture of Black Sea nations*, Vol. 1, No. 168 [in Russian].

<sup>23</sup> P. Artemova and A. Degtyarev, (2017) ‘Georusistika i “myagkaya sila” Rossii (Otzyv na knigu A. Rudyakova *Georusistika: russkij yazyk v global’nom mire*)’, *Power*, Vol. 8 [in Russian].

beyond one's national borders. You become a geolinguist when you realise that it is naïve to reduce the world of a language to a simple set of its speakers. This is a common mistake associated with not discriminating between a system's 'element' and 'component'. Russophony, or the Russian language world (as well as any other), is not reducible to a multitude of Russophones, just as a person is much more complex than a simple set of cells, and society is more than a set of individuals; the whole is much more than just the sum of its parts.<sup>24</sup>

### Russian Language Presence in Cyprus: Retrospective Approach

As it has already been mentioned, one of functional models of the Russian language serves the needs of social interaction of the Russian-speaking population in Cyprus, the third largest island of the Mediterranean Sea. As of today, the Cyprus Russian-speaking diaspora is one of the biggest, but before considering this element of Russophony, it is necessary to describe centuries-long relationships between Russia and Cyprus in order to understand how this element has been formed and how it managed to put its roots down there.

Strong relationships between Russia and Cyprus are mainly determined by the spreading of Christianity – and Orthodoxy later.<sup>25</sup> Cyprus was a kind of rest stop for many Russian pilgrims on their way to the Holy Land.<sup>26</sup> This was the case of Russian pilgrim Hegumen Daniil, who in the early 12<sup>th</sup> century wrote *Life and pilgrimage of Daniil, Russian hegumen*, in which he included three chapters describing holy places of Cyprus. The pilgrim Abbot paid special attention to the Stavrovouni Monastery, established on the top of a mountain, reaching up to 700 metres above sea level, by Saint Helena, mother of Constantine the Great. After this important event, there was an almost three-century break in relationships between Russia and Cyprus, when the crusaders seized the island in 1191 and the Mongols and Tartars invaded Russia. A monk of the Trinity Lavra of St. Sergius Zosim, who visited the island in the early 15<sup>th</sup> century, gave a more precise description of towns, villages, and the monasteries of Cyprus.

The second part of the 16<sup>th</sup> century, marked by the Ottomans gaining control of Cyprus, became the beginning of a new break in relationships with Russia, since

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<sup>24</sup> A. Rudyakov, *Linguisticheskyyi functionalism i functional'naya semantika* (Simferopol: Tavria-plus, 1998) [in Russian].

<sup>25</sup> N. Zykova, (2010) 'Russkyi sled na Kipre', *Education and Orthodoxy*, available at <http://www.orthedu.ru/news/2449-10.html> [in Russian].

<sup>26</sup> G. Hill, *A History of Cyprus* (Cambridge: Cambridge University Press; Reissue edition, 2010).

Russian monks ceased making pilgrimages. Only in 1708, Russian monk Hyppolytus Vischinskyi visited Cyprus and witnessed the failing state of the Cyprus Church under Ottoman oppression. In the 18<sup>th</sup> century, several Russian pilgrims visited the island, namely the famous Russian monk and science communicator Vasilyi Grigorievich Barskyi, who visited Cyprus four times in total, the chapman Matvey Nechaev, as well as the hieromonks Silvestre, Nikodim, and Milyeti.

Later on, the life in the island was described in travel memories of pilgrims, who visited Cyprus in the 19<sup>th</sup> century. Nevertheless, Russian nun Varvara (Kataeva) made the biggest contribution to the development of the relationships between Russia and Cyprus.<sup>27</sup> In 1840, she visited the St. Varvara Monastery, which is located on the north-west shoulder of Stavrovuni Mountain. Upon returning to Russia, she collected sufficient donations for this monastery.

In 1964, the USSR-Cyprus Friendship Society was established. Members of this society were famous scientists, people of culture and art, and churchmen. Many Cyprus citizens were educated at Soviet universities within the scope of the society's activities. The USSR-Cyprus Friendship Society arranged Days of USSR cultural performances, Soviet film festivals, and expeditions on the territory of Cyprus. Official delegations from the Soviet Union visited Cyprus in order to learn more about its history and culture. This society lasted until 1992, when the Soviet Union collapsed, and Russia-Cyprus Friendship Society became its legal successor.<sup>28</sup>

### **Modern Dimensions of Russian Language in Cyprus**

Considering the long-lasting history of relationships between Russia and Cyprus, it is no wonder that such a big and powerful language community emerged on the island. As of today, the Russian-speaking community of Cyprus amounts to about 40,000 people, a number far from negligible in an island with a total population slightly above one million.<sup>29</sup>

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<sup>27</sup> Zykova 'Russkyi sled na Kipre'.

<sup>28</sup> International Community of Public Associations - Friendship Societies with Peoples of Foreign Countries, available at [http://www.msod.ru/index.php?option=com\\_content&view=article&id=379%3A--q-q-&catid=55%3A2009-04-06-11-45-13&Itemid=82&lang=ru](http://www.msod.ru/index.php?option=com_content&view=article&id=379%3A--q-q-&catid=55%3A2009-04-06-11-45-13&Itemid=82&lang=ru)

<sup>29</sup> A. Kades, 'While Russians Elsewhere in the EU Are Flooding Home, in Cyprus They Are Staying Put', *Cyprus Mail.com* (19 March 2017), available at <http://cyprus-mail.com/2017/03/19/russians-elsewhere-eu-flooding-home-cyprus-staying-put/>.

Nowadays, there are multiple Russian kindergartens and five Russian schools in Cyprus.<sup>30</sup> Those who graduate from these schools are awarded diplomas by both the Russian Federation and the Republic of Cyprus. The Russian Embassy operates a State school, and the Russian Ministry of Education and Science run three private elementary schools, while the Russian art school ‘Angara’ has also a branch in Cyprus. These schools constitute a genuine stronghold of Russian culture on the island. Their role is very important for one more reason; children from mixed families also study there. When it comes to adult education, the majority of students (businesspersons, banks’ and travel companies’ employees, doctors, educators and public servants) study Russian in classes provided by the Russian Centre for Science and Culture in Nicosia and in other main cities of the island. Moreover, after a short break, Russian is now being taught in the Police Academy, too.

There are also many educational centres established in the Republic, including Russian-speaking Orthodox Churches, Russian print media, a broadcasting station (Russkaya Volna), and Russian magazines delivered *in situ* on a regular basis. Russian has even penetrated TV broadcasts in Cyprus. First, it was just a 45-minute news programme, but now there is a 24/7 Russian TV channel. In general, there are a number of public organisations supporting the development and dissemination of the Russian language in Cyprus. Among others, there is a Russian Orthodox Educational Centre in Larnaca, the Association of Russian Businessmen on Cyprus in Limassol, the Association of Russian-speaking residents ‘Gorizont’, the Cyprus Women Association CLC and the Russian Centre for Science and Culture in Nicosia (Representative Office of Rossotrudnichestvo in the Republic of Cyprus).<sup>31</sup> The main tasks of the Representative Office are to develop cultural, humanitarian, scientific, and technical cooperation with the Republic of Cyprus, as well as to promote the Russian culture and popularise the Russian language.

The vast majority of the Russian-speaking population lives in Nicosia, Larnaca, Paphos, and Limassol. The latter is deemed to be the main Russian-speaking city of the island. There are about 15,000 Russians living in Limassol there permanently.<sup>32</sup> The biggest Russian-language media holding, Vestnik Kipra, is headquartered in

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<sup>30</sup> Cyprus Developers Alliance, Education in Cyprus, available at <https://cyprus-alliance.ru/cyprus/education>.

<sup>31</sup> Information about the Russian Center for Science and Culture in Nicosia, available at <http://kyp.rs.gov.ru/ru/about>.

<sup>32</sup> Kades, ‘While Russians Elsewhere in the EU Are Flooding Home’.

Limassol and issues the same-named newspaper and magazines *Uspeshnyi Business* and *Doma i Ludi*. Nevertheless, the activity of this company goes far beyond printed media. Established in 1995, Vestnik Kipra actively supports events, which help strengthening the Russian language in Cyprus. To name a few: Annual Cyprus-Russian Festival in Limassol, Children's Crafts Day, and Russian Poetry Contest KIPRUSS.<sup>33</sup>

However, the activity of the Russian-speaking community in Limassol extends beyond festivals. The community shows the highest commitment when it comes to politics and social issues. Thus, in June 2018, a meeting was held in Limassol, where representatives of the Russian-speaking community met the mayor and the police chief. One of the main topics of discussion was the Russian language. The mayor remarked that the Russian diaspora is the biggest expat group in Limassol, which has to be taken into account by the local authorities and police. For example, at that time 60 police officers who spoke Russian were assigned there. Police officers also have an opportunity to study in Russia at the Police Academy, which might act as an indicator of the level of acknowledgment and status of the Russian-speaking community in Cyprus.

From our point of view, georusistics constitutes a scientific basis for development of the global language of politics, which will be able to satisfy today's needs. We would like to emphasise that we are not speaking about an internal language policy of a country, but rather about an external language policy of the global Russian-speaking world.

The Russian Centre for Science and Culture in Nicosia is active in implementing State policy orientated towards supporting Russian citizens abroad and consolidating Russian-speaking diaspora. The centre preserves close contacts and aspires fruitful cooperation between State and public agencies, scientific organisations, and cultural institutions. There are Russian language classes under the auspices of the representative office, as well as an educational centre named Pioneer. Pioneer is a project of the Russian Centre that was implemented within the framework of 'Russian School Abroad', in accordance with the goals of Rossotrudnichestvo to popularise the Russian language and to promote Russian education abroad.

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<sup>33</sup> Ministry of Foreign Affairs of the Russian Federation, *Russkiy yazyk v mire* (21 August 2002), available at [http://www.mid.ru/ru/maps/cy/-/asset\\_publisher/wslw4pBwxwex/content/id/549378](http://www.mid.ru/ru/maps/cy/-/asset_publisher/wslw4pBwxwex/content/id/549378) [in Russian].

This project is an aggregator of Russian best educational practices, programmes, and methods, encompassing the teaching of both Russian and foreign languages, supplementary education for children and adults in arts and culture, and tutorials for teachers. Pioneer provides services for people of all ages. All programmes meet the modern educational requirements and are oriented towards the development of skills, which will be in great demand in the economy both today and in the near future. Pioneer gives information on educational projects related to e-learning, using tutorial materials, developing interactive practices, and introducing them in Russian schools abroad through the Internet.

Furthermore, the Russian language gains support within the administrative apparatus of the host state. For example, three of the Cypriot metropolises (Nicosia, Limassol, and Paphos) annually hold Russian spelling quizzes. One of the main activities of the Concept of Russian Compatriots organisation, which was introduced on 20 October 2017 during the annual Cyprus conference of Russian compatriots, is aimed at ‘the promotion of the Russian language and culture’.<sup>34</sup>

As previously mentioned, Orthodoxy is a very important link between Russia and Cyprus. This trend continues even today. In 2017, in a joint effort of Metropolitan of Tamasos and Orini Isaiah and the Russian art patron Vyacheslav Zarenkov, an Orthodox cathedral was built outside Nicosia in honour of Apostle Andreas and all Russian Saints. According to the Russian ecclesiastical tradition, all services are held in the Old Church Slavonic.

The concept of so-called ‘Russian Cyprus’, referring to the Russian-speaking community living in Cyprus, is already quite firmly established among the citizens of the island. However, will it be relevant in ten or 15 years? Several factors bluntly answer this question. First, due to Cyprus entering the European Union the taxes are slowly but steadily catching up to the average European level, and, the number of wealthy Russians residing in Cyprus is likely to be declining.<sup>35</sup>

The changes might also affect the less well-off Russian-speaking population, especially, the younger generation. Due to the situation in the labour market, many plan to search of work in other EU countries. Given the high cost of living, it is

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<sup>34</sup> Coordination Council of Russian Compatriots in the Republic of Cyprus, *Kontseptsiya deyatelnosti organizatsiy rossiyskikh sootchestvennikov na Kipre* (2017) <http://kyp.rs.gov.ru/uploads/document/file/3796/Conc.pdf> [in Russian].

<sup>35</sup> T. Khruleva, ‘Sohranitsya li «russkiy Kipr»?’, *Rosbalt.ru* (2 February 2014), available at <https://www.rosbalt.ru/main/2014/02/15/1233278.html> [in Russian].

often less costly for parents to send their offspring to study in the Czech Republic, Belgium, Italy or even back in Russia. Some of them will return home, but most are unlikely to. This concerns native Cypriots who speak Russian and children from mixed marriages. Of course, the number of Russian speakers on the island is not going to plunge drastically, but one should not expect a significant increase in their number either.

## Conclusion

Such a big and comprehensive system of Russian-speaking organisations in Cyprus is definitely able to provide dignity to the Russian diaspora in Cyprus, thus strengthening the Russian language there.

Russian is anthropocentric as any other language. As a result, it has to reflect the heterogeneity, variability, and multiplicity of its speakers who live in different countries but maintain their language. Russian is the basis of their day-to-day life, and is spoken in many institutions, which helps supporting and promoting its social and linguistic presence.

Paradoxically, the variability of expression of the Russian language, depending on where it is spoken, is a factor that makes the language even more perfect. One might think that, according to Russian philology, perfection of the Russian language is centred on its codification, however, we are sure that variability of a language facilitates its perfection. The Russian language is vital for those who live in the worldwide Russian language world, which is why georusistics encompasses everyone who uses the Russian language for social cooperation, including those who speak a 'non-Russian' Russian language, while living outside the Russian linguistic environment.

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# The Development Priorities of European Higher Education within the Framework of Socio-Cultural Globalisation

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## Abstract

*Being a fundamental tool for the social, political and economic development of the country and for the preservation and reproduction of socio-cultural values, education promotes the formation of a civic society. The authors used a combination of research approaches (the system, axiological and culturological) and methods to consider the developmental priorities of higher education in Russia and Cyprus, as a socio-cultural tool for training professionals for various segments of social life. Specific features of socio-cultural modernisation in education in European countries were reviewed within the context of the Bologna process. Particular attention was given to the developmental strategy of educational districts in contemporary Russia as the basis for the vertical integration of public administration in education. The formation of educational districts serves as the basis for the development of a multicultural educational space in the Russian Federation and a tool for the building of a new hierarchy of administration at federal and regional levels and for the formation of a new vector in educational policy that is intended to retain and develop a consolidated, although internally differentiated, educational space in the country.*

**Keywords:** educational policy, socio-cultural modernisation, consolidated educational space, innovations in education, network university

## Introduction

Given the current trend towards globalisation and the intensification of socio-cultural processes, nowadays, the global and European communities are making an effort to search for technological, economic and teaching innovations capable of providing the necessary conditions for education to perform its traditional function

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of preserving and reproducing national culture. Furthermore, to also be efficient in assisting the development of an innovative economy based on advanced knowledge and state-of-the-art technologies.<sup>2</sup>

The relevance of various countries' efforts to reform or modernise education is supported by several fundamental tendencies in the development of contemporary civilisation, including the hereunder:

**Globalisation**, which, despite any differences in opinions, is an objective reality and sets new targets for national education systems based on the need for international solidarity focused on universal human values;

**The need to act smarter**. Intellectual work has an increased and diversified role in most existing activity systems and more so in the development of new ones. Given that the volume of new technology information doubles every two years, the system of professional education should adapt as fully as possible to the prevailing conditions in the labour and technology markets;

**IT implementation across society** is leading to social changes and making the possession of information and knowledge the top priority. Information technologies are one of the most important tools for the formation of the needs, interests, views and values of an individual and the society as a whole, a factor influencing human mentality and a mechanism being used in educational practices;

**The acceleration of social changes** requires a high degree of flexibility and adaptability in the implementation of variable approaches and the preparation of 'individual development pathways' for each student;

The current crisis can be overcome through integrating national education systems, which suggests the alignment and synchronisation of learning programmes of various levels and focuses, while retaining the particular historical and socio-cultural features intrinsic to each. Basically, the Bologna process has seen this task as its top priority; however, its implementation should be supported by more flexible and up-to-date technological approaches, which are considered in this article.

Over the recent decades, we have been witnesses to the evolution of the Bologna process intended to integrate the national education systems of the European states, and we have been evaluating its positive results and negative consequences. When evaluating the results of this process, we conclude, importantly, that it is

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<sup>2</sup> A. Yu. Belogurov, *The genesis and evolution of ethno-regional educational systems in Russia in the late 20<sup>th</sup> and early 21<sup>st</sup> centuries* (Moscow, 2003), 355 [in Russian].

necessary to integrate three key components – education, scientific research and innovations.

Today, like never before, we need large-scale investment in human resources, the development of job skills and scientific research. We also need support for the modernisation of the educational system so that it can be more consistent with the needs of a global knowledge-based economy.

A knowledge-based society needs an innovative education economy,<sup>3</sup> whose efficiency will be measured by the extent to which education can influence the social, economic and historical development of the society. This constitutes the fundamental difference between the contemporary requirements for education as a tool for a nation's social and economic advancement and those theories which were widespread just a few decades ago and which treated education as a field of adaptive culture only.

It is in combination with research and innovations that fundamental education will become an important factor of socio-cultural transformations, which will, in turn, result in the fulfilment of a set of education-related tasks with respect to the progress of the state structure and the formation of a consolidated educational space for European countries.

Creating an education policy, intended to enhance the educational space of particular states (through centralisation or decentralisation, depending upon the needs of a specific country) and the administration of education, is under discussion in a number of countries, including Russia, Greece, Turkey, Taiwan, the UK, Malta, Nepal, the US, France and Norway.<sup>4</sup> The problem has become especially rel-

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<sup>3</sup> I. Gladilina, A. Belogurov, A. Zavrazhin, et al., 'Modern Approaches to Assessing the Learners' Achievements in Training Programs in Economics', *European Research Studies Journal*, Vol. 20, No. 4A (2017), 531; T. Avdeeva, A. Kulik, L. Kosareva, et al., 'Problems and Prospects of Higher Education System Development in Modern Society', *European Research Studies Journal*, Vol. 20, Issue 4B (2017), 112.

<sup>4</sup> G. Ye. Zborovsky and P. A. Ambarova, 'The conceptual basis for transition to a non-linear model of higher education in a region', *Ekonomika Regiona* [Regional Economics], Vol. 12, No. 4 (2016) [in Russian], DOI.org: 10.17059/2016-4-17; H. Akar and D. Şen, 'Impact of internal population movements on the schooling process in Turkey: Supervisors' views', *Education Policy Analysis Archives*, Vol. 25, No. 13 (2017), 4-6, DOI.org:10.14507/epaa.25.2693; T. Huang and Y.-Sh. Ou, 'Reflexivity, position, and the ambivalent public space: the politics of educational policy in Taiwan's local governments', *Asia Pacific Journal of Education*, Vol. 37, No. 1 (2017), 15 and 21, DOI.org:10.1080/02188791.2016.1142422; M. Cutajar, Ch. Bezzina and Ch James, 'Educational reforms in Malta: A missed opportunity to establish distributed governance', *Management in Education*, Vol. 27, No. 3 (2013), 119-121, DOI:

evant due to the formation of consolidated educational areas (the Bologna system, the respective educational spaces of the CIS, the Shanghai Cooperation Organisation, the BRICS and the Barents region). The uniform requirements within each area should not contradict the traditional ethno-cultural features of each country:<sup>5</sup> ‘national values, while defining the vector of social development, determine, at the same time, the ideology behind the selection of education contents’.<sup>6</sup>

In addition, global migration processes, as well as in-country migration, require the formation of an education system taking into account the specific ethno-cultural features of not only the educational environment but also the business environment where university graduates are to work.<sup>7</sup> Therefore, this combination of current tasks, related to the social and economic development of various countries, has made it necessary to consider priorities in education policy and to determine resources for reforming and modernising higher education within the framework of the Bologna process.<sup>8</sup> In particular, emphasis has been given to the opportunities for developing network universities as a way to integrate organisational and substantive resources to build a university education system responsive to the needs of particular territories and nations as a whole.

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10.1177/0892020613490872; P. Khanal, ‘Community participation in schooling in Nepal: a disjunction between policy intention and policy implementation?’, *Asia Pacific Journal of Education*, Vol. 33. No. 3. (2013), 236-244, DOI.org:10.1080/02188791.2012.756390; S. Pogrow, ‘The failure of the U.S. education research establishment to identify effective practices: Beware Effective practices policies’. *Education Policy Analysis Archives*, Vol. 25, No. 5 (2017), 4, DOI.org: 10.14507/epaa.25.2517; P. Devleeshouwer, ‘Managing schools in Brussels: Selection and local independencies’. *ECPS Journal*, Vol. 11 (2015), 120-124, DOI.org: 10.7358/ecps-2015-011-devl; I. Bleiklie, N. Frølich, R. Sweetman et al., ‘Academic institutions, ambiguity and learning outcomes as management tools’, *European Journal of Education*, Vol. 52 (2017), 69-71, DOI: 10.1111/ejed.12200.

<sup>5</sup> Y. Guo and Sh. Guo, ‘Internationalization of Canadian higher education: discrepancies between policies and international student experiences’, *Studies in Higher Education*, Vol. 42, No. 5 (2017), 852, DOI.org: 10.1080/03075079.2017.1293874

<sup>6</sup> A. M. Kondakov, ‘It is important to preserve spiritual national values’, *Obrazovatel'naya Politika* (Educational Policy). 2010. No. 1-2 (2010), 17 [in Russian].

<sup>7</sup> J.L.E. Bücker and H. Korzilius, ‘Developing cultural intelligence: assessing the effect of the Ecotonos cultural simulation game for international business students’, *International Journal of Human Resource Management*, Vol. 26. No. 15 (2015), DOI.org <http://dx.doi.org/10.1080/09585192.2015.1041759>; T. Yoshida, K. Yashiro, Y. Suzuki, ‘Intercultural communication skills: What Japanese businesses today need’, *International Journal of Intercultural Relations* Vol. 37 (2013), 73-75, DOI.org: 10.1016/j.ijintrel.2012.04.013.

<sup>8</sup> P. I. Kasatkin and M. V. Kharkevich, ‘M.V. Reforming postgraduate education in Russia: MGIMO’s experience’, *Vestnik MGIMO Universiteta* [MGIMO Review of International Relations], Vol. 2, No. (29, (2013)). P. 274-276., p., 274 [in Russian].

## **Materials and Methods**

This article is based on a series of methods and approaches. For studying the establishment and development of educational districts in their historical aspect, the method of historical retrospection, the system approach and the comparative historical method have been used to analyse educational systems. Using the culturalological approach, teaching-related social processes have been modelled. The selection of the axiological approach was based on the need to rely upon the value component of education as one of its most important functions. In aggregate, these approaches have allowed us to justify our view on the ways to build higher education, to define priorities in educational policy and to generate the technological approaches, which would ensure the attainment of the principal objectives in the implementation of the Bologna process, including the development of networked universities as part of a solution for the socio-cultural challenges facing the various countries.

## **The Trends in the Development of Higher Education in Russia, in Modern Social and Cultural Realities**

In modern Russia, education is associated with the current objectives of consolidating society, preserving a united socio-cultural space in the country and developing a value system, which is to be open, diverse, culturally saturated, dialogue-oriented and supportive of the evolution of citizenship. This is due to the federal structure of the country and its ramified network of educational institutions of various levels and focuses. Thus, it is required to create a system in which universities within each particular Russian region or district will be integrated into a single network intended to solve regional social and economic problems that will, in turn, place special requirements on the activities of federal universities.

Therefore, each region should develop its own model of teaching organisation with regard to its specific social, economic, regional and demographic features, its labour market's demand, its facilities, etc. However, one can identify a number of principal guidelines for the establishment of university districts and educational complexes:

1. The establishment of mini-complexes, including various educational institutions and organisations, and supporting the necessary teaching environment for implementing continuous education. The 'educational route' should encompass

all levels of learning, from the preparatory groups of pre-school institutions to the system of postgraduate professional education.

2. The establishment of branches, teaching/consulting outlets and research/educational centres of a university, mainly within the relevant regions, but also outside it.
3. Expanding the range of training courses offered by a university; the opening of new departments should depend upon the region's need for appropriately skilled personnel.
4. The development of the necessary facilities in order to conduct scientific research along various lines of the region's social and economic development. Any research institutions acting as subdivisions of a university are intended to conduct a study at the forefront of contemporary science and to satisfy the needs of the developing industries in the region. In this regard, the university must act as an education, research and innovation complex (ERIC), and it should focus on the development of science and the commercialisation of research results that are needed for the transition to an innovative economy and for the establishment of a 'national innovation system'.

Advanced research activities should help the university to achieve new qualitative and quantitative characteristics confirming its status and its high academic and teaching potential. It is important to concentrate on high-priority research subjects in accordance with the key objectives of national policy, with respect to the development of science and technologies.

Ethno-cultural and socio-economic diversity within the Russian Federation further places requirements upon the development of a new model for educational centres capable of consolidating the efforts of research and educational organisations around a leading institution. Of course, today's ramified network of educational institutions in each region will not allow us to reproduce the university district model, which existed in the 19<sup>th</sup> century. However, it is the federal university in a Russian Federation region that is intended to address the most important challenges of current educational policy and to act as the technique -forming element of the whole educational system.

Similar current tasks to develop the university education system are characteristic of all European countries and their political units. In particular, we are interested in the higher education system existing in Cyprus.

## **Cyprus Universities: The Integration of Science and Education**

Cyprus' higher education sector provides for the demands of the country's economy and industry, as well as the demands of society and cares for the educational needs of foreign students from all over the world. The University of Nicosia, Cyprus (UNIC), for instance, is the largest one, both in Cyprus and Southern Europe. It enrolls more than 11,500 students from more than 70 countries who study in various Bachelor's and Master's programmes. It is also the largest university in Cyprus that teaches in English. The majority of these programmes are offered distantly (via online technologies), and it is the first Greek or Cyprus university that has received a five-star award from the European Foundation for Quality Management.

UNIC has a full professional accreditation from the Cyprus Scientific and Technical Chamber. In addition, UNIC is a Platinum Service Provider in Global Training – the status that was awarded to the university by Association of Chartered Certified Accountants (ACCA), and this educational facility holds an 'Excellence Award' from the Cyprus Workers' Confederation.

Participating in a European Credit Transfer System (ECTS), UNIC is aimed at international cooperation and adheres to the academic mobility principle in a number of projects with the world's leading universities, including Russian higher education facilities. In 2016, a landmark agreement in the field of education and science was signed by the Russian Minister of Education and Science, Olga Vasileva, and Cyprus Minister of Education and Culture, Costas Kadis. The agreement aims to develop effective cooperation between the two countries, as well as to increase academic mobility and to carry out research in various spheres.

Due to the recent development of Cyprus' higher education sector, it has now become possible to implement a number of international projects in research and development technologies, social sphere, economy and industry. Before the beginning of the 1990s, Cyprus' youth had to receive higher education abroad, mainly in UK, Russian and the US universities. However, in the late 1980s to early 1990s, an array of higher education facilities opened in Cyprus, including the University of Cyprus, the University of Nicosia, Neapolis University, Cyprus European University, Open University of Cyprus, Frederick University and Cyprus University of Technology.

The University of Cyprus is a public facility that enrolls students in its four schools – economy and governance, humanitarian and social sciences, applied

sciences and philology. Education is carried out in Greek, Turkish and English languages. Open University of Cyprus allows for distance learning, with the focus on advanced technologies and methodology development. Cyprus University of Technology boasts a wide range of educational programmes in Greek and Turkish, while Frederick University has six schools that provide for technical, humanitarian and liberal studies.

Thus, the system of higher education in Cyprus meets the demands of the country in professional staff for various fields. Interestingly, colleges in Cyprus also make up a part of this system. After a four-year study in a college, it is possible to get a bachelor's degree. There are many colleges in the tourism and hospitality industry. Some of them even offer double-diploma programmes. For example, Intercollege has a double-diploma programme with Indianapolis University. In Russia, such facilities also exist and are rapidly developing, however, they are not a part of the higher education system and rather provide for specialised secondary education. At the same time, Russia can make use of Cyprus' experience in implementing applied bachelor's programmes within the framework of multi-level education which integrates secondary and higher education.

What Russia and Cyprus also have in common in terms of higher education is their multicultural nature, as they both seek to create a multicultural environment that puts a strong emphasis on foreign language learning for future professionals. Cyprus has a number of language centres (such as the Language Centre at the University of Cyprus) which have courses in Russian, French, Spanish, Italian, German and Turkish. These centres provide classes in language learning for adults, thus linking higher education with Cyprus' society, developing multilanguage culture, and enriching cross-cultural communication.

Cyprus European University offers a course in English Philology and Linguistics, while the University of Nicosia offers a course in English Language and Literature.

Undoubtedly, language training is an important instrument in developing cross-cultural professional communication in the modern globalised world. It also helps to develop networks of universities nationally and internationally. The possibilities this combination of professional effort provides can bring about better developed social and economic results that are directly linked with higher education.

The modernisation of higher education, based on the integration of science, education and industry, and the current system of continuing higher education, have

resulted in the universitisation of higher education. Universities now have a new role as centres for continuous professional education and the increased requirements for both prospective students and quality teaching. The development of academic mobility and remote learning and the use of competency-based approaches in the process of teaching have also facilitated the establishment of university networks.

Remote learning is the most readily accessible approach, because, on the one hand, it allows a reduction in the teaching cost, and, on the other hand, a student does not have to spend money to live in a different, often more economically developed, country. In addition, remote education, being in no way limited by the size of classrooms, allows a higher number of students to be covered and an increased learning efficiency due to the use of up-to-date technologies, online libraries and other resources that contribute to the development of a single educational environment.

The competency-based approach, relying on the rules, standards and criteria of education, makes the learning process more clearly focused on its ultimate results. Depending upon specific requests in a given segment of the labour market, the approach makes it possible to model the results of education as a standard of its quality and to ensure the mobility of graduates in the ever-changing conditions of the labour market.

The spread of information technologies is another factor contributing to the development of university networks. The principal requirement of a contemporary information society is the rapid acquisition of knowledge, as well as its continuous updating. The IT breakthrough in the 1990s made new remote technologies one of the efficient modes of learning. As I. Prigogine aptly notes, in a network society, 'Information technologies create ties affecting many non-linearities and producing a lot of new opportunities in the form of bifurcations'.<sup>9</sup>

### **Information Technologies and Networking**

The use of modern information technologies in the field of education not only increases the efficiency of the educational process but also helps to develop network-based forms of education and to create various education environments.

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<sup>9</sup> I. R. Prigogine, 'Network Society', *Sotsis*, No. 1 (2008), 25.

Networking promotes the achievement of certain objectives, which lie outside the interests of particular universities and are of considerable interest for the relevant region. These objectives include:

- the reasonable use of human, natural and financial resources in the region;
- a high economic return on investments in network projects, drawing the attention of the region's governmental bodies and influential actors to higher education;
- the formation of universal basic values of education and culture;
- the involvement of internal resources, sources and mechanisms in the development of higher education;
- the transfer and transmission of advanced educational, research and management experience, tailored to the specific requirements of the macro-region
- and the transformation of network interaction among universities into an innovative space.<sup>10</sup>

Network cooperation enhances the efficiency and competitiveness of universities by combining the partners' complementary competencies and resources, and establishes the basis for long-term trustful relations. In turn, networking accelerates the process of negotiating and making multilateral decisions and enables a fast response to any changes in the educational environment. The network organisation of universities' activities contributes to their interaction at the regional, national and international levels.

To date, two forms of network organisation of universities' activities exist: networked universities and networks of universities.

Currently, there is not a generally accepted concept of a university network. Despite the use of the word 'university' in this term, a network university is irrelevant to the classic concept of university. Instead of being a higher institution of education as such, it is rather an equal cooperation of tertiary schools and an organisation of an educational programme, which involves special strategies for its development and promotion. In the opinion of O. Belenov, 'In the definition of the network university, the central element is that it includes multiple and diverse participants, being either individual classical universities or other specialised higher

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<sup>10</sup> G. Ye. Zborovsky and P. A. Ambarova, 'Network interaction of higher educational institutions in the system of higher education of the Urals macro-region', *Ekonomika Regiona* [Regional Economics], Vol. 13. No. 2 (2017), 446 [in Russian].

schools'.<sup>11</sup> Network structures expand the social interaction systems of universities and enhance not only their cooperation but also their interaction with research institutions, public organisations and business entities at the international, national and regional levels.

Network universities have a number of attributes. First, the participants in the process voluntarily make connections, as they have mutual desires to develop cooperation and to reach compromise solutions that ensure the flexibility of any network structure. Second, it is the existence of a long-term goal, which, while being attractive to all, cannot be achieved by participants acting individually. Third, the participants in the networking activities are independent and can implement certain objectives to address their national or regional needs when participating in joint projects. Moreover, multiple levels of interaction and multiple leaders make the network structure stable.

Both associated and full members may participate in a network university. The associated members of any network university may include universities acting as educational institutions, research entities, high-tech companies and other interested parties, such as governmental agencies or business entities. The associated members are involved in the development and implementation of specific projects, programmes and activities as part of network interaction. The full members of a network university are entities offering educational services, namely universities in those countries, which are involved in the implementation of network-based educational programmes.

The network university model is the most typical model for the ex-USSR countries. To date, a SCO network university, a CIS network university and an Arctic network university have been established. Concerning a BRICS network university and an EAEU network university, the preparation and negotiation of the key forms of their future operation are underway.

At the macro level, the key objectives of network universities are to increase the quality of education in order to provide high-skilled human resources for the economies of the participating countries; the formation of a single educational space; the enhancement of economic mobility and the consolidation of resources for research activities.

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<sup>11</sup> O. N. Belenov and M. V. Kirchan, (2016) 'Network universities as a form of development of higher education: forms, organisational features and prospects'. <http://www.vestnik.vsu.ru/pdf/educ/2016/01/2016-01-24.pdf> [in Russian].

At the middle level, group interaction enables a network university to become a tool for the relevant region's economic development, to secure the training of high-skilled specialists for those industries, which will be contributing to the economy, to establish strong ties with business entities, to attract investments into the region and to preserve the cultural identity of the region.

Universities that are full members of the network university also benefit by increasing their rating levels due to several factors. The internationalisation of their educational services attract foreign students, they develop new important research fields, while their international image is improved. In addition, students and instructors have the chance to participate in exchange programmes with their partner universities, and there are wider publication opportunities in connection with contributing to the scientific publications of their partner universities, as an outcome, the internationalisation of research results. Network university members also have the potential to obtain additional federal funding with respect to their participation in special-purpose educational programmes with their partner universities.

However, the establishment and subsequent operation of network universities encounter a number of barriers, which require huge efforts to overcome. Ye. Voyevoda identifies four types of communication barriers: lingua-socio-cultural, institutional, information technology and financial<sup>12</sup> It is very common that certain parts of the region covered by a network university are different in terms of their historical past and present and are very different in terms of culture, that makes it considerably more difficult for students who study abroad to adapt. Language barriers are a serious problem that requires a well-balanced comprehensive solution. As regards the CIS network university, Russian remains to be a widespread language throughout the post-Soviet area and can be used as the language of learning and communication. However, the SCO network university, where Chinese universities are full members, is faced with some problems related both to the adaptation of students to a different cultural environment and to the need to learn Chinese in order to study in those universities. The lingua-social situation in the BRICS network university would still be more difficult, because there would be no common historical or cultural points.

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<sup>12</sup> Ye. V. Voyevoda, 'Communication barriers in the BRICS educational space'. *Mezhdunarodnyye Protssy* (International Processes), Vol. 13, No. 4 (2015), 108.

Another relevant issue is the prospective language of learning and communication, since the BRICS countries have no common language space. English is one of the official languages in South Africa and India, whereas students from Russia, Brazil or China need to have sufficient fluency in it to understand the university curriculum. In addition to English, foreign students also have to learn the local language of the country in which they will be studying for basic everyday communication purposes. The need to pass a mandatory entrance exam in Portuguese to get into a Brazilian university would be another obstacle. Establishing a preparatory department as part of the network university in order to improve language skills and communicative competencies can be a solution to this problem, but that, in turn, may increase tuition fees.

Institutional barriers encompass a number of problems related to the ethno-cultural differences that complicate studying in a country with different cultural traditions, as well as searching for employment. This group also includes certain academic organisation barriers related to the integration of educational systems in the form of recognising academic degrees, reporting forms and credits, as well as recognising periods of study in partner universities. Certain regulatory barriers arise from differences in the levels of higher education in the participating countries. These differences impede the development of uniform educational standards in network universities.

As O. Volenko correctly puts it, 'The evolution of information and telecommunication technologies results in a radically new professional education system'.<sup>13</sup> The use of state-of-the-art information and telecommunication technologies allows us to bring the learning process to a new level by providing students and instructors with access to information. On the one hand, this solves the problem of rapid 'out-dating' of knowledge, where on the other hand, this encourages students to search for information on their own and to learn continuously, as it contributes to the development of remote learning.

To date, many universities cannot boast sufficient assets and facilities for making online educational and information resources available to their students. The lack of modern computer hardware and Internet access creates information tech-

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<sup>13</sup> G. S. Zhukova and O. I. Volenko, 'The theoretical and methodological basis for remote learning in the field of social education', *Proceedings of the Russian State Social University* (Moscow: Russian State Social University, 2010), No. 5, 30.

nology barriers that prevent students from studying academic subjects in various areas independently.

Financial barriers considerably slow down the development of network universities and affect the equipment of research centres and laboratories. The participants in the network universities initially have different financial potentials, and this fact can jeopardise from the beginning the implementation of some objectives included in a network university development project. Moreover, given that eliminating inequality in the field of educational services is one of the fundamental goals of educational integration, the lack of funding in some universities originally places them in an unfavourable position. A talented student, capable of paying for his or her education, would select a university that would allow that student to unleash his or her potential, provide a higher level of knowledge and develop the competencies necessary for subsequent successful employment.

International networks of universities, which began to appear actively in the late 1990s, represent the second type of network cooperation, which is a characteristic of western universities. These network partnerships include three or more tertiary institutions to develop long-term cooperation among various lines. They can be called associations, unions, consortia or networks. In addition to institutes of higher education, partners may include business entities, governmental or non-profit organisations, research centres or other entities.

This form of cooperation through university networks is attractive because its participants operate on the basis of 'bilateral intergovernmental treaties, their own national laws, their charters and local rules applicable in the course of educational, administrative or other activities'.<sup>14</sup> Referring to the Consortium Agreement for the Establishment of the Network University of the Commonwealth of Independent States,<sup>15</sup> A. Oganessian emphasises that the consortium agreement does not impose any property or financial obligations on its parties, nor does it restrict their independence in performing their chartered activities.

International university networks can be established on the initiative of partner universities, as a natural expansion of their long-term and fruitful cooperation. This would create prerequisites for them to interact more efficiently with each other and with other universities, for business entities and non-profit organisations to

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<sup>14</sup> A. A. Oganessian, 'New forms of university cooperation: international university networks', *Vestnik RUDN* [RUDN Bulletin], *Economics Series*, Vol. 25, No. 3 (2017), 354.

<sup>15</sup> Education and Distance Learning in the CIS, available at <http://cis.rudn.ru/doc/1685>.

be involved with their projects and for implementing joint projects. The League of European Research Universities (LERU) engaged in fundamental research in European universities can exemplify cooperation of this kind.

International university networks can also be established on the initiative of governmental authorities. For example, the International Strategic Technology Alliance intended to enhance the global competitiveness of China's leading technology universities was created and operates with significant support from the Ministry of Education of China.

Other initiators of international university networks may include non-educational institutions. In 1999, the UN and UNESCO established the Global University Network for Innovation (GUNI), which includes 210 institutions, located in 78 countries, where UNESCO departments exist.

In terms of geography, international university networks can be divided into two categories: those which apply no limitations on the location of their partner universities and those consisting of universities located in countries belonging to a specific region. The second group of university networks includes, for instance, the Baltic Sea Region Universities Network.

Similar to network universities, international university networks also use a membership system of participation. However, in addition to full and associated membership, affiliated, institutional and individual memberships also exist. The membership type depends solely upon the type of entity/institution and the territorial criterion. In GUNI, for example, full membership may only be granted to higher educational institutions, research centres, UNESCO departments in higher educational institutions or other networks existing for more than eight years. On the other hand, associated membership may be granted to non-governmental organisations, civic community organisations and foundations connected with higher education, institutions associated with the UN or UNESCO, or institutions acting in the fields of sustainable development, human values and rights, or social changes.

Members in an international university network interact primarily through their joint activities, such as conferences, seminars, forums, and working group meetings, as well as through the establishment of summer or winter language or subject-specific schools in partner universities or brief personnel development courses.

Programmes intended to enhance academic mobility that facilitates the internationalisation of education are the genuine efficiency indicators of interaction

among the partners/participants in a university network. European Union funds such programmes as Erasmus+, Erasmus Mundus and Tempus, are often used to finance student mobility programmes.

Development of the International Network of Universities: The Search for Resources and Ways of Interaction with Business Another important segment of cooperation within a network is implementing joint research projects and performing joint research activities in various fields. To this end, joint laboratories or research centres could be established, joint interdisciplinary research groups could be formed and considerable financial resources could be provided.

As communication technologies actively evolve, international university networks pay much attention to the development of online projects and remote education. They create online platforms for language learning, conduct web seminars and web conferences, develop and implement remote education technologies and virtual mobility programmes.

The development and implementation of joint programmes and dual degree programmes among partner universities at various levels of study is the most complex form of interaction within an international university network. To date, only a few university networks operate such joint educational programmes at the post-graduate and doctoral levels.

In order to ensure successful interaction, international university networks should be built according to a cluster model on the basis of certain centres of excellence represented by leading universities, research institutes or innovative businesses, and they should be managed within the network itself. In order to achieve their common objectives, partners/participants should be ready to make available resources for their further accumulation/redistribution.

Furthermore, one of the most important prerequisites for network interaction is the availability of an information/communication technology platform. In order to maintain the sustainable development and cooperation of universities, it is necessary to overcome communication barriers by joint efforts. Interaction among the participants in the network is driven by their objective need for communication, which results in a wide range and multiple levels of possible interrelations and requires radically new approaches toward solving the problems of leadership and management.<sup>16</sup>

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<sup>16</sup> Ye. A. Neretina, 'Networking as the basis for rapid development of universities', *Vyssheye*

The formation of international university networks is beneficial to both universities and non-educational, partner entities. Close cooperation with business entities enables the universities to ‘coordinate their curricula with labour market demand and facilitates the employment of graduates and the commercialisation of research and development results. In turn, companies operating in the manufacturing industries acquire the ability to influence the training programme for future specialists and to assist the universities in the development of practical research in any areas that are of interest to such companies’.<sup>17</sup> A. Melikyan emphasises that the involvement of governmental agencies in the activities of international university networks helps promote the ideas of reforming higher education at the governmental level, because in this case such governmental agencies get a more complete understanding of the difficulties universities face when implementing their educational programmes. This may contribute to the development of more efficient measures of governmental support for the universities for the purpose of developing higher education in the relevant country and on a global scale.

In the contemporary world, as a response to the challenges of both globalisation and regionalisation, universities, as F.X. Grau believes, should become ‘glocal’ (global + local = ‘glocal’), i.e., each of them should act as the key local cluster by creating, on the one hand, a structure for the development of the region and, on the other hand, by increasing the investment potential for the development of science and innovation projects.<sup>18</sup>

Taking into account the evolution of cross-border regions, we deem it advisable that, given the growing internationalisation of education, the network cooperation of universities should follow both the model of the network university and the model of the international university network. Network cooperation establishes and enhances the basis for joint activities of the members/participants with respect to the development of the region and its infrastructure, facilitates the augmentation of the human potential, makes a huge contribution to the formation of strong communities, promotes stable economic development within the cross-border region, as well as creates global ties and increases competitiveness on a global scale.

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*Obrazovaniye v Rossii* [Higher Education in Russia], No. 4 (2013), 128 [in Russian].

