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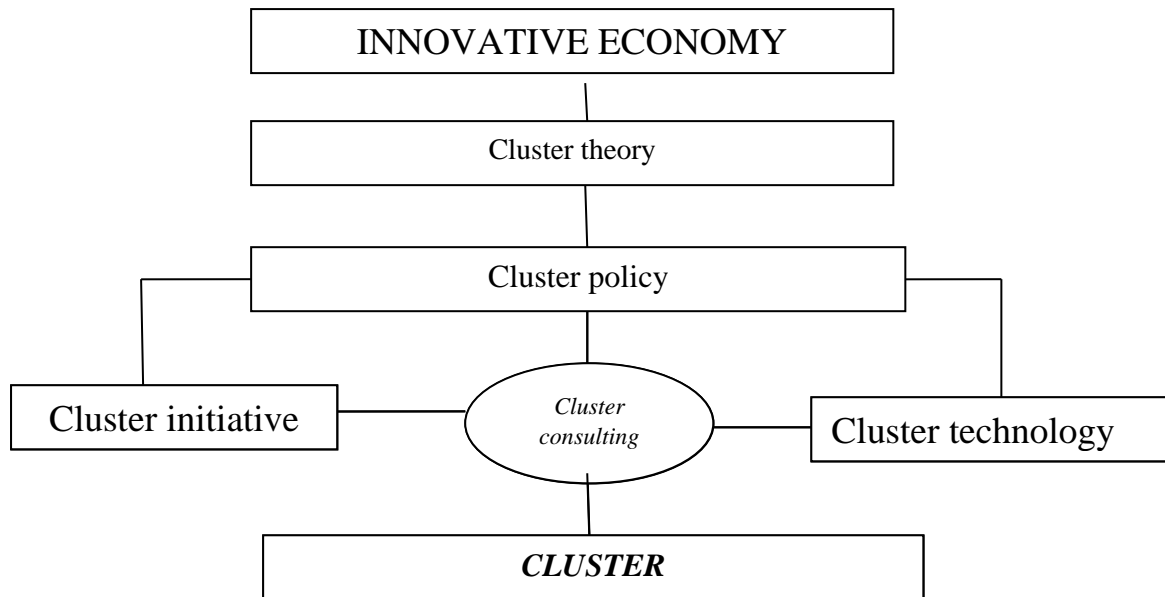


Figure 1: Implementation mechanism of cluster policy.

In our opinion, the cluster initiative, cluster firms, includes the strength of the joint venture, both aimed at promoting the development and competitiveness of cluster firms, government, education and research organizations in a definite spheres. If cluster policy is the mechanism of action of the state and cluster protection mechanism which promotes the competitiveness of the region and the cluster enterprises, as well as the application of innovations, then the cluster initiative is the organizing of a concrete cluster in a specific area. Cluster policy is revealed as an alternative to "field policy" which implements defence of specific enterprises and fields. Cluster policy substitutes the field policy focusing on a particular sector of the economy and the specific measures that are meant for this field, namely the technological designations (2). The main differences in the cluster approach compared to the traditional field approach are given in Table 1.

Table 1: Main different aspects of the cluster approach to management compared to the traditional field approach.

Main parameters for comparison	Cluster approach characteristics	Characteristics of the sectoral approach
Formation principle	Horizon and vertical integration, optimization of cross-sectoral interaction	Technological feature
Economic growth potential	Effect of synergy conditioned by the interaction of different elements. Presence of major participants (large enterprises, scientific institutions)	Production intensification
Opportunities for innovation potentials activation	High levels of innovative activity gained through concentration of resources in individual elements that identify the innovative potential of the cluster	Integrity of the innovation-driven system, the problems of communication
Competitiveness of products	Increase due to the concentration of cluster elements that lead to the reduction of transaction and transport expenditures	Weak territorial concentration of enterprises engaged in the reproduction within a single area
Investment attractiveness	Determined by the comprehensive use of investment resources	Investment effectiveness is determined by the capabilities of the investee.
Communication levels	Long-term relationships based on mutually beneficial relationships between cluster participants	Strong hierarchy structure determined by technological and administrative management relationships

