

PACIFIC GIANTS CLASH OVER SOUTH CHINA SEA

by Dick Gupwell

The mid-air collision between an American surveillance aircraft and a Chinese interceptor plane over the South China Sea, on 1 April, caused a severe strain in US-China relations, just as the new administration of President Bush was weighing up its attitude towards the People's Republic and moving away from President Clinton's notion of developing a "strategic partnership" between the two countries. This was also the time when the United States was coming to a decision on its latest package of arms sales to Taiwan, always a touchy issue in Washington's dealings with Beijing. While China subsequently released the American crew, who had landed their damaged aircraft on China's southern Hainan island, the return of the aircraft itself remains a matter of further negotiation. Meanwhile, the United States has agreed to a sizeable package of arms to Taiwan but one, which does not include the supply of Aegis-equipped destroyers, about which China was so sensitive.

The key trans-Pacific relationship in the Twenty First Century will certainly be that between the United States of America and China. China, a nation of 1,260 million people, continues to expand economically, while making strides to modernise its large armed forces. The United States is now the world's only military superpower and is likely to remain the leading economic power also. Relations between the two countries, which had been frosty in the early part of the Cold War, improved in the early 1970's, leading to US recognition of the People's Republic in 1979.

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The US then largely transferred its loyalties from Taipei to Beijing, helped by the growing interest of US business in the steadily opening Chinese market. Despite the shock of Tiananmen Square, in 1989, and a shaky start made in the early days of Mr Clinton's administration, after 1993, US-China relations began steadily to improve and the visit of President Jiang Zemin to the United States, in 1997, was almost cordial.

The accident, on 1 April, for that is probably what it was, should not now be allowed to sour US-China relations unduly. This is both because of the huge economic stakes now involved in maintaining these relations on an even keel and also because there now exists a series of interlocking bodies for managing relations in the Pacific region, including APEC, the ARF, ASEM and even the WTO (to which China aspires to become a member), which have now replaced the earlier tensions of the Cold War era. Thus, it would be a serious mistake for either the United States or China to pursue policies which exacerbate, rather than improve, their relations.

The US-China-Taiwan triangle

The US was keenly involved in Chinese affairs for much of the Twentieth Century. In particular, the United States gave considerable support to the government of Generalissimo Chiang Kai-shek during the Second World War against the mutual enemy, Japan, and rewarded China with a permanent seat on the Security Council of the new United Nations once the War was over. However, with the defeat of Japan, the long-running civil war between Chiang's Kuomintang nationalists and Mao Zedong's communists, which had begun in the 1920's, was renewed. The United States attempted to mediate between the two sides but failed and, with the communist victory and the establishment of the People's Republic, in 1949, Chiang and his Kuomintang forces fled to the island of Taiwan. The Cold War had already begun in Europe and Communist China was soon considered by the United States to be firmly in the "enemy" camp. In the Korean War (1950-1953), US and Chinese Communist forces clashed in large numbers on the battlefield.

During the later 1950's, while many Western European governments moved to recognise the People's Republic as the legitimate government of China, the United States continued to

recognise the government of the former Republic of China on Taiwan and its maintenance of the UN Security Council seat. This situation only changed at the beginning of the 1970's when the US, under President Nixon and his Secretary of State, Henry Kissinger, began to open up relations with the People's Republic. Kissinger saw the earlier split between China and the Soviet Union as an opportunity to replace the post-war "bi-polar" system by one based on several centres of power ("polycentrism"). This shift was concluded, under President Carter, with the United States transferring its recognition from the Republic of China to the People's Republic, in 1979, and with Beijing taking up China's seat at the UN.

Meanwhile, China had largely stagnated economically, particularly as a result of Mao's misguided "Great Leap Forward" and his Cultural Revolution. In contrast, Taiwan had made considerable economic progress, with a free-market system, under American guidance, while Hong Kong had also prospered. However, Mao's death, in 1976, and his succession by Deng Xiao-ping, led to a reversal of the economic policy of the People's Republic and Deng approved of a gradual opening up of China's huge market to the world outside. He also approved a concentration of economic development in certain naturally favoured regions along the eastern and southern coasts. This, in turn, led to an ever-growing flow of foreign investment into China both from Western and Asian countries, amongst which Taiwan itself became a leading player.

The US Congress was not prepared to see Taiwan left defenceless in the face of its more powerful rival on the mainland and the Taiwan Relations Act was adopted in 1979 to ensure that the United States would continue to supply Taiwan with an adequate means for its own defence. This was to remain a thorn in the side of an otherwise generally improving US-China relationship, during the 1980's.

Then came the horror of the violent suppression of the student demonstrations in Tiananmen Square, in 1989. This caused a major setback in the steadily improving relationship between the People's Republic and most western countries, including the US and the European Community.

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PAKISTAN, SRI LANKA AND BANGLADESH: AN UNEXPLORED TRIANGLE!

by Dr. Iftikhar H. Malik

My recent visit to South Asia not only reinvigorated my optimism about regional co-operation, it has equally dismayed me over the continued politics of hostilities and polarisation. The multiple mutualities across South Asia and in the Diaspora are visible realities though the inter-state conflicts, especially the endemic Indo-Pakistan discord, continue to dictate general perceptions and serious analysis. In addition, the lack of economic resources, almost complete absence of incentives to travel within the region and a West-centred preoccupation disallow an overdue exploration of shared traditions, common predicament and prospects. Certainly, the toiling and well-meaning South Asians make the first and the lasting imprint on any observer. The millions of cycle rickshaw drivers in sweltering Dhaka or Delhi, the sweating workers in Karachi and the noisy street vendors in Colombo or Kandy are the harmless, simple South Asians away from the elitist rhetoric of blue water navies and nuclear payloads.

Karachi may be the tell-tale of a pluralist maze but it also embodies a heroic struggle against a stream of curfews, aimless ethnic zealotry and a criminalised state machinery. The ordinary masses pursue their own strategies for survival away from the sectarian mish-mash and ethnic chauvinism, though their efforts to make both ends meet frequently put them in the cross-fire. The bougainvillea-covered walls in Clifton and Defence are impregnable yet still going up and up; the Sindhi and Muhajir nationalists momentarily join hands to have another go at the Punjabis up north for presumably denying lower Pakistan its due share of water. To them, Punjab is an abstraction dishing out all the ills for the *smaller* provinces - each one of them may be bigger than several states though! A powerful Punjab - undeniably - is a convenient scapegoat for a well-ensconced and well-provided Altaf Hussain, though a more melancholy Rasul Bux Paleejo seeks a rather substantive southern response to the northern hegemony! The Punjabis, Hindutva *walas*, Sinhalese and

Bangladeshi nationalists refuse to relent their hold on power through egalitarian and co-optive measures rather than simply paying lip service to the plural prerogatives, though common sense prioritises nationhood over statehood and not vice versa.

On that sunny April morning, Dhaka's airport was full of bewildered people as the proverbial polarity between the two political leaders was being contested for the umpteenth time on the streets of this immensely green and densely populous metropolis. The battlefronts had not been confined to the capital as the entire country was engulfed with numerous local and personal agendas colluding with the battle of the two ladies. Earlier, the situation in Sri Lanka was no different either where President Chandrika reigns with a slim majority of only five legislators. Here, in the early 1970s and then in the early 1990s, the ultra-nationalists of the JVP went on wild killing sprees of their people - many of whom were their own Sinhalese compatriots.

Like Pakistan, Sri Lanka is a dream gone sour though not irretrievably. The resilience of democracy, an almost 90% literacy rate and a high proportion of women's involvement in the local and national affairs - despite the long decades of civil war - are no mean achievement for a small country. Bangladesh is supposed to be the most homogeneous of all the South Asian polities- at least professedly - but its about half-a-million Urdu speakers remain the sad reminders of Dhaka's and Islamabad's failure in resolving this three-decade old agony. Most of the Bangladeshis respect ordinary Pakistanis; have an emerging fresher perspective on the two partitions yet are at a loss to understand why this otherwise vibrant society has failed to produce a single leader of foresight and courage. They lament yet another military take-over of Pakistan with the country stuck in the vicious cycles of so-called strong men, emergencies and ad hocism. They can only empathize since, as borne out by the Hamoodur Rahman Report, they bore the brunt of both the khaki and civil bureaucracy. Their adoration for the Pakistani cricket team is unmatched though its radical ups and downs-like the regimes in Islamabad - immensely baffle them. I reminded them of a dialogue between the two Mukti Bahni *walas* in the frenzied days after Dhaka's *fall*:



"I've done away with the Pakistani flags and other symbols of Punjabi domination but what should I do with this Jinnah's portrait?" asked one of them.

"Never mind! Let it stay there. Don't forget, without him there would have been no Bangladesh either!", quipped the senior fellow.