<sup>17</sup> A.V. Melikyan, ‘Key characteristics of international university networks’, *Voprosy Obrazovaniya* [Issues of Education], No. 3 (2014), 110 [in Russian].

<sup>18</sup> F. X. Grau, B. Hall and R. Tandon, *Higher Education in the World 6. Towards a Socially Responsible University: Balancing the Global with the Local* (Girona: Global University Network for Innovation, 2017), available at <https://www.researchgate.net/>.

Network cooperation will allow the regional economy to satisfy its demand for specialists, meeting the requirements of a new digital economy in those sectors, which are most beneficial to the development of the region. With network cooperation, universities will be able to better adapt their curricula to the changing conditions of the labour market and to respond more rapidly to any changes in market conditions. A significant reduction in, and a more reasonable structure of, their costs will allow the network participants to focus on their key competencies and to eliminate the duplication of a number of functions.

Academic mobility, being an important component of cross-border education, follows certain laws of migration. In order to make cross-border educational ties operate in a stable manner, time is required to overcome communication barriers and establish personal networks and channels, ensuring safety and psychological comfort when adapting to a different culture.

However, any efforts intended to reflect common values and to promote the interests of any peoples inhabiting a cross-border region contribute to cultural diversity and language, ethnic and gender equality. The development of remote education facilitates the provision of equal access to education for representatives of various social strata, which is an important factor in evaluating the efficiency of educational policy.

## Study Results

Education is intended to be an effective tool of government policy. In this regard, it is necessary to keep in mind the following objectives:

- To form a consolidated educational space supporting a highly efficient system of services and conditions that meet the educational needs of all social strata and groups;
- To develop research-proven practices of youth socialisation and upbringing on the basis of universal human values and national values;<sup>19</sup>
- To transform education into a developing and self-developing system capable of supporting both the development of an individual and the develop-

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<sup>19</sup> V.S. Lednev, 'Standards of general education: from an idea to implementation', *Bulletin of the Russian Academy of Education*, No. 1.59-68.W. Rokiska (ed., *Education Documentation, Research and Decision-Making: National Case Studies* (Paris: UNESCO-IBE, 1999). Rokiska W. (Ed.). *Education Documentation, Research and Decision-Making: National Case Studies*. Paris: UNESCO-IBE, 1999.

ment of local communities on the condition of corporate interaction among all social institutions.

The development of the education system is intended to preserve national identity, as well as to create the conditions for free entry into the global information and cultural/educational space, given the globalisation and internationalisation of global processes.

The process of cultural internationalisation has contributed to the transformation of the centuries-old mechanisms for socio-cultural succession and the reinvention of national values in the context of universal human imperatives. It has become necessary for education to perform the universal cultural mission of guaranteeing the preservation and development of the civilisational achievements and rules shaping the real human.<sup>20</sup> In this regard, it is important to note that the educational system of each state, on the one hand, constitutes an integral and independent socio-pedagogical structure with its intrinsic ethno-regional features, socio-cultural differences and functional relations among its components. Nevertheless, they are integrated in the European educational space.

Having reviewed the socio-cultural situation in which education currently develops, we believe that the upgrading of teaching realities can only be successful if any practical reform has a robust basis in pedagogical theory. In this case, any concept will not only be implemented but will also result in a genuine improvement of the education system in the current socio-cultural conditions. The implementation of network universities, which are able to perform the principal mission of integrating the organisational and content-related resources for the development of professional education which is driven by the needs of territories and countries of the modern world, would contribute to the achievement of the existing objectives.

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<sup>20</sup> Education for the Twenty-first Century. Report to U N E S C O of the International Commission on Education for the Twenty-first Century, chaired by Jacques Delors, 1996. Paris: UNESCO Publishing. [http://www.unesco.org/education/pdf/15\\_62.pdf](http://www.unesco.org/education/pdf/15_62.pdf); E. Buchtel, 'Cultural sensitivity or cultural stereotyping? Positive and negative effects of a cultural psychology class', *International Journal of Intercultural Relations*, Vol. 39 (2014), DOI.org: 10.1016/j.ijintrel.2013.09.003. Education for the Twenty-first Century. Issues and Prospects. Contributions to the Work of the International Commission on Education for the Twenty-first Century, chaired by Jacques Delors, 1998. Paris: UNESCO Publishing. Buchtel, E. Cultural sensitivity or cultural stereotyping? Positive and negative effects of a cultural psychology class. *International Journal of Intercultural Relations*. 2014; 39. P. 40-52. <http://dx.doi.org/10.1016/j.ijintrel.2013.09.003>.

## Discussion and Conclusions

The goal of the principles set forth in the Bologna process documents is the formation of a consolidated educational, information and communication space for the participating countries. This is considered to be a tool for the achievement of the objective, i.e., to assist the development of a dynamic, knowledge-based economy. The expanded capabilities of a consolidated system of education is connected with addressing a set of tasks, including: the harmonisation of the degree structure (bachelor's, master's); the implementation of up-to-date techniques for assessing education quality; the provision of incentives for the academic mobility of students, administrative staff, professors and instructors in universities; the transparency of curricula, etc.

European countries should by all means facilitate the exercise of academic freedoms and to develop academic mobility.

Academic mobility is intended to solve several problems. Students get access to educational resources, while instructors, researchers and administrative staff ensure their research activities and teaching practices with leading educational and professional retraining institutions. In addition, academic mobility is intended to help the understanding of cultural and linguistic diversity and to promote the development of the sense of unity (identity). It is important to provide stipends in order to enhance academic mobility of instructors and students; to create a website for the exchange of experiences in importing and exporting educational services; and, to establish development programmes for instructors, researchers and administrative staff in the fields of science and education.

The following measures would contribute to the expansion of such mobility:

- To set up a coordination board which would include representatives of governmental authorities, educational and research institutions, employers and other stakeholders;
- To develop programmes that support talented young students, expand research activities and support scientific schools and educational initiatives.

The continuous nature of education should enable any individual to move within the educational space and provide the individual with optimum conditions for such movement and for his or her professional and personal self-fulfilment.

The development of education is inseparable from the expansion of scientific research, along with the priority of social and economic development. Leading uni-

versities, as large research centres, should produce new generations of scientists. The following key *quality criteria of specialist training* can be proposed:

- 1) An individual's focus on embracing the values of continuous education, self-determination and self-development;
- 2) An individual's activity and ability to select and adequately use (taking into account his or her own qualities and properties) the methods, forms and means required to implement the objectives and tasks of continuous education;
- 3) A self-assessment reflecting the individual's attitude toward him- or herself, his or her acts and behaviour, and influencing the process of continuous education;
- 4) A tendency for reform and reflection as well as for self-control, i.e. the comparison, analysis and correction of the relationship between the goals, means and results of the individual's acts;
- 5) Scientific and theoretical competence.

The consolidation of joint efforts in building an educational space based on uniform principles and approaches should be aimed at large-scale and promising projects among European countries. The development of network universities intended to consolidate intellectual, technological and physical resources to improve the quality of professional education would contribute to these tasks. Solving of these tasks would be an important component of sustainable regional and global development.

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### **Declaration**

*The declared contributions by the authors: Ekaterina A. Antyukhova – the preparation of the original text; Anatoliy Yu. Belogurov – research leadership; the preparation of the original text; the formulation of conclusions; Julia A. Karaulova – translation of the text into English; the review of English-language article; the systematisation and finalisation of the text. All authors have read and approved the final manuscript.*

# Innovation in the Republic of Cyprus and the Russian Federation: Comparative Analysis

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## Abstract

*The current state of legal regulation of the sphere of innovation in Cyprus and Russia and the prospects for improving it become the cornerstone of the countries' economic development. The comparative analysis of two systems resulted in the identification of common points as well as contradictions in the countries' modern regulation of innovation in the economy and the innovation ecosystem as a whole. The number of problems of subordinate regulation of the sphere have been identified. The existing Russian system of regulatory regulation of the innovation sphere appears to be fragmented. Cyprus model seems to be more organised, logical and structured.*

**Keywords:** innovation ecosystem, scientific and technological development, digital economy, normative legal regulation, strategy

## Introduction

Russia, the sixth largest country in the world measured by Gross Domestic Product (GDP) and Purchasing Power Parity (PPP),<sup>2</sup> is still heavily dependent on exploiting its natural resources, although global energy price fluctuations pose a threat to its economic stability. Given these circumstances, high-ranking State officials have tasked executive bodies with shifting the economy towards development through innovation, which has had a significant influence in terms

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<sup>2</sup> World Bank, International Comparison Program Database, 'GDP, PPP (Current International \$)', available at <https://data.worldbank.org/indicator/ny.gdp.mktpp.cd>.

of national defence, while its social<sup>3</sup> and economic importance cannot be denied.<sup>4</sup> The innovation strategy should be shaped as one of the key elements of long-term effective public policy.<sup>5</sup>

Due to objective circumstances related largely to geographic and demographic features, the Republic of Cyprus shows lower GDP and PPP figures compared to Russia. Nevertheless, other social and economic indicators, including Cyprus' GDP per capita and Human Development Index outpace those of Russia in international ratings. Economic structures of the two countries vary fundamentally. Whereas the Russian economy, as mentioned above, is based on primary production and energy, in Cyprus, tourism accounts for 20% of GDP. However, innovation development is the cornerstone of economic development in any country today, and one of a few that can generate extra profit, which is why innovations have an important place in Cyprus' economy. The principal innovations are considered below.

### Cyprus Strategy

The 'Restart 2016-2020' programme<sup>6</sup> is one of the most outstanding and large-scale innovation projects being implemented presently in Cyprus. The vision of the programme provides for the development of fundamental scientific researches, technological progress, and innovations, which the programme identifies as the key factors for Cyprus' economic growth, for addressing social and economic challenges and for the country's sustainable development according to the 'Europe 2020' strategy. The programme is based on the three strategy pillars:

1. Focusing on the smart development of selected priority sectors and supporting the effectiveness of the Research Technology Development and Innovation (RTDI) system in Cyprus, which is associated with the productive base of the

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<sup>3</sup> T. Skvortsova, A. Milov, (2017) 'Vectors of Innovative Development of the Russian Economy', *Vestnik of the Siberian Institute of Business and Information Technologies*. Vol. 22, No. 2 [in Russian].

<sup>4</sup> A. Kovalenko, M. Bat'kovskii, and E. Khrustalev, (2005) 'Methodological Foundations of Economic Assessment of the State's Military Potential', *Problems of Forecasting*, No. 3 [in Russian]. D.J. Teece, M. Peteraf, and S. Leih, (2016) 'Dynamic Capabilities and Organizational Agility: Risk, Uncertainty, and Strategy in the Innovation Economy', *California Management Review*, Vol. 58, No. 4.

<sup>5</sup> S. Tsyganov, E. Rudtskaya, and E. Khrustalev, 'Principles of Constructing a Strategy for the Innovative Development of the Russian Economy', (2013) *Economic Analysis: Theory and Practice*, No. 41. A. Lozhnikova, A. Sazonov, and L. Ogorodova, (2012) 'Scientific and Technological Development of Russia: The Problems of the Formation of an Effective Mechanism or how to Make Important "Especially Important" R & D', *Bulletin of Tomsk State University*, No. 364 [in Russian].

<sup>6</sup> European Commission, Research and Innovation Observatory – Horizon 2020, available at <https://rio.jrc.ec.europa.eu/en/library/restart-2016-2020-work-programme>.

economy, the enhancement of its openness, and the reinforcement of its links and interoperability between its components.

2. Ensuring the sustainability and dynamics of the RTDI system and reinforcing its future perspectives, focusing on excellence and supporting human resources, especially for the younger generation.
3. Supporting the operational framework of the RTDI system and production of added value resulting from research and innovation activities, by developing supportive instruments and pilot measures, encouraging the dissemination and exploitation of research results, and cultivating and promoting appropriate culture.

The programme is based on several key principles. They are:

- Open participation (basically for research organisations, higher education institutions, business entities, public benefit organisations, scientific centres etc.);
- Competitive procedures. Projects are selected on a competitive basis. There are three main criteria of selection: (i) excellence, (ii) added value and benefit, (iii) implementation;
- Confidentiality (to ensure personal data protection);
- Equal treatment and objectivity;
- Transparency;
- Simplification and efficiency;
- Compliance with the legislation and ethical issues;
- Broad dissemination of knowledge and exploitation of results. The exploitation of results seems to be the key benefit for the economy and fundamental priority of the programme as well.
- Co-funding (by the Research Promotion Foundation and the participating organisations);
- Monitoring.

The objectives of the programme are indicated clearly as well. They are:

- To effectively utilise and to further develop the human resource potential in Cyprus, especially the younger generation of researchers.

- To enhance the cooperation between the production system and the RTDI system, as this is considered to be the key for development, and to maximise the return on public investment in the field of RTDI.
- To enhance and develop open, international collaborations that will benefit Cyprus in fulfilling its strategic objectives.

It should be mentioned that, in the broad sense, the Cyprus programme treats innovation as an integral part of economic growth, giving competitive advantages to enterprises in building capacity and achieving social goals, all of which is undoubtedly true for any state. Finally, one important feature of the programme is a specifically defined project budget, which is allocated in stages according to the priority of investment.

### *Innovations Centre in Nicosia*

Cyprus intends to become a regional centre of innovation and applied research, which will be located in the historical part of Nicosia. The new Research Centre on Interactive Media, Smart Systems, and Emerging Technologies (RISE.org.cy) has been recently opened. The University of Cyprus, the Cyprus University of Technology and the Open University of Cyprus, along with international partners such as the Max Planck Institute for Informatics (Germany) and the University College London (UK), participated in the creation of the centre.

### *'Innovation visas' for Start-ups*

For the purposes of promoting science and innovation research, creating new jobs, and attracting more investments, Cyprus introduced 'innovation visas'. This is a new type of visa, or 'start-up visa', which has special conditions for specialists in the sphere of innovation technologies. This type of visa is divided into two sub-types: individual and collective (with the maximum number of founders not exceeding five). Such visas will allow young researchers to start and develop innovative projects, carry out economic activities, and reside in Cyprus. A project successfully implemented may become an advantage in obtaining a permanent residence permit in Cyprus.

### *Application of Innovation Technologies in Education*

The higher education institutions of Cyprus are also interested in applications of innovation technologies. Christoforos Hadjikyprianou, the CEO and President of the Council of European University Cyprus, states that his university attaches

great importance to research and encourages staff involved in studies in various university departments and excellence centres, which are intended to contribute to developing the innovations sector, for example, Centre of Excellence in Risk and Decision Sciences. European University Cyprus has set a goal to make a shift to a new administrative system on the basis of e-governance, to transform the university campus into a smart campus and to, in the near future, develop innovation programmes in the spheres of biomedicine and artificial intelligence. .

Moreover, it is worth mentioning than the University of Nicosia runs several other innovation initiatives. They are:

- N-Lab Research and Innovation Centre of Nicosia,<sup>7</sup> that is a non-profit entity aiming to become a leader of innovation services in Cyprus targeting support from European schemes such as Horizon-2020 and other regional or national research intensive initiatives.
- The Research & Innovation Office<sup>8</sup> (the R&IO), which was established to support researchers in achieving their goals, as well as to keep the University's Research Community informed and to be informed by them on research initiatives at the national, European and international level.
- University of Nicosia Research Foundation,<sup>9</sup> a non-profit, independent organisation, which seeks to inspire and promote knowledge, innovation and development among researchers in Cyprus and its neighbouring countries.
- Plenty of specialised centres.<sup>10</sup>

### ***Microsoft Innovation Centre (MIC)***

European University Cyprus has been selected as a Microsoft partner institution for the establishment of the only Microsoft Innovation Centre (MIC) in Cyprus. MIC offers state of the art technology facilities for collaboration to develop capacity in terms of innovative research, technology and software, bringing together government, academic and industry participants. Today there are more than 100 MICs in the world. In cooperation with its strategic partners, Microsoft operates the MICs,

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<sup>7</sup> N-Lab Research and Innovation Centre of Nicosia, available at <https://www.unic.ac.cy/el/ereynitika-kentra/syndedemena-akadimaika-idrymata/n-lab-research-and-innovation-centre-of-nicosia/>.

<sup>8</sup> Research & Innovation Office, available at <https://www.unic.ac.cy/support/research-innovation-office/>.

<sup>9</sup> University of Nicosia Research Foundation, available at <https://www.unrf.ac.cy/>.

<sup>10</sup> More information is available at <https://www.unrf.ac.cy/centres/>.

which are centres open to students, professional software developers, IT professionals, entrepreneurs, start-ups, and academic researchers. MICs provide content and services designed to accelerate technology advances and stimulate local software economies through skills and professional training, industry partnerships, and innovation. MICs can play a catalytic role in fostering innovation and growing sustainable local software economies by generating powerful new ideas through investment into training, leadership, and technical skills.

### ***Cooperation between Cyprus and the Russian Federation***

Cooperation between the Republic of Cyprus and the Russian Federation in the sphere of innovation development should be specifically emphasised. In March 2018, representatives from the investment development agency, Invest Cyprus, visited Moscow to negotiate and establish links, as well as to determine the prospects of cooperation, with the management of Skolkovo Innovation Centre. The Cypriot delegation, headed by Georgia Christofidou of the Cyprus Ministry of Finance, including representatives from the Cyprus Chamber of Commerce and Industry, the Cyprus Telecommunications Authority, the Cyprus academic and research community, and representatives of other public and private companies, visited Moscow to discuss the creation of a joint innovations platform between Russia and Cyprus. The Working Group Meeting of the Russia-Cyprus Intergovernmental Commission on Commercial and Economic Cooperation was attended by officials of the Russian Ministry of Economic Development and the Russian Ministry of Industry and Commerce, and by representatives of private and public companies, such as 'NOVATEK', Internet Initiatives Development Fund, RITE (Russian Information Technology Export) etc.

The parties discussed the prospects of bilateral cooperation in detail and determined the closest spheres of collaboration, such as medicine, nanotechnologies, and digital innovation technologies.

Following the meeting, a memorandum of cooperation was signed by Kyriacos Kokkinos, a member of Invest Cyprus Board of Directors, and Oleg Dubnov, Vice-President and Executive Director of Energy Efficiency Cluster of Skolkovo Fund. According to the participants, the meeting was productive and, in the near future, it will provide cooperation outcomes in the fields of information and communication technologies, biomedical and industrial technologies among others.

The next step was the signing of a memorandum between the Institute of Science and Technology ('Skoltech') and the Cyprus Institute (CyI) in May 2018. The process of implementing the agreement included not only a student exchange programme, but also developing and realising joint projects in the sphere of computer technologies, energy, and biology.

Thus, firstly, the Republic of Cyprus recognises the crucial importance of innovation development to achieve its social and economic policy goals. Secondly, the Republic has an elaborate and comprehensive programme of innovation development that includes various aspects from Restart 2016-2020's pillars, objectives, and administration – in particular mechanisms which must deliver the planned outcomes. Thirdly, in Cyprus, special attention is paid to education as an aspect of innovation development and to attracting foreign agents that participate in the process of new technologies development – from the largest corporations, such as Microsoft, to start-ups through 'innovation visas'.

### **Russian Regulations**

The Russian mechanisms of innovation development differ, to some extent, from the Cypriot ones. The State plays a key role in not only establishing innovation infrastructure and a regulatory environment, but also in participating in innovation ecosystem building. The Russian system is analysed in detail below.

Between 2010 and 2017, the Russian Government passed several legal acts regarding its conceptual strategy of developing the innovation sector of the Russian economy. Five of these acts can be emphasised:

1. The Strategy for Russia's Innovative Development 2020;<sup>11</sup>
2. The Strategy of Information Society Development in Russia for the Years 2017-2030;<sup>12</sup>
3. The Programme Digital Economy of the Russian Federation;<sup>13</sup>

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<sup>11</sup> The Russian Government Resolution No. 2227-r of 8 December 2011, On Approval of The Strategy for Russia's Innovative Development 2020, Legislative Bulletin of the RF 02.01.2012, No. 16, art. 216 [in Russian].

<sup>12</sup> The Russian President Order No. 203 of 9 May 2017, On the Strategy of Information Society Development in Russia for the Years 2017-2030, Legislative Bulletin of the RF 15.05.2017, No. 20, art. 2901 [in Russian].

<sup>13</sup> The Russian Government Resolution No.1632-r of 28 July 2017, On Approval of the Program Digital Economy of the Russian Federation, Legislative Bulletin of the RF 07.08.2017, No. 32, art. 5138 [in Russian].

4. Strategy for the Scientific and Technological Development of the Russian Federation;<sup>14</sup>
5. The National Technology Initiative.<sup>15</sup>

The analysis of the legislation supporting innovations suggests that the attitudes of the representatives of high executive bodies have evolved to prioritise the objectives of Russia's innovation development. These documents are complementary to each other. Thus, the legal acts adopted between 2016 and 2017 supplement the previous acts aiming at regulating spheres that had not been subjected to legal regulation.<sup>16</sup> At the same time, there is a certain methodological dissociation among the strategies at issue, which, in our opinion, may hinder the achievement of maximum effectiveness of public policy in the sphere of innovation support in the long run.

The variety of legal acts regulating the innovation inevitably raises the issue of the correlation of these acts, identifying which one is fundamental and analysing similarities and differences. Based on the titles of the acts, it is possible to conclude that the most essential is the Strategy for Russia's Innovative Development 2020. It logically builds upon the concept of long-term social and economic development of the Russian Federation. It is intended to deal with challenges faced by Russia, as well as threats in the sphere of innovation development, to determine objectives, priorities and instruments of public innovation policy, to set long-term development targets for the participants of innovation activities, to secure financing for the sector of pure and applied sciences, and to support research and development (R&D) commercialisation.<sup>17</sup>

The most important component of the strategy is its part four, which describes objectives, tasks, and options of innovation development in Russia. Despite the

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<sup>14</sup> The Order of the President of the Russian Federation of 1 December 2016 No. 642, On Strategy for the Scientific and Technological Development of the Russian Federation, Legislative Bulletin of the RF 05.12.2016, No. 49, art. 6887 [in Russian].

<sup>15</sup> The Russian Government Resolution No. 317 of 18 April 2016, On Implementation of the National Technology Initiative, Legislative Bulletin of the RF 25.04.2016, No. 17, art. 2413 [in Russian].

<sup>16</sup> M. Kostenko and V. Yarovaya, (2015) 'Legal Basis for Supporting innovation in the Russian Federation', *Issues of Modern Jurisprudence: Sat. Art. by mater. LI-LII Intern. scientific-practical. Conf.*, Vol. 48, No. 7-8 [in Russian]. E. Salitskaya, (2016) 'Legal Regulation of State Support of Scientific and Innovative Activities in the Regions of the Russian Federation', *Information Society*, No. 1 [in Russian].

<sup>17</sup> The Federal Law of 28.06.2014 No. 172-FZ (as amended on 31 December 2017), On the Strategic planning in the Russian Federation, Legislative Bulletin of the RF, No. 26 (Part I) (30 June 2014), art. 3378 [in Russian].

general wording of the strategic goal –the shift of the Russian economy towards innovative development by 2020– the authors specify in the document those indicators which reflect the success of such a shift in the Russian economy, and are obtained according to the conditions of SMART goal-setting methodology, based on the principles of specific (S), measurable (M), attainable (A), relevant (R) and time-bound (T) goals. These indicators reflect qualitative and quantitative dynamics of innovative industrial production, exports of domestic innovative technologies, budgets allocated to innovation R&D, scientific and educational activity, and patent protection of new developments. These goals may be considered a strength of this strategy.

The strategy provides for complex interaction of society, business, R&D expertise with the support of the State to create a national innovation ecosystem in Russia, the product of which could be competitive in the global arena. The important conditions of enhancing innovations in the country include creating necessary cultural prerequisites as well as implementing an active information and educational policy through the joint effort of the State, business, and non-governmental organisations.<sup>18</sup> A set of reforms in the system of basic and additional education, aimed at supporting young people’s innovation activities is proposed. The measures should result in the development of innovation entrepreneurship.

The Strategy for Russia’s Innovative Development became a landmark document for the rise of the national innovation system. The law ‘On the Strategic planning in the Russian Federation’ played an important role in that regard.<sup>19</sup> Its main idea is to create legal and methodological frameworks for the development, establishment, and functioning of a strategic planning system in various spheres, including innovation.

Currently, the Strategy of Information Society Development in Russia for the Years 2017-2030 and the Strategy for the Scientific and Technological Development of the Russian Federation as approved by the order of the Russian President are the most significant documents regarding strategic planning. The Strategy of Information Society Development in Russia for the years 2017-2030 focuses on the importance of information, the citizens’ right to access, collect, accumulate,

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<sup>18</sup> J.L. Furman, M.E. Porter, and S. Stern, (2002) ‘The Drivers of National Innovative Capacity’, *Research Policy*, No. 31(6).

<sup>19</sup> The Federal Law of 28.06.2014 No. 172-FZ.

and disseminate information<sup>20</sup>. The strategy defines the public as a society whose access to and use of information have profound effects on economic, social, and cultural conditions of citizens' lives. According to the strategy, the formation of the knowledge society in Russia has to enhance security, human capacity building, effectiveness of national economy and public management, and has to strengthen the position of the country in the global arena. The document describes the priority scenario for the development of the information society, the list of indicators of the strategy's implementation, as well as management and finance issues. The Strategy of Information Society Development provides for the interpretation of such concepts as the Internet of Things (IoT), cloud and fog computing, Big Data, and digital economy. In general, the document sets the direction of the necessary actions with respect to drafting specific legal acts.

The Strategy for the Scientific and Technological Development is methodologically based on the concept of 'big challenges' – which reasonably requires a response from the government regarding the combination of problems, threats and opportunities, which, due to their complexity and scale, may not be solved, eliminated or realised through increased inputs.<sup>21</sup> Unlike the challenges of the Strategy for Russia's Innovative Development (acceleration of technological development in the global economy; enhancement of global competition for highly qualified workforce; investment that bring new expertise, technology and skills to projects; climate change; aging population<sup>22</sup>; problems of healthcare systems and food safety<sup>23</sup>), the 'big challenges' concept means exhausting the possibilities for resources-driven growth, demographic and ecological problems, issues of food safety, qualitative change in global/local energy systems, and threats to national defence.

Based on the concept of big challenges, the Strategy for the Scientific and Technological Development intends to ensure competitiveness and independence of the country, including through identifying talent among young people and building

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<sup>20</sup> M. Kostenko and V. Yarovaya, (2015) 'Legal Basis for Supporting Innovation in the Russian Federation', *Issues of modern jurisprudence: Sat. Art. by mater. LI-LII International Scientific-Practical Conference*, Vol. 48, No. 7-8 [in Russian].

<sup>21</sup> A. Kurilova, (2017) 'Factors Affecting Industrial Clusters in Conditions of Large Calls', *Azimuth of scientific research: economics and management*, Vol 6, No. 1 (18) [in Russian].

<sup>22</sup> A. Pavlyuk and S. Kabakova, (2017) 'Administrative and Legal Regulation of External Labor Migration Flows in the Russian Federation', *Socio-political sciences*, No. 5 [in Russian].

<sup>23</sup> V. Bogdan, M. Urda, and A. Pavlyuk, (2017) 'On the Issue of Migration Legislation in Russia', *Socio-political sciences*, No. 5 [in Russian].

their successful careers in science, technology, and innovation, creating conditions for R&D, introducing an effective management and a finance system into the sphere of innovation, establishing communication networks to promote innovation, stimulating high-tech and knowledge-intensive business, and promoting cooperation between intergovernmental scientific and technological bodies.

The conclusive part of the Strategy for the Scientific and Technological Development emphasises the main stages of implementation, management, monitoring and results. The approval of the Strategy of Information Society Development in Russia for the Years 2017-2030 and the Strategy for the Scientific and Technological Development of the Russian Federation leaves scope for further development of the provisions of these strategies in other regulations. The digital economy regulatory environment is established exactly this way.<sup>24</sup> Thus, the Russian President Order No. 203 of 9 May 2017, On the Strategy of Information Society Development in Russia for the Years 2017-2030, defines the digital economy<sup>25</sup> as business activity where the key production factor is data in the digital form. The large-scale processing and analysis of data, compared to traditional forms of business activities, allow a significant increase in the effectiveness of various types of production, technology, equipment, storage, sale, delivery of goods and services. The Russian Government Resolution No.1632-r of 28 July 2017, On Approval of the Digital Economy of the Russian Federation Programme, serves as a specific document on implementing the goals set in the above strategies and other legal acts regulating innovations. The Digital Economy of the Russian Federation Programme integrates the following ideas contained in these documents:

1. *Goals.* Establishment of a new digital data ecosystem in Russia for unrestricted and effective creation of data and use of such data by all actors of social and economic activities. Development and promotion of infrastructure for high-tech and knowledge-intensive business that *a priori* assumes both direct measures, like government incentives to such businesses, and indirect measures, such as improving the education system and supporting young scientists. The result should be the strengthening of Russia's position on the global markets.<sup>26</sup>

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<sup>24</sup> N. Deryabin, (2017) 'Russia's Strategic Governance in the Information Society of the 21st Century', *Russia: Trends and Development Prospects Yearbook*, No. 12 [in Russian].

<sup>25</sup> K. Yakushenko, (2017) 'Digital Transformation of Information Support for Economic Management of the Member States of the EAEC', *News of science and technology*, No. 2 (41) [in Russian].

<sup>26</sup> A. Kulik, D. Koryakov and A. Rozhanskaya, (2017) 'Digital Economy as a New Generation Econ-

2. *Key players of innovation activity.* In accordance with the Digital Economy of the Russian Federation Programme, success of innovation processes depends on the coordinated and effective interaction of the public sector, business, science and education. The document sets the goal of such interaction, the achievement of which, according to the drafters, must ensure the development of the digital economy, establish ten or more national high-tech enterprises promoting cutting-edge technologies and manage digital platforms that operate on the global market and form a system of new think tanks around them.
3. *Technology.* Digital economy provides for active use of the most advanced systems, resources, and trends, such as big data, the Internet of Things, virtual and augmented reality, artificial intelligence, and cloud computing.
4. *Main directions.* They include sufficient staffing in the innovation sphere, which can be attained through developing the education system, which is the next direction of development; establishing a modern regulatory environment through legal regulation; forming technical advances and managing of research competencies; activating safe information infrastructure for all actors in the sphere

The competitive advantage of the Digital Economy of the Russian Federation Programme is measurable indicators as well as a detailed implementation plan or roadmap consisting of three periods – 2018, 2020 and 2024. With respect to each of the directions of the programme – legal regulation, staffing and education, formation of research competencies and technological advances, information infrastructure, information security– the tasks that contribute to the programme’s goals are stipulated, each of which has its own landmarks with a clear deadline and target indicators. The project approach to implementation, with clear goals, is not typical for the public sector, but it is innovative from the managerial point of view, bringing optimism when assessing the potential success of the programme.<sup>27</sup>

The very idea of roadmaps, as well as the detailed rules of their creation, is set forth in the Russian Government Resolution No. 317 of April 18, 2016, On Implementation of the National Technology Initiative. The *National Technology Initiative* (NTI) is a programme of measures to form entirely new markets and to create

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omy’, *Collected papers on the results of the International Scientific and Practical Conference*, UFA ‘Agency for International Studies’.

<sup>27</sup> E. Rudtskaya, E. Khrustalev, and S. Tsyganov, (2009) ‘Methods of Accumulating Scientific Knowledge for the Innovative Development of the Russian Economy (the RFBR Experience)’, *Problems of Forecasting*, No. 3 [in Russian].

conditions for Russia's global technological leadership by 2035. From among all documents at issue, the NTI has the longest planning period, although the Russian President announced the priority of the government policy back in 2014. The NTI, relying on global trends and the best world practices, determined the range of so-called markets on which it will be implemented: energy, healthcare, food, security, logistics system, and neuro-technology. Essentially, all these markets are spheres where innovations are the most relevant.

For the purposes of accomplishing the goals, the NTI will form creative project teams to study the global trends and to produce their own product. The key stakeholders of the NTI include leading universities, relevant business organisations, expert and scientific communities, development institutions and, obviously, the State, represented by the relevant executive agencies. The NTI places its bet on the education sphere, which is partially attributed to its durable nature. In particular, the initiative proposes to establish a university in 2035 that will produce specialists for the digital economy era in order to implement projects provided by the NTI.

Therefore, today Russia has five basic legal acts that regulate the sphere of innovation. All of them are enacted by laws having various legal effects –orders of the Russian President, resolutions, and decrees of the Russian Government– and thus they differ by their legal force and details. Due to this fact, the two documents approved by the orders of the president, i.e. the Strategy of Information Society Development in Russia for the Years 2017-2030 and the Strategy for the Scientific and Technological Development of the Russian Federation, have the most general nature. They determine the direction for goal-setting, fundamental principles of managing and monitoring innovation and define key concepts, such as big challenge, digital economy, cloud and fog computing, and processing of big data.

The other three documents this article considers were approved by the acts of the Russian Government and, as a result, develop and specify the provisions of the president's orders. They assume that successfully developing innovations and accomplishing the main goal – Russia becoming one of the world leaders in the sphere in the medium term – require a symbiosis of science, education and business, along with the government support. At the same time, the National Technology Initiative has the longest planning period (until 2035) and a large number of spheres to develop, ranging from transport to neuro-technology. Its durability justifies the reliance on education as a part of the initiative. The critical feature of the NTI is the system of development and application of roadmaps – detailed plans for innovation projects implementation.

The Strategy of Information Society Development in Russia for the years 2017-2030 and the Digital Economy of the Russian Federation Programme are the most thorough and complex concepts in the modern innovation sector of the Russian economy. These documents embody the ideas stipulated in the NTI and the other two strategies. However, their key positive distinctive feature is clear quantitative indicators, which are to be reached within fixed periods. This scheme is provided by the roadmaps. Such an approach to implementing tasks, together with the provisions of the NTI on forming creative teams for that purpose, is a project approach that is *per se* a managerial innovation for the State. This is the commencement of the process of innovation in Russia of the 21<sup>st</sup> century, initiated by the adoption of the bylaws examined herein regarding the elaborate government policy on planning and setting performance indicators for innovation development.

Despite the advantages of modern legal regulation of the innovation sphere in Russia, the aspects requiring further research should be mentioned. First, all documents considered herein are comparable according to the subject of regulation, goals, methods and even according to the terms and definitions used. Moreover, each of these documents is posed as an exhaustive document, autonomous at its own level, which is a benefit on the face of it, but a more profound research reveals the opposite. The autonomous nature of the conceptual documents entails disintegration of legal acts regulating innovation, and the acts have weak links. Only the first part of the Digital Economy of the Russian Federation Programme directly refers to the Russian President Order No. 203 of 9 May 2017. On the Strategy of Information Society Development in Russia for the years 2017-2030, the remaining documents contradict each other only at some points. Such a situation proves the lack of balance and the need for synergy among the acts governing innovation in the Russian economy<sup>28</sup> that, as a result, may adversely influence the effectiveness of accomplishing goals set out in these acts. In this respect, establishing large scientific and integrated production structures that focus resources on ‘disruptive innovations’ in science and technology, and being oriented towards large high-tech production output which is competitive on both domestic and foreign markets is the first priority of the modern Russian economy of innovation,<sup>29</sup> and it definitely requires coordinated legal regulation. In addition, the documents at issue do not address innovation financing. Implementing

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<sup>28</sup> A. Lozhnikova, A. Sazonov, and L. Ogorodova, Scientific and Technological Development of Russia.

<sup>29</sup> N. Lukyanchikova, (2005) ‘Post-Industrial Economy - The Economy of Innovation’, *News of the Irkutsk State Economic Academy*, No. 1 (42) [in Russian].

the roadmaps is not possible without investment from both the public and private sectors. In this regard, significant attention must be paid to the issues of innovation project financing in order to implement goals and find ways to reach synergy of approaches outlined in the five programme documents.

## **Conclusion**

The analysis of innovation development of Cyprus and Russia allows one to conclude that approaches to the creation of innovative ecosystems vary in the two countries' economies, which rely on different industries (tourism and production, respectively). Russia has several supplementary documents that regulate such sphere. Innovation centres are created based on these documents, for example, techno parks and technopoles. Mechanisms for the private sector to support innovation, such as innovation lift – a special governmental innovations support system for start-ups and other structures – are rudimentary. Nevertheless, it is clear that innovation development in the Russian Federation is mostly initiated from the top. One of the main reasons is the investment factor, since certain instability in the country's economy and its foreign policy discourages long-term investments. The regulatory base considered above does not address the problem of active involvement of the private sector in this process, despite the detailed regulation of the stages of the public innovations project.

The Cypriot concept, as presented in its Restart 2016-2020 programme, not only regulates innovation development in the country by outlining aspects, from the pillars to particular stages of investment allocation, but correlates with the European common strategy of sustainable development. This fact makes the regulatory approach of Cyprus more effective. In addition to regulation, Cyprus takes into account individual, applied projects on innovation development, including education projects. At this moment, it is premature to assess the effectiveness of these projects, but they definitely have potential.

In conclusion, it should be mentioned that despite differences in policy of the countries in this sphere, both States acknowledge one indisputable fact – innovation is key to a strong and stable economy. An innovation ecosystem must become the basis of social and economic development of a prosperous State. Implementation of this concept requires the symbiosis of the state regulation and the private sector initiatives.

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# Trends and Issues in Economic Relations of Cyprus and Russia

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## Abstract

*Relations between the USSR and the Republic of Cyprus have been maintained since 18 August 1960, and on 7 April 1992, Cyprus recognised Russia as the legal successor of the Soviet Union. Since then, the relations between the two countries in economic, political and cultural spheres have been actively developing. This study will analyse the economic relations between Russia and Cyprus at the present time, both in the macro, as well as in the company levels. On the one hand, Russia and Cyprus remain important partners for the mutual development of national economies, while on the other hand, there is a significant outflow of Russian capital from Cyprus, which can be described as a new negative trend in bilateral cooperation.*

**Keywords:** double taxation, automatic exchange of information, tax resident, Multilateral Competent Authority Agreement (MCAA), economic cooperation, Russia and Cyprus relations, tax planning

## Legal Basis of the Economic Relations between Russia and Cyprus

The fundamental basis of economic relations between Russia and Cyprus is the agreement between the Government of the Russian Federation and the Government of the Republic of Cyprus for the avoidance of double taxation with respect to taxes on income and capital, which was signed on 5 December 1998 (often referred

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to as the Double Tax Treaty or DTT). However, there were certain problems related to the fact that the tax authorities of the Russian Federation did not receive the required information in full. In this regard, negotiations were held on the DTT between Cyprus and Russia, which ended on 16 April 2009, and resulted in a protocol amending the agreement signed on 7 October 2010 in Nicosia, during the visit of the President of the Russian Federation to Cyprus. The State Duma sanctioned and promulgated the agreement on 15 February 2012, the Federation Council approved it on 22 February, and President Dmitry Medvedev ratified it on 29 February 2012. According to the statements of official representatives of State bodies of Russia and Cyprus, this protocol should promote the development of international business and contribute to the further development of economic relations between Russia and Cyprus.<sup>2</sup>

Nevertheless, the main result, in the authors' opinion, is that, due to the signing and ratification of the protocol, Cyprus was excluded from Russia's Ministry of Finance's 'black list', and therefore dividends distributed by Cypriot companies are exempt from Russian taxation under the rebate the Russian Federation provides in the tax code on the release of income from strategic participation. Such an amendment should make Cyprus a more attractive jurisdiction to be used in structuring Russian investments abroad.

Many of the amendments to the agreement specify the exemption and do not deprive the Cyprus resident companies of the benefits that the Double Tax Treaty provides to them. What are the main amendments?

1. The effect of the article on dividend taxation was extended to payments on shares of joint investment funds or similar forms of collective investment. As for other changes in the taxation of interest and dividends, insignificant changes have taken place, in particular, to reduce the taxation rate at source to 5% when taxing dividend payments, and the contribution to the charter capital should be EUR100,000 (previously USD100,000). Upon the Protocol entering into force, any interest that is a result of the 'thin capitalisation' rules is recognised as dividend for tax purposes under Russian law, and will be subject to taxation at the rates stipulated by the agreement for dividends (5-10% instead of 0%).

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<sup>2</sup> See Demetris Ch. Demetriades LLC 'Cyprus-Russia Tax Treaty Protocol', Nicosia: Demetris Ch. Demetriades LLC (2017, November 24), available at: <https://www.ddlegal.co/2017/11/24/cyprus-russia-tax-treaty-protocol>, accessed 22 Feb. 2019; Russia-Cyprus talks. (2017). President of Russia official web page, available at <http://en.kremlin.ru/events/president/news/55910>, accessed 22 Feb. 2019.

2. The article on the taxation of income from alienation of property has been substantially amended. Thus, according to these changes, when disposing shares of a company, where 50% of the value of assets is real estate, income from such a sale may be taxed in the State where the property is located. This rule, however, will not be applied to cases when a company is reorganised or when shares are alienated on recognised stock exchanges, as well as by the pension fund and the governments of Cyprus and the Russian Federation. The changes were to come into force on 1 January 2014. However, the provisions of clause 4 are not applicable to income from the alienation of shares if the recipient is a pension fund, a provident fund, or the government of the contracting State.

At the same time, on 29 December 2016, Cyprus' Ministry of Finance published a message that an agreement was reached between the competent authorities of Russia and Cyprus to postpone the application of the new version of this article. It was also reported that the approval of the draft of an additional protocol is being completed, and it was announced that the new version will not be applied until similar provisions are included in other double tax treaties between Russia and European countries. Russia's Ministry of Finance has not commented on the message of its Cypriot counterpart. It should be noted that the international treaty concluded by the Russian Federation cannot be modified, and its effect cannot be postponed by an agreement between the competent authorities, a memorandum of understanding, a presidential decree, or other regulatory legal act. Such postponement is only possible after the sanction of the international instrument by means of the adoption of an appropriate federal law) its ratification, and entry into force. Usually such procedures in Russia take three to six months.

3. Income from real estate will be taxed in the State according to where it is located, as was the case before. However, the provisions of this article are also extended to mutual funds, which are created solely for the purpose of investing in real estate.

4. The agreement is amended by article 29, which aims to limit the benefits provided by it. According to this provision, if, as a result of consultations between the competent authorities of both contracting States, it is established that the main purpose or one of the main goals of establishing or operating a residency was to obtain benefits under the agreement that would otherwise not be available, and such a company is registered in third countries (not in the territory of the Republic of Cyprus or Russia), it will not be able to use the benefits. Article 29 will affect com-

panies that are registered in third countries but are managed and controlled from the territory of the Republic of Cyprus, which makes it possible to apply for resident status and, therefore, to use the advantages of the agreement.

5. The protocol provides for new rules on how to determine a company's residence. Namely, if it is impossible to determine the place of effective management of a legal entity, the State agencies of Russia and Cyprus will decide the issue of such residence in each specific case by conducting conciliation procedures.

6. In addition, the concept of permanent establishment has been expanded. According to the new regulations, if a company acts on the territory of another contracting State through an individual who stays in the territory of a foreign State for 183 or more days within 12 months, such a company may have a permanent establishment in that State. This can have serious consequences in relation to taxation. In this regard, so as not to allow the emergence of a permanent establishment, the use of general powers of attorney for making certain transactions in the territory of the Russian Federation should be avoided.

7. Another important change is the new revision of article 27 of the agreement, on mutual assistance in tax collection, which has become more specific. In particular, the issues of the imposition of interim measures were resolved, the definition of the concept of a tax order was given, etc.

8. Important changes in the protocol deal with the provisions on information exchange. It should be noted that the protocol does not specify what kind of information the competent authorities of the respective countries can exchange; it indicates only information 'that can be considered essential for applying the provisions of the agreement or for administering and applying domestic legislation in respect of taxes of any kind or name'. In fact, these changes are aimed at a certain specification of the already existing article of the agreement and will not entail any major changes in the sphere of confidentiality of information. At the same time, it should be borne in mind that this conclusion stems from a strictly formal assessment of the new and current revisions of this article. Time will show how relations in the field of information exchange between the Russian Federation and Cyprus will develop in practice. In any case, the meaning of this article has not changed simultaneously with the text.