Technology is a complex of organizational measures, operations and methods aimed at achieving optimal results by minimal means. Cluster technology is a cluster algorithm, taking into account the degree and scale of the existing market infrastructure's potential. As known, the application of technology is consistent with the completion of the cluster development strategy and action plan for the project, formulating the cluster participants' specific association, implementing the development program and evaluating its effectiveness (3). Thus, cluster technology requires a new, project-oriented approach to stimulate the cluster development and is regarded as a specific tool for cluster policy regardless of scale. The findings of MN Mironov's research show that in foreign practice, cluster politics is divided into two periods from the historical point of view as the first and second generations (4). The first-ever cluster policy includes a set of measures undertaken by the state to incorporate cluster identification, defining cluster firms' activities, and overall policies to encourage all clusters in the country. In this period, economists who have identified the necessity of clustering with economic geography and modeling play an important role. This stage of cluster policy is more characteristic for countries with a high level of development in traditional production (Spain, Portugal, Niderland and Italy). In the countries where the cluster exists, the second-generation cluster policy, based on high knowledge, implies individual approach to the development problem of each cluster. Thus, the public manager, customer, the initiator of the production process, acts as a source of financing for the cluster participants, who coordinates the producer and consumer within the cluster. The second-generation cluster policy is specific for countries that have clustered and high-quality economies (UK, Finland, Austria, USA, Sweden, Switzerland) in all sectors of the economy (industry, new technology and service sectors). The summarizing of the abovementioned allows to formulate the functions of the state in the clustering process and the principles of cluster policy. Thus, the summarizing of the aforementioned will allow formulating the cluster policy principles and defining the functions performed by the state in the process of clustering.

### **2.1. Main principles of cluster policy**

Cluster policy is primarily based on the following principles:

- Systematics - The cluster and its constituent elements are subject to the economic system as a whole. Clustering envisages long-term planning of business-oriented projects;
- Selectivity - Prioritization of projects that contribute to the country's competitiveness at the national level. Provision of income outside raw materials, integration of production (finance) in science (s), synergy effectiveness;
- Reality - Taking into account global and regional factors, taking into account local characteristics, specific risks;
- adequacy to the cluster development phase - Implementation of regional pilot projects to achieve economic impact and minimize risks;
- cooperation between public and private sector to minimize risks;
- maximizing external effectiveness and sharing it among multiple stakeholders;
- Responsibility and control over the use of budget funds, transparency of key decisions;
- the state plays an important role, not dominant;
- multilevelity of clusters formation, national, regional and local.

In most developed or emerging economies, the state finances all-round cluster programs. In 2008, the "European Cluster Memorandum" was adopted, and all EU member states have nationalized clustering programs. The state interferes in the formation and development of clusters in two main directions:

- initiating the creation of clusters across the country;
- protecting existing clusters.

### *2.1.1. Functions and models of cluster policy*

Depending on the purpose and culture of the enterprise, the state performs various clustering policies (5):

1. Institutional - Improving the quality of infrastructure and education standards that are considered as the basis of institutionalized crisis, elimination of administrative barriers, forming methodological and normative legal support for the process.
2. Mediation - Establishing and strengthening mutual relations between participants. Cluster projects to world markets. Ensuring access to technology. Information support and coordination of patent-licensing activities.
3. Cooperation - Development of cluster development strategies and tactics. Financing of projects, research and development works. Formation of the State Order Package to stimulate demand for innovative products.
4. Insurance - Creating appropriate insurance companies to share risk among cluster participants. Guarantee of the services to be provided and compliance with the commitments in the joint projects.
5. Stimulation - Motivation of potential and real cluster members with the help of budget-tax policy. Strengthening business activity in priority areas.
6. Control - Control over the use of budget funds in accordance with the project's goals and objectives.

In the cluster policy, the two different models of "cluster" and "continental" differentiate between different countries in the cluster policy. The first group includes countries such as the United States, the United Kingdom, and Australia, which defend the cluster policy of the "Anglo-Saxon". The basic principle of this policy is that the cluster is a part of the market relations system and, at the same time, removing all the obstacles that may arise in the development of clusters constitute one of the important functions of the federal government. A significant role in the formation and development of the cluster involves the regional authorities, as well as regional organizations that develop and implement cluster development programs together with key stakeholders. The federal government mainly sponsors and protects a small number of pilot projects. The "continental" model is used in a number of European countries (Japan, the Republic of Korea, Singapore, France, Finland, Germany, Norway, Sweden, etc.), where state policy plays an active role in the development of clusters. This model begins with the selection of clusters that are considered to be one of the priority and fundraising for cluster development strategies and programs, and incorporates a set of complexities ranging from formulating key elements (eg, infrastructure, research centers) to achieving achievement in their activities. In most developed or emerging economies, the state finances all-round cluster programs. In 2008, the "European Cluster Memorandum" was adopted, and all EU member states have nationalized clustering programs. The state interferes in the formation and development of clusters in two main directions:

- initiating the creation of clusters across the country;
- protecting existing clusters.