My lecture session was chaired by a serving general - a national hero - but that did not stop my Bangladeshi colleagues from flagging their support for civil society and unfettered democracy in the region. I only wished they were still in Pakistan to help us defeudalise and demilitarise it! The creation of Bangladesh, following an unnecessary and immensely callous bloodshed by our so-called strong men, not only provided an easy entry to the vengeful Indian troops but has stipulated a moral and political cost that we individual Pakistanis keep on paying, while the culprits sit untouched in the bougainvillea-covered palaces drawing on huge pensions and writing verbose strategic treatises! Notwithstanding the role of irresponsible politicians, the actual responsibility certainly lies with the then ruling West Pakistani generals, whose repression of their own people, inclusive of serious human rights violations, corruption and incompetence - as documented in the HRR - urgently necessitates an unreserved accountability of the perpetrators like Yahya, Umar, Rahim, Mitha, Peerzada, Tikka, Niazi, Farman, and all others. The GHQ's spin doctor, General Rashid Qureshi, may chide us on the demand for inquiry into the Kargil fiasco by misportraying it as an Indian defeat but for how long the conscience of the millions of Pakistanis and their compatriots in Bangladesh - the former Pakistanis - may stay thwarted by our men in Khaki!

Sri Lanka is the core of this triangle and its excellent literacy rate, an impressive level of women's mobilisation, the absence of fundamentalist threats, a free press and a very down-to-earth life-style, unlike the consumerist flamboyance elsewhere, have been achieved through a well-planned, highly competent education system. It is not just the astounding level of literacy, instead the quality and high calibre that make it unique. Communicating in English or Hindi is no problem even at the ordinary level, something that is missing from Pakistan, though in Bangladesh Hindustani Urdu is still in vogue. Several high-placed Muslim friends in Colombo and Kandy surprised me by

observing that they had been transferring their children from private schools to the state schools as the latter happened to be the best! Sri Lanka must be the only exception.

The Sri Lankan Muslims are a visible community if one looks at the impressive mosques on the road-side, or the several important buildings owned in the business district in Colombo and the old-style houses in Galle. (On our way to the historic rock monument at Sirgiryra, we passed a truck with *Jinnah* written on its top and in the Eastern Province I saw a coaster with Inzumul Haq's name boldly painted on the front!) However, the Tamil-speaking Muslims in the Eastern Province are caught between the cross-fire like the stranded Pakistanis-Bangladeshis in the extreme uninhabitable slums of Dhaka. Karachi's Orangi or Musa Colony are a far cry from the congested slums of Muhammadpur and Saidpur, though the late Professor Akhtar Hamid Khan of the Orangi Pilot Project and Comilla Programme is venerated like a saint by Bangladeshis. The Grameen Bank has brought about a major change in the women sector through its local initiatives - something that one finds in the NGOs, such as the Edhi Foundation. Unlike Pakistan's equivalent of the Talebans - the ilk of Maulanas Sufi Muhammad, Samiul Haq, Fazlur Rahman, Maulana Azhar and Malik Muhammad Akram Awan and the outfits like Jaysh-i-Muhammd, TNJF, Sipah-i-Sahaba and similar Indian fascist outfits! - out to squeeze youth, blood and hope from this tormented country, Bangladeshi and Sri Lankan zealots somehow remain tamed and so are their intelligence agencies. Their courts take courageous decisions by thwarting militarist and obscurantist forces, whereas our generals and judges pander to them.

India is a baffling, irksome and ambiguous neighbour for this triangle (and the two northern neighbours as well). It is ironic and not without reason that this giant state is largely seen by them all with suspicion and fear. New Delhi has not been able to establish harmonious relationships based on equality and trust and, despite its crucial role in the separation of East Pakistan, it is largely seen by general Bangladeshis as an overpowering neighbour. A clerk in the Dhaka hotel surprised me on my first day in the capital: "Sir, even this bed sheet is from India; we are inundated by them!". Sri Lankans mistrust India, whereas an article in *Dawn* by a senior Pakistani journalist, following



his recent visit to India, posited as if the erstwhile grass-root curiosity and affection had given way to indifference and hostility. The ordinary Indians, to him, now saw in Pakistan a fundamentalist, arch foe whose inhabitants carry an undiminished rancour against the world's largest democracy. Pakistan and India are the convenient *others* for the ferocious mullahs, aggressive Hindutva *walas* and Shiv Sena/Bajrang militants. An unstable South Asia bereft with intra-state and inter-state conflicts has disallowed her inhabitants a well-deserved breakthrough; they account for 45% of the world's poor, whose living standards remain the lowest in the world. An unstable Pakistan, a militarised Sri Lanka, a turbulent Bangladesh and a factionalist Nepal stipulate a severe security threat to India the way a turbulent India means a million mutinies for all. The empowerment of the SAARC and a full-fledged people-to-people relationship are the urgency and so are the bridges among the civil societies away from the vetoing officialdoms, jingoistic nationalisms and militaristic fundamentalisms. The hue and brown of Baluchistan, Thar and of sandy Rajasthan amicably blends with the lush green of Sarandeeep, Punjab, Kashmir and Sunderban. ■

Editor's Note:

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New Publication

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Reports from the Institute for Asian Studies, Hamburg, Germany, Volume 343, Hamburg 2001, Werner Draguhn (ed), 169 pages, DM 36.00, ISBN 3-88910-260-3

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**THIRD TIME AROUND SEES
BOOM IN LDC NUMBERS**

by Malcolm Subhan

The most important question facing the world's least developed states was never tackled by the delegates from the 193 governments to the third United Nations Conference on the Least Developed Countries, which met in Brussels from May 14 to 20. The question is, why are their numbers rising? Their numbers have risen from 36 to 49, when they should be falling - and will almost certainly be in the 50s when the fourth conference takes place.

The question was raised by the Indian delegate, Kamallesh Sharma, the country's Permanent Representative to the United Nations, who wondered whether the LDC conferences had not become self-perpetuating:

“That these conferences should be perpetuated indefinitely would signify failure, and that the objective of the conferences is not being met. But what we see is entrenchment and even expansion of the category (of least developed). Anyone looking at the papers for this third UN Conference must find it disquieting that from conference to conference the number of LDCs has gone up”.

The head of the most populous of the 49 LDCs, the Prime Minister of Bangladesh, Sheikh Hasina, seemed to confirm the fears of the Indian delegate. Addressing the inaugural session in her capacity of Co-ordinator of the Global LDC Community, she told the assembled delegates:

“As we look at the challenges facing the LDCs, we see that poverty remains pervasive, opportunities for the poor and disadvantaged are minimum and the economic, social and environmental difficulties are multiplying. The goals of poverty eradication and social and economic development are as elusive as ever”.

And, as if the picture she had painted was not bleak enough, she noted that LDCs 'now face new tests, such as AIDS,' while some of the many diseases 'we thought had been curbed or even eliminated... (have) come back in new and

more menacing forms.' At the same time, LDCs faced new challenges, 'posed by international crime, terrorism and the cross-border movement of drugs, all of which are facilitated by the technology and communication boom.'

The Bangladesh Prime Minister went on to declare, however, that 'although the challenges faced by the LDCs are formidable, they are not insurmountable,' and LDCs 'should be able to make headway, in the not too distant future.' She pointed to the gains made by Bangladesh under her leadership: a fall in the human poverty index to 34.8% in 1998-2000, as compared to 61.3% in 1981-83; an economic growth rate of more than 5% for four consecutive years, rising to nearly 6% last year; a rise in per capita income to \$386, from \$280 in 1996-97, and rising literacy levels - from 47% in 1996-97 to 65.5%. Bangladesh was now self-sufficient in food; it even had a current surplus of foodgrains of 1.6 mn metric tons.

Sheikh Hasina listed the ways in which the developed countries can help Bangladesh become 'a self-reliant, developed and resourceful country before the Golden Jubilee of our independence in 2021,' By their very nature, the measures she listed would benefit all LDCs, of course. They are: (1) better market access for LDC exports; (2) protection for LDC interests, so that they can compete successfully in the global market place; (3) higher aid flows of appropriate quality, as well as a reduction in the debt burden, and (4) regular and comprehensive monitoring of commitments made to the LDCs.

The head of the Pakistan delegation, Ashraf Qureshi, claimed that 'in many cases, the situation of LDCs had worsened. The development programmes and policies adopted by them 'were rendered ineffective, due to the challenges posed by globalisation and liberalisation, the continuous decline in ODA flows and the high level of their external debt.' His 4-point programme in favour of LDCs was very similar to that of Sheikh Hasina.

The Conference, Mr. Qureshi believed, should press for: (1) increased Official Development Assistance (ODA); (2) durable solutions to the crippling external debt burden; (3) better market access for products of export interest to LDCs and (4) an enabling economic environment, which fully supports the domestic policy framework adopted by them. He



welcomed the willingness of the developed countries to grant quota-free, duty-free access to LDC products.