However, despite the above-mentioned changes, the use of Cypriot companies retains huge preferences as a tool for tax planning. We would also like to note that

the main goal of the amendments to the existing agreement is to prevent tax evasion and abuse of the DTT conditions, and to demonstrate the willingness of the Russian authorities to focus on the existence of real commercial goals in international structures.

### The main areas of economic cooperation between Russia and Cyprus

The most important area of economic cooperation between the two countries is tourism. Russian tourists traditionally rank second after the UK in the total number of arrivals in Cyprus. Since 2010, the tourist flow from the Russian Federation increased from 224,000 people in 2010 to 784,000 people in 2018 (Table 1). The share of Russian tourists increased during this period from 10% of the total number of tourists to 20%, while the share of tourists from UK declined from 46% to 34%.

Table 1: Arrivals of Tourists to Cyprus by Country of Usual Residence and Residents of Cyprus Travelling Abroad in 2010-2018, *thousands*

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Arrivals of Tourists to Cyprus by Country of Usual Residence									
All Countries	2173	2392	2465	2405	2441	2659	3187	3652	3939
United Kingdom	996	1021	959	891	872	1041	1158	1254	1328
Share of UK in total	46%	43%	39%	37%	36%	39%	36%	34%	34%
Russia	224	334	474	609	637	525	782	824	784
Share of Russia in total	10%	14%	19%	25%	26%	20%	25%	23%	20%
Residents of Cyprus Travelling Abroad									
All Countries	1246	1209	1194	1115	1209	1119	1268	1407	1446
Greece	429	395	411	360	452	466	539	538	540
Share of Greece in total	34%	33%	34%	32%	37%	42%	43%	38%	37%
United Kingdom	298	304	311	310	286	187	218	261	215
Share of UK in total	24%	25%	26%	28%	24%	17%	17%	19%	15%
Russia	55	56	51	56	56	48	59	67	74
Share of Russia in total	4%	5%	4%	5%	5%	4%	5%	5%	5%

Source: Compiled by the authors from data provided from the Statistical Service of Cyprus (CYSTAT) (2019a) Arrivals of Tourists by Country of Usual Residence and the Statistical Service of Cyprus (CYSTAT) (2019b) Residents of Cyprus Travelling Abroad.

As for Cypriot citizens, it turned out that, after travelling to the traditional destinations of Greece and the UK, Russia was the third most popular destination (Table 1). First of all, intensive business and investment cooperation led the country to third place i.e., the majority of large Cypriot companies in Russia have partners, and medium and small-sized businesses regard the Russian Federation as a source of clients and tourists, and therefore these companies regularly take part in conferences, exhibitions, working meetings, and they maintain close relationships with existing and potential customers.

The volume of bilateral trade, unfortunately, is insignificant and, in recent years, it has tended to decline. According to the Rosstat of the Russian Federation, in 2000, the trade turnover between the two countries amounted to USD1,8 billion, in 2010 reflected USD1,7 billion, and in 2017 only USD314 million. In the total volume of Russia's trade with non-CIS countries, the share of Cyprus decreased from 2% in 2000 to 0.1% in 2017. (See Table 2) The reasons for this situation are the 2013 financial crisis in Cyprus, the EU's anti-Russian sanctions related to the situation in Ukraine and the countermeasures of the Russian Federation in 2014.

Table 2: Foreign Trade of The Russian Federation  
with Non-CIS Countries\* at current prices, million US dollars

	2000	2010	2015	2016	2017
Exports from Russia					
Total	89269	337467	298420	247687	309688
Cyprus	1722	1641	244	289	306
Share of Cyprus **, %	1.929	0.486	0.082	0.117	0.099
Imports to Russia					
Total	22276	197184	161693	162658	202608
Cyprus	36	27	59	52	8
Share of Cyprus **, %	0.159	0.014	0.037	0.032	0.004
Total Turnover					
Total	111545	534651	460113	410345	512296
Cyprus	1758	1668	303	341	314
Share of Cyprus **, %	2.088	0.5	0.119	0.149	0.103

\*CIS – Commonwealth of Independent States \*\* Share of Cyprus in total volume of exports, imports and turnover of the Russian Federation

Source: Compiled by the authors on the basis of Rosstat, *Russian Statistical Yearbook 2018*.

During the meeting of the presidents of Russia and Cyprus, organised on 24 October 2017, agreements were signed in the Kremlin concerning sea and road transport, communications, information technology and legal cooperation. Following the visit, Russia and Cyprus also signed a declaration on cooperation in the field of economic modernisation and a joint action programme between the Russian Federation and Cyprus for 2018-2020. And on 23 October 2017, the President of Cyprus met with the Prime Minister of the Russian Federation, Dmitry Medvedev. They discussed issues of energy and shipping, as well as economic cooperation between the countries as a whole. They said that Cyprus has become a very important channel for attracting direct investment from Russia. The official representative of the Government of Cyprus, Nikos Christodoulides, spoke about the total amount of accumulated direct investment figure – more than EUR140 billion, which came into the Russian economy through Cyprus.<sup>3</sup>

There are also projects for the creation and development of infrastructure facilities. Such projects include the construction of a hospital for cancer patients in Paphos, which will use modern proton technologies supplied by Russia, as well as carrying out joint work to develop innovations, including the ones in cooperation with the main Russian technological project Skolkovo.

### **Cooperation between Russia and Cyprus in the Financial Sector**

For a long time, Cyprus has played a leading role in the inflow of direct foreign investment into Russia and in direct investment from Russia abroad. According to the data from the Central Bank of the Russian Federation, the share of Cyprus in the total accumulated volume of direct foreign investment in the Russian Federation ranged from 28% to 37% from 2010 to 2018. The total amount of accumulated Cyprus investments in the Russian Federation, at the beginning of 2018, amounted UDSD173 billion (See Table 3). Cyprus investments are mainly channelled in manufacturing, mining industry, real estate, construction, wholesale and retail, transportation and communications.

The share of Cyprus in the total accumulated volume of overseas direct foreign investment from the Russian Federation between 2010 and 2018 ranged from 31% to 41%. The total amount of accumulated investment from the Russian Federation in Cyprus amounted to USD187 billion in 2018 (see table 3). As a comparison, at

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<sup>3</sup> Russia-Cyprus talks. (2017). President of Russia official web page [online], available at: <http://en.kremlin.ru/events/president/news/55910>, accessed 22 February 2019.

Table 3: Accumulated volume of direct foreign investment from the Russian Federation abroad and in Cyprus in 2010-2018, as at the beginning of year

	2010	2011	2012	2013	2014	2015	2016	2017	2018
Direct foreign investment in the Russian Federation									
Total amount of investment in the Russian Federation from abroad, billion US dollars	377	489	455	515	566	371	348	478	530
The amount of investment from Cyprus, billion US dollars.	130	179	136	179	194	115	99	149	173
The share of investment from Cyprus in the total amount of investment from abroad, %	34	37	30	35	34	31	28	31	33
Direct overseas investment from the Russian Federation									
Total amount of overseas investment from the Russian Federation, billion US dollars.	298	361	362	410	480	411	368	418	469
The amount of investment in Cyprus, billion US dollars.	116	150	125	151	163	126	112	150	187
The share of investment in Cyprus in the total amount of overseas investment (%)	39	41	35	37	34	31	31	36	40
The Russian Federation portfolio investment overseas									
Total amount of overseas investment from the Russian Federation, billion US dollars	36	33	38	43	51	52	65	69	69
The amount of investment in Cyprus, billion US dollars.	2	4	3	2	2	6	2	5	2
The share of investment in Cyprus in the total amount of overseas investment (%)	7	12	8	5	5	11	3	7	2

Source: Compiled by the authors according to figures from: Central Bank of Russia (2019), *Statistics on International Economic Relations*.

the beginning of 2018, the amount of accumulated direct investments from Germany into the Russian economy was USD18,9 billion, and the amount of accumulated Russian investments into the German economy was USD9,3 billion.<sup>4</sup>

Unfortunately, in recent years the situation in the financial sector, which undoubtedly is pivotal in relations between the two countries, has begun to get worse. The new Cyprus measures to combat money laundering, as well as European and US sanctions against Russia, contribute to the outflow of Russian capital from the island.<sup>5</sup>

The same information is confirmed by the statistics. According to the figures of the Central Bank of Cyprus, the value of accounts owned by non-EU citizens at the end of November 2018 decreased to EUR 7,1 billion. This is a dramatic change, if we take into account that, at the end of 2012, it was EUR 21,5 billion.

There are good reasons for this. Now a world trend requires companies and individuals to show their source of income, taxes paid from them and their tax residency.<sup>6</sup> In Cyprus, which is not an exception to the world trend, this situation has developed in relation to the Russians. As a result, the Central Bank puts pressure on commercial banks to close the accounts of individuals not living in Cyprus and companies that belong to such persons and / or do not have an office and employees in Cyprus. However, the main reason lies in the fact that the Russians who keep their savings in Cypriot banks may soon lose their 'hard earned' capital.

According to the new tax requirements, Russian citizens will have to report

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<sup>4</sup> Central Bank of Russia, *Statistics on International Economic Relations*. Central Bank of Russia (2019) [in Russian], available at: <http://www.cbr.ru/statistics/?PrtId=svs>, accessed 22 Feb. 2019; A. Zhabin, E. Volkodavova and E. Nesterenko, 'The Problem of Formation of Long-Term Investment Resources Formation in the Modern Russian Economy', *International Journal of Economics and Financial Issues*, Vol 6, S. 5 (2016), pp. 166-171.

<sup>5</sup> P. Tugwell and G. Georgiou, 'Cyprus No Longer Mediterranean Haven for Russian Businesses', Bloomberg.com (2019, January 10), available at: <https://www.bloomberg.com/news/articles/2019-01-10/cyprus-loses-luster-as-mediterranean-haven-for-russian-business> [Accessed 22 Feb. 2019]; N. Stamouli and D. Hinshaw, 'U.S. Takes on Russia's Favorite Money Haven: Cyprus', *The Wall Street Journal* [online], available at <https://www.wsj.com/articles/u-s-takes-on-russias-favorite-money-haven-cyprus-1538316001>, accessed 22 February 2019; J. Caytas, 'Sanctions, Real and Imaginary: Experiences with Russia in the Ukraine Crisis'. *Amsterdam Law Forum*, Vol. 9, No. 2 (2017), 26

<sup>6</sup> See T. Beck C. Lin, and Y. Ma, 'Why Do Firms Evade Taxes? The Role of Information Sharing and Financial Sector Outreach', *The Journal of Finance*, Vol. 69, No. 2 (2014); N. Johannesen, and G. Zucman, 'The End of Bank Secrecy? An Evaluation of the G20 Tax Haven Crackdown', *American Economic Journal: Economic Policy*, Vol. 6, No. 1 (2014); G. Korolev and A. Levashenko, 'Modern Trends in Minimisation of Offshore Jurisdiction: OECD, G20 and Russia', *Russian Economic Developments*. No.1 (2014); S. Phua, 'Convergence in Global Tax Compliance', *Singapore Journal of Legal Studies* (2015), 77-104.

transactions, and in case they refuse, they will have to close the accounts. The bank inspectors of the island state they began checking transactions for compliance with legal requirements, and began to request individual account holders to explain the reasons for transactions over the past 15 years. In addition, they demanded Russian citizens to explain transfer of funds between their own accounts. In the near future, owners of about 150,000 qualified accounts may face similar problems.<sup>7</sup>

Such requirements were introduced by local banks after the representatives of the US Treasury Department visited Cyprus in 2018. They expressed the need to strengthen control over the origin of customers' funds and their transactions. The US Treasury seeks to cut off channels for criminal money transactions around the world, as well as to ensure the implementation of US sanctions.

Without exception, all Cyprus banks, which are Russians' preferred choice to store their savings, are obliged to implement the new requirements. This may lead to the citizens of the Russian Federation begin a large-scale capital withdrawal from the island. Previously, something similar happened to Latvia, where the Russians also keep huge amounts of money. After the emissaries of the US Treasury Department visited that country, its local banks ceased their relations with the Russians and the country's organisations that came under sanctions. Moreover, some banks blocked Russian assets until the history of their origin was clarified.<sup>8</sup>

For the US, putting pressure on offshore banking territories is a key strategy, since their existence in fact makes their sanctions policy ineffective. After all, even with the conditions of the automatic system for exchanging tax information, which started to work this spring, tracking the movement of capital and finding the ultimate beneficiaries of the activities of offshore organisations remain extremely difficult.<sup>9</sup>

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<sup>7</sup> EY, *Russia Doing Business in Cyprus 2017. Measuring Quality and Efficiency Survey Report* (Nicosia: EY, 2017), available at <https://www.ciba-cy.org/wp-content/uploads/2018/11/ey-russian-report.pdf>.

<sup>8</sup> A. Antoniou, 'Cyprus Is the Real Loser in the US-Russian Economic War', *Forbes.com* [online] (2018, October 26), available at <https://www.forbes.com/sites/antonisantoniou/2018/10/26/cyprus-is-the-real-loser-in-the-us-russian-economic-war/#684dd2dc2bbc>, accessed 22 Feb. 2019; A. Antoniou, 'Has Cyprus Sided With The West, Leaving Russia Out In The Cold?' *Forbes.com* [online] (2018, November 22), available at <https://www.forbes.com/sites/antonisantoniou/2018/11/22/has-cyprus-sided-with-the-west-leaving-russia-out-in-the-cold/#5edfbb684424>, accessed 22 February 2019; E. Neocleous, 'The potential impact of Russian de-offshorization legislation on Cyprus holding and finance structures', *Trusts & Trustees*, Vol. 21, No. 6, (2015), 610–613.

<sup>9</sup> J. Caytas, 'Weaponizing Finance: U.S. and European Options, Tools, and Policies', *Columbia Journal of European Law*, Vol. 23, No. 2 (2017).

## Features of Taxation and the Impact on the Russian-Cypriot Relations

On 12 May 2016, Russia signed the Multilateral Competent Authority Agreement or MCAA. In accordance with the Communiqué of the 10th Meeting of the OECD Forum on Tax Administration, when signing the MCAA, Russia committed to make the first exchange of information in 2018 for the year 2017. On 6 September 2016, a draft bill entitled 'On Amendments to Part One of the Tax Code of the Russian Federation (due to the implementation of international automatic exchange of information on financial accounts and documentation for international groups of companies)' was published. In March 2017, following a public discussion, a revised version of the bill was published, which, among other things, clarified the provisions regarding the possibility to terminate the contract between a financial institution and its customers.

After developed countries endured budget deficits that were brought on by the global financial crisis, they decided to replenish their treasury by any means. One of the main ways they resort to is to fight tax evasion and, as a result, aggressive tax planning. The US was the first to succeed in this issue due to the Foreign Account Tax Compliance Act (FATCA), which came into operation in 2014. The main emphasis was placed on banks, which, under the threat of being disconnected from payments in US dollars, agreed to report all offenders. The Organization for Economic Cooperation and Development (OECD), following the same strategy, created a Common Reporting Standard (CRS) system as part of the implementation of the BEPS plan, which establishes the general rules for international automatic exchange of tax data. Some of the countries which signed the automatic exchange agreement already made their first exchange in 2017.<sup>10</sup>

It is worth noting that FATCA and CRS have a lot in common. Thus, the CRS developers borrowed the basic terminology from FATCA, for example, the definition of financial organisations that have to collect and submit the information. The definitions of passive and active financial institutions, controlling entities and much more, also coincide. In FATCA, the definition of passive income is taken from US Internal Revenue Code, and the definition of passive income, which is given in the commentary on CRS, essentially duplicates it. In addition, the mechanisms for collecting and exchanging data are similar.

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<sup>10</sup> D. Sao and A. Gupta, 'Threats to the International Trade Regime: Economic and Legal Challenges Arising from Anti-Offshoring Measures Across the Globe', *The International Lawyer*, Vol. 47, No. 3 (2013).

Although, what is fundamentally different is the essence of the regulation and the consequences of its application. FATCA is only aimed at collecting data on US taxpayers; tax residents of other countries are not affected by this law. The CRS emphasised the global exchange of tax information. Financial organisations in all the countries that agreed on the exchange (including Russia and all European countries) must collect information about their clients, such as their tax residence, and submit it to the appropriate tax authorities. It is worth noting that today the majority of the countries have already joined the automatic exchange of tax information, and the rest of them are planning to do it in the near future. After all, if the State does not join the global project, it risks to be cut off from the global financial system.

Now, there are two options for the exchange of information on taxpayers between States:

- two-way exchange (two States negotiate among themselves all the details of the exchange);
- multilateral exchange (now, over 100 States have joined this type of exchange).

Financial institutions (banks, investment and insurance companies, etc.) are obliged to collect information on taxpayers. Information is exchanged only between those States, which signed the agreements on automatic exchange of tax data.

### **What consequences can Automatic Exchange have for the Russians?**

The automatic exchange can have negative consequences for those who have been hiding their assets, for example, in offshore banks. So far, Russia's tax authorities cannot cope with such a huge amount of data, especially since the information in most cases is provided in foreign languages, primarily in English. It should be noted that, although the beginning of the automatic exchange does not mean that tax audits, automatic fines or additional charges will now start with respect to taxpayers whose information will be revealed, the automatic exchange still enables controlling authorities to carry out their routine procedures without making any additional requests to receive information on foreign accounts which Russian tax residents have opened in foreign banks, as well as on foreign companies they own. Due to this, the Federal Tax Service will be able to increase the tax collection rate for personal income in the form of undistributed profit of controlled foreign companies and other incomes accumulated on foreign accounts.<sup>11</sup>

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<sup>11</sup> A. Gusev, 'Russia is ready for Automatic Exchange of financial account Information in tax matters', St. Petersburg: Borenium Attorneys (2018, July 20), available at <https://www.borenium.ru/en/2018/07/20/>

Thus, those tax residents of Russia who actually own controlled foreign companies or have accounts in foreign banks, but did not report this, fall into the main risk group, since it is now easy to set up an indication of such discrepancies with respect to taxpayers' data. It is on such discrepancies that the tax authorities will focus.

So, what should be done? Those who want to insure themselves against unpleasant surprises from the tax service should think about disclosing all financial information before the Federal Tax Service of Russia receives all the data on their tax residency from foreign sources. In addition, this is fraught with considerable fines.

Perhaps, moving to a State that does not participate in the automatic exchange may at first glance seem to be the best way out in such a situation. However, there are very few such countries left. If these countries do not join the exchange, they run the risk of being blacklisted, which means that their residents will most likely not be able to open accounts in foreign banks.

The best solution in this situation is to change the tax residency. Each State has its own criteria for tax residency. To obtain such a status, most States require home ownership or residence in their territory for more than six months, as is the case in the Russian Federation. To minimise the risks associated with the automatic exchange of information on taxpayers, one can consider the States that offer preferential taxation for their residents. One of the best options in this regard for a long time for Russians was Cyprus – which used to be a popular low-tax haven. First, let us consider the concepts of tax residency within the framework of the OECD concept.

The majority of the States adhere to the OECD concept in this matter, according to which an individual automatically becomes a resident of the State when spending more than 183 days a year there. Nowadays, businesspersons very often have to visit other countries; however, not everyone can stay for more than six months in the territory of one State. In this case, the rule of the centre of vital interests is applied. For example, it can be a place where the entrepreneur's family lives, where his children go to school or get higher education, and other factors.

Also, the Russians who keep their assets in foreign currencies should take into consideration such a moment as currency residency. In Russia, the management of foreign income is regulated not only by the Law on Controlled Foreign Companies

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[russia-is-ready-for-automatic-exchange-of-financial-account-information-in-tax-matters/](#), accessed 22 February 2019.

(CFC), but also by the legislation on currency residence. According to this, every citizen of Russia is obliged to report on the foreign accounts that he/she owns, and attach statements of accounts translated into Russian. Failure to comply with this requirement is subject to fines, no matter where the taxpayer is actually located.

In this situation, Cyprus looks the most attractive. As mentioned above, after the banking crisis that occurred in 2013, Cyprus lost its former attractiveness, and since then its government has been developing strategies to attract business to the country, including Russian business. After the law on the CFC was adopted in Russia, small businesses became more active in Cyprus and the rental cost for housing and offices in Limassol increased significantly. Also, in 2016, the local authorities introduced a new, quite revolutionary legislation for the island State, according to which, in order to receive Cyprus' tax resident certificate, it is enough to spend only 60 days in the country. To get the certificate, in addition to having a physical presence in the country for 60 days, it is necessary to register a company in Cyprus, provide local citizens with jobs and contribute to the local economy. Another important condition is the purchase or rental of real estate on the island.<sup>12</sup>

In addition, the notion of domicile for Cypriot tax residents was introduced, according to which passive income in the form of interest on loans and dividends is not subject to a special defence tax if an individual has been in Cyprus for less than 17 years from the required 20, starting with the moment when a citizen of a third state became a Cyprus resident. That is, in fact, all passive income in Cyprus is no longer subject to the special defence tax. So, in order to attract talented specialists to the island, whose monthly salary would be significantly higher than the 'standard' for Cyprus, the authorities decided to cut the income tax in half in cases where the resident's salary is EUR100,000 or more.

For anyone who is thinking about getting Cyprus tax residency, it will be beneficial to know what advantages it provides. Let us consider the advantages in favour of becoming a Cyprus resident:

There is no capital gains tax in Cyprus, except for income tax on real estate transactions. Although the income received from operations with foreign real estate is exempt from taxation. Passive income (dividends and interest) of an indi-

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<sup>12</sup> M. Brown, I. Evangelou, and H. Stix, 'Banking Crises, Bail-ins and Money Holdings', Working Paper Series (Nicosia: Central Bank of Cyprus, 2018); D. Christofi, 'The Cypriot Banking Sector During the Financial Crisis and Its Reforms: An Examination in Light of the Case of the UK', *The Cyprus Review*, Vol. 29, No.1 (2017); Association of Cyprus Banks, 'Cyprus Banking Insight' (2018, May).

vidual who is not domiciled in Cyprus is exempt from the defence tax. Income from securities transactions is also not taxable.

It should be taken into consideration that the status of Cyprus tax residency imposes certain obligations, where these residents are obliged to prepare and submit an annual Wage and Tax Statement.

Incomes of individuals who are Cyprus residents are taxed regardless of the place where they are received. Therefore, the profit received both in Cyprus and abroad must be declared, after which it is necessary to pay all Cyprus taxes. The tax rate is directly related to the amount of income.

## **Conclusion**

Russia and Cyprus are important partners. Changes in both national and international legislation have led to more than significant results: 67 different agreements are in force between Russia and Cyprus, 19 of which have been prepared and signed in the last six years.

By joining the European Union and implementing disclosure standards, Cyprus has become one of the most transparent jurisdictions from the point of view of European countries. After signing the Protocol on the Double Tax Treaty, Cyprus has become more transparent for the Russian tax authorities. As a result, not all of the 'solutions' used now, within the framework of informational closeness, will work in the future. Russian companies with Cypriot structures will have to analyse the impact of the agreement changes on existing structures, and, if necessary, take steps to modernise them.

As for the authorities of Cyprus, they also found themselves between the hammer and the anvil. On one hand, the massive exodus of Russian capital and withdrawal of assets could lead to a full-scale crisis in the local economy. Approximately 60% of the country's GDP is formed by the banking and financial sectors. Of this 60%, approximately between 15% and 20% are provided by organisations that are, in one way or another, connected with Russian capital. On the other hand, they are under pressure from US demands, the country that no one wants to quarrel with now.

In order to balance the situation, Cyprus authorities have taken a number of measures to facilitate obtaining tax residency status in Cyprus. Now it can be done in two ways: to stay in Cyprus for more than 183 days a year or live in Cyprus for at least 60 days a year and fulfil some other conditions.

OECD has recently been paying more attention to citizenship and residency for investment programmes, suspecting that they can be used for tax evasion. Perhaps, this is because the results of the first automatic exchange, held in 2017, were not lived up to hope and the fees were significantly less than expected. The OECD will continue to fight tax evasion through citizenship and residency for investment. Despite some deterioration in the business climate, Cyprus' jurisdiction is still very attractive for companies leading a real business. In the context of a fairly large-scale business, a personal presence on the island and the correct pricing policy, business efficiency increases significantly compared with traditional forms.

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# The Emerging Field of GR-Management in Modern Russia: State of Science and Profession

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## Abstract

*Today, a large business will aim to actively affect processes of forming and implementing public policies connected with economic management and allocation of community resources. To ensure the opportunity of such systemic influence on policymaking, corporations promote their interests through systems of regulated relations and links with State bodies. The article presents this way of furthering corporate interests as 'Government Relations' (GR) and the conceptual interpretation of this phenomenon. Being relatively new for Russia but becoming increasingly popular in the scientific-and-expert community, GR is still undergoing the process of conceptualisation. In the professional dimension, this realm is a specific type of management activity, a special cross-sectoral management aimed at the cooperation of a business entity (and non-government actors) with the State, which is located where the three sectors of society cross (the State, business, and non-political organisations). Insights to the existing organisational forms of GR activity in Russia, such as GR departments in companies, consulting firms, and business associations are provided. The article also analyses the relevance and prospects of the research of the Government Relations theme for the Republic of Cyprus.*

**Keywords:** government relations, Government Relations (GR), GR-management, interactions with the State, lobbying, business interest, advocacy, public affairs

## Introduction

Changes which the political and economic landscape has been undergoing in the recent decades have had a significant influence on the relations between the business and social sector with the Russian Federation. Under the influence of democratisation and informatisation, as well as technological development, borders between

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society and the State have not only started to blur but also the very system of managing their interaction has begun to change. The development of market relations and the rapid involvement of new social and economic actors in the political processes have made it necessary for business interests and non-governmental organisations to create new opportunities and technologies to manage interaction with public bodies, which are now actively discussed but still require to be researched by the scientific community.<sup>2</sup> It is important to note that, despite active expansion of non-governmental participation in public affairs, the State has maintained its position as the key regulator of social political relations, which has a dominant influence on the activity of business actors on its territory in the first place. According to McKinsey & Company research, more than half of the managers of international corporations (53%) claim that, in the influence on an organisation's economic position, State stakeholders take second place to consumers.<sup>3</sup>

Eventually, the emergence of GR<sup>4</sup> as a new realm of practical activity has become the answer to the growing necessity of ensuring the dialogue with public regulators in the new circumstances. Since the mid-20<sup>th</sup> century, relations of profit and non-profit organisations with the State, as the most important stakeholder of an organisation, have started to be perfected and institutionalised, and their implementation has become the prerogative of specialists (GR managers and GR consultants) working for companies and consulting agencies.

The development of this form of representation and protection of commercial interests for more than four decades resulted in the institutionalisation of the GR-category in the terminology of theorists and practitioners of modern management (along with the notions of PR, PA, HR, IR,<sup>5</sup> which were established there earlier), which is determined by a number of circumstances. On the one hand, a relatively new sphere of professional activity of a GR specialist and the very professions of a GR manager and a GR consultant have appeared. On the other hand, during the last three decades the new discipline of GR management has been formed in the interdisciplinary space of a number of social sciences (political science, manage-

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<sup>2</sup> T.A. Alekseeva, I.D. Loshkariov, and D.A. Parenkov, (2018) 'Is It Time for Lottery-Based Authorities?' *Polis. Political Studies*, No 6 [in Russian].

<sup>3</sup> McKinsey & Company, (2011) 'Managing government relations for the future', in *McKinsey Global Survey results*, available at <https://www.mckinsey.com/industries/public-sector/our-insights/managing-government-relations-for-the-future-mckinsey-global-survey-results>.

<sup>4</sup> Academic literature also refers to government affairs (GA) or public affairs (PA).

<sup>5</sup> PR – public relations; PA – public affairs; HR – human resources; IR – investor relations.

ment, legal science, communication studies, etc.). The new discipline appeared at the confluence of problems of public administration, corporate management, private association, and non-governmental organisation management.<sup>6</sup> Modern GR management is now included in the wider practical discipline of political management,<sup>7</sup> along with electoral management (election technologies), political-strategic PR, and public affairs management, often defined as ‘integrated communications management’,<sup>8</sup> which is closely connected with the means of developing the so-called ‘corporate public policy’.<sup>9</sup>

In the West, mainly in the US and the EU, scientific and practical GR studies have been carried out since the mid-20<sup>th</sup> century, while in Russia this subject is relatively new, as it was formed in the late 1990s and early 2000s. Today, due to the active research on relations with the State, made by Russian experts, theorists, and practitioners, a wide range of specialised works has appeared providing an overview of the establishment of this discipline in the Russian Federation. Thus, this article aims to analyse the field of Government Relations in the works of Russian experts, as well as to scrutinise the peculiarities and main forms of GR functioning at the modern stage. At the end of the article the prospect of developing GR studies for the Republic of Cyprus is also analysed.

### Theoretical and Methodological Aspects and Modern Interpretations of Government Relations

Representation of GR as a multidisciplinary research subject of social and political science and management analysis is the basic prerequisite to the analysis of links with the State.<sup>10</sup> It invites different interpretations of Government Relations in spe-

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<sup>6</sup> A.V. Pavroz, (2005) ‘Government Relations as Institute of Social and Political Interaction’, *Political Expertise: POLITEX*, Vol. 1, No. 2; T.A. Kulakova, (2005) ‘Government Relations in Political Decision-Making Process’, *Political Expertise: POLITEX*, Vol. 1, No. 2; A.V. Zobnin, (2012) ‘GR-management at a New Stage of Development’, *Journal of Social and Humanitarian Research*, No. 2 [in Russian].

<sup>7</sup> F. Harsanyi and G. Allen, ‘Achieving the Strategic Potential of Public Affairs’, in *The SAGE Handbook of International Corporate and Public Affairs* (London: SAGE, 2017).

<sup>8</sup> J.T. Greitens and E.M. Joaquin, (2010) ‘Policy Typology and Performance Measurement’, *Public Performance and Management Review*, Vol. 33, No. 4.

<sup>9</sup> L.V. Smorgunov, (2016) ‘Interaction Between State and Business in Russia: From Lobbying to Corporate Public Policy’, *Journal of Science and Education: Economics, Entrepreneurship, Law and Governance*, No. 4 [in Russian].

<sup>10</sup> A.A. Degtyarev, ‘Modern GR-Management as Sphere of Cross-sector management’, in *Subject Field of Political Economy*, eds. L. Il’icheva and V. Komarovskiy (Moscow: Aspect Press, 2018) 170-180 [in Russian].

cialised literature, which complicates the operationalisation of the phenomenon. For a more precise description of GR links, it is important to isolate this realm from several disciplines which have a similar subject. Hereinafter, the research will focus on the specific characteristics of Government Relations.

Conceptually, in the process of analysis of the whole range of relations between the State and non-State (primarily business) sectors, four large subject areas can be distinguished:<sup>11</sup>

- Studies of systemic aspects regarding the relations between business and the State;
- Economic political science;
- Corporate social responsibility;
- Government Relations and lobbying;

*Systemic aspects of relations between business and the State* are understood as general issues of cooperation between public bodies and the business community, forming a specific sphere of inter-subject interaction, which is an integral part of a country's political system. In other words, it is a wide area, taking into consideration historical features of the formation of such relations, the socio-cultural aspect, political culture, peculiarities of elite formation, principles of functioning of business associations, etc. This area can be illustrated by the research of State-business relations in Russia during the 1990s and 2000s.<sup>12</sup>

*Economic political science*, in its turn, is regarded as a sub-discipline of political science. A.D. Bogaturov defines it as, 'the area of political science which is directly connected with studies of issues of business political security provision, measures of political risk prevention, as well as working out an optimal strategy of business action towards society and the State in political situations in all countries including its own one'.<sup>13</sup> Despite the fact that economic political science studies specific issues overlapping with GR, this area is less technologically oriented and more focused on studying fundamental political and economic issues, such as the legal basis of

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<sup>11</sup> A. Degtev, (2016) 'Russian political science analysis of government-business relations in Russia', *Political Science Journal*, No. 2 [in Russian].

<sup>12</sup> V.Y. Fokin, (2009) 'Business and Politics in Russia: Peculiar Interrelationships', *International Trends*, Vol. 7, No. 20 [in Russian].

<sup>13</sup> A.D. Bogaturov, (2011) 'Definition of Political Economy and Particularities of Its Problem Field in Russia', *Polis. Political Studies*, No. 4 [in Russian].

doing business in a country, social perception of the role of business, and problems of foreign investments in the territory of a State.<sup>14</sup>

*Corporate social responsibility* is an area close to management and is generally defined as a socially oriented business activity which is often voluntary.<sup>15</sup> Nevertheless, the political aspect of this activity becomes significant if corporate social responsibility is regarded as a tool for positioning business in the eyes of the public and State authorities. Today, businesses, especially large companies, are actively involved in implementing social projects, which attract the State's attention. It especially concerns regions and major cities where industrial enterprises exert significant influence in determining local growth vectors. Today, this field includes several principles forming the framework of a company's socially oriented business activity vis-à-vis the State, e.g. corporate citizenship,<sup>16</sup> sustainable development and business ethics.

Despite having some similarities with the above-mentioned disciplines, Government Relations is identified by the expert community as specific organised interaction between State and non-State sectors, which has its own methodology, aims, and technologies.<sup>17</sup> Today, Russian political and management science is studying this phenomenon to comprehend and conceptualise it. This phenomenon is relatively under investigated, but it is possible to identify some basic works in specialised literature which aim to comprehensively study links with the State, as well as a number of academic sources enlarging, defining, and reinterpreting various theoretical and methodological aspects of the discipline. Works by P.A. Tolstykh,<sup>18</sup> I.E.

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<sup>14</sup> A.D. Bogaturov, *Political Economy: Relations Between Business, Government and Society* (Moscow: Aspect Press, 2012) [in Russian].

<sup>15</sup> Y.E. Blagov, *Corporate Social Responsibility: Evolution of Concept* (Saint Petersburg: HSM Publ, 2010) [in Russian].

<sup>16</sup> S.P. Peregudov, *Corporate Citizenship as New Form of Relations Between Business, Society and Government* (Russian Academy of Science: IMEMO, 2006) [in Russian].

<sup>17</sup> A.A. Degtyarev, M.D. Bondarev, and A.S. Teteryuk, (2018) 'Cyclical Dynamics of the "External" and "Internal" Environments of Business Organisation in GR-Management', *Vestnik MGIMO University*, No. 1 [in Russian]; L.V. Smorgunov, L.N. Timofeeva, *Theory, Practice and Mechanisms of Interaction Between Business and Civil Society with Government* (Moscow, 2012) [in Russian]; P.A. Tolstykh, (2012) 'Subjective Status of Lobbyism and Government Relations', *Historical, Philosophical, Political and Law Science, Culturology and Study of Art*, No. 4 [in Russian].

<sup>18</sup> P.A. Tolstykh, *Practicum on Lobbying in Russia* (Moscow: Alpina Business Books, 2007) [in Russian].

Mintusov and O.G. Filatova,<sup>19</sup> L.V. Smorgunov and L.N. Timofeeva<sup>20</sup> form the core of the fundamental literature on the upcoming area. P.A. Tolstykh analyses distinctive qualities of GR functioning through the example of the federal legislative body, the State Duma. I.E. Mintusov and O.G. Filatova suggest research vocabulary related to GR and study this phenomenon through the lens of the communicative approach (as part of public relations). L.V. Smorgunov and L.N. Timofeeva study several key aspects of GR activity (mechanisms and technologies, expert work, the structure of executive bodies, etc.). Besides these researches, some collective monographs studying the peculiarities of GR interaction with the State in different forms can be singled out.<sup>21</sup> Moreover, there are some important research papers on the problems of relations of large businesses and the State,<sup>22</sup> interaction between business associations and the State<sup>23</sup> and GR activity in the ‘third sector’.

More specific subject analysis of Government Relations tends to single out three main approaches to interpreting this phenomenon.<sup>24</sup> First, GR is characterised as a synonym to lobbying, i.e., the act of applying pressure to State and policymakers. Second, Government Relations can be interpreted as social-political communications which aims to build long-standing, stable and predictable relations with public authorities. This conceptual category is formed by several interpretations of Government Relations, e.g. GR as a complex of special communication technologies integrated in wider public relations, and GR as communication management used to reconcile the interests of businesses with those of public bodies.<sup>25</sup> Finally, the third approach reflects the management position, according to which GR is the activity aimed at managing corporate and social-political interests of a business to create a welcoming environment for doing business and to minimise negative effects of the State system. In this case, GR can be regarded either as a function at the intersection of the in-house (internal) environment and the State (external) en-

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<sup>19</sup> I.E. Mintusov and O.G. Filatova, *Government Relations: Theory and Practice* (Saint-Petersburg Publishing, 2013) [in Russian].

<sup>20</sup> Smorgunov and Timofeeva, *Theory, Practice and Mechanisms* [in Russian].

<sup>21</sup> A.N. Shokhin, *Business and Power in Russia: Theory and Practice of Interaction* (Moscow: HSE Publishing, 2011) [in Russian].

<sup>22</sup> S.P. Peregudov, *Corporate Citizenship* [in Russian].

<sup>23</sup> A.Y. Zudin, *Associations – Business – Government*. “Classic” and Modern Forms of Relations in Western Countries (Moscow, State University: HSE Publishing, 2009) [in Russian].

<sup>24</sup> Degtyarev, ‘Modern GR-Management’.

<sup>25</sup> V.A. Achkasova and I.E. Mintusov, (2015) ‘GR as a New Sphere of Communicative Activity’, *Russian School on Public Relations*, No.6 [in Russian].

vironment, or as the outward political aspect of management. The suggested interpretations of these approaches may cause a certain terminological confusion which requires clarification.

Under the first approach, GR is equivalent to lobbying and is just a euphemism for 'façade', which conceals commercial interest. As a counter to this argument, it is rightly pointed out that GR, as a corporate function, acts on behalf of the company, representing its employer in public bodies and acting entirely in the framework of the business strategy of an organisation. It is common knowledge that the aim of practically every business is to make and maximise profit or to satisfy expectations of shareholders and investors. Thus, it is difficult to imagine a GR specialist who, while interacting with the State, does not put a premium on resolving the organisation's interests in a way that could improve (or at least not deteriorate) the positions of their employer, with the key performance indicators (KPI) of the GR specialist directly linked to implementing the organisation's business strategy and improving its profitability.<sup>26</sup>

Despite certain intersections with lobbyism, in the sense that both are means to develop representation for special interests, most experts think that modern GR management should be differentiated from lobbyism in its classical interpretation, which presents only the operational and technological level of strategic activity.<sup>27</sup> There are other reasons why they are not exactly the same. Lobbyism aims to exert influence on public bodies in order to ensure a concrete decision, while GR aims to build a trust-based system of relations in order to resolve a range of issues, often strategic ones.<sup>28</sup> Moreover, a GR specialist works on salary, whereas a lobbyist works for a fee or percentage. Finally, a GR manager is a corporate specialist who is guided and limited by their employer's corporate and ethical business principles, whereas a lobbyist may be much more flexible in the choice of tools to find a solution to the task.

The communication approach views Government Relations as communication between public bodies and business structures. It is reflected in PR specialists'

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<sup>26</sup> N.N. Menshenina, (2015) 'Government Relations Issues in the Political Process of Modern Russia', *Journal of Ural Federal University named after the First President of Russia Boris Yeltsin*, No. 11 [in Russian].

<sup>27</sup> Tolstykh, 'Subjective Status of Lobbyism' [in Russian].

<sup>28</sup> D.B. Kotyev, GR-Technologies as Effective Means of Optimisation of Relations Between Business and Government Structures in Russia', in *Government, Business, Society: Problems of Optimisation of Interaction*, ed. L.E. Il'icheva (Moscow: INEC, 2010) 180-191 [in Russian].

work, which interprets GR as a PR subtype, where the addressee is not the masses but the authority.<sup>29</sup> Under this approach GR is in essence a modern means of information exchange between the State and economic structures, which links elements of the political system.<sup>30</sup> In this context, a number of authors clarify the correlation between GR and Public Affairs (PA), used in the West instead of the term lobbying, which has a negative connotation.<sup>31</sup> On the other hand, PA is used to denote complex activity to control and manage all external conditions of doing business, including cooperating with the expert community, the media, citizens, and public structures. Thus, GR is a narrower category than PA, as it is devoted only to relations with public authorities.

It is worth mentioning that, within the communication approach, two interpretations of GR can be singled out in the research literature. First, GR is a set or combination of communication technologies (in the applied meaning), used by GR specialists to transmit information (the message itself) to public authorities. It is rather a narrow vector of researching the process of interaction of two communication subjects (roughly, 'I vs. they'), i.e. the structures of communication, forms of information transmission, types of information channels, etc.<sup>32</sup> The other interpretation of GR implies not only performing communication but also doing certain activities to implement it. In other words, the emphasis is shifted from researching the communication process itself (what information has been transmitted by subject A to subject B) to analysing the methods and forms which make the communication possible.

Other scientists view GR as a 'management activity' that is new and specific for businesses and non-governmental organisations (NGOs).<sup>33</sup> This interpretation makes it possible to single out certain conceptual aspects of GR, specifying its subject matter. On the one hand, GR management can be likened to professional work made by business process managers both inside and outside the company. Thus,

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<sup>29</sup> Mintusov and Filatova, *Government Relations* [in Russian].

<sup>30</sup> A.K. Krainova, (2012) 'Understanding GR-Communication in the System of Management of Political and Communicative Processes', *Human, Society, Governance*, No. 2 [in Russian].

<sup>31</sup> I.E. Mintusov and O.G. Filatova, (2015) 'The Ethics of GR-Communications in European and Russian Practice: Comparative Study', *Vestnik of Saint-Petersburg University*, No. 4 [in Russian].

<sup>32</sup> I.A. Bykov, V.V. Griбанov and I.V. Sidorskaya, (2015) 'Basic Model of Communication Between Business and Government: Problems of Theory and Practice', *Corporate Management and Innovative Development of Economy of North*, No. 4 [in Russian]; T.A. Cherkashchenko, (2015) 'Classification of GR Technologies: A Communicative Approach', *Mediascope Electronic Journal*, No. 4 [in Russian].

<sup>33</sup> Degtyarev, 'Modern GR-Management' 172.

their activity, as well as the activity of other managers, is aimed at preparing, making and implementing the company's growth plan (according to the corporate strategy) only in the framework of the political and State environment. In this respect, a GR manager is viewed not as a lobbyist with a detailed understanding of mechanisms of influence on the political system but as a professional manager who efficiently manages employees of other departments (PR, legal, marketing), as well as resources (financial, analytical, information) and external relations, in order to build a general 'system of interaction of a business with government'.<sup>34</sup> Besides that, GR management can be viewed as managing GR activities proper, that is ensuring a logically structured, complex process of exerting influence on public bodies. These activities include monitoring and analytics, communicating information to State bodies, and influencing (implementing subjects' interests externally). This understanding of GR can be exemplified by the work of integrated communications departments where Government Relations is only one of the communication functions (along with PR) which are used to present interests of the business to external stakeholders.<sup>35</sup> Finally, it is necessary to emphasise a more strategic role of GR management, which entails ensuring a company (at the executive level) participates in dialogue with public bodies, as a subject of entrepreneurial activity. In other words, this aspect of GR involves creating conditions for keeping a business on the State's agenda and making it an opinion leader for the government, using multiple social advisors and expert councils, public discussion platforms and forums, briefings, press conferences, private meetings and interviews. Engaging a business in constant communication with branch State stakeholders on a wide range of issues, a GR manager assists in institutionalising such political and managerial interaction thus creating a positive climate for confidence-building and sharing expertise between the primary and secondary sectors. L.V. Smorgunov writes, that GR also bolsters the role of business in reaching social objectives through stimulating corporate public policies to implement business interests. Business becomes more responsible and is more actively involved in public politics, thus implementing tasks which stimulate inclusive economic growth.<sup>36</sup>

Consequently, GR represents all the variety of non-State political management, reflecting the multitude of interactions with subjects of State and corporate man-

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<sup>34</sup> Tolstykh, 'Subjective Status of Lobbyism'.