However, there is no single model associated with the economy's clustering. Therefore, the scale, type, forms and tools of the cluster policy are different, taking into consideration the country's national and regional characteristics (Table 2).

*Table following on the next page*

*Table 2: Cluster policy classification*

<b>Types of cluster policies</b>
<b><i>1. According to the role of the state</i></b>
1) <i>Catalytic</i> : brings together stakeholders with limited financial support
2) State investment is channeled to stimulate the development of <i>protective</i> - infrastructure
3) Through development of <i>directive-protective</i> clusters, special programs are realized aimed at transformation of regions or the relevant field
4) <i>Intervention</i> - is responsible for the specialization of the Directive and Clusters' perspective, for their specialization through transfers, subsidies, administrative restrictions or incentives
<b><i>2. According to Genesis</i></b>
1) <i>Up-down</i> : entrepreneur - central, local authorities, objects - national and transnational clusters. For example, Finland, Denmark, Netherlands
2) <i>Down-up</i> : "cluster initiative" - efforts to stimulate cluster development in the region.
<b><i>3. According to the type</i></b>
1) <i>High-tech</i> . Advantages: structural restructuring of the economy and strengthening of its competitiveness. Risks: (1) Most innovators in the world tend to select the same area of action. This increases the amount of investment attracted to similar technologies; 2) the absence of the initial conditions in the region, for example, the necessary resources, the habits for mastering new technologies; 3) fewer jobs
2) <i>Low technology</i> . Advantages: Creating numerous jobs within the cluster. Risks: Destruction of restructuring processes as a result of artificial defense of obsolete production technology, strengthening the country's outsider status.

M. Porter's pupil and follower M. Enrayt offers four mechanisms for the implementation of the cluster policy (6):

1. catalytic cluster policy: brings together government stakeholders (eg private companies and research firms) and provides limited financial support to them;
2. protective - in addition to the state's catalytic policy, large-scale investments in the development of infrastructure (education, professional training, marketing, etc.) that create favorable conditions for cluster development are taken into account;
3. directive - special programs aimed at transformation of regions or the relevant field by adding clusters to the defensive function of the state;
4. intervention - In addition to the directive, the government assumes responsibility for making decisions on the future development of clusters through transfers, subsidies, administrative restrictions or incentives, as well as an active control function that promotes cluster expertise.

### **3. CLUSTER CONSULTING AS ELEMENT OF CLUSTER POLICY**

Cluster consulting is another element of the cluster system in implementing cluster policies and cluster initiatives. Cluster consulting involves providing information about services that are selected for clusters of specific types, as well as the basics of cluster management management. As a rule, cluster policies are implemented through cluster strategies that incorporate clusters organization and development, packages of specific actions on national or regional level. Cluster programs (identifies the names, duration and implementation of actions to be performed) that are identified, identified in the identified directions. In the implementation of cluster strategies and programs, typically, the use of variable, non-repetitive forms of analytical methods and techniques is preferred. Therefore, it is more appropriate to develop a new one instead of standardizing a set of measures that involves the formation and development of a specific cluster. This is a typical example of Finland's experience: Within the National Program, the "cluster structure" is defined and the regions are given the right to participate in the cluster identification, development strategies and tactics development. Regardless of the form of cluster policy, government intervention is implemented through the impact of key factors that determine the success or failure of clusters in neutralizing risks and overcoming the barriers. Different approaches are used during identification of these factors.