The Bangladesh Prime Minister congratulated the EU for its 'laudable decision' to provide LDCs duty-free and quota-free access to its 15-nation single market for 'Everything But Arms.' But an UNCTAD study, circulated at the Conference, noted that its benefits to Bangladesh, in terms of a higher volume of exports to the EU, will be small. It was the earlier EU decision to liberalise textile and clothing imports from LDCs, which has been of greatest benefit to Bangladesh.

The same study points out that Bangladesh's garment industry would benefit if the United States, Canada and Japan were to follow the EU's lead, given the high level of protectionism practised by them. But this is far from certain, particularly with the full liberalisation of world trade in textiles and clothing scheduled for 1 January 2005, with the expiry of the 1994 Uruguay Round Agreement on Textiles and Clothing. Ironically, it may well be that, with full liberalisation at the global level, the Bangladesh garment industry will be unable to hold its own against exporters in India and Pakistan, for example, whose exports to the EU are currently being held back by quotas.

Bhutan's Minister for Trade and Industry, Lyonpo Khandu Wangchuk, spoke in much the same vein as the Bangladesh Prime Minister. He described the decline in Official Development Assistance (ODA) as a matter of 'grave concern,' given that ODA is 'critical for meeting the multiple investment requirements in the LDCs.' He noted that 'a substantial amount of the scarce budgetary resources (of LDCs) are used to service debts.' The head of the Bhutanese delegation stated that 'the multilateral trading system under the WTO must be sensitive to the particular needs of the LDCs,' who are 'plagued with low productivity, lack of financial and skilled human resources, inadequate physical and social infrastructure, and weak institutional and technological capacities.'

Like Sheikh Hasina, Lyonpo Khandu Wangchuk pointed to past failures. She described as 'missed opportunities' the last two Programmes of Action; he noted that the 1990 Paris Declaration 'set forth hopes and promises for the future, but many of the commitments remain unfulfilled.'

The best the Bhutanese Minister could manage in his address to the assembled delegates, was the 'hope (that) this Conference will correct the shortcomings of the previous two Programmes of Action.'

Is there an alternative? The Trade Minister suggested there is. 'Bhutan,' he declared, 'has always endeavoured to maintain a harmonious balance between material and spiritual development, rather than being guided purely by the goal of a higher GNP. My country continues to pursue a development philosophy based on the concept of Gross National Happiness (GNH), which aims to ensure that the end product of development is to bring happiness to the individual citizen.'

India's Ambassador to the UN, Kamallesh Sharma, suggested an end to the LDC category (and an end, therefore, to LDC conferences). India, after all, 'shares many of the features of LDCs, even though growth in India has diminished the numbers of those who live in absolute poverty.' The number of Indians living below the poverty line is between 250 million and 300 million, as compared to a total population of 630 million for the 49 LDCs.

'The international community,' the Indian delegate told the Conference, 'must consider the problem of poverty, underdevelopment and vulnerability in the wider context of the developing world.' Where others used earlier Programmes of Action as a guide to future action, Ambassador Sharma sought to widen the discussion to cover developing countries as a whole by using the International Covenant on Economic, Social and Cultural Rights as his yardstick. The Covenant links human development and human rights, imposing 'specific obligations for international co-operation on resources, on the right to an adequate living standard and freedom from hunger.'

Would LDCs be better served as part of the developing world as a whole? The Indian delegate agreed that LDCs are a special case - as regards ODA, for example, so that the 'sharp fall in per capita ODA must have had a calamitous impact on the LDCs.' Moreover, 'the growing marginalisation of the LDCs since the Uruguay Round needs to be addressed frontally.' And food security in LDCs would benefit greatly through increased research



into improving the productivity of arid lands and of the crops grown there.

But India clearly is concerned at the effects on its own economic growth of measures taken to help LDCs. Ambassador Sharma welcomed the preferential access granted LDCs by the EU, for example. But he claimed that 'it would also be necessary to monitor the impact of these measures on exports from other developing countries, many of whom are in a position almost as parlous as that of the LDCs.' In any event, the real obstacle to LDC exports of agricultural products to developed countries, he suggested, is the \$500 bn in subsidies to farmers in developed countries. A better solution, therefore, would be the speedy entry into the WTO, on the basis of minimum agreed criteria, of the nine LDCs that have applied to join.

But might the best solution not be a regional one? An international conference obviously is not the best place to focus on regional solutions. But might not an effective preferential trading arrangement covering the SAARC countries be more beneficial for the region's LDCs? Is it not easier for Bhutan to export to India, rather than to distant France or Germany? And to encourage India and Pakistan to open up their markets fully to their least developed neighbours, the EU and US could offer them concessions of quite another sort – co-operation in advanced scientific research, for example.

In any case, the third Programme of Action, for the decade 2001-2010, is unlikely to meet with any greater success than the first two. The best the developed countries could manage as regards ODA, for example, is 'not to spare any effort to reverse the declining trends of ODA and to meet expeditiously the targets of 0.15% or 0.20% of GDP as ODA to LDCs as agreed.' If the number of LDCs is to start falling, both developed and developing countries need to ask themselves why the numbers are rising - and to stop repackaging the same old solutions. ■

TIBET REPRESENTATION

OPENS IN BRUSSELS

by John Quigley

The Tibetan government in exile, on 10th April, inaugurated a new office in Brussels as a subsidiary of the Paris based Bureau du Tibet. The Brussels office, which is headed by Ms Tenzin Dunchu, is an official representation of His Holiness the Dalai Lama. Speaking to *EurAsia Bulletin*, Ms Dunchu said that the office would represent the interests of the exiled government to the European institutions, the Brussels region and Belgium. The Brussels office is the third in a series of new representations that includes the Tibet Religious Foundation, established in Taiwan, and the Tibet House Foundation in Hungary.

The Brussels office has opened just ahead of the 50th anniversary of the 17-point Agreement signed, on 23rd May, in 1951 in Beijing, between China and Tibet, which is a source of controversy to the Tibetan government in exile. In 1959, after fleeing Tibet, the Dalai Lama declared that the "consent of the Tibetan government (to the Agreement) was secured under duress". The Agreement states that the people of Tibet would return to the motherland, that is, the People's Republic of China. Tibet would exercise national regional autonomy under the leadership of the Central People's Government. Effectively this made Tibet an "autonomous region" of China, with control of external affairs in the hands of Beijing.

However, many elements of the Agreement were never implemented. Indeed, in 1988, speaking before the European Parliament in Strasbourg, the Dalai Lama said that the People's Republic of China had "forcibly invaded" Tibet. He called for a "self-governing democratic political entity" for Tibet but with responsibility for foreign affairs remaining with Beijing. The government of Tibet would remain free to operate a "Foreign Affairs Bureau in non-political activities". He proposed establishing "a bi-cameral legislature, a popularly elected Chief Executive and an independent judiciary". He also called on China to halt the transfer of ethnic Chinese to Tibet and to "cease its human rights violations" in Tibet.



He said that the Tibetan people must be the “ultimate deciding authority” and that their wishes should be canvassed in a nation-wide referendum. He reiterated this call in March this year, speaking on the 42nd anniversary of the “Tibetan National Uprising Day”.

Ms Dunchu said that the Dalai Lama had indicated that he would accept the result of such a referendum irrespective of the outcome. However, the crucial issue today is what constitutes a Tibetan citizen. The Brussels office stated that any proposed referendum should only cover ethnic Tibetans but the ethnic Tibetan population of 6m people is now out-numbered by the 7.5m Chinese that Beijing has encouraged to migrate to Tibet. More-over, Tibetans continue to flee from what the Dalai Lama has called “increasing repression”. Typically, Tibetan refugees flee to India, where the Dalai Lama has established his government in exile at Dharamsala in Himachal Pradesh State. However, there are also substantial communities of Tibetan refugees in Nepal and Switzerland.

It is precisely these refugees that the draft “Tibetan Policy Act 2001” has in mind which is currently under consideration in the US Congress. The draft Bill was tabled, on 9th May, by Senator Dianne Feinstein and Representative Tom Lantos, both members of the Democratic Party. The draft Act proposes to spend \$2.75m annually for the years 2002-04. Two million dollars would be spent on humanitarian aid to refugees, \$500,000 on scholarships for Tibetan exiles and \$250,000 to promote human rights activities by Tibetan non-governmental organisations, such as the National Endowment for Democracy. The Bill calls on the US Secretary of State, Colin Powell, to “make best efforts” to establish a representative office in Tibet’s capital, Lhasa.

If adopted, the Bill would mandate the US to support the participation of the Dalai Lama at the United Nations and to establish there a Special Working Group for Tibet. There would also be an onus on the US Ambassador to China, Joseph W. Prueher, to meet with and seek the release of the 9 year old 11th Panchen Lama, Gedhun Choekyl Nyima.