<sup>35</sup> Such departments exist in the pharmaceutical industry, where roles such as Public Affairs, Government Relations, and Market Access are combined within a single corporate structure.

<sup>36</sup> Smorgunov, 'Interaction Between State and Business in Russia [in Russian].

agement, including the interplay of State bodies' and businesses' strategies. As a result, GR management can be defined as non-State actors regulating processes to exert influence on the external environment to ensure and sustain the main activity of a business. It is a type of legal political management in which non-State actors in the political and State macro-environment engage in a set of strategies, tactics, forms, and methods of behaviour to pressure the State legislative and administrative centres. In contrast, lobbyism is connected mainly with all means of influence and pressure on legitimate centres of decision-making by different non-State actors to promote particular interests, achieve certain goals, maintain a competitive advantage, and maximise benefits.

Despite the theoretical and practical approaches to GR, existing research has a number of gaps.

*Conceptual and notional confusion.* Due to several interpretations of GR management, the distinctions in the terminology used has faded. Some uses of key notions are controversial, such as GR activity, GR communication, and GR strategy, which leads to conceptual confusion. Moreover, there is a problem of applying key ideas that are widespread in the west to Russian reality, which has its own specific features.

*Superficial development of certain topics.* Russian literature still lacks complex research on types of public policy, singled out by Theodore Lowi (1964), who described several policies depending on their functions (distributional, regulatory, and redistributive). Taking into consideration the fact that modern research is focused on the analysis of 'regulatory policy' in the context of business and State interaction, which in essence includes all variations of State policies, from budgetary to regional, the use of Lowi's classification could make it possible to divide Russian public policies into separate subcomplexes according to the activity of different groups of stakeholders around a certain policy.

*The gap between theory and practice.* The existing theoretical studies formulated in the works of the above-mentioned authors, unlike western political and administrative schools of political science (e.g. Harvard Kennedy School of Government), are not systematically approbated in concrete political and managerial situations (cases), which is why it is impossible to verify or reject hypotheses empirically.

*Lack of scientifically grounded methodology.* The methodology of researching the processes of interaction between business and the State progresses rather

slowly, as it is not based on and does not use approaches of related sciences which deal with policymaking and public administration and were formulated in classical works (e.g. those by H. Lasswell and H. Simon Lasswell<sup>37</sup>) and modern research (e.g. those by R. Scott, P. DiMaggio and W. Powell<sup>38</sup>). Unlike the disciplines of political science or international relations, which have long and actively been enriching their theoretical and methodological bases through the use of methodological approaches of economics, econometrics, management, and legal studies, Government Relations is still an applied area (a certain set of best practices) in the framework of political science, which applies certain methods of GR analysis, such as mapping stakeholders and expert polling, but avoids using more fundamentally proved methods (such as neo-institutionalism or rational choice theory), which prevents this area from evolving into a substantial academic discipline.

### **Functional Role of a GR Specialist in Interacting with the State**

While examining different interpretations of Government Relations, researchers ask who needs such specialists, what role do they play, and how should they professionally perform their functions along with conventional work done by members of parliament and civil servants, or rank-and-file corporate and line managers. The analysis of modern research on functional peculiarities of GR managers and specialists makes it possible to single out and generalise some areas of their activity.

First, GR specialists ensure that relations (at the macro-level) between public, business, and non-profit management sectors are formed, developed and that they are functioning well. At the same time, they ensure that certain actors of the processes (at the micro-level) interact and mutually coordinate their interests and goals in the framework of taking and implementing government decisions and public policies. For instance, public councils (social-advisory and expert-consultative councils), various State and private partnerships, and cooperation between local communities and opinion leaders are gaining popularity. In this context, GR specialists often work together with PR specialists, although their tasks and target audiences differ.

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<sup>37</sup> H. Lasswell, *The Decision Process: Seven Categories of Functional Analysis* (College Park MD: University of Maryland Press, 1956); H. Simon, *Administrative Behavior: A Study of Decision-Making Processes in Administrative Organizations* (New York: Free Press, 1947).

<sup>38</sup> P.J. DiMaggio and W.W. Powell, (1983) 'The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields', *American Sociological Review*. No. 2; R.W. Scott, (2007) 'Competing Logics in Health Care: Professional, State, and Managerial', *Journal of Economic Sociology*, No. 1.

Second, GR departments take a significant place in the modern structure of corporate management. They play the role of a non-State subject of business, reacting to the actions of public authorities, while trying to influence the 'external' (political and State) environment by exerting systematic pressure on policymaking. In other words, they establish, develop, and implement specific activities to manage (support/react to) the pressure the 'external environment' exerts on a commercial organisation. They need to do their best to improve, support, and prevent the conditions of the external environment of corporate business (e.g. through fiscal, tariff, and investment legislation) from deteriorating, in order to prevent the loss of competitiveness and income.

Third, most modern models of public administration (e.g. governance and new public management) officially acknowledge that business plays a significant and legal role in formulating and implementing State policies, including economic ones. This participation manifests itself when a firm participates in governance and when public legislative and executive bodies make policies at different stages through systems of governance mechanisms, such as electronic government, smart government and open government. Electronic government is the analytical inclusion of businesses in the government's transparent communication of information about its work. Smart government is the independent expertise of draft laws and normative legal acts and the assessment of their regulatory influence on doing business. Finally, open government enables non-State actors to take part in the work of social-advisory and expert-consultative councils, parliamentary hearings in federal legislature, business forums, public discussions in the media, round table talks, and seminars on key issues such as fiscal, financial, and industrial regulation, including taxpayer and resource support.<sup>39</sup>

### **Organisational Forms of GR Activity in Russia**

An organisational form of lobbying is a subtype of GR management which has its own inner structure and arranges the process to interact with decision-makers to influence the decision-making process. Today in Russia there are three functioning organisational forms of GR activity: in-house GR, a unit of a company whose purpose is interaction with the State; GR performed by outsourced GR consultants; and GR activity by means of business associations.

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<sup>39</sup> Degtyarev et al., 'Cyclical Dynamics'; Smorgunov, 'Interaction Between State and Business in Russia'; T.A. Kulakova, 'Involvement in Publicity: Government Relations', (2015) *Historical, Philosophical, Political and Law Science, Culturology and Study of Art*, No. 1-2.

A *corporate GR department* is the most widespread type of GR activity arrangement. Members of the GR department represent interests of the company in the political environment, monitor possible threats from State stakeholders, work out and implement measures to prevent such threats, and seek to increase income of the company through its participation in politics. In Canada, the Lobbying Act defines such specialists as in-house lobbyists who are responsible for interacting with officials on behalf of their corporations and lobbying for corporate interests<sup>40</sup>.

One of the differences between corporate GR managers and professional consultants is that the former work on a fixed salary and on a regular basis while the latter are hired to work on projects and are paid a commission. Besides that, consultants simultaneously have a number of clients whereas a GR manager concentrates on their own company's interests. The GR department's strategy is part of the corporation's strategy, and the specialist acts in accordance with the company's principles and goals.

In Russia, the first professional GR departments started to appear in the early 2000s. Since then, the number of corporate employees and the significance of such departments for companies have been growing. Transnational corporations (mainly tobacco manufacturers and pharmaceutical companies) with the experience of building relations with public authorities in the US and Europe, where corporate GR extends back several decades, have been on trend.

According to L.V. Smorgunov,<sup>41</sup> the emergence of GR departments in companies operating in Russia is determined by an increase in the role of State-owned companies and the State in the economy, the integration of Russia into the global economy and business culture, the frequent changes in regulatory policies and anticorruption initiatives of the Russian Government.

Based on a preliminary analysis of the development of GR activity, we can conclude that by 2019 such specialised departments in one form or another have been created in most large companies doing business in Russia. Industries with a large proportion of foreign investments and industries experiencing increased regulatory attention of the State (e.g. tobacco, beer, pharmaceutical industries as well as oil-and-gas, iron-and-steel, and telecommunication industries) have been at the forefront of establishing such departments.

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<sup>40</sup> Office of the Commissioner of Lobbying of Canada, The Lobbying Act [R.S.C., 1985, c. 44 (4<sup>th</sup> Supp.)], available at [https://lobbycanada.gc.ca/eic/site/012.nsf/eng/h\\_00008.html](https://lobbycanada.gc.ca/eic/site/012.nsf/eng/h_00008.html).

<sup>41</sup> Smorgunov and Timofeeva, *Theory, Practice and Mechanisms of Interaction* 232.

A *business association* is a non-profit group which promotes the interests of a particular industry to State bodies. The final goal of a business association is to ensure governments make decisions that will benefit the industry as a whole or to prevent and/or change a decision which may be disadvantageous to the industry. Business associations are established because companies need collective action to consolidate their influence with the State. Corporations are prone to cooperation when they have a clear idea that the advantages of membership in the association will defray possible costs of non-membership. According to Ch. Mack, business associations can increase the impact of communication on public bodies, as forming an alliance produces a synergetic effect.<sup>42</sup>

Foreign experience demonstrates that associations are a significant element of 'the system of exchange' between public bodies and business, providing inter-sectoral interaction. In terms of network analysis, associations are characterised as a 'participant-mediator', or an actor that provides access to a large number of stakeholders. It is ensured by members who are CEOs, board members and heads of committees in expert councils at ministries, other professional associations, subordinate committees, and commissions, which makes it possible to establish contacts with officials of government bodies and public structures.

The role of associations are especially important regarding underdeveloped government institutions. According to R. Doner and B. Schneider, associations give feedback to the State about market conditions, as well as about companies that are violating laws and engaging in misconduct which prevents the development of entrepreneurship, and thus they protect markets from market-failure.<sup>43</sup>

As of 2018, Russian and foreign industries of all sizes, influence, and resources have established business associations in the country. They can be divided into umbrella associations (at the macro-level), e.g. the Chamber of Commerce and Industry of the Russian Federation or the Association of European Businesses; local industries such as the Association of Russian banks and the Association of Medical Products Manufacturers; and international organisations like the Association of International Pharmaceutical Manufacturers (AIPM). Nowadays foreign companies can only legally participate in discussions of industrial policies through these asso-

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<sup>42</sup> Ch. Mack, *Business, Politics and the Practice of Government Relations* (Westport: Quorum Books, 1997).

<sup>43</sup> R. F. Dorner and B.R. Scheider, (2000) 'Business Associations and Economic Development: Why some Associations Contribute More Than Others', *Business and Politics*, Vol. 2, No. 3.

ciations. Associations use several methods, including analytics (multiple formats of reports and fact sheets on issues faced by an industry), communication (legal cooperation with sectoral, regional, and national media), finance (association members can pool considerable resources together to implement large GR projects and to finance forums and conferences), and organisation (providing a forum for seminars, round table talks, meetings with officials, etc.). Besides, associations' activity tends to be transparent and legal, which meets ethical standards of doing business that foreign companies adhere to. Finally, the State encourages indirect participation in policy discussion through associations unlike direct lobbying (personal contact with an official) because it has a positive impact on the business climate and motivates corporations to continue doing business in Russia.

Historically, a specialised lobbying (consulting) firm was the first type of GR activity, and it emerged from law firms. According to Article 1 of the model law 'On regulation of lobbying activity in State authorities', 'a lobbying firm is a commercial legal entity, having more than one permanent employee. The employees act as lobbyists under the condition that their firm is not their client'.<sup>44</sup> In Russia such firms tend to be employed by large foreign corporations, international financial and industrial elites, and foreign business associations. Modern commercial firms are increasingly more active than private entrepreneurs. GR market shows a similar trend.<sup>45</sup>

According to the professional dictionary of lobbyism, by P. Tolstykh, GR activity in Russia developed in two stages:

1) International lobbying firms established affiliates in Moscow in the period from 1990 to 2004. Subsidiaries of US and European GR firms were opened due to the growing necessity of large multinational corporations working in or entering the Russian market to understand the country's legislation and to build stable relationships with federal and regional authorities. With experience in interacting with public bodies in the US and Europe and realising the unique needs of international corporations, those companies managed to positively influence further development and professionalisation of GR services in the Russian market. PBN Company was the first professional lobbying firm in Russia, which appeared in 1990.

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<sup>44</sup> Model law on regulation of lobbying activity in State authorities, adopted on 15 November 2003 in Saint Petersburg by Resolution No. 22-16, at the 22<sup>nd</sup> Plenary Session of the Interparliamentary Assembly of the CIS member States. (2004). Newsletter, *The Interparliamentary Assembly of the CIS Member States*, No. 33.

<sup>45</sup> A.V. Pavroz, (2014) 'Institute of Lobbying in Modern Democratic Societies', *Political Expertise: POLITEX*, Vol. 10, No. 3 [in Russian].

2) The period from 2004 until the present day can be viewed as a time of growth for GR firms, whilst it is marked by the establishment of the first Russian lobbying company, Kesarev Consulting. Since 2004, more Russian lobbying agencies have opened, which actively apply foreign experience (the Russian subsidiary of Ketchum, Rumyantsev and Partners, etc.). The establishment of the National Association of Government Relations Specialists (the GR League) in 2012 was an important milestone in the development of the Russian GR market. The GR League service to protect and represent the interests of Russian and foreign companies.

GR consulting, as one of the forms of intersectoral management, lies between public and corporate administration. The activity of a consulting agency aims at incorporating business interests into State interests in the spheres of regulation (enforcement of norms and rules of functioning of political, legal and economic systems) and distribution/redistribution of resources between public and private sectors. Unlike an independent, individual case of GR management, a specialised company tends to have more resources, being able to provide complex services and to resolve more serious problems by involving large numbers of employees with different specialisations. The inner structure makes it possible for employees to specialise and to maximise productivity while attaining objectives. Besides lobbying, companies often attract experts in specific matters to accomplish particular tasks. Such companies are distinguished by the matrix structure: experts with different specialisations (lawyers, political strategists, former civil servants, marketing experts, economists, etc.), who form temporary task forces to work on projects and are employed on a permanent or temporary basis. GR specialists and lawyers tend to be included in such task forces. The composition of the rest of the group depends on the task the client has set. Often such GR firms position themselves as PR and PA companies, law firms, BCG, PWC, etc. rather than lobbyists.

### **Research Prospects for the Republic of Cyprus**

It is also interesting to view the degree of scientific development of lobbyism and GR activity in the Republic of Cyprus. Preliminary analysis indicates that there is a distinct shortage of specialised literature on GR by lobbyism researchers in Cyprus. Some information can be found in either agencies' consulting reports in the context of a wider analysis of entrepreneurship in Cyprus (E&Y and PWC reports<sup>46</sup>) or EU reports on lobbyism within the EU in general and individual countries (Corporate Eu-

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<sup>46</sup> PWC, *Cyprus Transparency Report* (1 July 2017 – 30 June 2018), available at <https://www.pwc>.

rope Observatory reports<sup>47</sup>). The development of lobbying creates prerequisites for identifying GR activity as an independent form of representation of interests of social and commercial organisations in Cyprus, which deserves more detailed research.

According to the Global Corruption Barometer, published by Transparency International, 90% of citizens of Cyprus claim that convergence of public and private interests is very strong as the activities of several large enterprises are deeply integrated into the government's work.<sup>48</sup>

Lobbyism in Cyprus is an unregulated and non-transparent activity, which is not enshrined in any legislation.<sup>49</sup> Besides the absence of a legal status for lobbying, legislative acts do not generally define 'lobbyism' or 'subjects and objects of lobbyist activity'. There are no obligations for specialists to register, adhere to regulations on this activity, or to publicly disclose their interaction with public officials. More than that, in Cyprus the lobbying community does not self-regulate, and it has no professional association, like the GR League in Russia. All this hinders the emergence of a concerted ethical code and professional standards of lobbying, which would make it possible to develop the sphere.

Today in Cyprus, there is a popular opinion that actions connected to lobbying corporate interests are especially widespread in the political sphere. In most cases, lobbying is used to access the process of policymaking. Donations to non-governmental organisations and funding political parties to further influence the target stakeholder are among the ways to influence decision-makers. According to a European Commission report, informal connections and bribery can be distinguished among the lobbying tools.<sup>50</sup> However, in the materials studied, there is no differentiation between lobbying and other related categories, such as Public Affairs and Government Relations.

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com.cy/en/publications/assets/transparency-report-fy18.pdf; E&Y, *Russia Doing Business in Cyprus* (2017), available at <https://www.ciba-cy.org/wp-content/uploads/2018/11/ey-russian-report.pdf>.

<sup>47</sup> Corporate Europe Observatory, *Captured States: When EU governments are a channel for corporate interests* (February 2019), available at <https://corporateeurope.org/en/2019/02/captured-states>.

<sup>48</sup> Cyprus University of Technology & Transparency International, *Lifting the Lid on Lobbying: Mapping the Lobbying Landscape in Cyprus* (Limassol: Cyprus University of Technology & Transparency International Cyprus, 2014).

<sup>49</sup> Association of Accredited Public Policy Advocates to the European Union, 'Lobbying Landscape in Cyprus', Association of Accredited Public Policy Advocates to the European Union (13 January 2019), available at <http://www.aalep.eu/lobbying-landscape-cyprus>.

<sup>50</sup> European Commission, *Special Eurobarometer – Corruption Report*, European Commission

Consequently, experts note that there are limited opportunities to analyse mechanisms to influence laws or political and managerial decisions, as well as the scope and intensity of lobbying, and to assess related expenses.<sup>51</sup> Because of that, lobbying in Cyprus is mostly perceived negatively as favouritism, nepotism, corruption, and manipulation rather than as a means to represent interests. After a number of corruption scandals with the collapse of the financial sector in 2012 and 2013, lobbying has been identified as something destructive for public institutions. Therefore, on the one hand, the topicality of careful examination of the relations between businesses and the State for Cyprus and GR, as a civilised form of interest representation, is determined by the lack of understanding of lobbying as such. On the other hand, there is a practical need to study GR in Cyprus, so Russian companies working in Cyprus can enhance their communication with local regulatory authorities, and particularly with bureaucracy. Cyprus is known to be an attractive business location for Russian businesses in terms of finance and investment. Expert reports indicate that within four years of Cyprus introducing the Naturalisation Through Investment and Entrepreneurship programme, Russia invested more than USD4 billion in Cyprus' economy, while total foreign direct investment inflows in 2017 only are estimated to be more than USD6 billion.<sup>52</sup> Investment and entrepreneurship are important drivers of Cyprus' economic growth; even so, they require constant interaction with local officials on numerous issues varying from registering legal entities to submitting documents. In this context, surveys of Russian companies on the main handicaps for doing business in Cyprus prove that inefficient local bureaucracy, which slows economic growth, is a significant barrier.<sup>53</sup>

According to the World Bank's report comparing business conditions in 189 countries, in 2014 Cyprus was ranked 39<sup>th</sup> in the Doing Business rating, and in 2017 it was 45<sup>th</sup>, while in the sub-index 'Starting a business', Cyprus came in 44<sup>th</sup> in 2014 and 64<sup>th</sup> in 2017.<sup>54</sup> Unfavourable conditions for implementing construction projects

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(20 January 2019), available at [http://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs\\_397\\_en.pdf](http://ec.europa.eu/commfrontoffice/publicopinion/archives/ebs/ebs_397_en.pdf).

<sup>51</sup> Association of Accredited Public Policy Advocates to the European Union, 'Lobbying on Cyprus Must Come Out of the Shadow', Association of Accredited Public Policy Advocates to the European Union (30 January 2019), available at <http://www.aalep.eu/lobbying-cyprus-must-come-out-shadow>.

<sup>52</sup> UNCTAD, *World Investment Report, Country Fact Sheet Cyprus*, UNCTAD (30 January 2019), available at [https://unctad.org/sections/dite\\_dir/docs/wir2018/wir18\\_fs\\_cy\\_en.pdf](https://unctad.org/sections/dite_dir/docs/wir2018/wir18_fs_cy_en.pdf).

<sup>53</sup> E&Y, *Russia Doing Business in Cyprus* (2017), available at <https://www.ciba-cy.org/wp-content/uploads/2018/11/ey-russian-report.pdf>.

<sup>54</sup> World Bank, *Doing Business Report* (2017), available at <http://www.doingbusiness.org/content/>

as well as weak control over execution of contracts are especially emphasised.<sup>55</sup> In this regard, evidence which underscores the necessity to reform the public administration system in Cyprus to stimulate economic growth after the 2012-2013 crisis is of interest. For instance, among the key elements which need modernisation, the Cyprus draft State programme of reforms underscores the introduction and development of electronic government (e-government) to increase the involvement of the population, civic groups, and businesses in discussing and working out political and administrative decisions aimed at lowering excessive sector regulation, as well as introducing measures to reduce corruption and stimulate new investment.<sup>56</sup>

In conclusion, it is necessary to point out that these initiatives are consistent with the new public management conception, which suggests more active transparent and ethical involvement of non-State subjects in developing public policies, including economic ones. It is indicative that such change was carried out in Russia as part of its modernisation policies during D. Medvedev's presidency from 2008 to 2012. As a result, it has contributed to the development of civic institutions, the emergence of new public discussion platforms and more active involvement of civic groups and the business community in public policies. Considering the trend of the Republic of Cyprus to further develop feedback channels between sectors of governance, GR may become a useful and viable tool to ensure effective and coordinated relations between local companies and foreign investors on the one hand, and the State on the other.

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<sup>55</sup> E&Y, *Russian Doing Business in Cyprus 2017* (20 January 2019), available at [https://www.ey.com/Publication/vwLUAssets/Cyprus-Russian\\_Study\\_Report\\_en/\\$FILE/ey-russian-report.pdf](https://www.ey.com/Publication/vwLUAssets/Cyprus-Russian_Study_Report_en/$FILE/ey-russian-report.pdf).

<sup>56</sup> Europe 2020 Cyprus National Reform Programme, *Presidency – Administrative Reform Unit* (30 January 2019), available at <https://ec.europa.eu/info/sites/info/files/2018-european-semester-national-reform-programme-cyprus-en.pdf>.

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# Diplomatic Relations between Cyprus and the Soviet Union/Russia: From Cold War Games to Friendship and Comprehensive Cooperation

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## Abstract

*Bilateral relations of the Soviet Union and the Republic of Cyprus were rarely covered in the USSR and early post-Soviet Russia, and were generally considered in conjunction with the Cold War. The relations of the USSR and Cyprus could not overcome the logic of the Cold War, escape from realistic pragmatism and the harsh reality of military-political balancing. Nevertheless, the ties between the USSR and Cyprus turned out to be even more intense and diverse than similar ties of the superpower with many other States at the time. After 1991, relations between Russia and Cyprus have been developing based on their traditional alliance. Russia's position with regard to the settlement of the Cyprus conflict remained unchanged, and the ultimate goal was a unified State in terms that satisfy the Cypriot side. Cyprus, in turn, criticises the west's anti-Russian sanctions, despite being a member of the EU.*

**Keywords:** Cyprus, USSR, Russia, Cold War, diplomacy, cooperation, agreements

## Introduction

Bilateral relations of the Soviet Union and the Republic of Cyprus were rarely covered in the USSR and early post-Soviet Russia and were generally considered in conjunction with the Cold War. Both superpowers –the USSR and the US– were constrained to frame their foreign policies through the factor of global and total

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confrontation with each other.<sup>2</sup> The relations of the USSR and Cyprus could not overcome the logic of the Cold War, escape from realistic pragmatism and the harsh reality of military-political balancing. Nevertheless, the ties between the USSR and Cyprus turned out to be even more intense and diverse than similar ties of the superpower with many other States at the time. Moreover, relations between the two States during this period (1960-1980s) cannot be considered outside the context of the Cyprus dispute, which formed a knot of attraction in world politics, in whose orbit the leading world and regional powers were involved.

Relations between Cyprus and Russia are largely influenced by the history of bilateral relations during the Cold War. Soviet diplomacy pursued a friendly strategy towards the Republic of Cyprus to make up for its assertiveness towards Greece and Turkey in the aftermath of the Second World War. The USSR, and later Russia, opposed the positions of the western countries within the UN regarding the resolution of the Cyprus conflict and has always been insisting on the unification of two communities in a single State. Both the USSR and Russia had their pragmatic reasons to support this type of solution, which generally corresponds to the interests of the Republic of Cyprus.

### **The Start of the Cold War: Soviet Assertiveness towards Greece and Turkey**

Soviet relations with Cyprus should be analysed within a wider context of Soviet relations with other allies after the Second World War (WWII) regarding Greece and Turkey. Soviet relations with Greece and Turkey attracted more scholarly attention in Russia in the 1990s with the opening of some Soviet archives. However, the archives of the military and secret services are still classified, which limits the scope of the historiographic analysis. The most important issue for Russian historians is Soviet policy during the Civil War in Greece and the early post-WWII years in the framework of balancing the interests of western allies in the Balkans and the Mediterranean. The declassification of some western archives in the second half of the 1980s also renewed the interest in the role of the UK in the aftermath of the Second World War, especially regarding Greece and the conflict in Cyprus.

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<sup>2</sup> K. Artamonova, (2011) 'Pozitsiya SSHA i SSSR v otnoshenii kiprskoy problemy (1960-1974 gg.)' ['US and SU Stances on Cyprus Problem (1960-1974)'], *Aktual'ni problemi vitchiznyanoi ta usesvitn'oi istorii*, No. 4 [in Russian].

For example, in December 1944, the Joint Intelligence Subcommittee in the UK published a report *Russia's Strategic Interests and Intentions from the point of view of Her Security*. According to the mentioned report, the USSR would agree to leave Greece within the sphere of the UK's interests after the war if its relations with Great Britain remained satisfactory.<sup>3</sup> The report's authors expected the Soviet Union to strive for regional dominance in the Black Sea region, although not by way of occupying any territories. The USSR would try to keep Turkey from closer relations with the west and, potentially, make Turkey a Soviet ally, but it would be equally probable to expect Soviet territorial claims regarding the Kars region, lost after the First World War.<sup>4</sup> The subsequent events demonstrated that the conclusions of this report were quite accurate and managed to grasp Soviet intentions.

The analysis of the US official documents of 1946-1949 shows the importance of events in and around Greece and Turkey in the beginning of the Cold War.<sup>5</sup> By autumn 1946, the US political establishment was certain that the USSR was trying to include both Greece and Turkey in its sphere of interests and ideological influence, which was perceived as part of a wider Soviet expansionist strategy in the Mediterranean. The Civil War in Greece was analysed by American politicians through the lenses of the bipolar confrontation. The crisis in Greece was used as a pretext for launching the doctrine of containment of communism, based on the fear of what later became known as the 'domino effect'.<sup>6</sup> Thus, the Civil War in Greece became a starting point for the bipolar rivalries and the Cold War.

However, during the first years of Greece's Civil War, the Soviet Union did not support the Greek communists, despite the fact that, by 1944, they managed to control two-thirds of the territory of Greece. Stalin decided not to use this opportunity because of the agreement reached in May 1944 to divide the spheres of in-

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<sup>3</sup> UK NA. FO 371/47860. N 678/20/G38. J.I.K. (44) 467 (0), (Final), *Report by the Joint Intelligence Subcommittee. Russia's Strategic Interests and Intentions from the point of view of Her Security*, 18 December 1944, quoted in D. Portnyagin, (2014), 'Vneshnyaya politika SSSR v otsenakh ob'edinennogo razvedyvatelnogo komiteta Soedinennogo Korolevstva Velikobritanii i Severnoy Irlandii 1944-1947 gody' ['Foreign Policy of the USSR in the Assessments of the Joint Intelligence Committee of the United Kingdom and Northern Ireland in 1944-1947'], *Vestnik SPBGU, Seriya 6 Politologiya Mezhdunarodnye otnosheniya*, No. 1 142 [in Russian].

<sup>4</sup> Ibid.

<sup>5</sup> A. Kalinin, (2012) 'Krasnaya ugroza Gretsii v otsenakh amerikanskih diplomatov v 1946-1949 gg' ('"Red Threat" to Greece in the Assessments of American Diplomats in 1946-1949)', *Vestnik VyatGU*, No. 4-1 [in Russian].

<sup>6</sup> Ibid. 64.

fluence with the UK, which had to be responsible for military operations in Greek territory, while the USSR had to do the same in Romania.<sup>7</sup>

Anti-Soviet sentiment increased in Greece after the Paris Peace Conference in 1946, where Soviet diplomacy supported Albania and Bulgaria against Greek territorial claims. The head of the Soviet diplomatic mission, Molotov, called Greece an 'aggressive non-democratic State'. The USSR, at the time, was interested in supporting communist Albania and Bulgaria against Greece, and in using Greek territorial claims concerning the Northern Epirus as a bargaining point to get a military or a trade base in the Mediterranean. However, the western allies strongly opposed this Soviet strategy of trying to acquire a maritime foothold.<sup>8</sup> Although both the US and the UK agreed with the USSR that Greece's territorial claims should be declined, the American and British leadership managed to present the situation as if the Soviets were the most opposed to the said claims.<sup>9</sup>

The Soviet relations with Turkey were not cloudless too. Some Russian historians explain the Turkish decision to join NATO in 1952 as a reaction to quiet an assertive Soviet stance after the end of the Second World War.<sup>10</sup> Culturally and politically, Turkey was not a western country; moreover, it remained neutral during the greater part of the Second World War. Stalin perceived Turkish neutrality positively until October 1943, when he stated that Turkey needed to prove that it had a right to join the club of the victor countries. The Soviet Union did not expect Turkey to declare war with Germany, but Turkish reluctance to enter the war on the side of the allies created grounds for the Soviets to formulate territorial claims against Turkey. These claims were voiced in March 1945 and, later, at the Potsdam Conference in July-August 1945, where the USSR stated that the 1921 Treaty of Brotherhood was concluded while the young Soviet State was weak, thus, the USSR

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<sup>7</sup> N. Vasileva, (2010) 'Balkanskaya politika SSSR i grazhdanskaya voyna v Gretsii v kontekste nachalnoy fazy holodnoy voyny: nekotorye diskussionnye voprosy v svete dokumentov rossiyskih arhivov. *Imagines Mundi Almanah issledovaniy vseobshchey istorii XVI-XX vv*' ['The USSR's Policy in the Balkans in the Context of the Initial Stage of the Cold War: Some Questions in the Light of Documents from Russian Archives], No. 7, *Ser. Balkanika Vyp* 2 164 [in Russian].

<sup>8</sup> For details, see A. Kalinin, (2016) 'Grecheskiy aspekt poslevoennogo territorialnogo uregulirovaniya v otnosheniyah SSSR I SSHA v 1945 1946 gg' ['Greek Aspects of Territorial Settlement in the Relations between the USSR and the US in 1945-1946'], *Izvestiya Uralskogo federalnogo universiteta, Ser. 2 Gumanitarnye nauki*, Vol. 18, No. 1 (148) [in Russian].

<sup>9</sup> *Ibid.* 195.

<sup>10</sup> S. Moshkin, (2009) 'Ruka Moskvy v istorii vstupleniya Turtsii v NATO' ['The Hand of Moscow in the History of Turkish Accession to NATO'], *Politehks*, Vol. 4 [in Russian].

wanted to reclaim its territories ceded to Turkey under the Treaty of Moscow. The Soviet claims were framed as a restoration of justice towards 'Soviet Armenia'.

Western allies did not support the USSR in these claims and tried to persuade the Soviet Union to deal with this issue on a bilateral level, but the Soviet leadership persisted with its efforts to internationalise the territorial dispute. This persistence led to the western countries uniting in their desire to contain Stalin's territorial appetites, including a potential strengthening of the Soviet positions in the Mediterranean and Middle Eastern regions in general. Turkey turned towards the west in order to balance Soviet influence and, in 1952, joined NATO simultaneously with Greece. Thus, assertive Soviet diplomacy in the aftermath of the victory of the Second World War pushed both Turkey and Greece into the hands of the West. Later on, after the change of power in the USSR caused by the death of Stalin, the Soviet Union's diplomacy became more pragmatic. This pragmatism, along with the understanding of the previous mistakes made by Soviet diplomacy in the Mediterranean, led to a friendly strategy towards the newly founded independent Cyprus in 1960.

### **Relations between the USSR and Cyprus: 1960-1991**

Cyprus gained special importance for USSR's foreign policy, owing to its geographical position in the Mediterranean. Cyprus was regarded as a potential ally in opening access to the Middle East for the Soviet Union. In addition, friendly relations with Cyprus could potentially bring geopolitical benefits for the USSR as one more reinforcement factor in the Black Sea straits. The Black Sea Straits had been a problem for several centuries, since the Russian Empire also sought to guarantee the safety of the straits and to access the Mediterranean Sea and the Middle East. Due to conflicts in Cyprus as well as between the guarantor powers bound to safeguard the integrity of the Republic, the USSR was concerned about Cyprus abandoning the policy of neutrality and joining the western bloc, namely NATO.<sup>11</sup> Therefore, the USSR tried to play on disputes among the NATO countries in order to weaken its eastern flank. Finally, for the Soviet Union, interest in cooperating with Cyprus was further stimulated by the activity of the influential communist party (AKEL) in the Republic – in other words, it was determined by an ideological factor.

AKEL (Progressive Party of Working People) was an influential political force in Cyprus. The first government of the independent Cyprus, led by the country's

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<sup>11</sup> J. Sakkas and N. Zhukova, (2013) 'The Soviet Union, Turkey and the Cyprus Problem, 1967-1974', *Les Cahiers Irice*, Vol. 10.

first president, Archbishop Makarios III, did not hinder the activities of this party, believing that real grassroots support for communists would decline over time, while an official ban on its activity would not have the same effect.<sup>12</sup> For the Soviet Union, AKEL's activity became an important factor in its foreign policy towards the Republic. Many AKEL members were educated in socialist countries, with the party pursuing a course of solidarity with the Communist Party of the USSR on foreign and domestic policy issues. However, it was important that Moscow cooperated equally with the centrist Makarios government.

Although conducting a policy of non-alignment, Cyprus, due to historical and geopolitical reasons, was tilting toward the West.<sup>13</sup> Even so, President Makarios did not seek to pursue an exclusively pro-western policy, despite fears in Moscow. The foreign policy of the Makarios government aimed at ensuring the most favourable environment for Cyprus, which meant manoeuvring between the western bloc, the socialist camp and the non-aligned States. Constructive dialogue with AKEL allowed Makarios not only to gain respect between the socialist countries but also to balance and suppress the influence of nationalist and irredentist forces inside the country. Friendly relations with the USSR and other countries of the Warsaw Pact were also a trump card in Makarios' hands. Such a policy allowed him to enhance his international standing and speak more boldly in the international arena.

In 1952, Greece and Turkey joined NATO, and the US sought to use its influence to resolve the Cyprus question, and the aggravation of the said dispute was associated with the strengthening of the national liberation movement on the island against Britain and the gradual implementation of the *enosis* policy (the Greek movement for incorporating the regions they inhabit into Greece). Under these conditions, as early as in the 1950s, the Soviet Union sought to internationalise the Cyprus question<sup>14</sup> and to bring it up for discussion in the United Nations; the USSR would pursue this 'internationalisation' policy until its own disintegration.

Diplomatic relations between the USSR and Cyprus were established on 18 August 1960. The USSR became one of the first States to recognise the newly formed

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<sup>12</sup> I. Ashm, 'The Soviet Union and Cyprus in 1974 Events', (2016) *Athens Journal of History*, Vol. 2, No. 4, 251.

<sup>13</sup> E. Solsten (ed.), *Cyprus: A Country Study* (Washington: GPO for the Library of Congress, 1991), available at <http://countrystudies.us/cyprus/>.

<sup>14</sup> C. Melakopides, *On the 'Special' Nature of the Russia–Cyprus Relationship* (Russian Council on Foreign Affairs, 20 June 2017), available at <http://russiancouncil.ru/en/analytics-and-comments/analytics/on-the-special-nature-of-the-russia-cyprus-relationship-/>.

Republic.<sup>15</sup> The Soviet Union spoke in favour of the indisputable unity of Cyprus and its complete demilitarisation (the ousting of the two British military bases on the island), while it strongly opposed any possibility of division. The roots of such a position were geopolitical in their nature, since the USSR was concerned that, in case of a definite partition, at least part of the island might become a territory of NATO, severely undermining the Soviet influence in the region.

Thus, from the very establishment of the Republic of Cyprus, the Soviet Union took a tough stance supporting the integrity and independence of the State, opposed interference in Cyprus' domestic policy from Greece, Turkey or the western 'guarantors' –the US and the UK– and called for the withdrawal of British military bases from the island. Yet, the possible rapprochement between Cyprus and the USSR was perceived in the west as an imminent threat.<sup>16</sup>

With the onset of an internal crisis in the Republic of Cyprus in 1963, Soviet leader Nikita Khrushchev made a pointed statement against the position of Turkey and the western world regarding events on the island as an attempt to violate the integrity of Cyprus and NATO's attempt to gain influence over Cyprus.<sup>17</sup> Khrushchev supported Makarios, perceiving him as the only person capable of maintaining the independence of the Republic.

The Soviet Union criticised the outcomes of the London Conference, which considered deploying a NATO contingent to resolve the crisis in the Republic of Cyprus, as it would be a defeat for Soviet diplomacy in the region. Moreover, the USSR condemned the so-called Acheson Plan, devised in the US, which aimed at dividing the island. In these circumstances, the USSR also advocated the idea of initiating a peace process under the auspices of the UN Security Council and achieved to gain international support.<sup>18</sup> The unanimously adopted resolution of the UN Security Council of 4 March 1964 became a compromise option and was in line with the interests of the USSR; the resolution called for an end to the bloodshed in the country and recommended establishing a UN mediator for Cyprus and sending the UN Peacekeeping Force to the island for up to three months. The integrity, sovereignty, independence, and the neutrality of Cyprus was maintained with substantive sup-

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<sup>15</sup> C. Melakopides, *Russia-Cyprus Relations: A Pragmatic Idealist Perspective* (London: Palgrave, 2016) 50.

<sup>16</sup> Artamonova, 'Pozitsiya SSHA i SSSR' 159 [in Russian].

<sup>17</sup> Sakkas and Zhukova, 'The Soviet Union, Turkey and the Cyprus Problem, 1967-1974'.

<sup>18</sup> Ashm 'The Soviet Union and Cyprus' 251.

port from Moscow.<sup>19</sup> UN troops, originally deployed for three months, remain on the island until this day.

Thus, the USSR resorted to the UN mechanism to resolve the conflict in the Republic of Cyprus. The consistent perseverance of Moscow in solving the Cyprus problem within the framework of the UN, was not theoretical. It reflected the support for the legitimate government of Makarios and adherence to the principles of territorial integrity and independence of Cyprus, solidarity with the people of the State, as well as the will to use legitimate international institutions for settling a conflict and ironing out the differences among the powers concerned.

Surprisingly, it was during the crisis of 1963-1964 that Moscow demonstrated its willingness for closer cooperation with Cyprus through the conclusion of new bilateral agreements, including a treaty on air traffic. In the following years, the Warsaw Pact countries, and first of all the USSR, the German Democratic Republic (GDR) and Czechoslovakia, supplied arms and military equipment to the Republic of Cyprus for more than USD 70 million.<sup>20</sup> The Soviet Union also supplied weapons to ensure the protection of the Cypriot leader Makarios against assassination attempts masterminded by the nationalist organization EOKA.

In 1971, President Makarios paid an official visit to the Soviet Union, sojourning in not only Moscow but also Kiev, Volgograd, Leningrad (now St. Petersburg) and even Zagorsk (now Sergiev Posad, the centre of Russian Orthodoxy). During his visit, Makarios attended the enthronement ceremony of the Patriarch of Moscow and All Rus' Pimen. The very fact of inviting Makarios to the enthronement symbolised the significant role that the Soviet Union attached to relations with Cyprus.

Meanwhile, in the late 1960s and early 1970s, Turkey experienced visible changes in its foreign policy. Among other things, there was a definite rapprochement with the USSR. Flirting with Moscow, Turkey could achieve a more advantageous bargaining position vis-à-vis both the US and Europe. Moreover, it sought to gain the support of the socialist bloc on international issues, including the Cyprus question. At the same time, interest in relations with Turkey increased in the Soviet Union after Leonid Brezhnev came to power in 1964.<sup>21</sup> Then, in a joint communiqué, which was signed following the visit of the Turkish Foreign Minister to the Soviet

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<sup>19</sup> Melakopides, *Russia-Cyprus Relations* 55.

<sup>20</sup> Artamonova, 'Pozitsiya SSHA i SSSR', 158 [in Russian].

<sup>21</sup> Sakkas and Zhukova, 'The Soviet Union, Turkey and the Cyprus Problem, 1967-1974'.

Union, it appeared that both States recognised the 'legitimate rights of the two national communities' of Cyprus.<sup>22</sup>

The situation became aggravated in 1974, during a coup against Makarios with the support of the Greek military junta that had come to power in Athens. As a result, Archbishop Makarios was removed from power, and a group of radicals, led by Nikos Sampson, the representative of the Greek organisation EOKA-B, took control of the island and advocated for the accession of Cyprus to Greece (*enosis*). Taking advantage of this, Turkey sent its troops and occupied one third of the island. For the USSR, both *enosis* and *taksim* (Turkish Cypriots' policy for partition of the island) meant the accession of the territory of Cyprus to Greece/Turkey and NATO. In its first official statements regarding the unfolding events, the Soviet Union expressed its opposition to the operations organised by the Greek military junta and 'certain circles within NATO' violating the neutral status of the Republic of Cyprus.<sup>23</sup> Turkey's actions, in the light of Greece's policy, looked quite reasonable to the USSR, from the viewpoint of the threat to the island's status by the guarantor of the Republic's independence.

However, the USSR soon realised that Turkey did not intend to disengage from the occupied territories. This was the reason for the intensification of actions in the UN Security Council. Even so, either the US and the UK or Turkey itself rejected all the constructive proposals outlined by Moscow regarding the condemnation of the 'double invasion' in Cyprus. Finally, Moscow supported another UNSC resolution calling for a peaceful settlement and, after Makarios' return to the Republic of Cyprus, it supported his re-election to the presidency.

In the following years, trade between the USSR and Cyprus intensified in accordance with the agreements on mutual deliveries of goods, as well as the 1975 agreement on economic and technical cooperation. Cultural cooperation also increased; for example, the construction of the Soviet Union's cultural centre in Nicosia was completed in 1978, and many Cypriot students were able to do an internship in the USSR.

The government of Mikhail Gorbachev repeatedly declared its interest in resolving the Cyprus question. In particular, in 1986 the USSR government prepared a draft proposal for a peaceful settlement of the situation in Cyprus. The proposal called for

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<sup>22</sup> Ibid.

<sup>23</sup> Melakopides, *Russia-Cyprus Relations*, 68.

the creation of a federal government and the withdrawal of all foreign troops from the country's territory,<sup>24</sup> including the British military bases, in other words, the island's complete demilitarisation. Since then, Moscow has repeatedly called for an international conference aimed at a peaceful settlement of the Cyprus problem.

From the 1960s through to the 1980s, although Cyprus did not and could not become central to Soviet foreign policy, their ties were gradually and consistently strengthened. The Soviet Union never changed its position on the Republic of Cyprus' sovereignty and integrity, while it has always opposed all external interference, especially the respective policies of partition (be it *enosis* or *taksim*). Since the establishment of bilateral diplomatic relations, the USSR steadily advocated for the independence and integrity of the Republic of Cyprus, and that can be seen in its attempts to formulate a mechanism for solving the issue through the United Nations as the most impartial arbiter. This very fact can be regarded as evidence of its commitment in achieving this goal, regardless of the changing international environment.

On the one hand, for the USSR the Cyprus question became a kind of litmus test for the possibility to project its superpower influence. On the other hand, relations between Cyprus and Moscow were not limited to the factor of power balancing but extended to the field of economic, commercial, humanitarian, religious, and cultural dialogue too. This laid down the important basis that preserved and significantly strengthened the ties between Cyprus and post-Soviet Russia in the 1990s and 2000s.