The most commonly-articulated form of this type of approach is the Diamond model offered by M. Porter. In this context, clusters' success factors are differentiated: 1) strategy and structure of firms, competition (institutional environment); 2) availability of relevant areas; 3) availability of required production factors; 4) requirements for world traditions and domestic demand. In these conditions, the main point for the Republic of Azerbaijan is an institutional environment that justifies the many risks. Regional, sectoral and corporate interests may not necessarily coincide with the interests of the country as well as the government's focus on business. Inadequate selection of priorities in the outcome of the official / business information asymmetry, lobbying the interests of business groups, compulsory arbitration of some projects, contrary to cluster desires. situations can lead to the creation of "false" clusters, the need for budgetary funds, and the conservation of the existing structure of the economy. In order to avoid this, first of all costs for using non-innovative tools should be increased, the transparency of decisions taken and their social expertise should be increased, focusing not on individual beneficiaries but on clusters as a whole; control over the implementation of the obligations by the cluster participants should be monitored, gradual transition to cluster policy should be ensured through pilot projects.

#### **4. CONCLUSION**

The concept of "cluster politics" in countries around the world is at the stage of adaptation to the specific activities of the government, economy, science and education, business and society. Cluster policy is generally considered a new direction in the development of relevant economic sectors and sectors across the country. Research in this area forms the initial conditions for the use of the cluster form from its innovative potential to practical activities. Clusters like the national development bloc are targeted at modernizing the economy through large-scale analytical and regulatory-methodological work. During the implementation of cluster programs, three important factors, such as the selection of the participants, the organization of the services provided, and the participation in the funding of research / project financing are highlighted. Evaluation of these factors is at the stage of creating clusters. The direction and volume of state protection directly depends on the specificity of the clusters created.

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# THE PROSPECTS OF DEFENCE COOPERATION BETWEEN THE EUROPEAN UNION, THE RUSSIAN FEDERATION AND THE PEOPLE'S REPUBLIC OF CHINA

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## ABSTRACT

*The most important EU member states may shift away from the US renewed containment strategy, oriented on Russia. NATO allies had in earlier periods picked up geopolitical theories and theses from Mackinder and Spykman. More recently, these were used by political lobbies in the US administrations inside the White House and Pentagon to create the US Grand Strategy that was devoted to building up the US hegemony into the world by following the New World Order in the 21<sup>st</sup> century. The Containment policy toward Russia was created by the US financial, economic and military lobbies, to continue with the old fashioned Geopolitics. The EU member states may find out common military identity and authority to form a European Defence Union (EDU). The EU could open a new page into the (white) book to implement multilateral world order that shares geopolitical and geoeconomic interest in defence cooperation with China and Russia, and therefore continue with the development of its defence identity, more independent of NATO.*

**Keywords:** *The European Union (the EU), PESCO, defence cooperation, NATO, the USA, Russia, the PR China*

## 1. INTRODUCTION

European politics made a major shift in the 21<sup>st</sup> century away from conflict theories to successfully avoid continental wars and especially twisted downturn to distance itself from the warmongering toward military confrontations. At the beginning, we have to mention geopolitical theorists whose theories were deeply involved into forging international policies in the 20<sup>th</sup> century. Geopolitical theories and theses of Mackinder and Spykman were used by political lobbies in the US administrations inside the White House and Pentagon to create the Grand Strategy devoted to building up the absolute hegemony into the world by following the New World Order in the 21<sup>st</sup> century. NATO is the most powerful means of implementing the US interests in Europe. The Containment policy was created by the US financial, economic and military lobbies. Is Europe still under the influence of confrontation theories? Is this the reason why it is not pushing deeper multilateral (defence) cooperation in Eurasia?

## 2. THE CURRENT EU DEFENCE COOPERATION AND THE ROLE OF NATO

The US officials at the 2018 Munich Security Conference expressed their fear that the EU defence cooperation may distract the EU from NATO (Karnitschnig, 2018).