The draft Bill has some influential and prominent supporters in the Congress. These include, *inter alia*, Senators Joseph Lieberman,

Edward Kennedy, Jim Jeffords and Patrick Leahy. The Bill, although in Feinstein’s name, was proposed with cross-party Republican and Democrat support. Feinstein and Lantos also called on the US Department of State to appoint a “Special Co-ordinator for Tibetan Affairs”. However, this is something Colin Powell did on May 17th when he designated Paula Dobriansky to the job. She will exercise the functions of the office in addition to her current role as Under Secretary for Global Affairs.

The Department of State established the office of the Co-ordinator with the “central objective of promoting substantive dialogue between the Dalai Lama and China”. The duties of the Co-ordinator include co-ordinating US policy and programmes on Tibet. The Co-ordinator should protect the “distinct religious, cultural, linguistic and national identity of Tibet” and promote respect for human rights. Dobriansky, as the Special Co-ordinator, should have close contact with the religious, cultural and political leaders of the Tibetan people and consult with the US Congress on the future and welfare of Tibet. The position of Special Co-ordinator for Tibetan Affairs is a post that was first created by President Clinton in 1997 but Ms Dobriansky, under the Bush administration, is the most senior official to be appointed to the post thus far. ■

The next issue of *EurAsia Bulletin*, for June-July 2001, will go to press on 17th July.

NEW JAPANESE PRIME MINISTER TAKES OFFICE

by Dick Gupwell

Japan has a new Prime Minister, 59-year old Mr Junichiro Koizumi, a popular reformer and former Minister of Health, but someone who was previously largely unknown outside Japan. He replaces Mr Yoshiro Mori, who led a lacklustre administration since the death in office of Keizo Obuchi, in April 2000. Mr Koizumi becomes Japan's eleventh Prime Minister since Yasuhiro Nakasone held that office from 1982 to 1987.

Mr Koizumi inherits a dismal economic situation. Since 1992, Japan's economic growth has averaged only about 1% per year. In early April, the Bank of Japan issued a quarterly report in which it revealed deep scepticism among the business community, and especially among large manufacturing companies, about the Government's ability to steer the economy towards sustainable growth. A few days later, Alan Greenspan, the Chairman of the US Federal Reserve, warned, "You cannot have the second largest economy in the world essentially stagnating without impacting on the rest of us." As Stephanie Strom wrote in the *Financial Times*, bankruptcies were increasing, while corporate earnings, exports and asset values were all falling.

After Mr Mori finally agreed to step down, on 6 April, Mr Koizumi won a clear victory in the election for the leadership of the Liberal Democratic Party, on 24 April, and thereafter secured the support of the LDP's coalition allies, the New Komeito Party and the Conservative Party. The new Government was then sworn in by Emperor Akihito, on 26 April.

What Japan clearly needs are decisive measures to lift the economy out of its present inertia and a period of stability at the top so that effective measures can actually be implemented. Mr Koizumi currently enjoys strong popular support and has already announced a number of substantial reforms. His coalition has a comfortable parliamentary majority. The first real test of his new administration will come on July 29 with the

election of half of the members of the Upper House of the Diet, the House of Councillors.

Mori steps down

The unfortunate Mr Mori's administration was plagued by a succession of mishaps, which were certainly not all of his own doing (see *EurAsia Bulletin*, Vol. 5, No. 1 and 2, January-February 2001). His ill luck continued. On 1 March, Masakuni Murakami, one of the "Gang of Five" LDP leaders, who had chosen Mr Mori to succeed Mr Obuchi, was arrested on bribery charges. On 5 March, Mr Mori survived a confidence vote in the Lower House of the Diet, the House of Representatives, by 274 votes to 192 but, afterwards, a number of LDP MP's signed a petition asking him to step down. However, on 7 March, he informed the House that he had no plans to do so.

The following day, the Finance Minister, Kiichi Miyazawa, told Parliament that, "The current fiscal condition is very extraordinary and close to a catastrophic situation." Then, on 13 March, Mr Mori announced to the LDP Convention that he would bring forward the election for the party presidency, which had been planned for the autumn. In early April, preparations were under way for this election and, on 6 April, Mr Mori formally announced his resignation. He said, "It is necessary to restore public trust in politics under a new Government and deal with the mountain of issues at home and abroad. Therefore, I have decided to resign."

LDP leadership election

The favourite contender to succeed Mr Mori was Ryutaro Hashimoto, who had already served as Prime Minister before resigning in 1998, after the poor LDP performance in the Upper House elections. He had been serving in Mr Mori's Cabinet as Minister for Administrative Reform but had maintained a rather low profile. His advantage was that he was the leader of the largest faction in the LDP parliamentary party, enjoying the support of an estimated 102 MP's. Another likely contender was Makiko Tanaka, the 57-year old daughter of former Prime Minister, Kakuei Tanaka, who enjoyed a substantial 31% support in public opinion polls. The third likely contender was Mr Koizumi, who had loyally supported Mr Mori when, as Prime



Minister, he had been challenged by Koichi Kato, in November 2000. Mr Koizumi was also known to have the support of Yasuhiro Nakasone.

The LDP fixed the date for the leadership election nominations for 12 April. Mr Koizumi, who had lost an earlier bid to become party president, when he had been roundly defeated by Mr Hashimoto, in 1996, was the first formally to enter the race, declaring himself a candidate on 10 April. He appeared to have won over the support of Makiko Tanaka. Three other candidates had declared by the deadline on 12 April. Apart from Mr Hashimoto, the others were Shizuka Kamei, the LDP policy head, and Taro Aso, the Economics Minister. Mr Kamei's faction enjoyed the support of around 55 MP's, a few less than that of Mr Mori (who backed Mr Koizumi). Mr Aso's MP's, however, numbered only about twenty. On 13 April, Mr Koizumi attended a lunch with his principal supporters, Mr Nakasone, Mr Miyazawa, Shintaro Ishihara (the Governor of Tokyo) and Mr Mori.

The election did not depend only upon the relative strength of each parliamentary faction. A formula was worked out whereby, in addition to the votes of the 346 MP's, an additional 141 votes would be given to the 2.3 million LDP party members, expressed through the 47 district organisations of the party, each district being accorded three votes. A strong factor influencing the voting in these districts was the publication of an opinion poll, conducted during the weekend of 14-15 April, which showed Mr Koizumi enjoying 65% of popular support to only 17% support for Mr Hashimoto. Mr Koizumi was clearly the more outspoken supporter of reform. He said, "The economy has not recovered because we have not adopted reforms." He said that it would not be possible to have a real economic recovery without structural reform. He was particularly known for his proposal to privatise the \$2.5 trillion national postal savings system. He also wanted to create a better unemployment safety net. Moreover, he also favoured political reform, including a new decision-making structure for the LDP, which relied far less on the entrenched system of party factions.

Mr Koizumi took an early lead in the race to win the district contests and, by 23 April, he had secured 123 of the 141 votes from the district

organisations. It was reported that Mr Kamei had withdrawn from the contest and swung his support behind Mr Koizumi. In the final tally, announced on 24 April, Mr Koizumi won 293 votes as against 155 for Mr Hashimoto.

The new Prime Minister

Junichiro Koizumi comes from a long family political background. His grandfather, Matajiro, a farmer's son, had become an MP and served as Minister of Posts between the two World Wars. Junichiro's father was also a member of the Diet, while Junichiro studied economics at Keio University, graduating in 1967. He then went to England to begin post-graduate studies at the London School of Economics but the sudden death of his father brought him back to Japan. Junichiro contested his late father's vacant parliamentary seat but was defeated. He then worked for a while as a junior secretary to Takeo Fukuda (who went on to become Prime Minister), all the time "nursing" his father's constituency. His opportunity came three years after his earlier defeat when he won the seat and himself became an MP. In his political career, he has been considered to be something of a lone wolf. He is said to be fond of opera, as well as rock music.

Mr Koizumi began by making some important changes in the senior LDP party posts. His ally, Taku Yamasahi, was appointed as the party Secretary General, Mitsuo Horiuchi was made head of the General Council and the defeated Taro Aso replaced the arch-conservative, Shizuka Kamei, as head of the Policy Council. Then, having won the support of the LDP's coalition partners, he set about forming his Cabinet.