After the collapse of the USSR, the foreign policy course of the Russian Federation changed significantly. The confrontation with the west finally gave way to mutually beneficial relations, while Russian-Cyprus relations continued to develop along the same lines as Nicosia's affairs with the USSR. Cyprus was interested in maintaining strong diplomatic ties, remembering that Moscow provided an indispensable service to the island when it recognised Cyprus' independence in 1960. At the same time, after the collapse of the USSR, Russia did not abandon its support for Cyprus regarding the frozen conflict, and, after 1991, the solution of the Cyprus Problem remained the most pressing issue in relations between both countries<sup>25</sup>.

In the 1990s, the possibility of an armed conflict was even higher, especially if we consider the events in the region in the context of the collapse of Yugoslavia and the military operations of NATO. The aim of Moscow, along with the UN, was to prevent

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<sup>24</sup> Solsten, *Cyprus: A Country Study*.

<sup>25</sup> V.V. Lomako, (2015) 'Istorija razvitija rossijsko-kiprskih mezhgosudarstvennyh otnoshenij' ["The History of the Development of Russian-Cypriot Interstate Relations], *Klio*, Vol. 10, No. 106 [in Russian].

the repetition of the Yugoslav scenario in Cyprus, since some distinctive features of the Yugoslav conflict were also observed in the case of Cyprus,<sup>26</sup> such as the different religious affiliations of the largest ethnic groups, the Christian Greek Cypriots and the Muslim Turkish Cypriot community. Russia actively supported the dialogue with Cyprus, while the President of Cyprus flew to Moscow on a working visit in 1991 and 1992. Furthermore, Cyprus recognised Russia as a successor to the USSR and a contracting party, instead of the former USSR, in all bilateral treaties.

Moscow continued military support for Cyprus. Given the assertiveness of Turkey's policy, Moscow declared that it would protect Cyprus's right to modernise its air defence system. According to information from the Russian TASS news agency,<sup>27</sup> in 1995 and 1996 Cyprus received 43 Russian BMP-3s, worth USD68 million. In March 1996, Russia and Cyprus signed an agreement on military-technical cooperation, under which Russia received the right to use Cyprus' ports as military bases for the Russian navy. This was followed by a resonant political decision to sell Nicosia its S-300 missile system. According to some reports, the deal value amounted to USD 230 million. However, due to political disagreements between Cyprus and Turkey and pressure from the US and the UK, the Cypriot authorities were forced to abandon the installation of these systems on their territory. This process could have even become a pretext for war, as Ankara declared its determination to strike at the Russian ships that transported to the island the missiles. As a result, Greece took delivery of them, and Russia instead delivered an anti-aircraft missile system to Cyprus. At the same time, the purchase of Russian weapons increased Cyprus' defence capability, while they still serve as a deterrent for Turkey.

In 1995, Cyprus began a dialogue with the European Union on joining the organisation. It is important to note that this had no negative effects on Russian-Cypriot relations. On the contrary, relations continued to strengthen; Russia continued to supply Cyprus with the most advanced weapons. In 2001, four Grad multiple rocket launchers and 12 Mi-35P transport and combat helicopters were supplied to Cyprus; in June 2009, a contract for the delivery of 41 T-80U tanks was also signed.<sup>28</sup>

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<sup>26</sup> S.S. Novikov, (2008) 'Detal'nyj analiz raspada socialisticheskoy federativnoj respubliki Jugoslavija' ['Detailed Analysis of the Collapse of the Socialist Federal Republic of Yugoslavia], *Vestnik Vladimirovskogo juridicheskogo instituta*, Vol. 2, No. 7 [in Russian].

<sup>27</sup> TASS News Agency, 'Voenno-tehnicheskoe sotrudnichestvo Rossii i Kipra' ['Military-Technical Cooperation of Russia and Cyprus], TASS News Agency (24 February 2015), available at <https://tass.ru/info/1787557> [in Russian].

<sup>28</sup> Ibid.

The EU and Russia found a common language in the settlement of the Cyprus question, and at that time, this common position had a beneficial effect in strengthening the Russian-European partnership. A new initiative to resolve the conflict was proposed by the EU in view of the beginning of the Cyprus' accession process in order to prevent a potential worsening of EU-Turkish relations. The EU has relied on the economic factors, believing that a rise in the standard of living, an increase in the investment attractiveness of Cyprus, and the emergence of new business opportunities will help to reduce the severity of interethnic hostility. Moreover, the EU advocated for the establishment of a 'bi-communal and bi-zonal federation' as an adequate way for the reunification of Cyprus.<sup>29</sup>

Since the collapse of the USSR, Russia had to manoeuvre constantly between Athens and Ankara on the Cyprus dispute, while supporting the European compromise project. Another reason for Russian support was the desire to keep the positive experience of bilateral relationships with Cyprus as an important player in the Mediterranean after its accession to the EU. After more than two decades of existence of the unrecognised so-called 'Turkish Republic of Northern Cyprus' (TRNC), Turkish Cypriots positively assessed the prospects for joining the EU, but they simultaneously insisted on the recognition of the independence of the so-called TRNC. As a result, Turkey and the so-called TRNC declared that resolving the crisis under the conditions of the EU's one-sided policy towards Cyprus was not acceptable.<sup>30</sup>

At the same time, another peace plan was formulated in 2004. The plan for resolving the Cyprus crisis, proposed by the UN Secretary, General Kofi Annan, provided for a referendum. Trying to observe the interests of both sides, Greek and Turkish, the UN undertook a number of mutually beneficial measures, which did not meet the needs of the Greek Cypriots. When, despite protests from the Greek side, the UN began to put pressure on Nicosia, Russia stood up for Cyprus. The Deputy Ambassador of the Russian Federation to the UN said that the UN resolution on the Cyprus conflict was unacceptable because it did not solve the most difficult issues related to property rights, the fate of Turkish settlers and the withdrawal

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<sup>29</sup> S.V. Starkin and E.V. Lebedeva, (2013) 'Kiprskaja problema v kontekste realizacii strategii ES po uregulirovaniju jetnokonfessional'nyh konfliktov' ['Cyprus Problem in the Context of the Implementation of the EU Strategy to Resolve Ethnic and Religious Conflicts], *Obshhestvo: filosofija, istorija, kul'tura*, Vol. 4 33-36 [in Russian].

<sup>30</sup> Ibid.

of Turkish troops. Russia used its veto power, and the Cyprus issue remained open, but the Russian-Cypriot relations improved even more.

Apart from a history of constructive political relations post-1991, economic relations between the two States also demonstrate important growth and development. In the 1990s, Cyprus became a popular tourist destination for Russians, and the influx of tourists from Russia became an important source of income for the Cyprus economy.<sup>31</sup> The share of tourism is about 11% of the entire economy of Cyprus,<sup>32</sup> and for this reason, at meetings of the heads of the two States, the Cypriot side always mentions tourist flows from Russia. Thus, in November 2008, during a visit to Moscow, Dimitris Christofias, the president of Cyprus, said, 'As for our bilateral relations, I would like to express my satisfaction with their progressive development – literally with their growth in the field of economics and especially in the field of tourism. Russia is becoming one of the main countries supplying tourists to Cyprus, and I would like to thank you for that'.<sup>33</sup>

The period of relations after 1991 is characterised by the intensification of mutual visits of the heads of two States. In 2008, the 'Joint Declaration on Further Intensification of the Relations of Friendship and Comprehensive Cooperation between the Republic of Cyprus and the Russian Federation' was signed. The declaration listed the spheres of mutual interest, while reaffirming that Russia supported a 'just and viable settlement in Cyprus' on the basis of the UN Security Council resolutions and High Level Agreements of 1977 and 1979, which called for the transformation of the unitary state into a bi-communal, bi-zonal federation with a single sovereignty, citizenship and international personality.<sup>34</sup>

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<sup>31</sup> V.V. Lomako, 'Rossijsko-kiprskie otnoshenija: osobennosti turisticheckoj sfery sotrudnichestva' ['Russian-Cypriot Relations: Tourist Sphere of Cooperation'], in *Grecija i Kipr: jazyk, kul'tura, istorija, sovremennost'*. *Materialy IV Mezhdunarodnoj nauchno-praktičeskoj konferencii jellinistov* [Greece and Cyprus: Language, Culture, History, Modernity. Proceedings of the IV International Scientific Practical Conference of Hellenists], eds. I. Kakoliri and L.N. Miroshnichenko (Krasnodar: FGBOU VO KubGU, Centr grečeskogo jazyka pri Ministerstve obrazovanija Grecii, 2018) [in Russian].

<sup>32</sup> M.A. Voronina, 'Osobennosti razvitija turizma v Respublike Kipr' ['Characteristics of Tourism Industry in the Republic of Cyprus'], in *Geografičeskie nauki i obrazovanie: Materialy X Vserossijskoj nauchno-praktičeskoj konferencii* [Geographical Sciences and Education: Proceedings of the X All-Russian Scientific and Practical Conference] (Astrakhan': Astrakhan' State University, 2017) 97-100 [in Russian].

<sup>33</sup> President of Russia, 'Nachalo rossijsko-kiprskih peregovorov v rasshirennom sostave' ['The Beginning of the Russian-Cypriot Negotiations in an Expanded Format'], Official Website (19 November 2008), available at <http://kremlin.ru/events/president/transcripts/2125> [in Russian].

<sup>34</sup> Joint Declaration on Further Intensification of the Relations of Friendship and Comprehensive

In 2010, on the 50<sup>th</sup> anniversary of the establishment of diplomatic relations between the countries, the president of Russia, Dmitry Medvedev, came to Cyprus for the first official visit in the history of bilateral relations. The meeting of President Medvedev with President Christofias ended with the signing of multiple cooperation agreements in a wide spectrum of areas, the field of taxation included. The latter was very important not only for both States, but also for Russian companies. Revenues from servicing offshore businesses occupy the second highest position in Cyprus' economy after the tourism industry. Cyprus investments in the Russian economy are also steadily increasing, while Cyprus is steadily among the top three countries in terms of investment.<sup>35</sup>

Cooperation between different regions of Russia and Cyprus enhance bilateral economic relations. Since 1992, the intergovernmental agreement with the Republic of Cyprus on cooperation in the development of the Black Sea region of Russia has been in effect, providing for the development of economic relations with the Krasnodar territory. Cypriot construction and financial companies also participated in investment projects of rebuilding Sochi for the 2014 Winter Olympics.

Russian-Cypriot cooperation also rely on strong historical and spiritual ties. An important aspect of the support of the Greek population was the Orthodox faith and the Russian-speaking population in Cyprus, which in some parts of the country amounts to a high percentage. For example, the Russian population in Limassol amounts to between 8 and 9%.<sup>36</sup>

Dialogue between the countries did not stop after 2014, when Russia experienced international isolation after the start of the Ukraine crisis. While Greece joined anti-Russian sanctions, Cyprus, despite its membership in the European Union and extensive American and British influence on the island, maintained the same level of relations with Russia. Although there is EU pressure, the Republic

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Cooperation between the Republic of Cyprus and the Russian Federation (19 November 2008), available at [https://cyprus.mid.ru/web/cyprus\\_en/joint-declaration-on-further-intensification-of-the-relations-of-friendship-and-comprehensive-cooperation-between-the-republic-of-cyprus-and-the-russian-federation](https://cyprus.mid.ru/web/cyprus_en/joint-declaration-on-further-intensification-of-the-relations-of-friendship-and-comprehensive-cooperation-between-the-republic-of-cyprus-and-the-russian-federation).

<sup>35</sup> V.V. Lomako, (2016) 'Rossijsko-kiprskie svjazi v sfere biznesa: istorija stanovlenija partnerskih ot-noshenij, osnovnye napravlenija sotrudnichestva' ['Russian-Cyprus Business Relations: The History of Partnerships, the Main Areas of Cooperation], *Klio*, Vol. 8, No. 116 [in Russian].

<sup>36</sup> C. Melakopides and M.N. Salvaridi, (2011) 'Rossija i Kipr – primer "pragmaticheskogo idealizma"' ['Russia and Cyprus – An Example of "Pragmatic Idealism"'], *Nauchno-analiticheskij zhurnal Obozrevatel' – Observer*, Vol. 8, No. 259 [in Russian].

openly criticises the sanctions imposed on Russia, saying that they will give rise to even greater economic complications for the EU.

Because of the anti-Russian sanctions, trade turnover between Russia and Cyprus decreased after 2014. According to the Federal Customs Service of the Russian Federation, in 2016, the turnover between Russia and Cyprus amounted to USD 334,5 million; in 2017 it amounted only to USD 216.4 million.<sup>37</sup> However, Cyprus continues investing in the Russian economy, and Russian tourists continue visiting Cyprus. According to the Bank of Russia, as of 1 January 2016, the amount of accumulated direct Cyprus investments in the Russian economy was USD 9.45 billion, the amount of Russian investments in the Cyprus economy was USD 92.2 billion. Rosstat reports that, in 2016, more than 800,000 Russians visited the country, which resulted in the fact that, in 2018, according to the Federal Customs Service of the Russian Federation, Russia's trade with Cyprus amounted to USD 798.5 million, an increase of 154% compared with 2017.<sup>38</sup> In March 2018, Cyprus and Russia concluded an agreement on the creation of a joint platform for the development of innovations.

Moreover, Russia and Cyprus began to increase military cooperation. In 2015, Russia and Cyprus renewed the expired Treaty on Military Cooperation. Pursuant to its provisions, the Russian navy is able to use the Limassol base, while Russian ships and aircrafts retained the right to use the Andreas Papandreou base, but only for the transportation of humanitarian aid. The ability to carry out humanitarian missions and repair ships of the Russian Navy in Cyprus is important in light of the Syrian civil war. At the same time, this friendly stance towards Russia to a certain extent aggravates Cyprus relations with its allies within the EU.

## Conclusion

During the Soviet years, bilateral relations between USSR and Cyprus were more dependent on the interests of the Soviet Union, which was interested in having a friendly ally in the Mediterranean region. Relations between Russia and Cyprus in the period from 1991 were developing based on their traditional alliance and on a large number of executed agreements, which enhanced cooperation between the

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<sup>37</sup> RIA Novosti, 'Mezhgosudarstvennye otnosheniya Rossii i Kipra' ['Interstate Relations of Russia and Cyprus'], *Ria-Novosti* (24 October 2017), available at <https://ria.ru/20171024/1506250481.html> [in Russian].

<sup>38</sup> Russian-Trade.com, 'Torgovlja mezhdru Rossiej i Kiprom v 2017 g' ['Trade Between Russia and Cyprus in 2017'], *Vneshnjaja torgovlja Rossii* (14 February 2018), available at <http://russian-trade.com/reports-and-reviews/2018-02/torgovlja-mezhdru-rossiej-i-kiprom-v-2017-g/> [in Russian].

two countries. Russia's position with regard to the Cyprus settlement remained unchanged and the ultimate goal was a unified state in terms that satisfy the Cypriot side. Cyprus, in turn, criticises western sanctions against Russia, although Cyprus is a member of the EU. The extension of the military treaty is also important for Russia in terms of ensuring military and humanitarian support for the Syrian operations, since it allows them to solve strategic tasks to ensure the combat capability of the Russian military base in Syria. No matter how pragmatic, Russian relations with Cyprus have remained friendly for decades despite the changing international environment.

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# The Cyprus Issue: the View from Russia

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## Abstract

*Being an heir of the USSR, modern Russia has always advocated independence and territorial integrity of Cyprus. It was particularly true of those historic moments when the viability of Cyprus' Statehood was subjected to a severe ordeal. Russia, as a permanent member of the UN Security Council, encouraged, encourages, and continues to facilitate all efforts under the aegis of the UN Security Council to achieve a viable, just, and comprehensive settlement of the Cyprus issue. The Russian Federation tends to support and develop friendly ties with the Republic of Cyprus in all spheres. A solid system of inter-state and inter-governmental agreements and contracts that were brokered when the Cypriot State was established effectively proves that Russian-Cypriot ties are multifaceted and conducted on a high level. Legal framework of bilateral relations goes on enriching itself, while it is constantly improved against the backdrop of the world economic crisis and complexity of European and global situation. Cooperation between Russia and Cyprus is based on friendship and mutual benefits. It does not depend on temporary or instantaneous difficulties. Hence, the statement made by the Russian Foreign Minister, Mr. Lavrov, is believed to be acute, 'Cyprus is an important and long-time partner of Russia in Europe. Our cooperation rests on the long-standing bonds of friendship and mutual sympathy, on the spiritual and cultural kinship of our people and serves the cause of security and stability in the Eastern Mediterranean, on the European continent as a whole'.<sup>2</sup>*

**Keywords:** the Cyprus issue, Russia-Cyprus relationship, the Cyprus settlement, Russia and Cyprus, United Nations

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<sup>2</sup> Ministry of Foreign Affairs of the Russian Federation, Press Release No 377-22-02-2019 'Speech by the Russian Minister of Foreign Affairs Sergey Lavrov at a Joint Press Conference following Talks with the Minister of Foreign Affairs of the Republic of Cyprus N. Christodoulides (Moscow, 22 February 2019)', available at [http://www.mid.ru/web/guest/meropriyatiya\\_s\\_uchastiem\\_ministra/-/asset\\_publisher/xK1BhB2bUjd3/content/id/3540202](http://www.mid.ru/web/guest/meropriyatiya_s_uchastiem_ministra/-/asset_publisher/xK1BhB2bUjd3/content/id/3540202).

## Cyprus within the Sphere of Great Geopolitical Powers' Interest

In defining the relationship between Russia and Cyprus one should take into consideration the fact that, for both the Soviet Union and later the Russian Federation, Cyprus was of vital importance in terms of enhancing its strategic influence in the eastern part of the Mediterranean region and in the Middle East.

When the Cold War was in full swing, superpowers, such as the USSR and the US, expressed their interest in Cyprus to get the upper hand on the global stage. Thus, the interest of the global players in Cyprus can be traced back to the strategic importance of the island. Cyprus has been a vital bridgehead during its history, as it is located at the crossroads of three continents and major trade routes, linking the east and the west together. The island essentially was the farthest eastern point of the Mediterranean basin, and it could be used in practice to conduct large-scale land, naval, and air operations in the Middle East.

While the US tried to contain the conflict and keep Cyprus under western control, the USSR pursued the goal of influencing politics of Cyprus in order to insulate the island from NATO's interests. Moreover, the USSR's involvement could be attributed to its broader regional interests. The major goal –to get access to the Mediterranean Sea– used to be seen as a catalyst for Soviet foreign policy. At the same time, the significance of transportation of Middle Eastern oil for western economies forced USSR to act in that region.

First, Cyprus was the country where the 'Left' gained a foothold. The local communist party, AKEL (the *Progressive Party of Working People*), was definitely the most powerful political organisation on the island. It was loyal to Moscow, stuck to independence and took an anti-western position on the Cyprus issue. It also supported demilitarisation, and favoured the ousting of the two British military bases<sup>3</sup>.

Secondly, when the Government of the Republic of Cyprus gained its independence, it started pursuing the policy of non-alignment and developing friendly ties with Moscow. President Makarios<sup>4</sup> turned to Moscow for military and diplomatic help several times in order to counter western pressure and American plans to tackle the conflict according to the western scenario<sup>5</sup>.

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<sup>3</sup> A. Stergiou, (2007) 'Soviet Policy Towards Cyprus', *The Cyprus Review*, Vol. 19, No. 2.

<sup>4</sup> Archbishop Makarios III, of the Church of Cyprus and the first President of Cyprus (1960-1977).

<sup>5</sup> A. Stergiou, *Soviet*, 93

Thirdly, the USSR treated the Cyprus conflict as a possible source of disputes and instability within NATO. In other words, supporting the conflict could have undermined unity of the Euro-Atlantic bloc<sup>6</sup>.

With the conflict escalating and entering a critical phase, Soviet participation in the Cyprus issue reached a climax during the 1960s being transformed into diplomatic support of the island's government, independence, territorial integrity, and its policy of non-alignment.

Against the backdrop of the tragic events in 1964, the US made an effort to contribute to a ceasefire, thus avoiding a military confrontation between Greece and Turkey in the first place. At the same time, the US tried to prevent the UN and the Soviet Union from interfering in the issue. Washington D.C. believed involvement of multilateral organisations with a view of solving the conflict (through the UN) would give communist countries leverage on that strategically located island.<sup>7</sup>

Therefore, the US suggested deploying a ten thousand strong UN peacekeeping contingent on the island. The Cyprus authorities strongly rejected that proposal and insisted on favouring only international peacekeeping forces approved by the UN Security Council. The US tried to influence the Cyprus authorities then by laying down conditions under which neither the US nor other western countries could do anything to stop Turkey from conducting a military invasion provided the latter resorted to its unilateral right to interfere in Cyprus internal affairs.<sup>8</sup>

Despite joint pressure from the US and the UK, and in the face of a Turkish invasion, Cypriot authorities remained adamant. The US proposals to act as a sole mediator were rejected and then Cyprus reached out to the UN Security Council to counter aggression and interference in its internal affairs. Cyprus' steadfast position could also be attributed to the stable support of the USSR. The Cyprus president received Moscow's assurances that the Soviet Union would give its full support in case of confrontation with the West. These commitments were forwarded by the Soviet ambassador in Nicosia, Mr. Ermoshin, and were published in official statements in the Soviet newspapers *Pravda* and *Izvestiya*, as well as in the Soviet news and information agency TASS. Makarios was dubbed 'Mediterranean Castro' in

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<sup>6</sup> Ibid., 95

<sup>7</sup> G. Ball, *The Past Has Another Pattern: Memoirs* (New York/London: Norton, 1982) 340.

<sup>8</sup> See Zurich & London Agreements, in *Conference on Cyprus: Documents Signed and Initialled at Lancaster House on 19 February 1959* (London: HMSO, 1959) (Cmnd. 679); see also M. M. Whiteman, *Digest of International Law*, Vol. I (Washington DC: US GPO, 1963) 525-529.

Washington D.C., and the US believed force and intimidation to be the only means of communicating with him.

The first Soviet arms were shipped to the island in early 1964.<sup>9</sup> The harsh message that the Soviet leader Mr. Khrushchev sent to President Johnson was the culmination of the Soviet support. He condemned the US initiative, which was essentially aimed at NATO troops occupying the Republic of Cyprus, which adhered to the Non-aligned Movement.<sup>10</sup> The Soviet head of state accused the US and other western countries of trying to make Cyprus do what they wanted, despite the desire of the Cyprus government to reach a solution through the UN. Khrushchev explained in his message that, although the USSR did not border the Republic of Cyprus, it could not remain aloof from that situation developing in the eastern part of the Mediterranean Sea, which was not far away from the southern border of the USSR, provided how dramatically the term 'distance' changed at that time.

The UN Security Council became an open forum for debates about the Cyprus issue between the US and the USSR. On the one hand, the permanent representative of the Soviet Union to the UN, Mr. Fedorenko, claimed the reasons for misunderstanding between the communities could be traced back to the Zurich and London Agreements that were dictated to Cyprus by western countries. On the other hand, the US representative to the UN, Mr. Stevenson, advocated for these agreements. He claimed that the three guarantors were entitled to invade the island, whether together or separately, under the Guarantee<sup>11</sup> Treaty<sup>12</sup>. Nevertheless Mr. Fedorenko made his point in the dispute: How could a country be treated as an independent one if third countries had a right to interfere in its internal affairs? The Guarantee Treaty squarely contradicted the main principle of the UN.

Cyprus is said to have won, with the assistance of the USSR, the first round in its confrontation with the US. The Resolution 186 was adopted by the UN Security Council on 4 March 1964. It urged all countries to abstain from any kind of invasion against Cyprus. The UN Security Council also recommended sending the United Nations Peacekeeping Forces to Cyprus (UNFICYP) with a view of preventing

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<sup>9</sup> T.W. Adams and A. J. Cottrell, *Cyprus between East and West* (Baltimore: Johns Hopkins Press, 1968) 35.

<sup>10</sup> Letter from Chairman Khrushchev to President Johnson, in J.S. Joseph, *Cyprus: Ethnic Conflict and International Politics* (London: Palgrave Macmillan, 1997) 155.

<sup>11</sup> Treaty of Guarantee (Cyprus – Greece – Turkey – United Kingdom) (signed & entered into force 16 August 1960) *United Nations Treaty Series*, Vol. 382 3.

<sup>12</sup> 'Stevenson Urges Quick Agreement for Cyprus Peace', *The New York Times* (20 February 1964).

armed conflicts, maintaining law and order, and getting the country back on track. In addition, the UN Cyprus mediator was appointed.

The US, on its part, tried to bring Greece and Turkey to the negotiating table. When Greek and Turkish prime ministers, Mr. Papandreou and Mr. İnönü, respectively, were invited to Washington D.C. to take part in negotiations with President Johnson, the latter reminded them of the Soviet 'threat' and the unity of the UN. The American president called on the parties to overcome contradictions between the communities and firmly counteract communist aggression. He asked them to treat the problem more broadly in terms of confrontation between the west and the East. The US attempted to force the Greek government to exert its influence on the Cyprus authorities and to persuade them 'to quit flirting with Moscow and Mr. Khrushchev'.<sup>13</sup> Nevertheless neither the Greek nor the Turkish party showed any substantial interest in carrying out negotiations in that direction.<sup>14</sup>

The Cypriot leadership made the official request to Kremlin for military aid to protect independence of their country. Moscow immediately gave the green light. The Soviet navy, which had appeared several times before, ostentatiously headed for Cyprus. At the same time Soviet arms, including heavy and anti-aircraft artillery, tanks and torpedo boats were shipped to the island in large numbers. The USSR warned Turkey off dropping bombs on Cyprus with impunity, as it might result in a 'boomerang effect'.<sup>15</sup>

Thus, the effect of counterbalancing confrontation between superpowers became the crucial factor in the Cyprus issue, while the ethnic community aspect was downplayed because there was political and strategic, as well as an ideological, confrontation between Moscow and Washington DC. The involvement of superpowers and transformation of the conflict into a Cold War dispute transferred the issue to a new dimension and worsened regional and ethnic disagreements. Ethnic and ideological factors taken together changed the situation from bad to worse.

### **Changing the Status Quo: The Crisis of 1974**

New political forces, unfriendly to the USSR, ascended to power in Greece. Rather than targeting Turkey, the Kremlin targeted Greece together with the US and

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<sup>13</sup> A. Papandreou, *Democracy at Gunpoint: The Greek Front* (Garden City NY: Doubleday, 1970) 133.

<sup>14</sup> UNSC Res. 186 (1964), 'The Cyprus Question', UN Doc. S/RES/186 (4 March 1964).

<sup>15</sup> J.S. Joseph, *Cyprus: Ethnic Conflict and International Politics* (London: Palgrave Macmillan, 1997).

NATO. That change could be attributed to the revival of Soviet-Turkish neighbourly relations, which started in 1965.<sup>16</sup> One should shed light on that fact. Turkey was ready<sup>17</sup> to invade Cyprus in summer 1964. Nevertheless, it did not benefit either the US or NATO in general, as it could have resulted in a large-scale war between Turkey and Greece,<sup>18</sup> which in its turn could have undermined the south-eastern flank of the alliance. Hence, President Johnson sent a letter to the Turkish Prime Minister, Mr. İnönü. The main idea of the letter was that if a Turkish invasion of Cyprus entailed direct intervention of the Soviet Union, the NATO allies would not back Turkey.<sup>19</sup> Right after the letter was published in the Turkish press, Turkey decided not to invade,<sup>20</sup> and thus Johnson's letter made Ankara reassess its foreign policy, which eventually led it to forge closer ties with the USSR.

The Soviet Union announced its full support of Makarios in the UN Security Council<sup>21</sup>, where the USSR and the US exchanged their points of view in the context of the Cold War and in the environment that gave the taste of the Caribbean crisis of 1962. Thus, the crisis in 1967 was resolved through diplomatic channels, but the need to settle worsened ethnic and political conflict remained.

A number of agreements on the Cyprus issue between Greece and Turkey were negotiated in the course of the NATO Lisbon session in 1971. The Greek government<sup>22</sup> suggested creating a position of a minister for autonomy of the Turkish community (or a position of a deputy minister) within the Cyprus government according to one of the terms<sup>23</sup>. The post was to be held by a Turkish national. Greece exerted pressure on Cyprus in advance to force them to accept the demand of the Turkish community, although Makarios rejected that plan, underlining that it could have resulted in a State within a State situation.<sup>24</sup>

The situation on the island was evaluated in the USSR in December 1971. The plan approved at the NATO session in Lisbon meant Cypriots agreeing to the dou-

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<sup>16</sup> *Ibid.*

<sup>17</sup> 'Johnson Warns Inonu on Cyprus', *The New York Times* (6 June 1964).

<sup>18</sup> A.P. Kyriacou, (2000) 'A "Just and Lasting Solution" to the Cyprus Problem: In Search of Institutional Viability', *Mediterranean Politics*, Vol. 5, No. 3 65.

<sup>19</sup> Letter from President Johnson to Premier Inonu (1964), in Joseph, *Cyprus* 158.

<sup>20</sup> . Stergiou, *Soviet*, 95

<sup>21</sup> 'Soviet Pledges Support', *The New York Times* (1 January 1964).

<sup>22</sup> The military junta was in power in Greece from 1967 until 1974.

<sup>23</sup> D.B. Chogla, *Foreign Policy of Turkish Republic During the Second Half of the XX Century* (Krasnodar 2015) 78, available at <http://refleader.ru/polatyrnaujgige.html> [in Russian].

<sup>24</sup> Ch. Kassimeris, *Greece and the American Embrace* (London-New York: I.B. Tauris, 2010) 94.

ble *enosis* (union) that is to divide the island between Turkey and Greece. There was also information about Greek officers serving in the Cyprus National Guard who conducted a sabotage aimed at undermining State pillars of the Republic of Cyprus. They also reportedly interfered in its domestic politics and grossly violated their residence status.<sup>25</sup>

The Secretary General of AKEL highlighted, 'When plans to solve the Cyprus issue, proposed by Dean Acheson,<sup>26</sup> fell through, the imperialistic groups in NATO started to cherish the idea of toppling the legitimate regime through the local revolutionary groups which were lavishly supplied by them with money and arms'.<sup>27</sup>

The strategic doctrines of the Cold War that shaped policies on Cyprus in the US and in the USSR in 1960s were once again in the spotlight during the crisis in 1974. The US wanted to include Cyprus in NATO's sphere of influence, as the Acheson plan purported. The USSR aspired on the one hand to encourage Cyprus' non-alignment policy and on the other hand to support the pro-Soviet government. Cyprus was in the middle, balancing the opposing interests of Greece and Turkey, of the west and the East. The final aim of the Cyprus authorities was to create an independent and united Cyprus, a State in which the interests of the ethnic majority remained a priority. Improvement of the Soviet-Turkish relationship and establishment of friendly ties between the US and the Greek junta became important elements of rival national and strategic interests concerning Cyprus.

A bloody coup, staged in 1974 in Cyprus, resulted in disturbing a fragile balance on the island. It was characteristic of the US not to condemn the coup. On the contrary, it was the only country, apart from Greece, to be inclined to recognise the new regime in Nicosia.<sup>28</sup> Makarios had to leave the country temporarily, which deprived the Soviet Union of the important leverage on the island. Then the events started to develop logically and rapidly. Turkey invaded the island on the pretext of defending Turkish Cypriots. The USSR condemned the Greek coup, calling it an American conspiracy against Cyprus, and demanded to reinstate Makarios.

During the UN Security Council session in summer 1974, the Soviet delegation, without mentioning Turkey, accused Greece, the US, and NATO of trying to eliminate the Cyprus political leadership. This fact was put down to a better So-

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<sup>25</sup> 'NATO's Machinations in Cyprus', *The Pravda Newspaper* No. 351 (17 December 1971) [in Russian].

<sup>26</sup> US Secretary of State in 1949-1953.

<sup>27</sup> B.M. Potskhveria, *Turkish Foreign Policy in 60s early 80s* (Moscow: Nauka, 1986) 232 [in Russian].

<sup>28</sup> Joseph, *Cyprus* 72.

viet-Turkish relationship. Close political and economic ties between Moscow and Ankara had been established by 1974, against the backdrop of a tense Turkish-US relationship. Establishment of these ties was in the interests of the Soviet Union, which wanted to deepen the split within NATO.

If you evaluate the situation objectively, a quite logical question will then arise. Why did the US not put an end to Turkish aggression in spite of possessing some leverage over Turkey? First of all, the ouster of Makarios benefited the US. Secondly, any further act of aggression against Turkey by the US could have triggered yet better ties between the USSR and Turkey. Moreover, the consequences of the Turkish intervention coincided with the articles in Acheson's plan, put forward in 1964.

Both the US and the USSR did not attempt to stop the Turkish army from moving inland. Due to the strategic importance of the island, both countries tried to win Turkey over, which in its turn created conditions for Turkey to occupy Cyprus.

When Turkey initiated the second massive attack on Cyprus, Greece officially turned to NATO Secretary General, Mr. Luns,<sup>29</sup> requesting to hold the council of ministers meeting to exert pressure on Turkey. However, Luns refused to do it or to take any active measures to interfere in the conflict. The answer to it was the withdrawal of Greece from NATO. It came as a serious blow to the south-eastern flank of the alliance.

The powerful Greek lobby managed to influence foreign policy in the US in 1975. It resulted in imposing an embargo on arms shipments to Turkey. The latter reacted by closing American military bases on its territory. That fact extremely discomposd Washington D.C. and split the western defence system even further, though it created, at the same time, a sense of satisfaction in Moscow. The embargo was lifted by the end of 1978, and military bases resumed their operations.<sup>30</sup>

Thus, the superpowers, pursuing their own strategic interests on the island and in the wider region, took the Cyprus conflict to a new level – from ethnic to global confrontation – hence complicating it and making it harder to resolve.

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<sup>29</sup> 'The Cyprus Test' (9 October 1974), *The New York Times*, available at <https://www.nytimes.com/1974/10/09/archives/the-cyprus-test-foreign-affairs.html>.

<sup>30</sup> Potskhveria, *Turkish foreign policy* 232.

## Strengthening the Key Role of the UN Security Council in the Cyprus Settlement in Post-Cold War Era

Russia, being a permanent member of the UN Security Council and pursuing its strategic interests in the Eastern Mediterranean region, aspired to be actively engaged in settling the Cyprus issue, although the US and the EU pressure would offset Russia's activities concerning that problem. After the break-up of the USSR, Russia was more engaged in domestic politics than in the foreign policy matters.

Starting from the late 1990s, Russia's foreign policy concerning the Cyprus issue was on the rise because its leadership wanted to reinstate the country's prestige and influence on the international stage. Russia is known to be an advocate for Greece's interests and that of Greek Cypriots. It can be accounted for by their religious (Orthodox) and allied ties. History shows that Russia and Greece do not have differences as far as the situation in the Mediterranean region, in the Balkans, in the Middle East, and in the Black Sea is concerned.

Military cooperation between the two countries is of interest, too. NATO members were only able to purchase military equipment produced by the US or other European countries. However, Greece became the exception to this rule, when it was the only country to purchase arms from Russia. Whereas purchasing Russian missile systems S-300 was high on the agenda set by the Greek Cypriots in 1997 and 1998, it caused quite a stir among the Turks, who believed it to be a direct threat to their security.<sup>31</sup> The Cyprus authorities, in order not to worsen the already rising tensions with Turkey, rejected that idea and eventually these systems were deployed in Crete. It became the subject of close military cooperation between Russia and Cyprus.

One should not forget about the economic facet of bilateral cooperation. Cyprus is an important business and financial hub. Low corporate tax, low operation costs, and different tax refunds created favourable conditions that attracted thousands of foreign companies and individuals to the Cyprus offshore zone. Hence, after the break-up of the USSR, more than 30,000 Russian companies and 30 Russian offshore banks were established. Such a great number of Russian companies cannot be found elsewhere, other than in Cyprus, which made the country vitally important to Russians. After the Republic of Cyprus joined the EU on 1 May 2004, the

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<sup>31</sup> E. Athanassopoulou, (1997) 'Blessing in Disguise? The Imia Crisis and Turkish-Greek Relations', *Mediterranean Politics*, Vol. 2, No. 3 76.

Republic started to lose its offshore attractiveness. The tax reform implemented in 2002, at the EU's request, preceded the accession to the Union. Starting from 2003, the corporate tax was increased to 10% from 4.25%. Despite the fact that the EU and Cyprus legislation impeded Russian capital flows after the Cyprus joined the EU,<sup>32</sup> Cypriot authorities paid special attention to ties with Russia, as they were a kind of alternative to the relationship with the US and Russian investment contributed to developing the economy. Russia, in turn, tended to support the Cypriot authorities, implementing a coherent policy to settle the Cyprus issue.

Russia treats the Cyprus issue as a serious international problem. The unresolved Cyprus question creates tension in the Eastern Mediterranean region. Russia continues to adhere to a definite and consistent position in order to resolve the Cyprus issue peacefully and politically, taking into account interests of the Cypriots – both Greek and Turkish. To create conditions in order to find compromises on the Cyprus issue, one needs to ‘minimise the external pressure’, according to President Putin.<sup>33</sup> A comprehensive, just and viable settlement is possible within a framework of the UN Security Council resolutions on Cyprus. Free will of both Cypriot parties accounts for a viable settlement. Any decision dictated to Cypriots externally, as there have been many likewise cases in the contemporary history of Cyprus, will not be viable and functional.

Russia respected the results of both referendums that the Greek and Turkish communities had on the last version of the *Annan Plan*, which took place on 24 April 2004. The Russian government considered them to reflect the citizens’ democratic and free will.<sup>34</sup> It is worth recollecting that Moscow’s interest and active participation resulted in blocking the UN Security resolution on Cyprus, which had been proposed by the US and the UK two days prior to the plebiscites (Russia vetoed the resolution in 1994 when the Bosnia issue was on the agenda). It involved carrying out a UN peace-making operation on the island, implementing an embargo on arms shipments to Cyprus, sanctioning the extension and a change of the UN mandate, which had been in effect in Cyprus from 1964. Russia considered approving the resolution before releasing the results of the referendums to exert pressure on

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<sup>32</sup> D.U. Eralp and N. Beriker, (2005) ‘Assessing the Conflict Resolution Potential of the EU: The Cyprus Conflict and Accession Negotiations’, *Security Dialogue*, Vol. 36, No. 2 178.

<sup>33</sup> ‘In the interests of Russia and Turkey’, *Krasnaya Zvezda (The Red Star)* (2 September 2004), available at [http://old.redstar.ru/2004/09/02\\_09/3\\_01.html](http://old.redstar.ru/2004/09/02_09/3_01.html).

<sup>34</sup> A. Suleymanov, (2019) ‘Cyprus Problem: History and Present’, *Mirovaya ekonomika i mezhdunarodnye otnosheniya*, Vol. 63, No. 2.

the island's population. According to the Permanent Representative of the Russian Federation to the UN *ad interim*, Mr. Gatilov, plebiscites on both parts of the island were 'to be carried out freely, without any interference or external pressure'.<sup>35</sup> It was an attempt for Russia to remind the global community of its former superpower status. Despite prior stages of discussions on the Cyprus issue, Russia was isolated from the negotiations<sup>36</sup> on the *Annan Plan*, and was not even informed that the US and the UK were preparing their own plan back then. Needless to say, the Russian position was welcomed by the Republic of Cyprus with gratitude.

Russia believes that it is necessary to encourage the Cypriots' positive determination to go on working with a view of reaching a lasting peace, unity, and prosperity on the island. The Russian Federation stands for further talks between the Cypriot two communities under the auspices of the UN General Secretary and within a framework of the Good Offices mission. Hence, the set of documents to settle the situation on the island, known as *Annan Plan*, is considered a sufficient basis to carry on the peaceful process in order to settle the Cyprus issue for the benefit of both parties, including achieving an agreement on key aspects of the Cyprus settlement set out in the plan. These aspects encompass constitutional and territorial arrangements, procedures for the return of refugees, international guarantees, and the security of the Cypriot State. Russia is inclined to go on fostering favourable conditions to promote the Cyprus settlement both within a UN Security Council framework and within its cooperation with representatives of both Cypriot communities and other stakeholders, including Greece, Turkey, and the EU.

A new vector of the Cyprus issue, forming in the course of Cyprus becoming a full EU member, and the EU's decision in 2005 to start negotiations with Turkey on its accession to the EU, transformed the settlement process.<sup>37</sup> The EU principle decision to start negotiations with Turkey on its accession to the EU created favourable conditions to solve the Cyprus issue. At the same time, the European path not only abolished but increased the necessity to maintain and enhance the key role of the UN and the UN Security Council in the global community's further attempts to find a lasting and comprehensive solution to reunite the island in accordance to the

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<sup>35</sup> 'Russia Blocked the Adoption of the UN Security Council Resolution on Cyprus', (22 April 2014), available at <https://www.newsru.com/world/22apr2004/kipr.html>.

<sup>36</sup> S. Stavridis, (2006) 'Towards A "European Solution" of the Cyprus Problem: False Promise or Real Opportunity?', *The Cyprus Review*, Vol. 18, No. 1 93.

<sup>37</sup> Z. Önis, (2001) 'Greek-Turkish Relations and the European Union: A Critical Perspective' *Mediterranean Politics*, Vol. 6, No. 3 31.

UN Charter, basic principles and rules of international law, and the UN resolutions on Cyprus.

According to Russian Foreign Ministry Special Representative for Cyprus, Leonid Abramov, it is necessary to foster economic development of the Turkish Cypriots and to gradually create a common economic space on the island. It is important to encourage integration processes in Cyprus instead of fuelling separatism. Levelling the economic conditions of both Cypriot communities will facilitate the final settlement. Russia is open to enhancing economic ties with both communities, although such cooperation is not to be conducted to the detriment of the settlement process or contradict UN Security Council resolutions and international law.<sup>38</sup>

The issue of legitimate contacts with the Turkish Cypriot community in Cyprus was raised during the meeting between Russian President Vladimir Putin and Turkish Prime Minister Tayyip Erdogan, which took place in Sochi in July 2005. Putin arranged a visit of Russian businesspersons to the northern part of the island in order to build bridges and to define methods of cooperating, with a view of starting new perspective projects.

The delegation, headed by the Vice-Chairman of the Chamber of Commerce and Industry of the Russian Federation Georgy Petrov, paid a visit to Cyprus in November 2005. A trilateral meeting between the Russian, the Cyprus and the Turkish-Cyprus Chambers of Commerce took place. The Russian delegation also had an informal meeting with the president of the Turkish-Cyprus Chamber Salih Tunar, and members of its management. The aim was to establish contacts with the representatives of the Turkish community on the island and find possible ways of legitimate trilateral cooperation between Russian and Cyprus businesspersons, with the parties to negotiations complying with travel procedures adopted by the Cyprus Government regarding crossing the 'Green Line', as well as with the necessity to carry out foreign trade. The discussions resulted in outlining the following perspective spheres of cooperation: water and electricity supply, tourism, and agricultural products, mainly citrus. Parties also agreed on establishing information exchange on a constant basis with a view of signing a respective agreement between the chambers.

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<sup>38</sup> L. Abramov, (2010) 'Cyprus Settlement in the Context of Modern Approaches to European Security', *Russian State University for Humanities Bulletin*, Vol. 47, No. 4, available at <http://www.bibliorossica.com/book.html?currBookId=17927>.

Putin gave definitive answers concerning Russian foreign policy at his press conference in January 2006<sup>39</sup>. He explained Russia's position on Cyprus among other things. He said:

'As far as our policy on Cyprus is concerned, it has not changed. However, we would like it to be balanced and we want all parties to that process, which is the Turkish Republic, the northern part of Cyprus, Greece and the Republic of Cyprus, to respect what Russia does on the global stage in general and how it handles the Cyprus issue in particular. We will go on cooperating with the UN Secretary General. We believe that only people living on the island can determine their future. We hope that compromises satisfying both the northern and southern parts of the island will be found. We consider the northern part to demonstrate a clear perseverance to reach settlement. It is worth encouraging. In any case it would be quite just as far as joint economic ties with the northern part of Cyprus is concerned without violating the balance of interests and without violating Russian relationship both with Greece, with which we have had very close and friendly ties for centuries, and with Cyprus as a State.'