The Pentagon official criticized the EU's common security and defence policy for pulling forces away from NATO, and the U.S. ambassador to the Alliance warned against the provisions to protect European defence companies (Valášek, 2018). The EU states need to spend more money at defence budgets to prepare for war against Russian counterpart. That was a clear voice from US partners in NATO alliance to EU partners. The US President Trump singled out that the USA stood by the clause, which states that an attack on one NATO member is considered an attack on all of them. But his remarks in Warsaw since 2017 were the first time he had done so on European soil (Crowley, 2017). Trump had labelled NATO as obsolete and openly questioned whether the USA would make good on the treaty's communal defence obligations for nations who have not spent enough on their own militaries. As President, he has railed against NATO members who do not meet the agreed-upon two percent of their gross domestic product (GDP) on defence and has claimed credit for increasing military spending among member states (Nelson, 2017). He had asserted and repeated again that NATO alliance being out of date to be pensioned soon. The US Secretary of Defence Mattis had wowed to European allies by telling them they must increase military spending or the USA will pull back from its commitment to the transatlantic bloc. No longer can the American taxpayer carry a disproportionate share of the defence of Western values (Herszenhorn, 2017). It is a warning to the European pillar of NATO states to buy more military product made in US to increase profit to US multinationals into the productive defence sector complex. The EU states spend €27 thousand per soldier on equipment and research, compared to €108 thousand per soldier by the USA. And while Russia spends more than five percent of its annual GDP on defence, the EU member states spend an average of 1.3 percent of GDP (Herszenhorn, 2017). The EU stays behind the US military spending, it seen that the EU leaves from mercy like a big social problem, taking social allowance and some adoptions of NATO fund. The systemic nature, dynamism, and sustainability of the Eurasian continent, depend on the degree to which Heartland is orderly and manageable. The main function of Heartland –the central part of Eurasia – can be described as ensuring sustainable land contacts along the parallels (West-East) and meridians (North-South). In other words, the central part Eurasia should contribute to consistent geopolitical and economic integration of large and relatively isolated areas of the Eurasian continent (Ismailov and Papava, 2010: 97). The neo-geopolitical approach in the early 21<sup>st</sup> century gave a new boost to studies of the regional structuralization principles for the geopolitical and geo-economic space of the entire Eurasian continent. NATO policy has tried to fulfil its principles and expectations since the end of the Cold War, by pushing the NATO Alliance into eastern states and Balkans those was under Russian dominance before. After the Warsaw pact had collapsed and this vacuum had been fulfilled by expansion policy under NATO alliance that had set political control over the post-communist Central and Southeast European states. The NATO alliance system hinges geographically on the Western portion of the landmass and constituted the western flank of the US Containment policy. In the south lay the Middle East and the southern portion of Central Asia (as for the Gulf, for some time Iran was a pro-US ally under the Shah until the Islamic Revolution in 1979), and to the East lays Japan as well as other countries in the US camp as well as naval bases, all positioned to prevent any power in Pivot from dominating the Eurasian landmass through the Rimland. The main goal of this strategy was to prevent Heartland (or Pivot) from being dominated by a single power or coalition of powers (Boon von Ochssée, 2007). The USA is opposed to the EU's integration into super state and formed multinational European army under single command as single set of forces to carry out the European defence policy. The USA does not support European defence union that could endanger NATO existence in Europe and renounce defence relation with Russia. Both Mackinder and Spykman had been applauded on the conflict relations in history by confrontation sea power against Heartland. In Spykman, however, there are conflicted international relations between sea powers and Heartland, and that between an

independent centre of power in the Rimland with both sea power and Heartland allied against it (the EU super state against the domination from the USA, Russia, and China). The US approach to containing Russia's strategy is being a part of the New World Energy Order which is based on geo-strategic thinking by Mackinder. The old fashioned political theory was transferred into modern international relations with some corrections those are coerced through alliances NATO, CENTO, and SEATO did into the Containment policy, by tightening economic, military and political siege around Russia and China.