True to his word, the Cabinet appointments did not reflect the relative strength of the party factions. The Hashimoto and Kamei factions only received three posts between them. Mr Koizumi also included five women ministers (a record number). For his economics team, Mr Koizumi surprisingly chose the 79-year old Masajuro Shiokawa, a veteran who had held the Transport, Education and Home Affairs portfolios in previous administrations and a member of the Mori faction, as Minister of Finance. However, the new Minister of Economic Affairs is Heizo Takenaka, an economist from Keio University in Tokyo, who, at 50, is a much younger man and a vigorous



advocate of fiscal reform. Mr Shiokawa may carry less weight than his predecessor, Mr Miyazawa, but, to the new Prime Minister, this may reflect the erosion of the Finance Ministry's responsibilities in recent years. Monetary policy is now handled by the Bank of Japan and deregulation issues are controlled by the new Ministry of Economics, Trade and Industry (METI). Mr Koizumi retained Takeo Hiranuma, from the Kamei faction, as Trade Minister and Hakuo Yanagisawa as Minister for Financial Reform.

As regards other appointments, Makika Tanaka was rewarded with the post of Foreign Minister. Mayumi Moriyama was made Justice Minister, while Atsuko Toyama, another woman and the former Director of Tokyo's National Museum of Western Art, became Minister of Education, Science and Culture. Yasuo Fukuda, also of the Mori faction, remains as Cabinet Secretary. Jin Murai, of the Hashimoto faction, became Head of the National Public Safety Commission, not a major post. Mr Koizumi had made it clear that, "I want to appoint people who have the determination to carry out reforms." His Cabinet includes a substantial number of Ministers coming from the private sector.

Economic priorities

Cues to the likely direction of the new Koizumi administration came quickly. In his maiden speech to Parliament as Prime Minister, on 7 May, Mr Koizumi said that Japan needed a stance "that does not fear pain, does not flinch at the barriers of vested interests and is not bound by the experience of the past." He was aware that there was "strong opposition" to reform but this could be overcome by more public debate. He said, "It is very important to widen the political participation of the Japanese people." He promised more deregulation and a strengthening of the Fair Trade Commission. He undertook to cap the issue of government bonds in 2002 at 30 trillion yen (\$248 billion), compared to 28 trillion in 2001, but less than the 33 trillion originally planned for 2002. He also promised to force the banks to write off their bad loans in the next 2-3 years and said he would reorganise the postal savings system prior to privatising it.

The following day, Mr Takenaka told the Financial Times that, "The Economic and Fiscal

Policy Council is going to announce the new direction of policy at the end of June in a new, co-ordinated and consistent way." He explained his three aims: a drive to dispense with the banks' non-performing loans; creating a more competitive economy through deregulation; and the reduction of the budget deficit. He said that this would see "some increase in unemployment" but that new jobs would also be created. Mr Koizumi has said that he will seek the support of the Group of Seven in carrying out his government's economic reforms.

Political issues

As regards political issues, Mr Koizumi said, on 7 May, that, "Japan's prosperity is based on Japan-US relations." He earlier referred to the alliance with the United States as "the pillar of Japan's security policy". However, he has also spoken of changing Japan's post-World War II Constitution, as regards the status of Japan's defence forces. He said, "Saying the Self Defence Forces aren't an army is just a lie." In the worst case scenario of an invasion, he said that it would be "politically irresponsible" for Japan not to be fully equipped and prepared. He asked that, if US naval forces were attacked while patrolling with Japanese warships in Japanese waters, "is it really possible for Japan to do nothing?" He also favours a more active Japanese role in international peace-keeping operations. However, a majority of Japanese public opinion appears to be opposed to changing the relevant Article in Japan's Constitution (Article 9), which limits Japan's armed forces to "self defence" and Mr Koizumi admitted that it "would be difficult to put that on the agenda at the moment."

He has also aroused concern abroad by his announcement that he intends to visit the Yakusuni shrine to Japan's war dead on 15 August, given that convicted Japanese war criminals from the Second World War are amongst those commemorated. No Prime Minister has visited the shrine since 1995. It is a particularly sensitive matter for many of Japan's neighbours, including China and Korea. However, on 24 April, Mr Koizumi said that, "The present prosperity of Japan is based on the sacrifice of those who died in war. It is a matter of course for me to pay my respects." The following day, Li Peng, President of China's National People's Congress and former Prime



Minister, announced the postponement of his forthcoming visit to Japan.

Mr Koizumi has also inherited the diplomatic problem of the recent issue of new Japanese history books, which gloss over the human rights abuses committed by Japan during World War II. These books have been prepared by the Japanese Society for History Textbook Reform, which is supported by leading companies, such as Nomura and Fujitsu. This has clearly upset both China and South Korea. In his speech on 7 May, Mr Koizumi described Japan's relations with China as being "among the most important" and he also pledged to "strengthen the relationship with Seoul." Indeed, already at the end of April, Mr Koizumi telephoned President Kim Dae-Jung to promise co-operation over the issue of the school history books and, on 1 May, the Foreign Minister, Makiko Tanaka, pledged to resolve this dispute with South Korea, saying, "I want to make a soft landing on the issue."

Japan's other major foreign policy consideration is its relations with Russia. The issue of Russia's occupation of Japan's northern Kurile islands at the end of World War II has never been resolved and so, until now, there has never been a peace treaty between the two sides formally ending hostilities. In 1956, an agreement had been signed under which the then Soviet Union agreed to return two of the four islands once a peace treaty had been concluded, but this never took place. Prime Minister Mori had agreed with President Putin to re-open talks on this basis. On 7 May, Mr Koizumi spoke to Mr Putin by telephone but, later, he wrote to the Russian President calling for a return to Japan of all four of the islands.

Mr Koizumi has certainly got off to a good start in terms of his popularity ratings. Opinion polls taken at the end of April showed his public support running at between 78 and 87%. He ruled out the possibility of calling a snap election and said that, while he was grateful for the showing of public support, "From now on, the only way is down." ■

PHILIPPINES PRESIDENT ARROYO SURVIVES ALLEGED COUP ATTEMPT

by Dick Gupwell

The first main challenge for the new President of the Philippines, Mrs Gloria Macapagal Arroyo, who had moved into the Presidential Palace on 22 January, following the withdrawal of President Estrada, was expected to be the elections held on 14 May. However, the arrest of Mr Estrada, on 25 April, led to large-scale demonstrations by Estrada supporters at the same EDSA shrine in Manila, where the great anti-Estrada rallies had taken place in January. When several thousands of demonstrators then moved on to the presidential palace, Mrs Arroyo declared a "State of Rebellion", on 1 May, and ordered the arrest of some leading opposition figures, including Senator Enrile, himself a candidate for re-election on 14 May.

Calm was restored quickly and Mrs Arroyo paid a lengthy visit to Mr Estrada in prison and arranged for his conditions to be improved. The election was then held and Mrs Arroyo's People Power Coalition appeared to have done reasonably well. The President will now have to seek to heal the rift in Philippines society between her essentially middle class coalition and the mass of the poor, who saw Mr Estrada as their saviour.

Meanwhile, Mrs Arroyo's government has taken further steps to instigate peace talks with both the communist insurgents and with the rebellious Moro Islamic Liberation Front, which operates in the south of the Philippines. On the other hand, she has taken an aggressive line against the Abu Sayyaf group and this resulted in the release of the American hostage, Mr Jeffrey Schilling, on 12 April.

Estrada appeals

President Estrada had stepped down because his position had become untenable. After his impeachment trial had collapsed in the Senate, his opponents organised mass demonstrations at the shrine on the Epiphany of the Saints Avenue (EDSA) in Manila (which is dedicated to the "people's power" movement, which had brought



down President Marcos). At their height, these demonstrations had attracted half a million people. Mr Estrada's leading opponents included a formidable alliance of his own Vice President, Mrs Arroyo, as well as his two immediate predecessors, Mrs Aquino and Mr Ramos, supported by the head of the dominant Roman Catholic Church, Cardinal Jaime Sin. The crunch came when the leaders of the armed forces and the police went over to the opposition. Mr Estrada left the presidential palace but never actually resigned. Nevertheless, the Supreme Court had declared a vacancy for the presidency and Mrs Arroyo had moved into the presidential palace on 22 January. However, Mr Estrada launched an appeal in the Supreme Court, in early February, seeking to challenge his successor's legitimacy. This was seen as a move to try to protect himself against criminal prosecution on the various corruption allegations levelled against him in the impeachment proceedings (see *EurAsia Bulletin*, Volume 5, Nos. 1 and 2, January-February 2001).

In mid-February, one of Mr Estrada's lawyers, Rene Saguisag, admitted that the chances of the Supreme Court reinstating Mr Estrada as President were "like a fantasy". However, this did not deter the ousted President from making repeated appeals to the Court. On 21 February, the Supreme Court barred the filing of any criminal charges against Mr Estrada for the next 30 days, to allow it time to resolve Mr Estrada's claim that he, and not Mrs Arroyo, was the legitimate President. This was aimed against the government Ombudsman, Aniano Desierto, whose office was preparing criminal charges. On 2 March, however, the Court unanimously rejected Mr Estrada's claim that he remained President, saying that he had "effectively resigned" when he left the palace on 20 January. The Court also voted by nine Justices to four against allowing him immunity from prosecution. However, the Court granted him the right to appeal. Mr Estrada duly introduced an appeal on 19 March and, the following day, the Supreme Court extended the ban on filing criminal charges against him.