It is worth noting that Moscow's and Ankara's approaches towards that issue coincide, through community-based economic assistance to reunite the island. Encouraging integration processes on the island by all stakeholders will boost a settlement of the Cyprus issue. Russia is ready to move in that direction with a view of reaching a mutually beneficial settlement of that situation.

### **Fresh Hopes for Restarting Negotiations**

Later on, the fact that Russia welcomed a new President of Cyprus, the late Demetris Christofias, who was elected in February 2008, can be put down to his arrival in Moscow in late 1960s to study at the Institute for Social Sciences in Moscow. He finished a postgraduate programme at the Academy for Social Sciences and received a PhD in History.

He made his first official visit to Moscow in November 2008. The first meeting between Christofias and Russian President, Dmitry Medvedev (2008-2012), took place on 19 November 2008. Christofias admitted that there was a 'spark' of understanding and sympathy between them during the first meeting that facilitated further contacts and negotiations. He also underlined that,

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<sup>39</sup> 'Press Conference of the President of the Russian Federation' (Moscow, 31 January 2006), available at <http://www.kremlin.ru/events/president/transcripts/23412>.

'[...] friendly ties and cooperation between two nations have deep roots. They can be traced back to the period when the Republic of Cyprus got its independence. They are based on cultural and spiritual traditions. After gaining independence we have rich ties based on mutual support and understanding. The Russian-Cyprus relationship is the one that must develop between countries. They can be a striking example to the many'.<sup>40</sup>

The two presidents discussed developing their relationship in all spheres, the global situation, as well as economic, cultural, and humanitarian cooperation. The heads of the two States signed a political declaration – the first such document in the history of relationship between Cyprus and both the USSR and the Russian Federation. The parties pledged the necessity of reaching a comprehensive, just and viable settlement in Cyprus based on relevant UN Security Council resolutions adopted in 1977 and 1979, in accordance with the Joint Declaration on Further Intensification of the Relations of Friendship and Comprehensive Cooperation between the Cyprus and Russia. It would allow to transform the unitary State of the Republic of Cyprus into a bi-communal, bi-zonal federation, enjoying a single sovereignty, citizenship, and international personality, which in its turn reflects political equality the way it is defined in the respective UN Security Council resolutions. Being a permanent member of the UN Security Council, the Russian Federation took on obligations to support a mutually agreed solution between Greek and Turkish Cypriot communities without arbitrations and artificial timetables, where at the same time safeguarding the Cypriot ownership of the process.<sup>41</sup>

The Russian-Cyprus talks resulted in signing the following documents:

1. the agreement between the Government of the Republic of Cyprus and the Government of the Russian Federation for Cooperation in the field of Public Health and Medical Science;<sup>42</sup>
2. the memorandum on cooperation between the Ministry of Justice of the Russian Federation and the Ministry of Justice and Public Order of the Republic of Cyprus;<sup>43</sup>

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<sup>40</sup> 'Press Statements following the Russian-Cyprus Talks' (Moscow/Kremlin, 19 November 2008), available at [http://www.kremlin.ru/events/president/transcripts/press\\_conferences/1553](http://www.kremlin.ru/events/president/transcripts/press_conferences/1553).

<sup>41</sup> Joint Declaration on Further Intensification of the Relations of Friendship and Comprehensive Cooperation between the Republic of Cyprus and the Russian Federation, available at <http://docs.cntd.ru/document/902161670> [in Russian].

<sup>42</sup> Available at <https://base.garant.ru/2568061/>.

<sup>43</sup> Available at <https://minjust.ru/ru/perechen-soglasheniy-i-dogovorennostey-o-sotrudnichestve->

3. the document regarding cooperation on mutual understanding between the federal service for financial markets of the Russian Federation and the security exchange commission of Cyprus;<sup>44</sup>
4. the joint action programme between Russia Tourism and the Ministry of Commerce, Industry, and Tourism of the Republic of Cyprus for the implementation of the agreement between the two governments on cooperation in the field of tourism;<sup>45</sup>
5. the agreement on cooperation between ITAR-TASS and the Cyprus News Agency;<sup>46</sup>
6. the memorandum on cooperation between the JSC 'VTB Bank' and the Cyprus stock exchange;<sup>47</sup> and
7. the memorandum between Yuniastrubank and the Bank of Cyprus.<sup>48</sup>

Thus, the first meeting between two presidents resulted in boosting ties between Russia and Cyprus in all fields: politics, economics, culture, and humanitarian aid. The heads of the two States were satisfied with both the process and atmosphere of the talks and the documents executed, since they fully reflected the amicable and close cooperation between the two countries.

At the same time, Putin signed an agreement with Turkey on the 'South Stream' in August 2009. After concluding this document, he said, 'Russia is inclined to build relationship both with southern and northern parts of Cyprus to facilitate the Cyprus settlement'.<sup>49</sup> Such announcements aroused mixed feelings among media all over the world, because some of them treated these statements as support of separatism rather than a settlement process on the island.'

The historical visit of the President of Russia, Mr. Medvedev, to Cyprus in October 2010 was the next significant event in the history of two countries. It can be considered historical, because the Russian head paid an official visit to the Republic of Cyprus for the first time. Medvedev held talks with Christofias in Nicosia. Two

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<sup>44</sup> Available at <http://docs2.cntd.ru/document/902178637>.

<sup>45</sup> Available at <https://www.russiatourism.ru/news/938/>.

<sup>46</sup> Available at <http://docs.cntd.ru/document/902161672>.

<sup>47</sup> Available at <https://ria.ru/20081119/155474857.html>.

<sup>48</sup> Available at <https://www.banki.ru/news/lenta/?id=2619892>.

<sup>49</sup> RIA Novosti, 'The Russian Federation will cooperate with Greek and Turkish parts of Cyprus' (6 August 2009), available at <http://www.rian.ru/politics/20090806/179982941.html>.

documents were signed following the meeting: the Joint Programme of Actions for the Period 2010-2013, and the Joint Statement to Commemorate the 65<sup>th</sup> Anniversary of the Defeat of Fascism.

The executive protocol to implement the Agreement on Readmission between the Russian Federation and the European Union was signed by the governments of Russia and Cyprus. The parties entered into negotiations for the protocol to amend the agreement between the governments for the avoidance of double taxation with respect to taxes on income and capital. Furthermore, a memorandum of mutual understanding was signed between the Diplomatic Academy of Russian Foreign Ministry and the Ministry of Foreign Affairs of Cyprus. Another memorandum concerning prevention of stealing, tomb raiding, illicit import, and export of cultural property was also signed between the Ministry of Culture of the Russian Federation and the Ministry of Communications and Works of Cyprus.<sup>50</sup> Additionally, the Ministry of Energy of the Russian Federation and Cyprus' Ministry of Commerce, Industry, and Tourism signed the memorandum of mutual understanding regarding cooperation in the field of energy efficiency and renewed energy. Finally, the Ministry of Transport of the Russian Federation and the Ministry of Communications and Works of Cyprus concluded a memorandum of mutual understanding too.

A number of important documents were also signed:

1. the Joint Programme for the Period 2011-2012 concerning cooperation in the field of Tourism;
2. the declaration of Russian-Cyprus cooperation to modernise the economy;
3. the agreement between the Federal Chamber for State Registration of the Russian Federation and the Ministry of Commerce, Industry and Tourism of Cyprus;
4. the agreement on cooperation between Chambers of Commerce and Industry;
5. the agreement on cooperation between the Federal Chamber for State Registration of the Russian Federation and the Chamber of Commerce and Industry of Cyprus;
6. the memorandum of mutual understanding concerning cooperation in the field of service delivery, scientific researches and education in neurology, genetics and biomedicine; and

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<sup>50</sup> Available at <http://www.kremlin.ru/supplement/731>.

7. the memorandum of mutual understanding between the Stock Exchange 'RTS' and the Cyprus Stock Exchange.

The Russian head gave the Order of Friendship to the President of Cyprus 'for a big personal commitment to closer ties and multifaceted development of the Russian-Cyprus relationship'. Medvedev stated that Russia would do its best to promote a peaceful Cyprus settlement with a view of building a unified sovereign State. 'I told Mr. President that the Russian position had not changed – we will do our best to facilitate the Cyprus settlement to achieve a result. It is worth mentioning – it will be achieved in a peaceful environment without any pushes or excessive impulse,' said Medvedev at a joint conference with the Cyprus President. He added that this was the way the things were to be done in the world community. 'It goes without saying that the aim is to build a unified State with international personality and common sovereignty – the idea proposed by Mr. President', he underlined.<sup>51</sup> At the conference, President Christofias said, 'We are interested in helping Russia to secure the abolition of visa requirements with all EU countries'.

### **Russia: Is it Possible to Resolve the Conflict Today?**

A new phase of the talks to settle the Cyprus issue started in 2014. It is rather natural, taking into consideration the fact that new political parties ascended to power in the Republic of Cyprus and in the northern part.

Besides, it is obvious that the decision to resume talks on a Cyprus settlement may have been triggered by Russia's gradual expansion in the Eastern Mediterranean. In January 2014, the Republic of Cyprus (for humanitarian and emergency cases) gave a green light for Russian Armed Forces to use the Andreas Papandreu airbase in Paphos and to deploy its navy to Limassol. Russia is also known to have a sole base in the Syrian city of Tartus, which might be endangered if the regime changed. The UK and the US retain their presence on Cyprus at the British Sovereign Base Areas of Akrotiri and Dhekelia. They were used during the Iraqi campaign not long ago. Another round of talks that were held in Switzerland ended in stalemate in 2017. The rival parties failed to reach an agreement on the key issue of revising the system of guarantees under the Zurich and London Agreements of 1959. The energy factor added insult to injury. Natural gas deposits were discov-

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<sup>51</sup> 'Joint Press Conference (D. Medvedev & D. Christofias) following the Russian-Cyprus Talks' (Moscow, 7 October 2010), available at [http://www.kremlin.ru/events/president/transcripts/press\\_conferences/9186](http://www.kremlin.ru/events/president/transcripts/press_conferences/9186).

ered off the coast of Cyprus. Experts believe them to be quite significant.<sup>52</sup> Territorial demarcation can play a major role in the Cyprus settlement.

There are several regional actors and other stakeholders who oppose each other: Israel and Cyprus, where these gas deposits were found, and Turkey, which is striving to boost its power in the Mediterranean region, *tout court*. At the same time, the US and Russia are starting to take part in that energy struggle (President Putin discussed with the Palestinian leader if it was possible for Gazprom to develop oil and gas deposits off the coast of Gaza). The opposition will be difficult. It can only show one thing: the settlement of the Greek-Turkish conflict may not be beneficial in such circumstances, as it will inevitably result in powers regrouping and establishing new alliances.

To crown it all, it is worth mentioning that the Cyprus example proves that the inter-ethnic conflict, complicated by internal and external factors, might turn into the inter-state or inter-regional one.<sup>53</sup> If the superpowers interfere, it can add, under certain conditions, destabilising elements to the global level of international relations as well.

In that respect, Russia sincerely and continuously supports efforts aimed at successfully uniting the island on conditions favourable to both communities. The Russian Federation wishes to settle the Cyprus issue honouring the UN Security Council Resolutions and the inter-community agreements under which the island is to become a bi-zonal federation, where Greek and Turkish Cypriot communities could peacefully co-exist and co-evolve.

Russia does not take part in talks on the Cyprus issue, but it wields a limited power to affect the whole process through the UN Security Council where it holds the position of a permanent member. At the same time, the Cyprus issue is not merely a challenge Moscow has faced. The importance of decisions concerning that question shapes the relationship with the main parties engaged in that process. Hence, it is important for Russia not to let situations arise when it would have to be on friendly terms with some countries and make enemies of others. At the same time, tradition-

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<sup>52</sup> M. Diakantonis, 'The Cyprus Problem, the Energy Games and the US Elections', *Liberal.gr* (12 May 2016), available at <https://www.liberal.gr/diplomacy/to-kupriako-ta-energeiaka-paignia-kai-oi-amerikanikes-ekloges/49360>.

<sup>53</sup> M. Hadjipavlou, (2007) 'The Cyprus Conflict: Root Causes and Implications for Peacebuilding', *Journal of Peace Research*, Vol. 44, No. 3.

ally warm ties with Cyprus and Greece together with better relationship with Turkey have let Russia claim to be an unofficial mediator in the Cyprus issue.

The President of the Republic of Cyprus, Nicos Anastasiades, paid an official visit to Russia in October 2017. Following the talks with his Russian counterpart, Vladimir Putin, the latter pointed out, 'We assured Mr. Anastasiades of our principal position that is to justly and comprehensively settle the situation in Cyprus, adhering to the UN Security Council resolution and the agreements between the parties. We strongly believe the Cypriots to make a decision without exerting external pressure and suggesting ready-made recipes'.<sup>54</sup>

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<sup>54</sup> TASS News Agency, 'Putin: the Cyprus Settlement Must not be Dictated Externally' (24 October 2017), available at <https://tass.ru/politika/4673903>.

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# Evolution of Trade and Economic Relations between Russia and the UK: Past and Future

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## Abstract

*From the moment of their establishment in the 16<sup>th</sup> century, the diplomatic relations between Russia and Britain have never been noted for simplicity, even after undergoing a series of transformations since then. However, regardless of the inherent tensions in the relations between the countries, both Russia and the UK remain important trade and strategic partners. In this article, the authors focus on the issues of economic cooperation between Russia and the UK both in retrospect and at the present stage. In particular, they analyse trade relations in terms of the exchange of goods and services, investment flows and cooperation between the business communities of the two countries in the context of the current sanctions situation and Brexit.*

**Keywords:** Russia, the UK, Russian-British relations, sanctions, Brexit, trade and economic relations, political relations, investment cooperation

## History of the Development of Russian-British Economic Relations

The peak of Russian-British cooperation was reached in the first half of the 1990s. This period was characterised by an expansion of areas of cooperation and the signing of new agreements and contracts. Thus, in 1992, the Treaty on Principles of Relations between the United Kingdom of Great Britain and Northern Ireland and the

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Russian Federation was signed, under which the countries committed themselves to maintaining mutual peace and resolving international issues jointly.<sup>2</sup>

In the area of economic cooperation, the treaty envisaged certain terms and condition, under which the UK was obliged to provide support in carrying out market reforms in the Russian Federation. The treaty also identified key areas such as, agriculture, energy, banking, electronics, aerospace, information technology and business development, in respect of which cooperation was subsequently built.

In the same period, the countries concluded an agreement on economic cooperation that envisaged the promotion of long-term favourable economic cooperation and mutual investments.<sup>3</sup> Under this agreement, the parties established the Inter-governmental Committee on Trade and Investment, the activities of which were later suspended on the initiative of the UK side in March 2014.

Between 1993 and 1994, the countries signed agreements in the fields of medicine and public health, as well as an agreement to work together in the fields of education, culture and science. By 1996, the UK and Russia concluded agreements on the use of atomic energy and on scientific and technical cooperation. The two countries also began actively encouraging contacts between its peoples. They particularly promoted the development of mutual tourism, and, in 1999, collaboration in the field of personnel training management was established.<sup>4</sup>

The 1990s also witnessed an expansion of trade and economic cooperation between the two countries, with foreign trade serving as one of the important components of the foreign economic relations. The year 1994 was indicative, as the volume of the total trade turnover exceeded USD 5 billion, with Russia's share being USD 4,2 billion in exports and USD 896 million in imports. The export structure was mainly dominated by diamonds, precious metals, ferrous and non-ferrous metals, timber, petrochemicals, i.e., raw materials.<sup>5</sup>

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<sup>2</sup> I. Sh. Shamugia, 'Russian-British Relations: Current State and Development Prospects', *International Students Scientific Journal*, No.2 (2016), available at <https://www.eduherald.ru/ru/article/view?id=15140> [in Russian].

<sup>3</sup> Embassy of the Russian Federation to the United Kingdom of Great Britain and Northern Ireland: 'Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Russian Federation on Economic Cooperation'. (1992, November 09), available at: <https://rusemb.org.uk/relations/12>.

<sup>4</sup> V.K. Lomakin, *Economy of Britain: A Monograph*. (Moscow, MGIMO (University) of the Ministry of Foreign Affairs of the Russian Federation, 2016). 598.

<sup>5</sup> Goskomstat, *Russian Statistical Yearbook*, (Moscow: Goskomstat of Russia, 1999), 621, available

The imports included machinery and equipment, vehicles, agricultural, and chemical industrial goods. The Russian side brokered implementation of the above priorities in the export-import structure due to the deterioration of its production facilities, while the UK side drew parallels due to the depletion of its own oil and gas reserves.<sup>6</sup>

The first decade of the 20<sup>th</sup> century was characterised by the intensification of relations between Russia and the UK, followed by the revitalisation of the business environment. In particular, as the UK executed the economic cooperation programme with Russia in 2000, its trade turnover increased by 55,3% compared with the previous year. It should be noted that this increase was mainly from imports of raw materials from Russia's fuel and energy complex, constituting 45%, as well as wood products, and precious and nonferrous metals.

The first decade of the new century was marked by a tendency towards changes in the trade structure. In particular, the share of medical and other chemical preparations increased, while the volume of trade in agricultural raw materials and light industrial products dropped. However, the share of machinery and equipment in the UK export structure was still three times higher than the share of chemical products. By 2014, Russia joined China and the US to become one of the largest passenger car markets in the world.<sup>7</sup>

The 2003-2006 period was noted for stable dynamics in the development of Russian-British relations, and especially, the growth rate of foreign trade turnover increased, exceeding USD 10 billion. By 2008, the volume of Russian-British trade had increased by about 35%, reaching USD 22.5 billion.<sup>8</sup> By 2010, a number of agreements were signed between the countries on the implementation of joint projects in the fields of nuclear energy, biopharmaceuticals, and the exploitation of energy resources on the northern sea shelf. During this period, Russia became one of the UK's priority partners, along with China, the US, Japan and Canada.

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at: [http://istmat.info/files/uploads/45390/26vneshneekonom-ya\\_deyat-t.pdf](http://istmat.info/files/uploads/45390/26vneshneekonom-ya_deyat-t.pdf) [in Russian].

<sup>6</sup> A.A. Gromyko, Ye.V. Ananyeva, I.S. Ivanov, *Russian-British Relations at the Present Stage: Workbook. No. 19/2014*, (Moscow, Spetskniga: Russian Council on International Affairs (RCIA), 2014), 32.

<sup>7</sup> V.K. Lomakin, *'Economy of Britain: A Monograph'* (Moscow, MGIMO (University) of the Ministry of Foreign Affairs of the Russian Federation, 2016), 607 [in Russian].

<sup>8</sup> Rosstat, *Russian Statistical Yearbook*, (Moscow: Rosstat, 2010), 725, available at <http://istmat.info/node/46363> [in Russian].

In the second half of the 20<sup>th</sup> century and early 21<sup>st</sup> century, in addition to trade and economic cooperation, the UK provided support to the social and economic transformations that took place in Russia. In 1989, the Know-How Foundation was established to provide technical assistance, and later, in 2000, it was transformed into the Britain-Russia Development Partnership. Its goal was to provide financial support to market reforms, as well as support for the development of the Russian private sector. A total of GBP 120 million was appropriated.

Between 2000 and 2006, the UK financed more than 800 health, education and social welfare projects as part of a support programme for the social sector.<sup>9</sup> Moreover, in 2000, a bilateral programme to provide economic assistance and technical cooperation between the countries was developed, towards which the UK appropriated about GBP 50 million. The main areas of support in this programme were the energy industry, social and environmental sectors, as well as small business.<sup>10</sup>

The economic support the UK provided to Russia was also organised multilaterally within the framework of the World Bank's projects and the TACIS Programme. Under the TACIS Programme, the UK provided about 17% of funding in its priority areas, namely, the development of financial services, energy, transport, nuclear safety programmes and administrative reforms.

### **Current Status of Political Relations**

Despite the positive dynamics of foreign economic cooperation within the period, serious problems gradually emerged in the relations between the two countries that have not yet been resolved. The UK government has always reacted adversely towards Russia's international energy policy, stating that Russia uses its energy resources as a political tool. At the same time, it should be noted that the Declaration on Energy Dialogue between the two countries was signed in 2003, which reflected the national interests of the parties regarding issues of the energy sector and also showed the intentions of Russia and the UK to work towards resolving them.

In addition, the favourable development of Russian-British relations was complicated by the instability of the global political situation. Most notably, in the first decade of the 21<sup>st</sup> century, the development process was impeded by the west's

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<sup>9</sup> B. Thomson, A. Campbell, S. Shishkin, and V. Onischenko, *Evaluation of DFI Country Programmes: Country Study Russia 2001-2005*, Evaluation Report EV677 (London: Department for International Development, 2007, June).

<sup>10</sup> V.K. Lomakin, *Economy of Britain*, 603.

plans to invade Iraq, the scandal regarding the London murder of a former FSB officer who had become a British citizen, as well as the August 2008 military conflict in South Ossetia, when the UK took quite a tough stance against Russia. The situation was further aggravated by the 2014-2015 military confrontations in Ukraine and Russia's reunification with the Crimea, the military operations in Syria, as well as the Salisbury incident.

The aggravation of political relations between the UK and Russia since 2014 and the EU's imposition of economic sanctions as a powerful instrument of pressure on Russia both had a negative impact on the development of Russian-British trade and economic cooperation in the period between 2014 and 2017. It is important to note that of all the EU countries, the UK has taken the toughest position against Russia, and led the process of structuring and extending EU's anti-Russian measures.<sup>11</sup> Along with the other EU member states, the UK imposed sanctions restricting business relations with particular Russian companies. Of note, restrictions were imposed on bank accounts, all high-level diplomatic contacts with Russia were suspended, a ban was imposed on several Russian officials from entering the UK, and the British intends to freeze Russian assets if evidence of a threat to the country's security is found and substantiated.<sup>12</sup>

This situation has led to the cooling of Russian-British political dialogue. The UK unilaterally suspended all bilateral forms of intergovernmental cooperation: Strategic dialogue in the '2 + 2' format (foreign ministers and ministers of defence), High Level Energy Dialogue, work of the Intergovernmental Commission on Trade and Investment and the Committee on Science and Technology. In fact, regular consultations with foreign ministries were suspended.<sup>13</sup> Moreover, in 2013, the UK cut its direct investment in Russia from USD18,9 billion to USD714 million.<sup>14</sup>

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<sup>11</sup> Y.K. Zaitsev, 'April Sanctions: Implications for the Russian Economy', *Economic Development of Russia*, Vol. 25, No. 5 (2018).

<sup>12</sup> P. Wintour, 'UK Sanctions against Russia: What Impact will They Have?' *The Guardian.com* (2018 March 14), available at: <https://www.theguardian.com/politics/2018/mar/14/the-uk-sanctions-imposed-on-russia-by-theresa-may>.

<sup>13</sup> Embassy of the Russian Federation in the United Kingdom of Great Britain and Northern Ireland, "Russ-British Bilateral Relations", (2017, December), available at: <https://www.rus.rusemb.org.uk/ruuk/> [in Russian].

<sup>14</sup> D. Sedlov, 'Foreigners Invested in Russia Three Times Less than in 2013,' *Financial One. Financial Markets Journal* (2015), available at: <https://fomag.ru/news/inostrantsy-investirovali-v-rf-utroemshche-chem-v-2013-godu/>.

## Present-Day Trade Cooperation

However, the impact of the 2013-2014 political situation on economic relations between the countries was not so dramatic. The drop in bilateral trade, from about GBP7 billion to GBP6 billion, observed during this period was mainly due to the slowdown in the growth of the Russian economy resulting from the drop in oil prices.<sup>15</sup> Foreign trade in goods between Russia and the UK was undisturbed by the Ukraine-related sanctions that the EU imposed on Russia in sectors such as energy, finance and dual-use technologies.<sup>16</sup>

According to Rosstat and the Federal Customs Service of Russia, the dynamics of trade turnover between the countries was quite stable in 2017: the UK held the 13<sup>th</sup> place in the structure of Russian exports,<sup>17</sup> the country's share in Russia's total exports was 2,4%, and its total turnover grew by about 23% to USD12.8 billion and by 19% to USD6.9 billion from January to June 2018, compared to the same period the previous year.<sup>18</sup>

In turn, Russia is the UK's 20<sup>th</sup> largest trading partner. Russia occupies 16<sup>th</sup> place in terms of imports and 23<sup>rd</sup> in terms of exports.<sup>19</sup>

Analysis of 2018 statistics gives Russian experts grounds for cautious optimism. Firstly, bilateral trade with the UK has traditionally been characterised by a positive balance for Russia. Figures show that this situation will persist. Thus, based on the

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<sup>15</sup> Office for National Statistics, *UK Balance of Payments, The Pink Book: 2017* (London: Office for National Statistics, 2017), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/unitedkingdombalanceofpaymentsthepinkbook/2017>.

<sup>16</sup> World Politics Review, 'The Dip in UK-Russia relations Shouldn't Come as a Surprise', *World Politics Review.org* (2018, February 1), available at: <https://www.worldpoliticsreview.com/trend-lines/24111/the-dip-in-u-k-russia-relations-shouldn-t-come-as-a-surprise>.

<sup>17</sup> World Trade Centre Moscow, 'WTC Experts Evaluated the Prospects for the Development of Trade and Economic Cooperation between Russia and the UK' (Moscow: World Trade Center Moscow, 2018, March 21) [in Russian], available at <https://wtcmoscow.ru/services/international-partnership/analitics/eksperty-tsm-t-otsenili-perspektivy-razvitiya-torgovo-ekonomicheskogo-sotrudnichestva-rossii-i-veliko/>.

<sup>18</sup> Russian Federation Federal State Statistics Services, *Russia in numbers. A brief statistical compendium* (Moscow: Rosstat. 2018), 487, 490 [in Russian], available at [http://www.gks.ru/free\\_doc/doc\\_2018/rusfig/rus18.pdf](http://www.gks.ru/free_doc/doc_2018/rusfig/rus18.pdf).

<sup>19</sup> Trade Delegation of Russia in the UK, *UK Foreign Trade in Goods and Services for January-November 2018*, [in Russian], available at <http://rustrade.org.uk/rus/?p=2286>; World Trade Center Moscow, 'WTC Experts Evaluated the Prospects for the Development of Trade and Economic Cooperation between Russia and the UK' (Moscow: World Trade Center Moscow, 2018, March 21) [in Russian], available at <https://wtcmoscow.ru/services/international-partnership/analitics/eksperty-tsm-t-otsenili-perspektivy-razvitiya-torgovo-ekonomicheskogo-sotrudnichestva-rossii-i-veliko/>.

2018 results, it amounted to more than USD5,6 billion, which means that Russia exported 1,7 times more goods and services to the UK than the United Kingdom exported to Russia.<sup>20</sup> In 2018, UK exports to Russia declined by 9,5% (mainly due to a reduction in exports of mineral products – 21, 2%, machinery and equipment – 16,9%, and others).<sup>21</sup> At the same time, the said significant increase in Russian exports to the UK was observed in all respects, except for precious stones and their derivatives, leather raw materials and fur.

Against the background of declining exports to Russia, the UK's imports from Russia increased significantly by 31,5%. It is important to note that this increase was not only due to the export of hydrocarbons but also the export of non-primary energy products. Moreover, both energy and non-energy, non-oil exports showed record growth rates. The main drivers of growth in non-primary exports are inorganic chemistry products (two-fold increase), fertilisers (90% increase), gas turbines (three-fold increase), fish and seafood (40,8% increase), as well as plywood (20,5% increase). However, traditionally, the largest increase in Russian exports is demonstrated by products of the fuel and energy group (an increase of 65,6%).

Secondly, despite the mentioned political disagreements, since 2016, there has been a steady increase in trade turnover between Russia and the UK. At the same time, growth rates are increasing. In 2018 only, they increased by 9,2%. The growth rate of deliveries from Russia was the highest among the top 20 partner countries of the UK (31,5%, with an average growth rate of 7%). As a result, Russia ranked eighth among UK partners outside the EU.<sup>22</sup> It is assumed that this tendency will continue in the midterm. There are several reasons for this statement. In particular, the current structure of bilateral trade is fully consistent with the traditional UK export-import orientation. Thus, the country's export trade is dominated by engineering products, pharmaceuticals and refined products. In turn, its import trade is dominated by equipment, including gas, mineral fuel, precious stones and their processing products.

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<sup>20</sup> Trade Delegation of Russia in the UK, *UK Foreign Trade in Goods and Services for January-November 2018*; World Trade Center Moscow, 'WTC Experts'.

<sup>21</sup> HM Revenue & Customs (HMRC) Trade Statistics Unit, *UK Trade Info*, available at: <http://www.uktradeinfo.com/>.

<sup>22</sup> Trade Delegation of Russia in the UK, *UK Foreign Trade in Goods and Services for January-November 2018*.



Figure 1: UK trade of selected goods with Russia, 2017.

Analysis of the structure of the UK exports to Russia suggests that the Russian market is extremely promising. Russia’s Trade Representative in the UK, Boris Abramov, has noted that today’s Russia will benefit from purchasing a wide range of goods and services, therefore, there is a desire to create Russian-British trade cooperation, which would be convenient and understandable primarily for companies. In addition, the UK’s aspiration for entering new markets and developing new regions and industries will also further expand bilateral trade and economic relations.<sup>23</sup>

Promising areas of development for Russian non-primary exports to the UK could be Russian equipment and components for vehicles, aircraft and spacecraft, navigation, satellite, aviation and geological equipment, inorganic chemistry products, medical equipment and pharmaceuticals, building materials, fertilisers, parts for turbojet engines, paper and cardboard, developments in the field of safety and cybersecurity, as well as antivirus protection.

Another important component of Russian-British cooperation is trade in services. However, according to UK statistics, the turnover of Russian-British trade in services decreased by 19% and amounted to USD 4,3 billion in 2016. Russian exports of services to the UK decreased by 3% compared to 2015, and amounted to USD970 million, while imports of services from the UK fell by 23% to USD 3,3 billion. Russia’s share in the UK services turnover is low, amounting to only 1%, including 1% in exports and 0,5% in imports. The leading positions in the structure of UK imports of services from Russia are

<sup>23</sup> TASS News Agency, ‘Trade between Russia and Britain should exceed USD 14 billion in 2018’, TASS, (2018, November 26) [in Russian], available at <https://tass.ru/ekonomika/5834982>.

occupied by business services (20,4%), travel (19,8%), transport (19%), and financial services (15,5%). In 2016, Russia increased its imports of business services (+ 2,9%), transportation services (+ 3%), and financial services (3,7%). The import of tourist services decreased (-18,5%). In the structure of exports of services to Russia, the leading positions are held by financial services (52%), business services (14%), communication services (9,6%) and tourism services (7,5%). There was a decrease in 2016 in the export to Russia of business services (-47,5%), and tourism services (-48,9%). Yet, exports of telecommunications (+26,7%) and financial services (+17,6%) increased. The recent years have shown a steady increase in UK exports to Russia in the service sector.

By the end of 2017, the UK maintained its position in the top-three in the export of services to Russia among its partner countries. The priority areas were services in the fields of finance, transport, information technology and consulting. According to the World Trade Centre, Russian-British trade in services increased by 15,8% in the first half of 2017,<sup>24</sup> and to GBP 2.8 billion or USD3.77 billion per annum. Exports of goods amounted to GBP 3.1 billion (USD 403 billion).<sup>25</sup>

Table 1: Russian-British Trade in Services, 2011-2018 (Based on Russian statistics)  
(USD million)

	2011	2012	2013	2014	2015	2016	2017	First half of 2018
Turnover	10,850.8	11,412.7	11,638.8	10,784.1	8,369.1	6,727.2	7,323.3	3,523.6
growth rate +/- %	+27.8	+5.2	+2.4	-7.7	-22.4	-19.6	+7.6	+0.5
Exports from Russia	5,202.5	5,387.3	4,873.6	4,534.4	3,204.6	2,897.5	2,986.7	1,548.8
growth rate +/- %	+26.6	+3.6	-9.5	-7.0	-29.3	-12.4	+5.9	+3.6
Imports to Russia	5,648.3	6,025.4	6,810.2	6,249.7	5,164.5	3,919.7	4,336.6	1,974.8
growth rate +/- %	+29.0	+6.7	+13.0	-8.2	-17.4	-24.1	+8.8	-1.8
Balance	-445.8	-638.1	-1,936.6	-1,715.3	-1,959.9	-1,112.2	-1,350.0	-426

Source: Bank of Russia (January 2019)

<sup>24</sup> World Trade Center Moscow, 'WTC Experts'.

<sup>25</sup> Office for National Statistics, *UK Balance of Payments, The Pink Book: 2017*, (London: Office for National Statistics, 2017), available at: <https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/unitedkingdombalanceofpaymentsthepinkbook/2017>.

## Bilateral Investment Cooperation

In addition to trade, another focus is investment cooperation. In general, the introduction of sanctions against Russia have had a negative impact in this area; stagnation is noted in the midterm. Still, the parties managed to smooth out the drastic decrease in mutual investments, as observed between 2008 and 2012 and during the peak of political disagreements in 2014. The London Stock Exchange remains the leading international platform for Russian companies working with investors in international capital markets. Currently, over 60 Russian legal entities are trading there, including Gazprom, Rosneft, Sberbank, VTB, Lukoil and a number of other leading companies and banks.

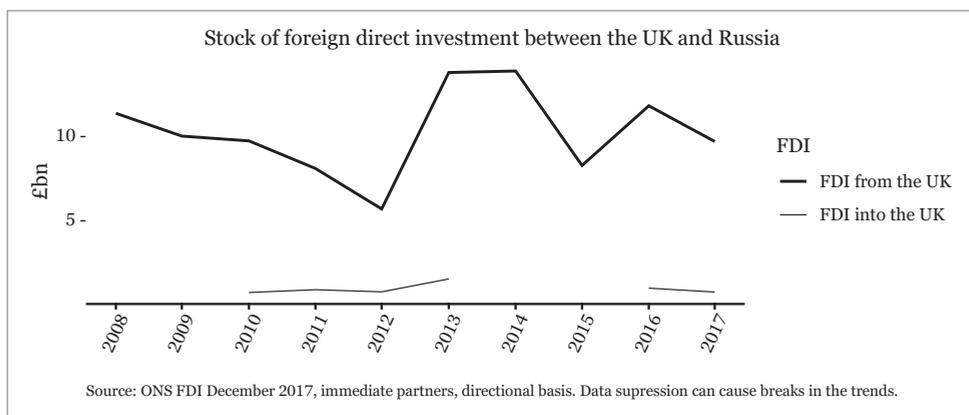


Figure 3: Stock of FDI between the UK and Russia, 2017.

Unlike trading, the prospects for investment cooperation are less optimistic. On the one hand, there is a clear imbalance towards greater attractiveness of the UK market for Russian investors compared to the interest of British partners in cooperation with Russia. The stock of FDI from the UK into Russia was GDP 9,7 billion in 2017, 18,1% lower than in 2016. In 2017, Russia accounted for 0,7% of the total outward UK FDI stock.<sup>26</sup> The stock of FDI from Russia into the UK was GDP 899 million in 2017, 19,9% lower than in 2016. In 2017, Russia accounted for 0,1% of the total inward UK FDI stock.<sup>27</sup>

<sup>26</sup> Office for National Statistics, available at <https://www.ons.gov.uk/businessindustryandtrade/business/businessinnovation/datasets/foreigndirectinvestmentinvolvingukcompaniesoutwardtables>, accessed 15 April 2018.

<sup>27</sup> Office for National Statistics, available at <https://www.ons.gov.uk/businessindustryandtrade/>

Yet, it should be noted that, as a result of the devaluation of the Russian currency, some Russian companies owned by British citizens have increased their investments in energy production. For instance, JSC INGA ( UK) increased investment by USD 8,03 million in the oil and gas production sector in 2015.<sup>28</sup>

### **Role of Business in the Revitalisation of Russian-UK Relations**

To assess the prospects for further development of economic relations between the two countries, we consider various factors and positions of the two sides determining the vectors of such cooperation.

First, the role of the UK business community should be noted, as it showed interest in continuing regular relations with Russian partners, which in many ways has allowed the UK to maintain its position as one of Russia's leading trading and investment partners. Currently, about 600 UK companies are still operating successfully on the Russian market. The UK maintains its position among the top ten countries in terms of the accumulated capital investments in Russia.

UK companies have continued working with Russia despite the extension of the sanctions. In turn, the Department of International Trade (DIT) of the United Kingdom has repeatedly stated that Russia is an important trading partner for the UK, and every company has the right to make its own decisions regarding its trade and economic ties with Russia. The UK business indicates that the energy sector, information and telecommunications technology sector, aerospace engineering, transport infrastructure, general engineering and medicine are the priority sectors for cooperation on the Russian market. At the same time, the best opportunities for bilateral interaction are offered by pharmaceuticals and financial services, construction, sports and recreation infrastructure, and the digital sector.

The presence of Russian businesses in the UK is also important. The most attractive sectors for investment cooperation include the financial sector, energy, retail, engineering, mining, transport, communications, pharmaceuticals, and real estate.<sup>29</sup> In addition, interest remains in bilateral cooperation at the level of the

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business/businessinnovation/datasets/foreigndirectinvestmentinvolvingukcompanies2013inwardtables accessed: 15 April 2018.

<sup>28</sup> Ruslana Database [in Russian], available at: <https://ruslana.bvdep.com/version-2018126/home.serv?product=Ruslana>.

<sup>29</sup> Embassy of the Russian Federation in the United Kingdom of Great Britain and Northern Ireland, 'Economic Cooperation', Embassy of the Russian Federation in the United Kingdom of Great Britain and Northern Ireland [in Russian], available at: <https://www.rus.rusemb.org.uk/economy/>.

Russian and UK regions. The Russian-British Chamber of Commerce provides active support in the development of trade, economic and investment relations.

The main item on the agenda of the last meeting of the Russian-British Chamber of Commerce, held in Cambridge in February 2017, was about the entry of British goods onto the Russian market under the current anti-Russian sanctions. UK experts on Russia and representatives of Adnams, Burlington Drinks and Grace Foods working in Russia argued that doing business on the Russian market was profitable and had great prospects, and pointed out the importance of building direct relations with Russian partners.<sup>30</sup>

We should also mention the results of the annual Russian-British Business Forum (RBBF), held on 26 November 2018 in London with the purpose of developing trade and investment cooperation between Russia and the UK. At this event, representatives of political and business circles highlighted practical issues related to the development of markets and trade relations, export policy, investor relations and various ways of expanding bilateral and multilateral cooperation in various industries.<sup>31</sup> The theme of the RBBF-2018 was 'Partnership in Innovations', focusing on Russia's export potential in high-tech industries, creative industries and the services sector. It was noted within the framework of the forum that if the existing dynamics of macroeconomic indicators are preserved and the potential of trade and investment cooperation between Russia and the UK is realised, the trade turnover between the two countries may double within the next five years. Thus, despite the current difficulties in political relations, bilateral economic relations continue to develop, primarily due to the maintenance of constructive interaction between the business circles of Russia and the UK, preventing more substantial degradation of trade and economic cooperation.

### **Effect of Brexit**

One of the most discussed factors that will undoubtedly have a great impact not only on bilateral relations but also on the whole range of relations between Russia, the UK and the European Union is UK's withdrawal from the European Union. The difficult Brexit negotiations and their long-term effect on the development of

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<sup>30</sup> Embassy of the Russian Federation in the United Kingdom of Great Britain and Northern Ireland, 'Economic Cooperation'.

<sup>31</sup> Trade Delegation of Russia in the UK 'IV Russian-British Business Forum – Partnership in Innovation', (Trade Delegation of Russia in the UK, 2018, August 8) [in Russian], available at <http://rustrade.org.uk/rus/?p=2036#more-2036>

the UK economy are forcing the country to seek access to free markets for British products and investments. A global review of the UK's foreign economic cooperation with both the EU and other countries is a rather lengthy and costly process.<sup>32</sup>

The possible impact of Brexit on bilateral cooperation may be due to an increased uncertainty in both national and international markets. During the sanctions period, the share of trade in services (about 6%) in Russia's total trade has significantly exceeded the share of trade in goods (about 2%). Today, London is Russia's prominent partner in trade in services; however, risks in the UK economy from the Brexit situation primarily threaten the service sector, including insurance and business consulting services. With regard to trade in goods, the UK may unilaterally use various restrictive trade measures to protect domestic producers, for example, in relation to products of the Russian chemical industry and metals. In terms of the sanctions policy, the UK is currently one of the most active lobbyists for strengthening the sanctions agenda against Russia in the European Commission. After Brexit, we can expect London to further impose economic sanctions against Moscow, although unilaterally. Yet, European sanctions can be mitigated significantly after the completion of the UK's formal participation in decision-making procedures in EU institutions.<sup>33</sup>

## Conclusion

The ongoing deterioration of relations between Russia and the UK against the background of economic sanctions has not had a catastrophically negative impact on the volume of Russian-British trade in goods and services, and Russian-British economic relations developed progressively over the period of 2017-2018, maintaining an upward trend of 20% per year. Russia is firmly established among the top-20 major partners. The main reasons for the resumption of positive dynamics in commodity turnover have been the stabilisation of prices of hydrocarbons on the world market, as well as the positive dynamics in the Russian economy.

In assessing the prospects for Russian-British trade, we should note that its dynamics in the near future will depend on a number of external and internal factors,

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<sup>32</sup> T. Andreeva, 'On the Prospects for the Establishment of Russian-British Relations' (Moscow: Russian Council on International Affairs, 2017) [in Russian], available at <http://russiancouncil.ru/analyt-ics-and-comments/columns/europeanpolicy/o-perspektivakh-nalazhivaniya-rossiysko-britanskikh-ot-nosheniy/>.

<sup>33</sup> Yu.K. Zaitsev, 'Evaluation of the Results of the Presidency of Germany in the EU', *International Organisations Research Journal*, Vol. 2, No. 7 (2007) [in Russian].

which include the extension of the EU's sanctions policy as well as the dynamics of prices for energy and raw materials that traditionally occupied key positions in the structure of Russian exports to the UK. Another factor holding back the growth of UK imports and British investments in Russia could be the understated growth rate of the Russian economy.

Despite the objective factors constraining the growth of Russian exports to the UK, it has a number of promising areas for development. These include deliveries to the UK market of chemical products (pharmaceuticals, plastics, rubber and paintwork materials and fertilisers), Russian equipment (medical, energy, navigation, satellite, aviation, geological and others), construction materials, components for the automotive industry, and the sectors of security, cyber security and antivirus protection, as well as a variety of food products.

Services could make a significant contribution to the development of bilateral cooperation. There are prerequisites for expanding exports from Russia not only of traditional types of services (business, transport and tourism) but also of new areas (financial, communication, insurance, information and engineering). Despite the negative dynamics in the financial market associated with the sanctions regime against Russia, the London Stock Exchange remains the main platform for leading Russian companies from the commodity (raw materials) and financial sectors.

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# Interstate Relations between Russia and Cyprus amid Geopolitical Contradictions in a Multipolar World

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## Abstract

*Relations between Russia and Cyprus were first established on 18 August 1960, when Russia was a part of the USSR, two days after Cyprus had gained its independence from the UK on 16 August 1960 based on the Zurich-London Agreements of 1959. The Republic of Cyprus recognised Russia as a successor of the USSR on 7 April 1992. The relations between the two countries developed steadily in all spheres: political, economic, cultural, and military-technical. For this purpose, the countries have established a solid treaty and legal base, which numbers more than 50 agreements. Currently, the Russia-Cyprus relations are consolidated with emphasis on the Joint Action Plan for the period 2018-2020, as well as the Joint Declaration between the Russian Government and the Cyprus Government on cooperation in modernising their economies. The areas of practical cooperation are stated in the final protocol of the Tenth Session of the Russia-Cyprus Intergovernmental Committee for Economic Cooperation, which was signed in Moscow early in October 2007.*

**Keywords:** Russia-Cyprus relations, legal base, geopolitical contradictions, multipolar world Russian foreign policy, Cypriot foreign policy.