### **3. THE ENTENTE OF HEARTLAND ON ITS WAY TOWARDS DEEPENING DEFENCE COOPERATION?**

Russia and Germany watch carefully Beijing's One Belt, One Road project (OBOR), that was announced in 2013. The possible tripartite world of Europe-China-Russia poses a huge challenge to US foreign and trade policy. The road ahead for the Trump Administration is full of possible jarring potholes, which would be familiar to all three geopolitical theorists – Mackinder, Mahan and Spykman (Norval Morgan, 2017). Germany, Russia and China had conversed common joint strategy to connect, cooperate and consolidate (3C approach) Heartland. The common project was aimed to build up intercontinental Economic Belt made up by those countries those are encompassing communications by traffic railroads through Central Asia, West Asia and Europe. The USA might stop or disrupt this major continental traffic connection by flaring up interstate wars into those states served as getaway or pass way states inter positioned in the Caucasus (Georgia, Azerbaijan, and Armenia etc.) and the Eastern part of Europe (Ukraine and Moldavia). It is looking for interconnection at land and air with Russia and China with Silk Road switches otherwise they are searching for designated path on the roadmap how to avoid physical territory of NATO centric states in Europe. NATO centric states into the Eastern Europe had emplaced barrier like indirectly frontier states to Russian neighbourhood states with Belorussia and Ukraine after NATO enlargement was pushed toward Eastern flank. Other EU smaller post-socialist states Slovenia, Croatia, Czech, Slovakia, Hungary and Bulgaria still balance in which political club they belong. Heartland players had been boosting mutual defence cooperation into defence industry since 2018, while Russia is enlarging its defence industry collaboration with Germany and other European countries in Eastern Europe's Balkans region, despite the US threats to impose additional anti-Russian sanctions (Sputnik News, 2018). Neoliberal context by building up mutual EU – Russian cooperation and trusties may shake legs to NATO hostile policy if the EU states are going to lift sanction against Russia. The US will continue with attempts to derail EU – Russian cooperation. Political fissures had been cracking totally between Old and New Europe states disagreement among lifting siege for Russia and renouncing back diplomatic, economic and military ties before Ukraine fiasco. If the EU states will not replace political attitude to transatlantic link while the EU common defence and security policy is not willing to replace or compete with NATO as the EU is not a military alliance and will not turn into a military alliance (Aries, 2017), then the EU Grand strategy issued since 2014 presented only a "paper tiger" for the EU defence cooperation. Referring on the defence cooperation in a transatlantic context did not exist absolutely. Juncker said, if Europe does not take care of its own security, nobody else will do it for us (Barigazzi and Cooper, 2017). Increased support for partnership was expected from France, Germany, Italy, and Spain. The EU is the world's second-biggest spender on defence, because many EU countries traditionally favour domestic munitions manufacturers, about 80 percent of defence procurement in the EU is carried out on a national basis, which has in turn created a highly fragmented defence market across Europe. European armies use 17 different systems of battle tanks, compared to just a single system in the US army. While the US army operates with just two different types of howitzers, European soldiers use 27 different systems.

At sea, the European naval forces work with 29 different types of destroyers and frigates, compared to four in the US army. A total of 178 different weapons systems are in use in Europe, compared to 30 in the US army (Delcker, 2017). The duplication of defence trading is evident and EU states are focused to preserve national defence productions of facilities. The PESCO initiative under would reduce production costs by pruning armament national programmes to get avoid from flooding European defence market without hi-tech technology assortments. The EU leaders agreed to increase spending on defence research from €25 million now to €500 million beginning in 2021, which would make the EU, as integration, the fourth largest investor in Europe in defence industry research after the UK, France and Germany. The investment program needs approval by both the European Parliament and national capitals (Copper, 2017). If national governments did not pay for procurement and development programmes because defence budgets get short of money, defence companies will produce nothing. International cooperation is possible to joint Russian and Chinese defence producers to invest more money into defence research and infrastructure to produce hic tech technology products and wreck trade barriers for selling arms inside Eurasian defence market. Here, absolutely economic deficit would be minimised to turn up the dynamic curve to expand it. Some minds in Moscow understand that the eventual collapse of the EU (of which it is so fashionable now to speculate among the Russian ‘pundits’) would be something like ‘the greatest geopolitical disaster of the 21st century’ and could prompt greater unpredictability in the entire region (Mizin, 2017). After the US intervention from NATO alliance on the EU – NATO states those Heartland relations had been soured. Moscow and Brussels might be willing to formulate and promote a new pattern of interaction without NATO policy and bypass the US pressure without transatlantic sanction to those EU – NATO states by lifting sanction against Russia while they agreed to reconnect historically, economically and politically traditional relations bilaterally again. Officially, Moscow is pleading for reviving cooperation between the EU and Russia, because loose and loose strategy could benefit only to US side. But who is here the looser und who had benefit from collusion with Russia? The situation is still somewhat complicated in 2018, since these European producers that had cooperated with Russian companies into defence sector before sanctions were put into effect, sought to bypass economic sanctions as to hide the facts of traditional cooperation, now some of them are openly violating it behind the back of economic regime. It was applied on the EU states: France, Italy, Austria and Hungary, Bulgaria, and Greece to further cooperate with Russian defence sector into automotive and aviation industry. The US side vowed with harder pressures with more sanctions against this military cooperation whose are continuing to grow but Russia and EU states are much more interested in cooperating together.