On 3 April, the thirteen Justices of the Supreme Court rejected Mr Estrada's appeal that he had been forced by circumstances to give up his post temporarily, in order to avoid bloodshed, and declared that he had left office of his own accord. His immunity from prosecution was again lifted. The following

day, the former President was formally charged by Ombudsman Aniano Desierto with corruption and plunder of State funds. There were eight alleged offences amounting to a total of 4.1 billion pesos' worth of bribes and payoffs. Mr Estrada's son Jinggoy, his wife Luisa and five associates, including his friend Charlie Ang, were also charged. Mr Estrada said that he would not try to leave the country but added, "I will exhaust all legal remedies. I will face all the charges against me." However, he complained, "I'm already convicted here through publicity, so how do you expect to get a fair trial under this administration." On 5 April, he introduced a third appeal, claiming to have new evidence to support his case. This, however, was also rejected by the Supreme Court, on 10 April.

Estrada arrested

On 16 April, a lower court ordered Mr Estrada's arrest. His finger prints were taken but he was then released on payment of a modest bail of \$800. Justice Narciso Nario fixed the date of his arraignment for 17 May. However, on 25 April, an arrest warrant was issued for his arrest on eight charges of economic plunder, which did not allow bail. Several dozen heavily armed police then came to his house, where they had to push through a crowd of his supporters, who threw stones at the police. Mr Estrada was led away by the National Police Chief, Leandro Mendoza. Jinggoy Estrada was also arrested on several charges of corruption. They were taken in a dark van to Crame police camp 50 kilometres outside Manila. Mr Estrada was again finger printed, photographed and then examined by a doctor before being led to a cell. Jinggoy was taken to another cell. José Lina, the Secretary of the Interior, said that, "The arrest proves that the wheel of justice is grinding. Even if one occupied the highest post in the land, he is not above the law."

Mr Estrada had tape-recorded a message prior to his arrest and this was now broadcast on local radio stations. In the message, he complained, "I was denied due process of law. They're making a mockery of the Bill of Rights of the Philippines Constitution. I will face all the charges. I believe that, in the end, truth will triumph and that our Constitution will prevail." Television stations also showed pictures of Mr Estrada having his finger prints taken at the police camp. Clearly, this outraged Mr Estrada's supporters, most of whom come



from the poorer sections of Philippines society. About eight thousand went to the Crame camp to protest. The same evening, they also began gathering at the EDSA shrine.

By the evening of 29 April, a crowd estimated at 300,000 had gathered at the shrine, in imitation of the anti-Estrada demonstrations in January, and maintained a round-the-clock vigil. The armed forces were placed on alert. Cardinal Sin, who had supported the January demonstrations, now said that the pro-Estrada supporters had "profaned" the EDSA shrine. Mrs Arroyo now claimed that some of her opponents had attempted "a power grab" and that the plotters had tried but failed to persuade sections of the armed forces to defect to the opposition camp. She claimed, however, that the planned coup had "fizzled out" and that no legal action would be taken against the plotters because a coup had not actually been launched. The armed forces, she said, had remained united behind the government.

State of rebellion

However, on 1 May, President Arroyo declared a "State of Rebellion" after several thousand Estrada supporters had marched to the gates of the Presidential Palace. They had begun in the small hours and had marched for five hours before arriving at the palace before dawn. They broke through police barricades and smashed a presidential guardhouse. Then, for several hours, the demonstrators resisted attacks by police reinforcements, who used tear gas and water canon and even fired warning shots, while helicopter gun-ships hovered overhead. The demonstrators threw stones and set fire to police cars. Two police officers and two demonstrators were killed and over a hundred, including 36 police, were injured. The police arrested about 100 protesters.

Mrs Arroyo referred to "a night of rebellion" but Mr Estrada's former Defence Secretary, Orlando Mercado, said that the Government had employed "an excessive use of force." He said, "I don't think it was part of a rebellion. It was a spontaneous reaction on their part to show their sentiments." Arthur Lim, the President of the Bar Association, said, "What we have is just a state of lawless violence." However, the President said that, "The vandalism, robbery and injury and deaths are the work of these politicians", whose aim was "to

bring down the legitimate government" and "establish their own junta." She said, "We have to crush this rebellion as soon as we can."

The State of Rebellion, considerably less dramatic than a declaration of martial law, nevertheless permits the government to strengthen the police with army units to restore order and to hold suspects without an arrest warrant for up to three days. Meetings of more than five people in the vicinity of the Palace were banned and heavily armed troops were deployed to guard it. The Secretary of Justice, Hernando Perez, gave orders for the arrest of several leading opposition politicians, as well as a number of senior police officers. Among those taken into custody were Senator Juan Ponce Enrile (who had been Secretary of Defence under President Marcos, in 1972), Senator Gregorio Honasan (who had led two coup attempts against President Aquino) and Ernesto Maceda (Mr Estrada's former spokesman). Mrs Arroyo said, "The Government is in control. The enemies are on the run. We are rounding up the suspected plotters." Mr Enrile was charged with rebellion, for which no bail is permitted.

By 2 May, calm had returned to Manila. Those, who had been arrested or accused, denied involvement in any attempted coup and the declaration of the State of Rebellion and the subsequent arrests were challenged in the Supreme Court. Another opposition Senator, Miriam Defensor-Santiago, said that she would ask the Election Commission to postpone the elections from 14 May because Senators seeking re-election had been arrested in mid-campaign. Hernando Peres claimed at a hearing on the arrest of the two Senators that they not only planned to storm the Presidential Palace but also to kill Mrs Arroyo and then kill Mr Estrada also in their attempt to seize power. However, the Supreme Court upheld the legal challenge and Senator Enrile was released on bail on 5 May. Two days later, the Supreme Court asked Government lawyers to explain the legal basis of the arrests without warrant.

Meanwhile, Mrs Arroyo had a half-hour meeting with Mr Estrada at the police detention centre, on 3 May, which was shown on television. Two days later, she announced measures to assist the poor and donated 1,000 hectares of land from her family estates for land reform programmes. Then, on 6 May, she lifted the State of Rebellion, saying that, while a threat



to the Republic remained, "The Government is firm and the seat of power is safe."

An inconclusive election

Meanwhile, the election campaign had taken place with more than the usual amount of violence. Police said that 67 had been killed, including a member of Congress, Marcial Punzadan, who was assassinated together with an aide, in Quezon Province on 12 May. The elections held on 14 May were for all the seats in the House of Representatives and for 13 of the 24 seats in the Senate. Mrs Arroyo's People Power Coalition (PPC) aimed to win a majority in the 262 member House and to gain eight of the thirteen Senate seats being contested in order to gain a majority there. Of the 11 Senate seats not contested, five were held by Estrada supporters, three by members of her PPC alliance and three others by independents. Opposition candidates for the Senate included Juan Ponce Enrile and Gregorio Honasan.

There was an estimated 80% turn-out. Counting began late on 14 May. With 85% of the Senate votes counted, the Commission on Elections indicated, on 27 May, that Mrs Arroyo was likely to win the 8 Senate seats, with 4 going to Mr Estrada's Force of the Masses (*Puwera*) coalition and 1 to an independent. The final results were expected to be available only in early June, because of the slowness of hand counting.

Mrs Arroyo was clearly shaken by the demonstrations against her and by the reports of a coup. She felt obliged to strengthen her Cabinet by moving Alberto Romulo from the Finance portfolio to the key post of Executive Secretary, replacing Renata de Villa, who was on extended sick leave. She has also now been made acutely aware of the need to heal the widening rift between her middle class supporters and the mass of the poor of the Philippines. One-third of the country's population of 75 million currently lives on less than one dollar per day.

Mrs Arroyo's peace moves

Meanwhile, the new President had been making substantial progress to bring an end to the civil strife in the Philippines, caused by the long-running communist insurgency and by the rebellion of the Moro Islamic Liberation

Movement (MILF), which operates a force 15,000 strong in the south of the Philippines. Already, on 20 February, President Arroyo had declared that the time had come "to heal and build".

On 6 March, Mrs Arroyo announced that peace talks with the Communists would resume in April, possibly in the Netherlands. She said that she had received a "very nice letter" from the founding Chairman of the Communist Party of the Philippines, Joseph Maria Sison (who has lived in exile in the Netherlands since the mid-1980's). Mr Sison suggested a resumption of the talks, which had broken down in May 1999. The communist New People's Army had launched several large-scale attacks on military and police outposts in recent months, which had incurred heavy loss of life. On 10 March, both sides announced that the peace talks would resume in a neutral country on 27 April and, on 11 March, the Communists announced that they would declare a cease-fire. On 14 March, the Government announced a one-month suspension of operations against the Communists in 11 provinces on the northern island of Luzon. Two weeks later, Philippines Foreign Minister, Teofisto Guingona (who is also Vice-President), said that the talks with the Communist National Democratic Front would take place in Sweden on 27 April. In fact, the meeting took place on 29 April in Oslo.