## Introduction

Russian-Cypriot relations are developing in a complex political situation due to the geopolitical contradictions in the Mediterranean region, relations between western states and Russia, and dramatic events in Cyprus. Russia's stance on the Cyprus

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question considers several factors that have been influencing Cypriot foreign policy since Cyprus gained its independence. The first factor is the regional dimension of the Cyprus dispute, including Greece's and Turkey's views on the matter. There is also the increasing role of the European Union (EU) in the Cyprus settlement, Cyprus' accession to the EU (1992-2004). Another factor is the UN's mediation and initiatives in the Cyprus dispute (1992-2004) and the UN's involvement since 2004.

Cyprus' internal problems are the subject of great concern to Russia. These are ethnical conflicts between the two communities of the island, Greek and Turkish Cypriots. Assessing the causes of these problems, experts refer to a number of factors. In particular, specialists submit that the differences in constitutional and legal mechanism mirrored in the Zurich-London Agreements are the root of the problem.<sup>2</sup> These agreements were concluded between the Greek and Turkish prime ministers in 1959 in Zurich, and the constitution of the Republic of Cyprus was drafted based on these agreements.

It is extremely difficult to change Cyprus' Constitution. Academic literature notes that some provisions of the constitution do not reflect the realities of the island. This particularly applies to the representation of Greek and Turkish populations in the civil service, at a ratio of 70:30 % and the representatives in the army and the security service at a ratio of 60:40 %. In fact, the real proportion between the two communities was 82:18. Due to this disbalance in proportions of representation, there were armed conflicts between the communities in 1963.<sup>3</sup>

Researchers of the Cyprus dispute emphasise three conflict levels: local, regional, and international.<sup>4</sup> Let us now consider Russia's stance on these conflicts.

During the intercommunal conflict between 1963 and 1964, Turkey wanted to intervene in Cyprus. Taking into account the possibility of protests in neighbouring

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<sup>2</sup> 'Cyprian conflict in the post-bipolar age' (12 January 2013) available at <https://www.bibliofond.ru/view.aspx?id=699929> (in Russian)

<sup>3</sup> The detailed history of the constitutional crisis in the mid-1960s in Cyprus set out in the monography of V. A. Shmarov, 'Cyprus in the NATO Mediterranean Policy' (Moscow: Science, 1982) 216; Evanthi Hatzivassiliou (2005) 'Cyprus at the Crossroads, 1959–63' *European History Quarterly*, Vol. 35, No 4.

<sup>4</sup> The Greek researcher Michael M.S. supposes that the Cyprian problem can be described by five-ply structure – he adds national (all-Cyprian) and subregional (all-EU) levels to the above-mentioned aspects. See also; Michalis S. Michael, 'The Cyprus Peace Talks: A Critical Appraisal', (2007) *Journal of Peace Research*, Vol. 44, No 3.

countries, and the necessity of giving legitimacy to his actions, the Turkish Prime Minister, Ismet Inonu decided to find out what position the USSR had. In his letter to Chairman of the Council of Ministers of the Soviet Union, N. Khrushchev, Inonu indicated his intention to frustrate immediately the Greek armed resistance activities in Cyprus. Khrushchev reacted with no delay. On 7 February 1964, he replied that the USSR was against Turkey or any other international force intervening militarily into the conflict. Moreover, Khrushchev also sent a message to President of Cyprus, Archbishop Makarios, wishing him total victory in preserving the island's territorial integrity and independence.<sup>54</sup>

Washington D.C. proposed a very dangerous plan for Cyprus in the summer of 1964. This plan was proposed by the US Secretary of State, Dean Acheson. Greek researcher V. Koufoudakis denounced the 'Acheson plan' as the US's first attempt to get involved in the Cyprus dispute.<sup>65</sup> By eliminating Cyprus' independence, the US was going to make peace between two NATO members, Turkey and Greece, both of which would receive territorial compensation.<sup>76</sup>

Trying to save its independence, the Cypriot Government turned to the USSR on 9 August 1964. The Soviet government supported Cyprus again in its struggle for territorial integrity and independence. Researchers have pointed out that at all stages of the relations, the USSR supported Cypriot policy of non-alignment, resisted any kind of occupation, intervention, violence, and threat of force against Cyprus. The USSR was also in favour of the withdrawal of all foreign troops, who had been on the island since 1964 in accordance with the UN resolution, from the territories of Cyprus. That position emerged in a final statement during the official visit of the Cypriot President Makarios to the USSR between 2–9 June 1971.<sup>87</sup>

This Russian stance has been very important to Cyprus, as since the 1960s, the development of the situation on the island has been connected with the internationalisation of the dispute and the increasing involvement of the UN in

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<sup>5</sup> Artamonova Ksenia. The position of the USA and the USSR on the Cyprus problem (1960-1974) // available at <http://dspace.univer.kharkov.ua/bitstream/123456789/7949/2/artamonova.pdf>. (in Russian).

<sup>6</sup> Ibidem.

<sup>7</sup> *The Republic of Cyprus. Reference book*, 3rd edition. Authors: Ivanova I, Kolmikov S., Meyer M., Nelubov B., Petrov A., Sokoluk V., Urazova E., Chutkova L. // Executive Editor: Kapitza Moscow: «Science» // Publishing company: "Orient literature", 1992.

<sup>8</sup> 'Cyprus - Russia: The History of Official Visits', *VKCyprus.com* (16 October 2017), available at <https://vkcyprus.com/articles/4776-kipr-rossiya-iz-istorii-ofitsialnykh-vizitov> (in Russian).

trying to resolve it. Researchers of the Cyprus problem document that the UN peace-making efforts on Cyprus have been carried out mainly in two directions. The first direction is the UN's attempts to prevent new incidents of intercommunal violence. The second one is the organisation's continued efforts to resolve the conflict, stabilise the situation, and ensure peace by providing good offices and mediation. An example of such internationalisation is the deployment of Blue Helmet troops, the UN peacekeepers, in Cyprus since March 1964.

With the strengthening of Russia's position on the world stage, there has been a growing understanding in the region that it will be impossible to solve global and regional problems, as well as the Cypriot question, without Russian participation.<sup>98</sup> Determining its policy in the region, Russia takes into account a number of factors. These include domestic, ethno-political, communal, and interstate contradictions, including the role of external forces. Assessing the Cyprus issue, Russia has always defended the values of the island's unity and opposed foreign interference in its internal affairs.<sup>109</sup> This position was significantly different from the attitude of western countries. This is clearly demonstrated during UN debates on the Cyprus issue. When Cyprus' partners in the UN did not want to take into account Cyprus' opinion and interests, Russia, as a permanent member of the UN Security Council, vetoed a draft resolution in 2004 to protect Cyprus' independence.

The Russian position was gratefully welcomed by the national government. 'The Government of the Republic of Cyprus welcomes the Russian veto against the Anglo-American draft resolution on Cyprus,' stated the Government Spokesperson, Kypros Chrysostomides. 'The Russian Federation did the right thing by vetoing this draft. This draft could not have been approved,' he said.<sup>11</sup> The leader of the Turkish Cypriot community, Rauf Denktaş, took the same position. 'God bless Russia. This country has saved us from a catastrophe. Russia has showed that unprecedented pressure on both parties to the conflict is unacceptable', he said.<sup>12</sup> On 4 November

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<sup>9</sup> *The Foreign Policy Concept of the Russian Federation* (approved by the President of the Russian Federation, Vladimir Putin, on 12 February 2013), available at [http://www.ieee.es/en/Galerias/fichero/docs\\_marco/2013/DIEEEM06-2013\\_Rusia\\_ConceptoPoliticaExterior\\_FRuizGlez\\_ENGLISH.pdf](http://www.ieee.es/en/Galerias/fichero/docs_marco/2013/DIEEEM06-2013_Rusia_ConceptoPoliticaExterior_FRuizGlez_ENGLISH.pdf) (in English).

<sup>10</sup> *Ibidem*.

<sup>11</sup> 'Cyprus' Government Welcomes Russia's Veto against the UN Draft Resolution on Cyprus', *RIA Novosti* (22 April 2004), available at <https://ria.ru/20040422/575114.html> [in Russian].

<sup>12</sup> 'The Leader of the Turkish Cypriot Community welcomed Russia's Veto against the UN Draft Resolution on Cyprus', *RIA Novosti* (22 April 2004), available at <https://ria.ru/20040422/575143.html> [in Russian].

2009, the Minister of Foreign Affairs, Markos Kyprianou, also underlined that Cyprus particularly valued Russia's support in the reunification of island as well as its role in resolving Cyprus dispute within the framework of the UN Security Council.<sup>13</sup>

Russian leaders also have repeatedly emphasised the importance of friendly relations between Russia and Cyprus. In particular, Russian President, Vladimir Putin pointed out that Russia and Cyprus are prospective partners and that the Russian Government appreciates Cyprus' efforts to strengthen cooperation between the two countries. Putin clearly indicated his preference for a fair solution to the Cyprus dispute without foreign interference in its domestic affairs.<sup>14</sup>

### Materials and Methods

While studying Russian-Cypriot relations, researchers have had several sources of information. Above all, documents from international organisations, such as the UN Security Council, regarding the settlement of the Cyprus problem are of great interest. Russia as a permanent member of the Security Council supports the interests of the Cypriot people and the independence of the Republic. These documents show which stance the Russian Federation took on the Cyprus issue when Cyprus became an independent State and during different conflicts in the region around Cyprus. Several parts can be highlighted in these documents. The UN Security Council's resolutions,<sup>15</sup> the UN Secretary-Generals' reports,<sup>16</sup> and EU documents shed light to the Russian arguments, statements, and policies implemented vis-à-vis the issue in question.<sup>17</sup>

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<sup>13</sup> 'Cyprus Dispute: The Role of Leading Countries and International Organizations in the Settlement of the Conflict', (10 January 2014), available at [https://knowledge.allbest.ru/international/3c0b-65635b2ac79a5d53a89421316d27\\_0.html](https://knowledge.allbest.ru/international/3c0b-65635b2ac79a5d53a89421316d27_0.html) [in Russian].

<sup>14</sup> 'Putin will Discuss the Settlement of the Cyprus Conflict with the Cypriot Leader', *TASS News Agency* (24 October 2017), available at <http://tass.ru/politika/4670864> [in Russian].

<sup>15</sup> UNSC Res. 902 (1994), 'Cyprus', UN Doc. S/RES/902 (11 March 1994); UNSC Res. 1092 (1996), 'The Situation in Cyprus', UN Doc. S/RES/1092 (23 December 1996); UNSC Res. 1331 (2000), 'Cyprus', UN Doc. S/RES/1331 (13 December 2000); UNSC Res. 1568 (2004), 'Cyprus', UN Doc. S/RES/1568 (22 October 2004); UNSC Res. 1847 (2008), 'Cyprus', UN Doc. S/RES/1847 (2008); UNSC Res. 2058 (2012), 'The Situation in Cyprus', UNSC S/RES/2058 (19 July 2012).

<sup>16</sup> UN Doc. S/2010/238, Report of the Secretary-General on his Mission of Good Offices in Cyprus; UN Doc. S/2010/603, Report of the Secretary-General on his Mission of Good Offices in Cyprus.

<sup>17</sup> Commission Opinion on Cyprus's Request for Accession – Council Conclusions, available at [https://europa.eu/rapid/press-release\\_PRES-93-156\\_en.htm](https://europa.eu/rapid/press-release_PRES-93-156_en.htm); COM (93) 313 final (30 June 1993), 'The Chal-

Different theoretical and strategic documents of the Russian Federation are also important for studying the conceptual basis of Cyprus-Russia relations. Such documents are: foreign policy concepts; national security strategies; and Russian military doctrines.<sup>18</sup>

One of the main sources are interstate and intergovernmental agreements. They provide a legal platform and firm foundation for specific relations between the two countries. At present, more than 40 interstate and intergovernmental agreements have been signed between the Russian Federation and the Republic of Cyprus since the island became an independent State in 1960.<sup>19</sup>

In the mid-2000s, the improvement of the legal and treaty framework of Russian-Cypriot cooperation progressed at a slow pace, which was due, among other things, to Cyprus concentrating its efforts on harmonising its national legislation with EU law (the Republic became a member of the EU in 2004). However, there have been positive developments in this sphere lately.

The official visit of Russian President, D. A. Medvedev to the Republic of Cyprus on 7 October 2010 gave momentum to the expansion of the legal and treaty framework. It was the first such visit of a Russian president in the history of Russian-Cypriot relations. During the visit, the presidents of the two countries signed the Joint Action Plan for 2010-2013 and the Joint Statement on the 65<sup>th</sup> anniversary of the Victory in the Second World War. An important step in building

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lenge of Enlargement: Commission Opinion on the Application by the Republic of Cyprus for Membership, Bulletin of the European Communities, Supplement 5/93, available at <http://aei.pitt.edu/43453/>.

<sup>18</sup> The Foreign Policy Concept of the Russian Federation (1993, 2000, 2008, 2013, 2016); The National Security Concept of the Russian Federation of 1997 (Approved by Presidential Decree No. 1300 of 17 December 1997) and of 2000 (Approved by Presidential Decree No. 24 of 10 January 2000); The National Security Concept of the Russian Federation of 2009, and of 2015; The Strategy of Economic Security of the Russian Federation for the period up to 2030; Armed Doctrine of The Russian Federation, the first doctrine was approved by Presidential Decree on 21 April 2000, the second one on 5 February 2010, third on 26 December 2014).

<sup>19</sup> Interstate and intergovernmental agreements between the Russian Federation and the Republic of Cyprus. For example, the Consular Convention (USSR – Republic of Cyprus) (signed 8 February 1978, entered into force 19 August 1979) *United Nations Treaty Series*, Vol. 1151, 217. available at [https://www.kdmid.ru/docs.aspx?lst=country\\_wiki&it=/Convention\\_USSR\\_Cyprus\\_08.02.1978.aspx](https://www.kdmid.ru/docs.aspx?lst=country_wiki&it=/Convention_USSR_Cyprus_08.02.1978.aspx) (in Russian). The Joint Action Plan for 2011-2012 to implement the agreement the governments made on 27 March 1994 to cooperate on tourism, the Joint Action Plan between the Russian Federation and the Republic of Cyprus for 2010-2013 (7 October 2010) available at <http://kremlin.ru/supplement/730> (in Russian), see also, for example: the Joint Declaration the governments made to cooperate on modernizing their economies, the Joint Action Plan for 2018-2020, including the agreement on commercial navigation and overland transport and others.

economic relations was also signalled by the adoption of two intergovernmental documents regulating issues of major importance in the bilateral agenda. First, the implementation protocol regarding the EU-Russia agreement<sup>20</sup> on readmission was signed on 25 May 2006.<sup>21</sup> Second, the protocol amending the avoidance of double taxation regarding income and capital agreement (1998) was executed in October 2010.<sup>22</sup>

On the sidelines of the Nicosia summit, a total of 11 documents were signed in the spheres of economy, finance, investment, tourism, energy efficiency, transport, education, and cultural heritage protection. The specificity of these documents concludes in their legal nature not only in political character. The most important among them was the Joint Action Plan for 2011-2012 to implement the agreement of 27 March 1994 to cooperate in the sphere of tourism, the Declaration on Russian-Cypriot cooperation aimed at modernising the economy, and other documents on cooperation between various departments.

The most important political document that was drafted during the visit was the Joint Action Plan for 2010-2013, which took into account all the suggestions and comments from 43 Russian ministers and departments. This document should add a practical dimension to the Joint Political Declaration on further enhancement of friendship and all-round cooperation between Russia and Cyprus, which was signed by the two presidents on 19 November 2008. It includes plans to increase and develop comprehensive political dialogue, to cooperate on relevant issues in international organisations, to strengthen the high-level consultation mechanism, to encourage networking between government bodies, to enhance the legal and treaty framework for bilateral relations, to cooperate on economic, trade, and finance issues, to develop military and military-technical relations, to cooperate on issues of internal affairs and local governments, as well as on issues related to medicine, science, education, culture, and tourism.

Although the Joint Action Plan is not an intergovernmental document in the strictest sense, as the Joint Declaration is, it is also critical in developing bilateral

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<sup>20</sup> On the original EU-Russia Readmission Agreement, see OJ L 129/40 |17 May 2007.

<sup>21</sup> The Implementing Protocol was incorporated into the Cypriot legal order, sanctioned, and promulgated *per* Ratification Law 15(III)/2011, Official Gazette, Annex I(I), No. 4148, 29/04/2011.

<sup>22</sup> Protocol to Amend the Agreement for the Avoidance of Double Taxation with Respect to Taxes on Income and on Capital of 5<sup>th</sup> December, 1998 (Republic of Cyprus – Russian Federation) (signed 7 October 2010, entered into force 2 April 2012), *United Nations Treaty Series*, Vol. 2980 (*forthcoming*), Reg. No 51707.

ties. This document is of particular importance because it specifies again Cyprus' support for the Russian president's proposal to conclude a new legally binding treaty on European security. The plan also highlights the intention of Cyprus to support further dialogue between the Russian Federation and the EU, in particular to encourage the EU to allow Russia onto the visa waiver programme.

Finally, the plan confirms Russia's support for Cyprus' efforts to achieve a comprehensive, fair, and viable settlement of the Cyprus dispute. The Russian Government also maintained that the two communities should play the leading role in the process, based on the relevant UN Security Council resolutions and the High-Level Agreements of 1977 and 1979. Both these institutional documents and the official Russian position endorse the solution of the Cypriot question through the consolidation of a bi-communal, bi-zonal federation with a single and indivisible sovereignty, citizenship, and international legal personality, carrying out political equality, as it is defined in the relevant UN Security Council resolution.

Another important political document, the Joint Statement of the Russian and Cypriot presidents on the 65<sup>th</sup> anniversary of the Victory in the Second World War<sup>23</sup>, highlights the decisive contribution of Russia and other nations of the USSR to the victory over fascism. It also expresses the countries' readiness to share their experiences in preserving the memory of the people killed and missing from both countries, particularly, during the Second World War in Russia and during the Turkish invasion in Cyprus in 1974.

It is necessary to mention the Programme of Cooperation between the Russian Federation and the Republic of Cyprus in the spheres of science, education, and culture for the years 2009 until 2012.<sup>24</sup> Moreover, several areas of practical cooperation are stated in the final protocol of the 10<sup>th</sup> Session of the Russia-Cyprus Intergovernmental Committee for Economic Cooperation, which was signed early in October 2017, in Nicosia.

The Joint Action Plan for the period of 2018-2020 and the Joint Declaration on cooperating on modernising the countries' economies play significant roles in promoting bilateral relations. The Joint Action Plan for the period of 2018-2020 is a complex synergistic scheme covering various fields of cooperation, such as politics,

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<sup>23</sup> Joint Statement of the President of the Russian Federation and the President of the Republic of Cyprus on the 65<sup>th</sup> Victory over fascism, available at <http://www.kremlin.ru/supplement/729> (in Russian)

<sup>24</sup> Cooperation programme between the Russian Federation and the Republic of Cyprus in the sphere of science, education and culture, available at <https://base.garant.ru/2568839/> (in Russian).

economy, and culture. Suffice it to say that the document includes almost 50 blocks of Russian-Cypriot cooperation from general and/or political to specific, technical, and/or particular issues. Consequently, it comes as no surprise that currently more than ten new intergovernmental and interstate treaties and agreements are under negotiation.

The documents issued by Russia's Ministry of Foreign Affairs also provide a great deal of interesting and extensive material on cooperation between Russia and Cyprus. In particular, the interview in Cyprus' *Simerini*<sup>25</sup> newspaper with Russian Foreign Minister S.V. Lavrov, published on 24 December 2017, and Lavrov's statement after the meeting with his Cypriot counterpart, Nicos Christodoulides, in Moscow on 27 April 2018<sup>26</sup> contain useful information, too.

In order to choose the most appropriate factual information from these sources on cooperation between Russia and Cyprus, it is necessary to use methodological tools and research techniques, such as analysis and comparative analysis.

## Literature Review

A few studies focus on the current state of intergovernmental relations between Russia and Cyprus in Russian scientific literature. The most significant works among other studies is I.A. Antonova's *Politological Analysis of Russia's Stance on Conflicts in Kosovo and Cyprus*, and reviews by TASS and RIA Novosti news agencies that provide chronological analysis of Russo-Cypriot bilateral relations in all spheres.<sup>27</sup> Moreover, C. Arisoy, B. Daragahi, and L. Harding have devoted their research to different aspects of Russia's role in the life of modern Cyprus and in Cypriot issues.<sup>28</sup> However, the analysis of scientific literature shows that many

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<sup>25</sup> The Joint Action Plan between the Russian Federation and the Republic of Cyprus for 2018-2020 available at <https://esimo.mid.ru/md/-/storage-viewer/bilateralInt/page-41/52570> (in Russian).

<sup>26</sup> Press-conference of Serguey Lavrov, Minister of Foreign Affairs of the Russian Federation and Nikos Christodoulides, Minister of Foreign Affairs of the Republic of Cyprus by the end of their official meeting in Moscow, 27.04.2018 available at [http://www.mid.ru/ru/maps/cy/-/asset\\_publisher/wsl-w4pBwxwex/content/id/3193654](http://www.mid.ru/ru/maps/cy/-/asset_publisher/wsl-w4pBwxwex/content/id/3193654) (in Russian).

<sup>27</sup> I.A. Antonova, *Politological Analysis of Russia's Stance on the Conflicts in Kosovo and Cyprus* (dissertation, Saint Petersburg State University 2013).

<sup>28</sup> C. Arisoy, 'Russia-Southern Cyprus Relations On the Axis of the Missing Spy', *Bilgesam.org* (12 July 2010), available at <http://www.bilgesam.org>; B. Daragahi, 'Cold War Remnants Evident in Russia's Influence in Cyprus', *Los Angeles Times* (19 July 2010), available at <http://articles.latimes.com/2010/jul/19/world/la-fg-cyprus-russia-20100719>; L. Harding, 'Russian Expat Invasion of Cyprus also Has Sinister Overtones', *The Guardian* (26 January 2012), available at <https://www.theguardian.com/world/2012/jan/26/cyprus-russian-invasion>.

aspects of Russian-Cypriot interstate relations have not been a subject of scientific research yet, especially regarding Russia's stance and role in resolving the Cyprus problem, and in economic, political, and cultural ties.

## Research

The main goals and principles of Russian foreign policy at the present stage are set in the Foreign Policy Concept of the Russian Federation, approved by President Putin on 30 November 2016. It notes that the modern world is going through fundamental changes related to the development of a multipolar international system. The structure of international relations is becoming more complicated. As a result of globalisation, new centres of economic and political power are emerging. Global power and development potential is becoming more decentralised, shifting towards the Asia-Pacific region. The dominance of traditional western countries is decreasing. The variety and multiplicity of culture and civilisation development models is gradually becoming more visible than ever. The Russian Federation's long-term policy in the Euro-Atlantic region focuses on the formation of overall peace, security, and stability, based on the principles of integral security, equal cooperation, and mutual trust. Russia consistently advocates for political declarations on the importance of security to be legally binding regardless of States' membership in military-political alliances.

### Contacts between Russian and Cypriot Leaders and Russia-Cyprus Relations

Russian policy towards Cyprus is based on legal principles, which are enhanced by contacts between the countries' leaders.<sup>29</sup> Therefore, one of the most important research topics is studying the timeline and the context of these contacts. The analysis shows that there have been quite a few high-level meetings since the collapse of the Soviet Union, followed by the acknowledgment of the Russian Federation as the full, legal, and doubtlessly recognised successor of the USSR. Before addressing the contacts, visits, official and unofficial meeting attended by high-ranking officials of both nations, it must be highlighted that Russia and Cyprus stand really close in a wide range of political issues. For instance, they have both emphasised the pivotal role of the UN as a universal institution for maintaining peace and security, while

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<sup>29</sup> The Republic of Cyprus Presidents' visits to the Russian Federation. File.//available at <https://tass.ru/info/1787550> (in Russian).

they have advocated for collective actions against international terrorism, cross-border organised crime, and drug trafficking.<sup>30</sup>

Turning now to the history of diplomatic exchanges between the two countries it comes as no surprise that, as early as 1991/1992, Cypriot president George Vasiliou, paid working visits to Moscow from 27 - 30 October 1991 and on 15 October 1992. During these visits, frameworks for cooperation between the two countries were discussed.<sup>31</sup> On 7 September 2000, Russian President Vladimir Putin met with his Cypriot counterpart, Glafcos Clerides, at the Millennium Summit in New York. On 30 - 31 May 2003, President Tassos Papadopolous took part in the celebrations commemorating the tercentenary of Saint Petersburg and in the Russia-EU summit. From 21 -23 January 2006, the Cypriot Head of State paid another official visit to Russia. During these meetings, Russia consistently supported the independent development of Cyprus, opposing foreign interference in its internal affairs. Moreover, between 18–21 November 2008, President Demetris Christofias made an official visit to Russia. Christofias studied in Moscow from 1969 to 1974, where defended his doctorate dissertation on history. Following negotiations, the leaders of Cyprus and Russia signed several joint documents, including the joint declaration on further intensification of the relations of friendship and comprehensive cooperation and the health care and medical science cooperation agreement. It should be pointed out, that the late President Christofias was awarded a honorary doctorate degree by MGIMO University, during his official stay in Russia.

On 7 October 2000, the Russian President met with his Cypriot counterpart, D. Christofias, for the second time. It was the first official visit of a Russian President to Cyprus. The two heads discussed and signed 15 documents, after intensive negotiations held in both a narrow and expanded format. On 28 February 2013, Nicos Anastasiades was elected president, and he made his first official visit to Russia from 24 - 27 February 2015. During his visit to Russia, President Anastasiades and his Russian counterpart signed the Joint Action Plan for 2015-2017. Several bilateral understanding were adopted, following the meeting. During his stay, Nicos Anastasiades also negotiated with the Russian Prime Minister Dmitry Medvedev. Thereafter, Nicos Anastasiades visited Moscow again (9 May 2015), this time to attend the celebrations marking the 70<sup>th</sup> anniversary since the end of the Second

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<sup>30</sup> Interstate Relations between Russia and Cyprus, RIA Novosti (24 October 2017), available at <https://ria.ru/20171024/1506250481.html>.

<sup>31</sup> Russia-Cyprus relations. File.//available at <https://tass.ru/info/1787551> (in Russian).

World War. Subsequently, on 16 July 2016, the Russian prime minister attended an in-camera meeting with the Cypriot president in the margins of the Asia-Europe Summit (ASEM) in Mongolia.

Besides negotiating at the highest level, the foreign ministries of the two countries cooperate actively. For instance, on 31 October 2016, the Cypriot Foreign Minister Ioannis Kasoulidis arrived in Moscow for an official visit to meet with his Russian counterpart. The two ministers discussed bilateral issues and EU-Russia relations. From 18-20 May 2017, the Russian Foreign Minister Sergey Lavrov, paid a working visit to the Republic of Cyprus. He was received by President Anastasiades and conducted talks with his Cypriot counterpart. On 19 September 2017, Minister Lavrov met President Anastasiades again, in the margin of the 72<sup>nd</sup> session of the UN General Assembly in New York. The two statesmen discussed the prospects of further cooperation between Russia and Cyprus in various areas, and they underlined the mutual interest in continuing the political dialogue and constructive cooperation at international platforms, including the UN.

Furthermore, the foreign services of the Russian Federation and the Republic of Cyprus carry out consultations on a regular basis. Parliamentary contacts are expanding too. For instance, in December 2016, the Chairman of the Federation Council Committee on International Affairs, Konstantin Kosachev, met with the head of the Cypriot House of Representatives, Demetris Syllouris. The Russian official also met with the chairperson of the House Standing Committee on Foreign and European Affairs, Giorgos Lilikas.<sup>32</sup>

The Russian Federation and the Republic of Cyprus have an identity of positions in a number of issues. Russia and Cyprus stress the core role of the United Nations Organization as a universal institute for peace and safety support. Both countries stand for collective actions of the world community against global terrorism, transborder organised criminality and drug traffic.

### **The Legal Framework of Russia-Cyprus Relations**

Frequent and close contacts of government leaders of Russia and Cyprus have enabled the solidification of a multilevel legal framework supporting the conduct of bilateral intercourse. Today, dozens of bilateral treaties exist between the Russian

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<sup>32</sup> Russia and Cyprus interstate Relations, available at <https://ria.ru/20171024/1506250481.html?in=t> (in Russian).

Federation and the Republic of Cyprus, starting as early as the 1960s when Cyprus became an independent State. These documents represent a solid basis for the intensification of the synergistic relations between the two countries and regulate various areas of bilateral cooperation. Though in the mid-2000s the improvement of treaty and legal framework of Russian-Cypriot cooperation progressed at a slow pace, which was due, among other reasons, to Cyprus concentrating its efforts on harmonising national legislation with EU law (the Republic of Cyprus became a member of the EU in 2014). However, there have been positive developments in this sphere lately. The regular meetings of the countries' leaders have played a crucial role in these developments.

In the course of the cooperation, several types of documents have been prepared, signed and actively implemented.

Primarily, these documents are joint action programmes adopted on a triennial basis, such as:

- the Joint Action Plan for 2010-2013 between the Russian Federation and the Republic of Cyprus;
- the Joint Action Program for 2011-2012 to implement the Agreement of 24 March 1994 between the governments of the Russian Federation and the Republic of Cyprus on cooperating in tourism;
- the agreement between the Russian and Cypriot governments for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital, signed on 5 December 1998.

There is a solid package of intergovernmental documents in the sphere of economy,<sup>33</sup> finance, investment, tourism, energy efficiency, transport, education, and cultural heritage. Even so, the most important political documents are joint action plans. For example, the Joint Action Plan for 2010-2013 was drafted, as mentioned before, taking into account all the suggestions and comments from 43 Russian ministries and departments.

This plan provides for further intensification and development of the political dialogue, creates a stable basis supporting cooperation on relevant issues in

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<sup>33</sup> For example, the Joint Declaration between the governments of the Russian Federation and the Republic of Cyprus on Cooperation in the Sphere of Modernization of the Economies (2017), available at <http://economy.gov.ru/wps/wcm/connect/451d6bb1-499b-4543-b6a1-bb0a4177054e/Joint+Declaration.pdf?MOD=AJPERES&CACHEID=451d6bb1-499b-4543-b6a1-bb0a4177054e>.

international organisations, while strengthening the high-level consultation mechanism. The action plan promotes not only networking between governmental bodies, but also the enhancement of the normative framework on economics, trade, and finance, military and military-technical relations, internal affairs, local governments, health medicine, science, education, culture, and tourism. The plan also highlights the intention of Cyprus to support a further deepening of the dialogue between the Russian Federation and the EU, in particular, to encourage the abolishment of visas.

### **Trade and Economic Relations**

Economic cooperation is a thriving section of bilateral intercourse, a domain of mutually beneficial activity, fostering a booming array of synergies. The Russia-Cyprus Intergovernmental Committee for Economic Cooperation, operating since 1998, provides institutional support to develop economic relations between the two countries. The last regular meeting of the committee was in Moscow in April 2016. In order to promote direct contacts between entrepreneurs of the two countries, the Business Council for Cooperation with Cyprus was established in Russia in 2011. Summarising some results of economic cooperation between the two countries, the following characteristics should be mentioned.

Firstly, Russia exports mainly raw materials to Cyprus. Crude oil is the main commodity that Cyprus' economy needs. Other high-demand commodities are barley, sawn wood, fertilisers, beverages, and feed concentrates. Russian machinery is also in great demand. In turn, Cyprus exports to Russia citrus fruit, fruit juices, wines, canned fruit and vegetables, pharmaceuticals, and perfumery.

Secondly, an important characteristic of bilateral economic cooperation is the fact that Cyprus is one of the leading channels for foreign investment in the Russian economy and one of the main investors. Cypriots mainly invest in the manufacturing sector. They also invest in mining operations, real estate business, and construction. They provide wholesale and retail operations, transport, and telecommunication services. Financial analytics claim that most of the capital invested mainly had been exported earlier from Russia and is returned back home. This is nothing less than reinvested capital, which is connected with the regulatory and tax framework in Cyprus. On the other hand, one of the main investors in Cyprus is the Russian Federation. Russian capital finances several activities in the Republic, including the agricultural and manufacturing sectors. According to the Central Bank of the

Russian Federation, on 1 January 2016 accumulated Cypriot direct investment in Russia amounted to USD94,5 billion, and the amount of Russian investment in Cyprus' economy was USD92,2 billion D.<sup>34</sup>

Cooperation with Russia in banking, fuel, and energy sectors merits further attention. Large Russian banks are starting to occupy these niches. For instance, VTB Bank has its subsidiary in Cyprus, and Russian Commercial Bank (Cyprus) Ltd. Promsvyazbank has had a branch in Cyprus since 2002. One of the largest investors in the Cypriot economy is Lukoil Cyprus Ltd, which was established in 2002. It controls 10% of the oil product market in Cyprus and manages 30 gas stations.

According to the Russia Ministry of Economic Development, by the end of 2015, the total volume of Cypriot accumulated investment in Russia amounted to USD99 billion, and Russian investment in Cyprus was USD103 billion. By comparison, at present, German investment in the Russian economy exceeds USD16 billion, and Russian investment in the German economy is around USD8,5 billion.

Here are several concrete examples of economic cooperation between Russia and Cyprus. In December 2011 Russia issued a EUR2,5 billion loan to Cyprus to finance its debt obligations. This step was taken because of the economic crisis in Greece that had affected Cyprus. Three leading banks, including the Bank of Cyprus, held Greek government bonds. The banking sector lost around 80% of total investment due to write-offs of Greek government bonds. It was assumed that a Russian loan would allow Cyprus to recover without help from the EU and the IMF. However, in June 2012, Cyprus had to do that, although at present, the crisis has passed, and Cypriot GDP has increased by 3,5%. The 4,5% loan was calculated over 4,5 years. Cyprus applied to other countries, which offered credit lines at a minimum of 15%. In August 2013, a protocol was signed that provided for a 2,5% interest rate decrease per annum and a postponement of the principal debt from 2016 to the period of 2018-2021.<sup>35</sup>

At the beginning of the 21st century, the volume of bilateral trade slumped due to the Cyprus crisis, EU sanctions against Russia, following the situation in Ukraine, and Russian countermeasures in 2014. According to the Federal Customs Service of Russia, in 2010, goods turnover between the two countries amounted

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<sup>34</sup> TASS News Agency, 'Russia-Cyprus relations' (24 October 2017), available at <https://tass.ru/info/1787551>[in Russian].

<sup>35</sup> Russia-Cyprus relations, available at <https://tass.ru/info/1787551> (in Russian).

to USD 1,6 billion. Yet in 2014, it dropped to USD 653,3 million, and in 2015, to USD303 million. However, in 2016, the trade volume increased by nearly 10% to USD334,5 million. In 2016, Russian exports to Cyprus amounted to USD 282,8 million D, which was an increase of almost 15%, compared to its rate in 2015 when Russian imports dropped by 12,7% to USD51,6 million.<sup>36</sup>

At present, mineral commodities account for more than 54% in the Russian export structure. They are followed by machinery, manufacturing equipment and transport vehicles (22%), food commodities and agricultural raw materials (11%), metals and objects made from them (5,6%), and chemical industry production (4,6%). Machinery, manufacturing equipment and transport vehicles also constitute the bulk of supplies to Russia (about 80%). Moreover, Russia imports chemical industry products (14%), food commodities, and agricultural raw materials (2,4%).

One of the most important areas of bilateral economic cooperation is tourism. According to Cyprus' official data, the flow of Russian tourists visiting Cyprus increased from some 130,000 in 2000 to 781,600 in 2016, while the total amount of tourists was 3,2 million. Between January and September 2017, the number of Russian tourists increased by 5%, compared to the same period in 2016.

Without doubt, EU sanctions against Russia have led to a decline in trade and economic cooperation between the two countries. According to the Federal Customs Service of Russia, in 2016, external turnover between Russia and Cyprus amounted to USD334,5 million, in particular Russian exports totalled USD282,8 million and imports amounted to USD51,6 million. From January until July 2017, external turnover between Russia and Cyprus totalled USD216,4 million, Russian exports were USD211,7 million, while imports were USD4,7 million.<sup>37</sup>

There is also a hope that the economic ties between the countries will develop further, promoting Cyprus' economic growth. In 2018, Cyprus' economy increased by 3,9%, while for 2019 the growth was estimated at 3,3%, according to the forecasts of the Economic Research Centre (ERC) of the University of Cyprus. In 2017, thanks to tourism, the growth of GDP reached 3,9%, which was the best figure for the last ten years. In 2018 and 2019, the growth of Cyprus' economy has been the result of strengthened domestic market, favourable environment, low interest rates, inflation, as well as optimistic thinking on local and European markets.

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<sup>36</sup> Ibid.

<sup>37</sup> Russia and Cyprus interstate relations, available at <https://ria.ru/20171024/1506250481.html?in=t> (in Russian).

However, the ERC's report indicated significant risk factors, among which are high levels of debt and defaulting loans, coupled with an increasing correlation between banking and sovereign risks. As the report noted, taking into account the high level of sovereign debt, delays in implementing structural reforms in such areas as the judicial system or the public administration apparatus, and the emergence of fixed government expenditures based on short-term incomes can adversely affect economic sentiment, sustainability of public finances and growth prospects.<sup>38</sup> Among other potential risks, there is a slowdown in the Eurozone and in the UK due to ongoing negotiations on BREXIT and a weakening of Cypriot tourism industry, caused by competition from third countries. Strengthening demand by encouraging domestic consumption and financing private and public investment projects may be a possible growth factor.

The growth forecast in Cyprus for 2019 has been diminished from 3,5% stated in May report to present 3,3% due to weakening of economic expectations in Cyprus and unstable growth in Europe.<sup>39</sup>

It is worth mentioning that, according to the similar forecast of the Central Bank of Cyprus<sup>40</sup>, Cyprus' economy is expected to grow by 4,1% this year and by 3,9% in 2020. The European Commission<sup>41</sup>, on the other hand, forecasts that these figures will be 3,6% and 3,3% respectively.

### **Military-Technical Cooperation between Russia and Cyprus**

An important sphere of interstate relations of Russia and Cyprus is military and technical cooperation, seeking to protect Cyprus' independence.

On 25 February 2015, Russia and Cyprus signed a military cooperation agreement in Moscow. This agreement aims at developing bilateral military cooperation between the parties for strengthening mutual trust and international security. The conclusion of this agreement was a result of growing cooperation between Russia and Cyprus in this area, which began in the 1960s.

The first contract for the supply of military equipment between Cyprus and the USSR was concluded in 1964. According to this agreement, in 1965 the USSR

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<sup>38</sup> Komsomolskaya Pravda, "The ERC's growth forecast in Cyprus", Komsomolskaya Pravda (8 June 2018), available at <https://www.cyprus.kp.ru/daily/26864/3907300/>.

<sup>39</sup> Ibid.

<sup>40</sup> Ibid.

<sup>41</sup> Press Service of the Cyprus Investment Promotion Agency, available at <https://cyprus-mail.com>.

supplied 32 T-34-85 tanks along with ammunition supplies and spare parts. Those fighting vehicles were used during the hostilities with Turkish army in 1974, and ten of them were irrecoverably lost. Between 1995 and 1996, Cyprus received 43 Russian BMP-3 fighting vehicles. The contract value was USD68 million.

In April 1996, Cyprus and Russia signed a contract to supply 41 Russian tanks produced at Omsktransmash. The contract value was USD172 million. In early 1997, a contract for the supply of surface-to-air missile systems S-300 PMU1 caused widespread political reaction. According to some reports, the contract value was USD230 million. However, due to political differences between Cyprus and Turkey and pressure from the US and the UK, the Cyprus Government was forced not to install these systems on its territory. As a result, Greece bought these systems, and in early 1999, they were installed in Crete. Russian surface-to-air missile systems Tor M1 (two items) and Buk-M1-2 (two items) were sent from Greece to Cyprus to compensate for the S-300 PMU1 systems.

In 2001, Russia supplied four 'Grad' multiple rocket launchers and military cargo helicopters Mi-35P to Cyprus. One of the helicopters crashed in Cyprus in July 2016. Another 11 vehicles were overhauled in Russia in 2007 and 2008.

In early 2005, Cyprus' Ministry of Defence signed a contract worth USD12,1 million with Russia. The syndicate, which was a party to the contract, included Peleng, a Belarussian company that produces fire-control systems, and Thales Optronics, a French company that supplies thermal vision cameras. The share of JSC Rosoboronexport in this contract was USD2 million.

In 2006, Russia and Cyprus started negotiations for the supply of new tanks, and in June 2009, they signed a contract for the delivery of 41 Russian T-80U/UK tanks. Cyprus also purchased four armoured recovery and repair vehicles, service ammunition, and support materials. The contract provided training for Cypriot specialists in Russia. The total cost of the contract amounted to USD156 million D. The Russian Armed Forces supplied those T-80U/UK tanks to Cyprus in 2010 and 2011, as well as overhauled and reworked them. The recovery and repair vehicles, supplied in 2011, were newly built.

On 2 December 2013, Cyprus' Ministry of Defence and JSC Rosoboronexport signed a contract valued at EUR28 million to serviced Mi-35P helicopters for the second time. The first four vehicles were rebuilt in 2014.

On 9 February 2015, Cypriot President Anastasiades stated that they were discussing with Moscow further possibilities for Russia to use Cyprus' seaports and airports for its military aviation and navy ships for humanitarian operations or emergencies. That was not about providing bases to Russia, but about facilitating port passage for Russian ships in Cyprus' waters. At present, requests are submitted through diplomatic channels and approved individually. According to plans, a new notification procedure will be set promptly.<sup>42</sup>

Article 2 of the Agreement on military cooperation between the Russian Federation and the Republic of Cyprus states that the two countries cooperate in further areas:

- Exchange of views and information on military and political affairs, enhancement of mutual trust and international security, strengthening the fight against terrorism and arms control;
- Development of relations in the field of military education, medicine, history, topography, hydrography and culture;
- Exchange of experiences on peacekeeping and cooperation in the UN-led peacekeeping operations;
- Exchange of experiences in military education and training;
- Other areas of cooperation, as determined by mutual consent.

Article 3 of the Agreement sets out guidelines of military cooperation and its implementation. They include:

- Official visits of various military delegations and civil representatives;
- Invitations to participate in military exercises or as observers;
- Working meetings of military experts and specialists;
- Participation in theoretical and practical training programs, tutorials, conferences, negotiations and symposiums;
- Military education and training;
- Entries into the countries' ports by military aviation and navy ships;
- Cultural and sport activities;
- Leisure programmes for the military and their families;

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<sup>42</sup> TASS News Agency, 'Military and technical cooperation between Russia and Cyprus', TASS.ru, (24 February 2015), available at <https://tass.ru/info/1787557>.

- Other forms of cooperation that are defined by mutual consent of the parties<sup>43</sup>.

## Discussion and Conclusion

A comprehensive overview of results and further perspectives of cooperation between the two countries in all spheres of society is contained in the official documents that regulate Russia-Cyprus relations.

The following characteristics of results are mentioned in the Joint Declaration on Further Intensification of the Relations of Friendship and Comprehensive Cooperation between the Russian Federation and the Republic of Cyprus. The declaration highlights three important factors in the political sphere. Firstly, the Russian Federation and the Republic of Cyprus have had amicable relations for a long time. Secondly, both countries note with appreciation the progressive development and increase of political, economic, legal, and social framework in bilateral relations as well as the enhancement of full cooperation. Thirdly, there is an aim to use all opportunities to deepen mutual relations.