#### **4. THE EUROPEAN UNION – RUSSIA DEFENCE COOPERATION**

France and Germany reclaimed for more strategic autonomy of the EU into defence policy while German calls more for a European Defence Union (EDU) within European army, like finished integration process but France insisted more on stronger intergovernmental EU defence policy. France wants a symbolic integration process because it wants to preserve good transatlantic relationship whilst the US does not want a strong Europe. Poland follows NATO’s policy while defending NATO territory in Eastern Europe and gets involved in possible military intervention in Ukraine against Russia. Poland’s worries were about Ukraine and the military threat of Russia, and panicking among critical scenarios like annexation of Crimea, subsequent war fighting and military supply to Donbas’s Militia into the Eastern Ukraine. Worries have increased when Russia had deployed ballistic missiles to Kaliningrad military region and carried out joint Russia–Belarus military exercise in 2017, near the border with Poland and Lithuania. Italy was refocused toward the Euro – Mediterranean region to fight against migration gangsters from North Africa and Middle East those are smuggling refugees over the

Mediterranean Sea into Europe by using Italy like transit state in Europe (Keohane, 2018). If we compared this reports of some states, we would find out that the EU states have deep problems as we thought to identify itself into national defence policy. The crisis into national defence policy braked down reintegration process on two different tracks; the first track contributed to disconnect defence integration like to be more interrelated toward European defence union while second track was absolutely disconnected to deeply converse Russian defence policy toward Eurasian defence zone. This policy had failed since 2014, whilst the EU – Russian bilateral relationship was disrupted from economic sanctions against Russian under the US coercive policy in Europe. Economic sanctions did not interrupt commercialization of goods into defence sector from the EU defence companies to bargain with Russian defence firms, only costs had been arisen. Foreign Minister Gabriel condemned national selfishness and declared: “The motto ‘our country first’ only leads to more national confrontations and less prosperity” (Kirchick, 2017). Germany strongly opposed to Trump withdrawal from Western-influenced multilateralism that forget the US sentiment to neglect common values under NATO alliance. Juncker asserted without hesitation in publicity that the EU could not continue to rely on the USA for its defence and cannot turn to US for its future protection (Scott, 2017). Several countries have expressed doubts on the usefulness of sanctions, including Hungary, Italy, Bulgaria, Czech Republic, and Slovakia; one EU official described the EU consensus on this issue as “not going without difficulty.” (Pezard et al., 2017: 59). At most the EU member states asserted a big doubt among effectiveness of economic sanctions and it is only a matter of time when those sanctions will be lifted in one voice of EU council. European states with BRICS economic block may resist against the US dollar diplomacy and keep going to move away from their traditional servility to Washington as been able to stop US blackmailing other states by violating interstate sovereignty. Europe’s capitals were confronted with Washington among imposing customs on steel and car industry from Europe, and economic struggle would deteriorate situation in the transatlantic relations. Geopolitical brake down from the EU towards the USA was no longer so remote to postpone misunderstandings. Here is opening new path, Moscow and Beijing are planning to incorporate Europe into their mega Eurasian project as the fourth major component after Asia, the Eurasian Union and the Middle East/Persian Gulf. If Moscow – Beijing economic tandem could rejoin EU into geo economic block to rebuild Eurasian defence sector than US will be excluded from the game.

## **5. THE EUROPEAN UNION – PR CHINA DEFENCE COOPERATION**

The PR China had opened wide door to European military technology to invade into PR China’s defence sector since the economic embargo was lifted to transfer advanced military technology. Financial dynamic invested into PR China’s defence sector had completely changed situation over the past five years into military modernization process of the PR China’s army. Chinese President Xi Jinping has put an end to the practice of making any progress on international security cooperation with Europe conditional on the lifting of the embargo. This is the result of the PR China’s arms industry’s progress (Duchatel, 2018). The PR China had access to critical technologies that had speed up modernization process for ten years, and beside it had created main conditions for advanced innovation and leadership for the next generations of arms toward C4I updated technology. The PR China had paid off for some advanced hi-tech licensed equipment – those are being incorporated into Chinese military helicopters, ships and submarines, and were needed to speed up modernization process of China army but it seems that the EU thoughts ongoing into direction to prevent all transfers of dual-use technology to the PR China as to protect Europe’s critical technology. Chinas economic intensions became doubtful about financial influence to invest more money by spending into common hi tech military projects together with Europe champions into defence sector as the PR China tries to increase pressure by lifting economic barriers to arms transfers and export controls.