As regards the other conflict, Mrs Arroyo was able to announce, on 14 March, that "the MILF has officially accepted our offer to resume peace negotiations." A meeting was then arranged between government representatives and an MILF delegation in Kuala Lumpur, Malaysia, on 23 and 24 March. Thus, on 27 March, Mrs Arroyo was able to announce that the MILF had agreed to resume peace talks and suspend their attacks. A spokesman for the MILF, Eid Kabalu, said that, "Our number one concern is the mediation of the third country from the Organisation of the Islamic Conference." He suggested that Malaysia (a partner of the Philippines in the Association of South-East Asian Nations) might provide both the mediation and the venue. In contrast to her peace moves towards the MILF, Mrs Arroyo had said that she would continue the military campaign against the much smaller Abu Sayyaf group. This group, centred on the small southern island of Jolo, had gained an infamous reputation, in 2000, by their taking



of a large number of foreign and Filipino hostages (see *EurAsia Bulletin*, Vol. IV, Nos. 6-7 and 8-9). Mrs Arroyo had labelled them as "terrorists" and had declared an "all-out war" against them. A military offensive against the group was begun on 2 April with 3,000 troops under the command of General Romeo Dominguez. A further 1,800 reinforcements were sent on 12 April. This was to combat an Abu Sayyaf force thought to have been swollen by new recruits to around 1,500 rebels. An initial success was the rescue of the American hostage, Jeffrey Schilling, a Muslim convert whose Filipina wife was related to one of the Abu Sayyaf group. Mr Schilling, who had been taken captive on 31 August, was found in good health but denied that he had been a willing hostage. The Abu Sayyaf had demanded a ransom of \$10 million for his release. ■

STATE ELECTIONS IN INDIA COMPOUND COALITION DIFFICULTIES

by Dick Gupwell

In mid-May, about 100 million Indian voters went to the polls to elect new legislative assemblies in four of India's States - Assam and West Bengal in the north-east, Tamil Nadu in the south-east and Kerala in the south-west, as well as in the Union Territory of Pondicherry. The results saw the opposition Congress (I) Party and its allies making significant gains, particularly in Assam, Kerala and Tamil Nadu, while the ruling BJP and its allies suffered something of a setback. On the left, the Communists lost control of Kerala to the Congress but maintained their long-standing domination of West Bengal.

The position of the Government had been lifted, in late February, with the Finance Minister, Yashwant Sinha, introducing a reforming budget. However, in mid-March, the ruling coalition was thrown into disarray by revelations of alleged corruption over arms procurement, put out by a new internet media company, where both the BJP and its socialist ally, the Samata Party, as well as some senior army officers, were implicated. The Railways Minister, the mercurial Mamata Banerjee, resigned from the Government and took her 9 Trinamul Congress

MP's out of the ruling coalition. The Samata Party Defence Minister, George Fernandes, also resigned but remained as the Convenor of the ruling National Democratic Alliance. A judicial inquiry was set up to investigate the allegations but the affair had a serious destabilising effect on the Government.

Meanwhile, the Indian Government's decision, in late February, to extend its Kashmir cease-fire for a further three months did not appear to bring the various parties any closer to a settlement. In May, the cease-fire was not renewed. However, at the same time, the Government reversed its position with regard to the military ruler of Pakistan, General Musharraf, and issued an invitation to the General to visit India, an offer which was readily accepted. In addition, there was an unexpected flare up on India's border with Bangladesh but this was quickly resolved and talks instigated.

A promising budget

Yashwant Sinha introduced his budget on 28 February. He was faced by a number of adverse circumstances beyond the control of his Finance Ministry. Increasing world oil prices had raised India's oil import bill by some \$15 billion. In addition, the recent earthquake in Gujarat, which had cost around 30,000 lives, was thought to have caused damage and disruption costing around \$5 billion. There were also the effects of an unusually harsh drought. Nevertheless, economic growth was estimated to be running at a reasonably healthy 6% in the year 2000-2001, though this was down slightly from 6.4% the previous year (and over 7.5% in the mid-1990s). Mr Sinha now proposed to reduce the Government's deficit from a current 5.1% of GDP to 4.7%, while pursuing privatisation policies, to involve such companies as Air India, Indian Airlines and the Maruti car company. Import tariffs would be reduced to the level of the ASEAN countries, corporate and income tax lowered, as well as interest rates, and 3,000 jobs cut from six government ministries, including his own Finance Ministry. Tax holidays were also introduced to stimulate infrastructure investment. As usual, a separate railway budget was introduced by the Railways Minister, Mrs Banerjee.



There was much positive reaction to Mr Sinha's budget, both in India and abroad. Later, in early April, India's Commerce and Industries Minister, Murasoli Maran, announced the lifting of quantitative restrictions on the imports of 715 categories of goods, including textiles, motor cars and agricultural products. Restrictions on 714 other items had already been removed in 2000, in accordance with a 1999 agreement between India and the WTO. Mr Maran described this latest step as meaning, "goodbye to the Quota Raj." However, at the same time, he introduced a number of safeguard measures, including heavier taxes on imports, anti-dumping duties and certain non-tariff barriers, to prevent any future surge in imports.

The Tehelka affair

Government satisfaction over the reaction to its budget soon gave way, however, to alarm at a video film produced by a new internet media company, called "Tehelka.com". This film purported to show leading coalition party officials and certain senior army officers accepting money from arms dealers, in return for offers of assistance in arranging government purchases. Excerpts from the video were widely shown on television channels in mid-March.

The Tehelka company (the Hindi word *Tehelka* aptly means chili) had come to prominence when its editor, Tarun Telpal, formerly of Outlook magazine, had broken the story of match fixing in the major Indian sport of cricket. In his latest adventure, Mr Telpal wanted, as he said, "to expose the nakedly greedy army officers and politicians, who can compromise on the safety and security of the defence forces." To achieve this, two Tehelka journalists posed as representatives of a fictitious London-based arms company called "West End" and sought interviews with various people during which they asked for help to sell thermal-imaging binoculars and other equipment to the Defence Ministry, worth about 40 million rupees. To help their cause, they carried with them large stacks of high denomination notes, adding up to around 1 million rupees, and filmed the proceedings with a hidden camera. Altogether, they made about 100 hours of film, which was reduced to around four-and-a-half-hours in the video.

The presidents of the BJP and the Samata Party were shown as apparently accepting money for their parties. BJP President, Bangaru Laxman, was seen to be accepting an amount of 100,000 rupees as a donation to his party in return for offering to facilitate the purchase of the equipment. He at first denied that he had accepted the money but later stated that he had handed it over to the party treasurer. He resigned on 13 March. The Samata Party President, Jaya Jaitly, was also shown to have offered to discuss the arms deal with her party colleague, the Defence Minister, George Fernandes. She was also shown saying that a sum of 200,000 rupees should be paid to the Samata Party fund manager. She also resigned, on 15 March, but referred to the video as "dubious tapes accumulated by dubious characters." Of the various army officers shown, Major-General P.S.K. Chaudary, who was in charge of weapons and equipment in the army, was shown pocketing a sum of 100,000 rupees.

This episode was enormously embarrassing for the Defence Minister. A few days earlier, he had proudly announced that the 2,500 kilometre-range Agni-II missile, after its latest test-firing, was now ready to enter production. Mr Fernandes had a reputation for fighting corruption and had been a leading light in uncovering the huge pay-off scandal in the procurement of Bofors artillery during the administration of Rajiv Gandhi. It so happened that the Tehelka video was broadcast just as a special court was holding a preliminary hearing on the 1986 Bofors scandal, which had been under official investigation since the BJP came to power. Mr Fernandes offered his resignation at the Cabinet meeting on 13 March but this was not accepted by the Prime Minister, Mr Vajpayee. Mr Vajpayee thought that there was "something fishy" about the release of these video tapes. Major-General Chaudary and three other Defence Ministry officials were suspended. However, the Railways Minister then threatened to resign and withdraw the support of her nine Trinamul Congress MP's from the coalition, unless Mr Fernandes resigned. He did resign, on 15 March, but Mrs Banerjee and her colleagues still left the coalition and subsequently allied with Mrs Sonia Gandhi's Congress.