In this regard the Russian Federation and the Republic of Cyprus plan to intensify political contacts and cooperation at all levels, both bilaterally and within the UN as well as with other international organisations of which they are members. The declaration states the great importance of developing economic relations. It is important that, in this sphere, a significant progress in improving legal and treaty ties between the two countries is also highlighted. This progress provides the most favourable conditions for enhancing economic operators' activities in both countries. At the same time, the countries declare that the potential of trade and economic relations is far from being fully realised, and that there are broad prospects for its implementation. For that reason, certain steps should be taken to increase mutually beneficial bilateral trade. An increase in the supply of Cypriot goods and services to the Russian market and structural improvement of Russian exports to the Republic of Cyprus can ensure such benefits.

In summarising, significant results have been achieved in cultural, spiritual, and humanitarian areas. Moreover, it is worth pointing out that the development

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<sup>43</sup> Agreement between the Governments of the Russian Federation and the Republic of Cyprus on Military Cooperation (signed 25 February 2015, entered into force 16 December 2016), *Bulletin of International Treaties of the Russian Federation*, No 2 (February 2017), also available at <http://docs.cntd.ru/document/420263689> (16.12.2016, N 0001201612160021).

of bilateral cooperation in the humanitarian sphere has a solid foundation. It is based on historical, cultural, and spiritual bonds between the peoples of the two countries.

The Joint Declaration in this area underlines that both parties are interested in enhancing and developing legal and treaty foundations for cultural and humanitarian partnerships, cooperation in science and mutual scientific studies, health care and other areas. One of the main conditions for that is the support of government bodies and business circles of both countries and the promotion of practical steps in this direction.

Research studies on the Cyprus issue pay attention to considerable involvement of the Russian Federation in the settlement of problem. Experts note that Russia's role in a Cyprus settlement exists in the following practical forms: promoting intercommunal dialogue, building relations between Greece and Turkey, participating in bilateral and multilateral consultations on the Cyprus issue, and engaging with authorities of the Republic of Cyprus.<sup>44</sup> Among other things, both the Cyprus society and independent experts<sup>45</sup> constantly underline that Russia is in favour of achieving a comprehensive, just, and viable settlement of Cyprus dispute. Russia supports a solution which would be fair to all Cypriots and both constitutive communities.

Cyprus is an important and prospective partner for Russia. Russia values Cyprus' intention to strengthen close and extensive cooperation. This cooperation is actually characterised by high intensity at all levels. Russia and Cyprus have signed more than 40 interstate and intergovernmental agreements. Recently a number of new important documents have been signed. Among them is the Joint Action Plan for 2018-2020, which involves various steps to increase further bilateral ties. The Joint Declaration aims to improve the existing relations of friendship and cooperation between the two peoples for their benefit. These relations have always been established on the principles of mutual trust and respect. The parties to the Declaration are sure that full cooperation and continued efforts in this direction will contribute to the strengthening of peace, stability, and the well-being of the European continent.<sup>46</sup>

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<sup>44</sup> RIA Novosti, 'Political Expert: The Participation in Cyprus Dispute Settlement is Important for Russia' (28 September 2015), available at <https://ria.ru/20150928/1287964856.html>.

<sup>45</sup> *Ibid.*

<sup>46</sup> The Joint Political Declaration on Further Enhancement of Friendship and All-Round Coopera-

## Epilogue

As the analysis of the development of relations between Russia and Cyprus shows, the two countries are prospective partners. President of Russia V.V. Putin noted that Moscow appreciates Nicosia's desire to strengthen their mutual cooperation. During the visit of the Cypriot President Nikos Anastasiades to Russia in October 2017, V. Putin stated once again, 'It is important for Russia that Cyprus should make the final decision by itself without outside interference and imposition of ready-made solutions'. It is according to the results of this visit that the two countries agreed to promote cooperation in the fields of innovation, energy efficiency, medicine, pharmaceuticals, and military cooperation; actually, the two heads discussed the possible delivery of Russian aircraft and shipbuilding products. The Russian president mentioned that both nations attach great importance to direct business intercourse. The Russian leader recalled that the largest Russian banks operate their branches in Cyprus. Moreover, traditionally, cultural and humanitarian contacts are at the forefront of relations between Russia and Cyprus. Russia and Cyprus are planning further expansion of cultural and humanitarian ties between the countries. Therefore, interstate relations between Russia and Cyprus have created necessary conditions for the further comprehensive development of cooperation in all areas for the benefit of two countries.

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# Political Corruption: The Danger of Manifestations and the Need for Counteraction

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## Abstract

*All countries face corruption, in particular political corruption. The complexity of fighting political corruption derives from the fact that it represents the most effective form of struggle to achieve and retain, for power. Firstly, Citizens legitimise it as political struggle, and it is deeply latent since top authorities are often involved in corrupt relations, which makes political corruption less obvious to the general public. At the same time, political corruption undermines democratic foundations and constitutes a threat to state institutions. It is highly unlikely that political corruption as well as corruption in a broader sense might be defeated, but reducing it to a certain minimum is an important task for states. To this end, nation states need to develop counter-corruption mechanisms based on an analysis of its essence and features. This paper identifies the attributes of political corruption and the guiding principles for fighting it. Based on the analysis performed, the authors break down political corruption into four types: illegal political financing, electoral financing, favouritism, and corruption in the civil service. Each of these types have their own features requiring specific tools to fight corruption both domestically and globally. The researchers made a comparative analysis of peculiarities in the political corruption fight in the Russian Federation and in Cyprus. That may help to take an account on their best practice to elaborate suggestions to improve the legal regulations and to avoid the legal gaps that may lead to political corruption.*

**Keywords:** political corruption, electoral corruption, political financing, favouritism, nepotism, transparency

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## Introduction – Political Corruption: Definition, Concept and Types

Corruption as a negative phenomenon has been known since ancient times. Corruption is mentioned even in the cuneiform inscriptions of ancient Babylon, where abusive judges and officials who extorted illegal rewards had to be prevented.<sup>2</sup> Antiquity did not escape corruption either. The ravages of corruption contributed to the collapse of the Roman Empire. Later periods of history, including those of Western Europe, were accompanied by the flourishing of corrupt relations.

The 1990s and the 2000s saw crime proliferate, which made the issue of combating crime a priority of national and global significance. Society became aware of the real danger of corruption. It is commonly agreed that manifestations of corruption are found in totalitarian and democratic states, in economically and politically developing countries and in superpowers. Today we can say that corruption is global. Regrettably, it should be recognised that it is an objectively existing phenomenon inherent in any state system, and it can be eradicated, it seems, together with the state itself. Therefore, slogans calling for eradication of corruption only mislead the public. While corruption undermines the prestige of state power and is a threat to state institutions, it constitutes a real danger to a state, and the state must find ways to limit the areas that are lucrative for corrupt officials, reduce impact of corruption on government and political decisions, minimise societally dangerous consequences, and as a result diminish this negative phenomenon to a socially tolerable level.

Scholars working in legal, political, economic and other sciences address issues of corruption and ways to fight it. Given its heterogeneity, the solution can only be comprehensive and all-embracing. Many well-known western thinkers paid great attention to exploring corruption. Moreover, their views on this issue are still relevant nowadays. Niccolò Machiavelli, for example, compares corruption with consumption, which, although difficult to diagnose, is easier to cure without delay, since it becomes hard to cure it when the disease is neglected.<sup>3</sup> An assessment of the current situation with regard to the proliferation of corruption in the world and in Russia, in particular, confirms these words which seem to be so obvious.

Last century, Russia earned an image of a deeply corrupt state, both domestically and abroad. The causes of it were as follows: the dominance of the party apparatchiks

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<sup>2</sup> *Bol'shaja sovetskaja jenciklopedija* [Great Soviet Encyclopedia], Vol. 27 (Moscow, 1977), 94 [in Russian].

<sup>3</sup> N. Machiavelli, *Opere* (Milano, 1954), 137.

in the country led to the widespread involvement of 'party members' in public administration at different levels and in various spheres; the dependence of the public administration bodies on the party organs; the penetration of party functionaries, who were often people without proper professional skills, into the state apparatus, and consequently into power. Gradually, elements of favouritism, protectionism, nepotism and other forms of corruption grew in the power structures. Later, at the turn of the century, law enforcement institutions were instructed to counter simple and obvious crimes, since high- and medium-level officials enjoyed immunity against criminal investigation and prosecution. In the modern period Russia has created a comprehensive system of anti-corruption legislation which has become a solid legal basis for fighting corruption. The supreme leadership of the country has clearly expressed their willingness to actively resist corruption. Recently, law enforcement agencies and civil society institutions have made certain progress in detecting and preventing corruption offenses and bringing corrupt officials to justice, primarily criminal justice, nevertheless, effectiveness of anti-corruption efforts needs to be raised.

Cyprus faces the same problems but not to such extent. Transparency International's Corruption Perception Index gave Cyprus a score of 57 in 2017, which means much more needs to be done. At the same time, it should be mentioned that subject to GRECO's evaluations review and other organisations, Cyprus was proactive in creating anti-corruption mechanisms.

It is worth noting that a corrupt relationship is not homogeneous. It arises and exists in various spheres of society of each state, and it involves different categories of persons and pursues different goals. Several forms of corruption can be identified in this regard: economic, administrative and managerial, social and political. Nowadays, the world, including Cyprus, starts seeing dangerous trends in the development of corruption. One is the politicisation of corrupt relationships, to which special attention will be paid in this article.

Political corruption refers to corruption or corruption-related forms of political struggle for power among the ruling or opposition elites, parties, groups, corporations or individuals. Political corruption is closely associated with unethical practices of civil servants. It is dangerous since it destroys fundamental democratic processes<sup>4</sup> and significantly undermines the constitutional and legal foundations of power and its prestige in the country and abroad. If, until recently, corrupt prac-

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<sup>4</sup> K.Kh. Ippolitov and V.B. Makarov, 'Poniatie i istochniki korruptsii' [Concept and sources of corrup-

tices were used to achieve predominantly material benefits, in the modern period its dominant objective is political enrichment conquering and retaining political power in order to be able to influence government decision-making.

Political corruption in this article will be viewed as a form of corruption that affects political decision-making at both the stage of fighting for power and at the stage of retaining it.<sup>5</sup> It is noteworthy that political corruption is the most effective form of power struggle. However it erodes the ability of the state to effectively manage public affairs, undermines democratic institutions, thereby eventually leading to increased popular discontent. The fight against this type of corruption relationship is complicated by the fact that political corruption is accepted in both the public's opinion and in political circles. The public perceives the existence of political corruption as an integral part of state policy, as a kind of objectively and historically established phenomenon, without seeing a threat to society in it. The political struggle is viewed by the population as a normal phenomenon, which is built into the very nature of a political party.<sup>6</sup> Political corruption does not often cause negative public reaction to the actions of entities engaged in politics. The problem is aggravated by the fact that it is highly latent in nature since far fewer persons (the top authorities) are involved in corrupt practices and it rarely shows itself in a tangible form, mostly resorting to intangible methods such as expressing support for a political group, a political decision, etc., which makes it difficult to prove corruption offences. Perpetrators of political corruption (political leaders and persons vested with authority, including legislative authority) use political power to appropriate public or private resources in a way that may or may not be formally illegal, but is in violation of moral and ethical standards and obligations to society. The danger of political corruption primarily lies in the fact that it inevitably ruins political competition, deforms a state's political institutions, and erodes legitimacy of power.

Public entities that are closely related to politics can be identified as the most vulnerable to corruption: political parties and their operations, elections, law-making,

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tion], *Sledovatel'* [Investigator], Vol. 5 (2008), 26 [in Russian].

<sup>5</sup> Ju.A. Nisnevich, 'Political corruption: definition, forms of manifestation, mechanism and resources', in *Technologization of political processes in the context of globalization: theory, experience, prospects. Materials of the international scientific-practical conference*, eds. V. Kamyshev and O.E. Grishin (Moscow, 19 October 2012) [in Russian]. M.: Federacija mira i soglasija [Federation of Peace and Accord]. P. 193-201, available at <http://www.hse.ru/pubs/lib/data/access/ram/ticket/1/1408091666d9c39732edc57c864452e29af50e63ff/Artnis89.pdf>, accessed 15 September 2018.

<sup>6</sup> D.A. Kvon 'Politicheskaia korruptsiia: poniatie, tseli, sub"ekty' [Political corruption: concept, goals, doers] [in Russian], *Vlast'* [Power], – Vol. 7 (2015), 46.

privatisation, etc. when there is 'some kind of transaction between private and public sector actors where collective benefits are illegally converted to private ones'.<sup>7</sup>

The consequences of political corruption are dangerous, as they bring about 'the formatting of political competition, restriction of access to power, the use of the state as a tool for obtaining political rent for certain closed groups'<sup>8</sup>.

Before proceeding to consider the main types of political corruption, it should be noted that many authors researching this phenomenon, include lobbying in corrupt practices. Such a position can hardly be found justifiable. The matter is that lobbying is an activity aimed at protecting the legitimate interest of a person involved in a legal relationship. Although some countries do not have specific legal norms regulating lobbying, it does not make it illegal. Indeed, in most cases 'everything that is not prohibited is allowed'. Moreover, a legitimate interest, in contrast to a person's rights that are guaranteed by the state, requires that a person perform certain actions. Corruption occurs when unlawful methods and means are used to realise a legal interest (for example, giving and receiving bribes) or when legal means are used to produce an unlawful result (for example, oversight bodies inspecting political issues in order to obstruct operations or apply pressure).

## Literature Review

The scientific literature has given some attention to issues of political anti-corruption such as M. Johnston, James H. Anderson and C. W. Gray, L. Sousa, Ben W. Heineman and F. Heimann, M. Grossman, M. M. Carlson and S. R. Reed, N. Ram, B. Buchan and L. Hill, and D. Hough.<sup>9</sup> The issues of parties' funding and electoral corruption are

<sup>7</sup> I. Amundsen, *Political Corruption. An Introduction to the Issues*. (Bergen, Norway: Chr. Michelsen Institute, 1999), available at <http://www.cmi.no-publications-file-1040-political-corruption.pdf>, accessed 05 March 2018

<sup>8</sup> A.N. Vorob'ev «Zakhvat gosudarstva»: kachestvo institutov i rezhimnye deformatsii (Poisk podkhoda i operatsionalizatsiia) ["Conquering the state": quality of institutions and regime deformations' (Searching for approaches and operationism), *Obshchestvennye nauki i sovremennost'* [Social science and modernity], Vol. 5 (2014) [in Russian].

<sup>9</sup> A.J. Heidenheimer and M. Johnston, *Political Corruption: Concepts and Contexts* (New York: Routledge, 2017); J. H. Anderson and C. W. Gray, *Policies and Corruption Outcomes* (2007); L. Sousa, *European Anti-Corruption Agencies*; (2006); B. W. Heineman and F. Heimann, 'The Long War Against Corruption', *Foreign Affairs* (2006, May/June); M. Grossman *Political Corruption in America: An Encyclopedia of Scandals, Power, and Greed* (Amenia, NY: Grey House Publishing, 2017); M. M. Carlson and S. R. Reed, *Political Corruption and Scandals in Japan* (Ithaca, NY: Cornell University Press, 2018), N. Ram, *Why Scams are Here to Stay: Understanding Political Corruption in India*, (New Dehli: Aleph, 2017), B. Buchan and L. Hill, *An Intellectual History of Political Corruption* (Basingstoke:

the subject of research of H.E. Alexander, A.B. Gunlicks, I. van Biezen, G. Ariño Ortiz, H. Mataković, N.I. Platonova, G.N. Mitin, P. del Castillo Vera.<sup>10</sup>

Though, there is no comparative research on anti-corruption mechanisms in politics in the Russia Federation or in Cyprus. Therefore, we believe that it may be useful to describe the practices of these countries in solving the problem of political corruption and to suggest ways to improve national legislation.

### **Research Methodology**

The authors used traditional scientific methods to analyse, synthesise, generalise and compare the legislation and rationale. The method helped to survey the political corruption as a systematic problem affecting legal relations in different sectors. In particular, the authors focused on legislation of the Russian Federation and Cyprus.

### **Findings and Discussion**

#### ***Types of political corruption***

Earlier, when scholars wrote and spoke about political corruption, they meant only illegal financing of political parties and corrupt offenses during election campaigns. However, this approach seems too narrow and political corruption should be expanded to include the following types:

- illegal political funding;
- corrupt electoral practices;
- favouritism and nepotism;
- corrupt civil servant;

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Palgrave MacMillan, 2014), D. Hough, *Corruption, Anti-Corruption and Governance* (Basingstoke: Palgrave MacMillan, 2013)

<sup>10</sup> H.E. Alexander, *Financing Politics: Money, Elections and Political Reform* (Washington DC: CQ Press, 1992); A. B. Gunlicks, *Campaign and Party Finance in North America and Western Europe* (Lincoln, NE: toExcel Press, 2000); I. van Biezen, *Financing political parties and election campaigns guidelines* (Strasbourg: Council of Europe Publishing, 2003), G. A. Ortiz, *La Financiacion de los Partidos Politico* (Spain: Foro de la sociedad civil, 2009); H. Mataković, *Novac I politika* (Croatia: Transperency international, 2007), N.I. Platonova *Finansirovanie tekuchey deyatelnosti politicheskikh partiy v Rossii I zarubezhom* [Financing of the current activity of the political parties in the Russian Federation and foreign countries] (Moscow: MGOMO-University, 2017) [in Russian]; G. N. Mitin, *Finansirovanie politicheskikh partiy: Teoriya i prakticheskie rekomendatsii* [Financing of political parties: Theory and practical recommendations] (Moscow: LENAND, 2015) [in Russian]; P. del Castillo Vera 1985 *La financiación de Partidos y candidatos en las democracias occidentales* (Madrid: Centro de Investigaciones Sociológicas, 1985).

**Political financing** or political investment is legal or illegal financing of day-to-day operations of political parties. In general, financing political parties is the central issue of political corruption. A number of factors lead to such interpretation. The dual legal nature of political parties makes them unique institutions. They are a civil society institution, and, at the same time, they are involved in the system of power relations. They represent a kind of 'a bridge' between the populace and the government bodies and their officials. Those parties that enjoy the greatest support of the population are represented in the legislative establishment of the country, and their members participate in political decision-making. As institutions of civil society, political parties make efforts to prevent corrupt offenses, but at the same time they themselves perpetrate corruption. Party financing not only affects the political effectiveness of parties but also often acquires features of 'political investment that is capable of restricting political competition. It is obvious that the effectiveness of a political party is directly dependent on their political investment attractiveness.

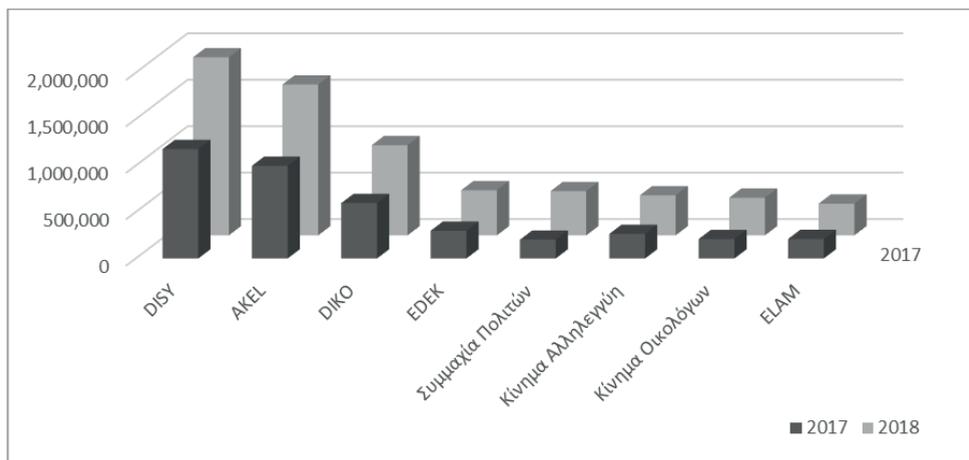
The state's task is to create a legal framework conducive to minimising corruption risks in party funding. The sources of such funding need to be named here. First of all, we are talking about state funding, i.e., providing parties with financing, property or privileges. Such funding can be carried out directly or indirectly. It is worth noting that until now there is no single approach to the issue of whether state support for parties is needed and justified. On the one hand, state financing creates conditions for the existence of a multi-party system as an institution of democracy and is a guarantor of political pluralism. Public funds also serve as a mechanism limiting the excessive influence of private investment in political parties and, in particular, in political decisions that they subsequently make. On the other hand, there is a threat that political parties may become state-owned and lose their independence and self-governance. For example, the political parties in Russia have up to 90% of their budgets funded from their countries' public coffers. Moreover, such party financing is a heavy burden since these funds can be spent on more acute social needs of the country. In Cyprus, in general, the extent of the state funds does not exceed 20%, but it opens the way for concern about the excessive effect of private money on political parties' activity.

Another issue that needs to be addressed is the procedure for determining the amount of money the government gives to parties. There are a couple of ways that the state can finance political parties. The first one is typical of most states, including Russia and Cyprus. The legislature sets a condition that a party needs to enjoy a

fairly high level of popular support in the latest general or presidential elections to become eligible for state funding (from 3 to 10%).

The size of the subsidy is calculated as a certain amount per vote a party receives in the election. The second way determines the total amount of state funding as the product of a certain amount of money and the number of people who voted in an election. However, part of this amount (15-20%) is distributed among all political parties that took part in the election and gained more than a certain percentage of votes. This is particular to Cyprus. Subject to Cyprus legislation 15% of the state financing go to all political parties in parliament in equal shares and 85% is distributed in proportion to the votes obtained in the previous election. This system reflects the interests and preferences of the voters as well as gives the required financial assets to each party’s development. Such a practice would be worth implementing in the Russian Federation to encourage political competition.

It is interesting that the amount of state funding in Cyprus is determined annually and fixed by law in the state budget. Such a procedure seems to be reasonable as it takes into consideration the state financial situation for a particular year. The members of parties that have seats in parliament decide on how much to budget. However this leads to the question: can we be sure that parties act in the interest of the state and society? Or do they do it in pursuit of narrow self-interest. In 2017, the state gave EUR6.6 million to political parties, EUR2.5 million of which was an extra subsidy in compensation for the election costs (the Presidential Election 2016). But the same amount was included in the current state funds granted to the political parties in the 2018 budget. In other words the direct state funds rose by 38%.



In the Russian Federation in 2016, the amount of state funds also increased by 27%. The reason lies in the population's low level of political activity. The size of subsidy is calculated as a certain amount per vote that a party received in the election. During Russia's legislative elections, the low voter turnout resulted in the decrease of financial resources such as state funds. That is why the political parties amended the law to compensate for their financial losses.

State financing can be considered an effective method of combating the influence of private money on political parties when it complies with the principle of rationality, as stated in the PACE Recommendation 1516 (2001) on financing political parties. According to this principle, the size of state support should correspond to the amount of subsidies which the parties need in order to achieve their statutory goals, but should not lead to the rupture of ties between political parties and their electorate.<sup>11</sup>

There is no formula for calculating the size of public funding that would help to establish a balance between private and public financing. The task of each individual state is to find the optimal amount of public funding. Generally, where more than half a political party's budget is subsidised by the government, it should be regarded intolerable.

The procedure for determining the amount of funding, regardless of the methods described above, is established by parliamentary legislative acts. Thus, parliamentary parties may pursue their private interests rather than public ones. In this regard, the authors believe that such changes in the relative size of state subsidies to parties shall come into force after the next regular elections to the federal legislature.

Indirect funding, as a rule, is not cause for protest. For example, the Russian Federation and Cyprus provides for indirect funding as follows:

- Entities have tax incentives, and they are not subject to corporate income tax provided that income is derived from the state budget and donations;
- Parties may be granted tax exemptions for mailings;
- Parties may be provided with state-owned buildings, premises for meetings, conventions, and other events they hold.

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<sup>11</sup> Parliamentary Assembly (2001, May 22) 'Financing of Political Parties'. Recommendation 1516. Available at <http://www.assembly.coe.int/nw/xml/XRef/Xref-XML2HTML-en.asp?fileid=16907&lang=en>.

Donations are an important source for funding party budgets. A donation is a gift contract under which individuals and/or legal entities of the party transfer a certain amount of money or property to the party budget. This source of party funding has a number of distinctive features that allow it to be distinguished from others, e.g. sponsorship:

1. Donors provide funds so the party that can implement statutory goals and objectives.
2. The categories of persons and entities that may be donors is restricted.
3. The 'freedom of contract' principle is restricted.

Private funding for political parties is under special scrutiny as the most corrupt source of fundraising. In order to minimise corruption risks, many countries pass a legislation that establishes the principle of transparency of party funding, which is carried out by, for example, prohibiting or limiting the amount of cash donations.

The issue of who has the right to act as a donor is subject to strict regulation. After all, donors are often not driven by altruistic motives, but rather by the desire to be able to influence the party's current political operations and their decisions that are profitable for own interests. Thus, the ban applies to anonymous citizens, foreign states, international organisations, state (municipal) authorities, religious organisations, legal entities with a significant share of state participation, and others. Many of the above restrictions are the result of GRECO's recommendation in its evaluation reports to the Russian Federation and Cyprus.

The size of donations is also subject to limitation. Such restrictions are typical to Russia and Cyprus, however in the UK the prevailing approach is that such restrictions are wrong because they do not contribute to the development of democracy and political competition. Because of historical, political and other peculiarities another approach prevails in Cyprus and Russia.

Sponsorship of a political party captures close attention. The matter is that sponsorship can be used to bypass the prohibitions of, and restrictions on donations. The analysis of the legislation of European countries showed the existence of three approaches to the legal regulation of sponsorship. According to the first approach (in Russia as well as in Cyprus), the law does not mention this institution. And again, it seems to be useful to take into account the practice of the UK, where sponsorship is put on the same footing as donations and is viewed as reimbursement of costs incurred when organising and/or holding meetings, conferences, seminars

and other events, producing and distributing party media materials, or conducting research on behalf of the party.<sup>12</sup> In our opinion, counteracting political corruption may mostly benefit from this last approach which allows parties to raise the necessary resources to carry out a political struggle. At the same time receipts from this source should be transparent and subject to control by both the state and society.

Transparency of party funding is also achieved by requiring parties to keep financial statements and publish relevant accounts for the general public. In this case we can talk about a certain civil control.

The financial report should meet four criteria according to existing international recommendations to ensure transparency of financing political parties:

1. Reports are to be published periodically;
2. Reports are to be available to the general public;
3. Reports are to be complete and contain specifics;
4. Reports are to be understandable to the general public.<sup>13</sup>

Periodicity means that the political parties must submit their financial reports to the authorities at reasonably short intervals of time. In accordance with Art. 13 of Recommendations 2003 (04), financial statements are to be provided for auditing at least once a year.<sup>14</sup> The laws of both countries studied comply with these recommendations. For example, according to Cyprus law, political parties must compile their reports annually and must submit them to the authorities within the three months following the reporting period<sup>15</sup>.

Political parties' financial accounts are complete and detailed when they contain the following information:

<sup>12</sup> See Political Parties, Elections and Referendums Act 2000 (amended by Political Parties and Elections Act 2009), available at <http://www.legislation.gov.uk>.

<sup>13</sup> I. van Biezen, *Financing political parties and election campaigns – guidelines*. (Strasbourg: Council of Europe Publishing, 2003, December)

<sup>14</sup> Council of Europe, Committee of Ministers, 'Rekomendacii № Rec (2003) 4 Komiteta ministrov Soveta Evropy «Ob obshhih pravilah bor'by s korrupciej pri finansirovanii politicheskikh partij i izbiratel'nyh kampanij» [Recommendation Rec(2003)4 of the Committee of Ministers to member states on common rules against corruption in funding of political parties and election campaigns'], trans. and foreword by A. Chetverikov. *Official Journal of the European Union*, L 297 (2003, April 8).

<sup>15</sup> Finansirovanie politicheskikh partii vo Frantsii. Pravovoe regulirovanie: sbornik perevodov/RAN [Financing political parties in France. Legal regulation: collection of translations]. INION. Tsentr sotsial. Nauch.-inform. Issled.; Otd. Pravovedeniia; [Institute of scientific information on social sciences. Center for social and scientific information. Law study branch]- V.V. Maklakova, E.V. Alferova. M., 2010. 46.

- the sources and amounts of funds received by a political party, its regional branches and other registered party subdivisions;
- how the funds are spent;
- the political party's property, its value, and its state registration. If such property was acquired as donations, information about donors must be provided.

The general public must be able to understand the reports. The overview of the political parties' financial reports in Cyprus shows that they provide three types. The first is an expense account of public finance assets. The second is an account of private financing. And the third, is the election expense report. It complicates the process of exploring and verifying such reports. At the same time, the legislature awards state funds based on the parties' current activity rather than on any specific purpose payment. That is why it makes no sense to account for state funds and private funds separately.

The criterion of transparency gives special priority to the general public's access to the political parties funding.<sup>16</sup> Access to that information implies full disclosure and the possibility for the public to study and analyse it. Recently, there has been a tendency to publish such reports on the websites of the authorised bodies, however the information disclosed per se is not sufficient. Special checks must be conducted in order to monitor the implementation of relevant legislation. In Cyprus as well as in the Russian Federation, the parties' financial reports are subject to oversight and supervision of independent bodies, however the independent status of such bodies is not the same.<sup>17</sup> Moreover, it is obvious that the legislation of our countries, as is repeatedly stated in the GRECO reports, does not contain sufficient legal provisions for independent bodies to oversee political party financing.<sup>18</sup> The states mandate parties to be audited, along with their financial statements. In Cyprus, such checks cover all political parties, which is quite reasonable, since all parties are entitled to state funding. In Russia, the legislation requires only that parties which receive more than RUB60 million in donations per year or/and have or receive federal funds to be audited. At present four parties are subject to such mandatory audits.

The possibility of bringing political parties to justice is an important guarantor of their compliance with the party funding legislation. As a rule, the case here is

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<sup>16</sup> The Electoral Knowledge Network, available at <http://www.aceproject.org>.

<sup>17</sup> I. van Biezen, *Financing political parties*.

<sup>18</sup> Y.-M. Doublet, *Fighting Corruption: Political Funding* (Strasbourg: GRECO, 2016), available at <https://rm.coe.inr/16806cbff2>.

administrative liability, for example, for failing to meet the deadlines for submitting a financial report to an authorised body and to abide by the time-frame for compulsory audits, and for using funds obtained in violation of the procedure for receiving and providing them (parties receiving donations from persons who are not authorised to donate, and person who are not allowed to give money providing funds to parties).

Proper legal regulation of political party financing is extremely important to counter corrupt practices. After all, the involvement of parties in corrupt relationship in many countries has eroded their legitimacy. According to a study conducted in 2013 (Transparency International 2013 Global Corrupt Barometer), political parties in 55 out of 107 countries surveyed were named as the most corrupt institutions.

### **Electoral Corruption**

The second type of political corruption is electoral corruption, i.e., providing benefits to certain political parties, political groups, restricting political competition and using illicit tools to rig the elections results. The lack of a proper response to and the ineffective struggle against this type of corruption leads to the deformation of the country's electoral system. Citizens' electoral rights in this case are only declarative.

Speaking about electoral corruption we will again have to address the issue of party funding, namely electoral party financing such as providing money and property during an election campaign. This type of financing has the following features: the provision and expenditure of funds is strictly targeted, the funding period is constrained by the duration of the election campaign, and a special procedure for monitoring its compliance with legislation is in force. Sources of electoral funding are usually the party's own funds (a certain share of the total electoral fund) and donations. All these funds are transferred to a specially created election campaign fund to comply with the transparency principle. Raising and spending finances outside the electoral fund is prohibited.

Donations are the main source of funding for political parties and candidates during election campaigns. They include voluntary and free transfer of money and other assets. The size of receipts is limited by law in the countries with the continental law system; however, the size of the donation is not fixed within these limits. Otherwise the principle of voluntariness is violated and such transfers can hardly be considered as donations.

The gratuitous nature of donations does not mean unawareness. The donor directs funds to support the party that represents his/her interests. However, the situation where the donor is interested in obtaining a certain good distorts the original intention. The sale of places in the party list of candidates may serve as an example. In this case legal means are used to achieve an unlawful result, which in essence is corruption. Such practices are outside the legal regulatory framework. The matter is that there is a significant time gap between the transfer of donations and the actual receipt of benefits. For example, the donations are transferred during the election campaign, but the distribution of mandates takes place much later. Moreover, a legal entity, that is not the ultimate beneficiary, may also act as a donor.<sup>19</sup> In such a case, it is next to impossible to prove the causal link between the act and the consequences.

It is interesting to note that, on the one hand, electoral corruption, like political corruption in general, is illegal by nature, and on the other hand, not all deeds are qualified as administrative or criminal offenses. The abuse of administrative and law enforcement powers by political authorities and law enforcement agencies that investigate political opponents may serve as an example. Such checks are in compliance with the existing legislation, but they pursue other goals, such as intimidation, obstruction of work. The toughest administrative resource is the use of force, since the abuse of it is the most blatant and direct violation of civil, political, economic and other human and civil rights and freedoms. A military coup may be regarded as the ultimate case of abuse of power for political purposes.<sup>20</sup>

The abuse of institutional resources, in other words, of personnel and property, is another example. Individual political parties or candidates may be provided with public buildings, premises, etc. on more favourable terms during the election campaign. As a rule, letting political parties use premises and buildings is considered legal indirect state funding, which safeguards the multi-party system principle and develops political competition. However, in the cited case, the goal is to achieve personal and group advantages in the political sphere.

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<sup>19</sup> G.N. Mitin, 'Kriterii dobrovol'nosti pozhertvovanii v konstitutsionnom zakonodatel'stve' (dlia tselei kontroliia finansirovaniia politicheskikh partii i izbiratel'nykh kampanii kandidatov i izbiratel'nykh ob"edinenii) ['Criteria of voluntary donations in constitutional legislation (for the purpose of controlling the financing of political parties and election campaigns of candidates and electoral associations')] in *Konstitutsionnoe i munitsipal'noe pravo* [Constitutional and municipal law], ed. G.N. Mitin, No. 8 (2018), 46-49.

<sup>20</sup> Iu. A. Nisnevich, 'Problemy kontseptualizatsii fenomena korrupsitsii', *Chast' II* ['Issues of concep-

The abuse of mass media resources is also a corrupt practice. This is when certain political parties, groups, or candidates are allotted airtime on more favourable terms, above the prescribed free access quotas in the state-owned mass media. The distribution of airtime throughout the day is important since a person's perception of information varies depending whether it is morning, day or night. The same administrative resource may also be used to pressure independent media. It should be highlighted that abusing media resources to manipulate the populace's awareness has become one of the most widely used and effective means of political corruption, primarily during an election period and while a party is in power.

Proceeding from the above line of reasoning consistent improvement of election legislation, based on the principle of transparency, may be the most effective tool for combating electoral corruption. Creating the most transparent procedure for holding elections, adopting clear and unambiguous requirements for candidates, election campaigns, and, of course, for fund raising and spending contribute to minimising corruption risks. However, such measures are hardly sufficient. Objective information must be made accessible to citizens, and people must be politically educated so that society becomes intolerant towards the manifestation of corruption in general and political corruption in particular. Electoral corruption can only be reduced when it is not legitimate.

### **Favouritism and Nepotism**

The scientific literature abounds in various approaches to the interpretation of favouritism and nepotism, and to the relationship between these concepts. Some authors consider these concepts as synonyms, whereas others relate them as the hypernym to the hyponym. The authors of this article support the second approach. Favouritism is defined as a deliberately hypertrophied assessment of the positive qualities of a person, which leads to unreasonable and / or unjustified promotion of his/her interests to the detriment of the interests of civil service and the public at large. In other words, unreasonable privileges are given to a certain individual on various grounds, and constitute different types of favouritism:

1. Nepotism means when a civil servant occupying a certain position gives certain advantages to a person based on kinship ties. Many countries have legislation prohibiting appointments which will lead to the direct subordination of one

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tualisation of the phenomenon of corruption', Part 2], *Evraziiskii soiuz: Voprosy mezhdunarodnykh otnoshenii* [Euro-Asian Union: Issues of international relations], Vol. 2, No 16 (2016), 43 [in Russian].

relative to another. However this restriction applies only to the positions that are strictly subordinate.

2. *Zemlyachestvo* is a phenomenon similar to nepotism, it refers to the provision of certain benefits (in the framework of this article, primarily political) to individuals because they were born in the same place or reside or used to live in the same region with their benefactor.
3. Providing advantages to a person based on a person's nationality, religious and ideological affiliations, etc.

However, favouritism per se cannot be unambiguously viewed as evidence of corruption. After all, not only a relative or a friend may be a favorite, but also a professional whose top skills earned him or her a special acceptance. In this case one can hardly speak of favouritism provided that no laws are violated. Moreover, favouritism is inherent in human nature. Once again, a reservation must be made: favouritism takes place only when and where the person deliberately enjoys an unreasonable preference to the detriment of the interests of the civil service or to the public at large. The following favourable conditions conducive to the manifestations of apparent favouritism as well as its consequences can be singled out:

- 1) lack of employee initiative;
- 2) lack of competition;
- 3) ineffective personnel decisions (appointing persons who do not meet qualification requirements). Such actions may result in the loss of prospective employees;
- 4) - irresponsibility of favourites.<sup>21</sup>

The strict observance of the principles of openness, transparency of the electoral process, and selecting competent candidates for the civil service positions, can be seen as the most effective methods of countering this form of political corruption.

### **Corruption Offenses in the Civil Service**

This group of corrupt practices is extremely extensive. States' laws are tied to the specifics of the respective states, therefore, it is not possible to disclose all possible *corpora delicti* of offenses in the framework of this work. Referring to this form of

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<sup>21</sup> D. M. Safina, 'Vlijanie favoritizma i nepotizma na organizacionnoe i jekonomicheskoe razvitie' [The influence of favouritism and nepotism on organizational and economic development], *Diskussija* [Discussion], Vol. 40, No. 10 (2013), 91 [in Russian].

political corruption, we primarily mean 'the use by a person in public office of the rights entrusted to him, of his official position and status in the state power system, of the status of a public authority body that he represents, for the purpose of unlawful extraction of personal and (or) group, including third parties, political benefit (political enrichment).'<sup>22</sup>

We believe attention must be paid to a method of control over civil servants such as having them submit reports on their expenditures, incomes and property. The Group of States against Corruption (GRECO), which studies state legislations on corruption risks, has repeatedly stressed the importance of including such a requirement in national laws. Nowadays, such a rule is found in national legislations of almost all European countries. Similar requirements are adopted in Russia. Such reports, as well as information on income and expenses of spouses and minor children are submitted annually by individuals occupying certain positions in state services (and in certain municipal positions in a number of countries). Special attention should be paid to a civil servant's liability for failing to meet the lawful time-frame and procedural requirements for providing information on his/her income and that of a his/her family members. Such offenses should entail disciplinary punishment, up to dismissal from office otherwise such reports may become a formality and fail to produce the desired effect.

### **Concluding Remarks**

In conclusion we want to point out that due to the relative independence of the moral, ethical and legal dimensions of corruption (corruption offenses and unlawful, ethical wrongdoing), it is hard to combat it using only legal means. Experience shows that it is impossible to achieve the desired result only through legislation by granting broad powers to law enforcement agencies if the socio-economic conditions conducive to corruption and its proliferation are not eliminated. Punitive forms of fighting corruption do not lead to success. At the same time, attempts to create systemic obstacles to the spread of corruption have a long history. So far, we cannot find examples in either the east or the west where a particular state effectively eliminated it. Each country takes this journey on its own.

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<sup>22</sup> Iu. A. Nisevich, *Politicheskaia korruptsiia: opredelenie. Formy proiavleniia, mekhanizm i resursy: materialy mezhdunarod. Nauch.-prakt. Konf.* [Political corruption: definition. Forms of manifestation, mechanisms and resources. Proceedings of theoretical and practical conference]. - M. (2012). 193-201 [in Russian], available at <http://www.hse.ru/pubs/lib/data/access/ram/ticket/1/1408091666d9c39732edc57c864452e29af50e63ff/Artnis89.pdf>, accessed 15 January 2019.

Preventing corrupt practices should be considered the most effective anti-corruption tool. Improved political institutions, public control, and citizens' intolerance of secrecy and non-transparent power can prevent and curb manifestations of political corruption. National laws should cause the authorities to proactively provide information to the public. Preventive work of law enforcement and other government and non-government institutions should be prioritised in fighting corruption.

In this regard it is worth noting that to consider the role of a political party is not only as a doer of political corrupt practices, but also as part of civil society working to prevent corrupt offenses.<sup>23</sup> All parliamentary parties' charters stipulate that they as public organisations actively oppose corruption. In their daily activities they hold various anti-corruption events where they interact with citizens, engage in a dialogue with people on anti-corruption issues, receive letters of complaint from citizen about corruption offenses, pass these complaints to authorised bodies for verification, and organise public response to the corrupt behaviour of officials. Political parties and their public organisations oversee candidates who the party nominates or are self-nominated. Political parties ensure the timely response of the election commissions and law enforcement agencies to any violations of election law and deploy their observers at the polling stations.<sup>24</sup> However, it should be remembered that political parties are entities involved in creating conditions favourable for political corruption and for elected public and municipal officials who receive political benefits from corrupt practices.

The realistic goal of fighting corruption is not eradicating it (because that is utopian) but reducing it to a level that does not hinder societal development. The topicality of this task is evidenced by the data from the *Corruption Perception Index* for the period from 2012 to 2017.<sup>25</sup> The information on the corruption index in various states is given below. The study showed that as of 2017 more than two - thirds of the

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<sup>23</sup> A. V. Jurkovskij, 'Konstitucionalizm: sistemnyj podhod k formirovaniju universal'noj politiko-pravovoj kategorii' [Constitutionalism: a systematic approach to the formation of a universal political and legal category], *Sibirskij juridicheskij vestnik* [Siberian Juridical Journal], Vol. 3 (2013), 20-28 [in Russian].

<sup>24</sup> A. S. Petrik, 'Politicheskie partii v sisteme protivodejstvija korrupcii v Rossijskoj Federacii' [Political parties in the anti-corruption system in the Russian Federation], *Molodoj uchenyj* [Young scientist], Vol. 5-1, No. 139 (2017), 39-41 [in Russian].

<sup>25</sup> Transparency International Org. *Corruption Perceptions Index*, Transparency International.org, available at [https://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2017](https://www.transparency.org/news/feature/corruption_perceptions_index_2017).

countries had an index lower than 50 (100 – corruption is absent, 0 – corruption is extremely high).

Table 1: *Corruption Perceptions Index, 2012-2017*

Year / Country	2017	2016	2015	2014	2013	2012	Rating
New Zealand	89	90	91	92	91	90	1
Republic of Cyprus	57	55	61	63	63	66	42
Italy	50	47	44	43	43	42	54
Iran	30	29	27	27	25	28	130
Russian Federation	29	29	29	27	28	28	135
Somalia	9	10	8	8	8	8	180

In the modern world, the phenomenon of political corruption acquires, as has already been pointed out, an increasingly pronounced international dimension. This fact objectively necessitates collaborative efforts of countries in combating it. Appropriate international instruments and mechanisms are being created for this purpose. An analysis of international anti-corruption regulatory acts adopted by the United Nations and the Council of Europe (UN Convention against Corruption, Council of Europe Convention on Civil Liability for Corruption, Council of Europe Convention on Criminal Responsibility for Corruption, Organization of Economic Co-operation and Development Convention on the fight against bribery of foreign public officials in international transactions) suggests that they are mostly focused on creating accountability mechanisms and, bringing unified forms of criminal liability for corruption offenses into national laws. Guided by the recommendations in international documents ratified by the states concerned, the countries are creating national legal frameworks for fighting corruption. But the most burning issue is the implementation of the entire system of anti-corruption efforts (legal, economic, social, political) along with anti-corruption preventive measures in the civil service, and, most importantly, to ensure the effectiveness of this work. This is evidenced by Table 1, showing the corruption index of the states. The corruption index demonstrates the effectiveness of the countries in fighting corruption domestically rather than the incidence of corrupt practices in them.

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