In a broadcast, George Fernandes said, "The accusations made against me are all false and designed to malign and undermine the national defence and down the morale of the armed



forces." He said, "Allegations of kickbacks and middlemen have always been there in defence deals. I came to the Defence Ministry to run it in a clean manner." Indeed, there was no evidence at all in the video that Mr Fernandes himself was implicated in any way. Three other Samata Party ministers resigned along with Mr Fernandes but their resignations were refused. Moreover, the Prime Minister insisted on retaining the services of Mr Fernandes as the Convenor of the National Democratic Alliance (NDA), the umbrella body which links the BJP with its coalition partners. Mr Vajpayee then asked the Foreign Minister, Jaswant Singh, a former army officer, to add the defence portfolio to his responsibilities. On 16 March, Mr Vajpayee promised "to clean up the dirt that has come into view" and announced the holding of an official inquiry into the affair led by a sitting or retired Supreme Court judge, to be completed in four months.

The defection of the Trinamul Congress, which had originally been formed as a breakaway group of the Congress(I) in West Bengal, left the Vajpayee government with a majority of only 21 seats in the Lok Sabha (the lower house of Parliament). The BJP's main coalition partner is the Telugu Desam, which is the ruling party in the southern state of Andhra Pradesh and which has 29 Lok Sabha seats. Samata has 12 seats. The Prime Minister also came in for criticism from the far-right Shiv Sena, which has 15 seats from Maharashtra, and from another, the centrist Janata Dal (United) with 6 seats. Thus, the Tehelka crisis produced serious strains in the ruling coalition, which the opposition was quick to exploit.

From 14 March, the Congress(I) and the other opposition parties disrupted the work of Parliament, forcing adjournments for several days running. On 18 March, Sonia Gandhi outlined plans for an all-India meeting of her party to lay plans for bringing down the government. Mrs Gandhi now seems to have abandoned her earlier "go-it-alone" policy in favour of forming an alliance to rival that of the NDA, to bring together other opposition parties and disaffected members of the ruling coalition. The stalemate in Parliament lasted for six weeks and the budget was only adopted at the end of April just before the parliamentary recess. All this, of course, was serious theatrical politics in the run up to the five State elections in May.

Four States go to the polls

The State elections, held on 10 May, in conjunction with a number of by-elections, gave a considerable amount of satisfaction to the Congress(I) but did not produce any for the BJP. On the other hand, it also highlighted the significance of the left parties (essentially the Communists) as an additional force in politics, which could easily hold the balance of power between the Congress(I) and its allies, on the one hand, and the NDA on the other.

In Assam, the Congress(I) roundly defeated the alliance between the BJP and the local Asom Gana Parishad (AGP). In Kerala, the Congress(I) and its allies in the United Democratic Front equally triumphed over the Left Democratic Front, whose main component is the Communist Party of India (Marxist). In Tamil Nadu, the opposition AIADMK, in alliance with both the Congress(I) and the Communists, had a crushing victory over the rival DMK and its BJP ally. However, in West Bengal, the new alliance between the Congress(I) and the Trinamul Congress failed by a long chalk to dislodge the well established CPI(M) and its Left Front allies. Finally, in Pondicherry, the alliance between the Congress (I) and the Tamil Maanila Congress emerged with the largest number of seats but failed to gain an overall majority.

The details of these results were as follows:

- ***Assam***

Despite a terrorist insurgency in this north-eastern State, which had been largely responsible for the killing of sixty political workers, including a BJP candidate, during the campaign, 75% of Assam's 14 million voters turned out to vote. They rejected the incumbent Asom Gana Parishad, a member of the ruling coalition in New Delhi, and, instead, returned the Congress(I) to power. The AGP had won a second successive victory, in 1996, under its leader P.K. Mahanta, but an inability to solve the insurgency contributed to the party's growing unpopularity. The Congress(I) was the clear victor in the parliamentary elections in 1998 and 1999, after which the AGP entered an electoral pact with the BJP at State level. This seems only to have contributed further to its problems.



Thus, in the State election, the Congress(I) romped home with 71 seats, while the AGP won only 20, the BJP 8, with other AGP allies gaining a further 9 seats. Other parties and independents won the remaining seats in the 126 member Assembly.

• **Kerala**

In Kerala, the Congress(I)-led United Democratic Front (UDF) swept the Left Democratic Front out of power in a victory, which was fairly consistent across this southern State. Of the UDF's 99 seats, the Congress(I) alone won 63 seats. Of its main allies, the Muslim League won 16 seats, reflecting the State's sizeable Muslim minority. The alliance contains three factions of the former breakaway Kerala Congress. By contrast, the Left Democratic Front (LDF) was reduced to only 40 seats, of which the largest component was the CPI(M) with 23 seats. The Communist Party of India (CPI) gained 7 seats. Only one of the Kerala Congress factions sided with the LDF.

Thus Kerala, which was responsible for providing the world's first democratically elected Communist Party administration, back in 1957, has continued its long oscillation between Communists and Congress, this time choosing the latter. The BJP, which put up candidates in 123 constituencies, more than any other party, in an attempt to break into Kerala politics, failed to win a single seat. Mr A.K. Anthony is the new Chief Minister.

• **Tamil Nadu**

Politics in Tamil Nadu State have for long been dominated by the rivalry between two local parties. The original Dravida Munnetra Kazhagam (the Dravidian Progressive Federation or DMK), was set up by the film director C.N. Annadurai, in 1949, largely to defend the Tamil language against central government attempts to impose Hindi throughout India during the Nehru era. The DMK first came to power in the State in 1967 by defeating the Congress. Muthuvel Karunanidhi, another film director, had become leader of the DMK following Annadurai's death in 1969. Later, in 1972, a breakaway group, the All India Anna Dravida Munnetra Kazhagam (AIADMK), named after Annadurai, was created under the "Celluloid God" and "idol of the masses", the movie star M.G. Ramachandran.

The AIADMK first won power in 1977. For the past couple of decades, rule in the State has alternated between one party and the other, while alliances between them and the main nationally based parties have also shifted frequently.

After "MGR"'s death, his former leading lady and partner, film actress Puratchi Jayalalitha, became leader of the AIADMK. She won the 1991 State elections to become Chief Minister of Tamil Nadu but was then defeated by the DMK, under Mr Karunanidhi, in the subsequent elections, in 1996. When Mr Vajpayee's BJP first formed a coalition, after the 1998 general election, the AIADMK became a member of that coalition. However, serious charges had been brought against Jayalalitha by the new State government in Tamil Nadu for financial irregularities committed during her period in office. After her party entered Mr Vajpayee's coalition, she tried to exert pressure on her coalition allies in New Delhi to have the charges dropped. This they refused to do, so she withdrew AIADMK support from the Government, which collapsed as a result. Then, in the 1999 elections, the BJP, again victorious, allied with the rival DMK, which then replaced the AIADMK as the local partner in the re-constituted coalition.

Meanwhile, Ms Jayalalitha has since been convicted on the various charges against her in Tamil Nadu. Thus, for the May 2001 State elections, she was barred from standing. However, the DMK did not appear to profit from its new alliance with the BJP and the AIADMK and its allies now emerged with 50% of the vote, as against 39% for the DMK and its allies. In terms of seats, the AIADMK alone pulled off 132 seats. Its main allies also did well, the Tamil Maanila Congress gaining 23 seats, the Paataali Makkal Katchi 20, the Congress(I) 7, the CPI(M) 6, the CPI 5 and two other allies 2 seats. Against this, the DMK only won 27 seats, its ally the BJP 4 and three other allies 5 seats, in the 234 seat Assembly. There was clearly a strong anti-incumbency sentiment against the DMK Chief Minister, Mr Karunanidhi, who had projected his son, Stalin, who is currently mayor of Chennai (Madras), as his chosen successor. He was also seen to have over-played the corruption issue against Jayalalitha.

Ms Jayalalitha has been aptly described by India Today as "a woman of convictions". As she has



now been sworn in as Chief Minister again, she becomes the first ex-convict in India to hold such an elevated position. India Today states that, "Jayalalitha's brazenness had no equivalent, no parallel at no time in no democracy."

• **West Bengal**

The Left Front coalition, headed by the CPI(M), has now held office in West Bengal for 24 years. In spite of a combined challenge by the Congress(I) and the Trinamul Congress, the Front coasted to yet another victory

Much of this is due to the solid policies of reform introduced by the long-serving Chief Minister, Jyoti Basu. West Bengal is the only State in India to have carried out a comprehensive policy of land reform, with maximum land holdings limited to 7 hectares. Land rights were given to 2.2 million tenant farmers, to 1.6 million sharecroppers and to a further 1 million destitute labourers, enabling these poor families to lift themselves out of abject poverty. Collective land registrations were organised to prevent reprisals against individuals, as has occurred in other States. Land reform was accompanied by the introduction of micro-scale public works, including irrigation schemes. However, the land-owning *zaminder* class reacted to the new situation by investing in intensive farming methods, which substantially raised their production.

Thus, in West Bengal, the rural sector became prosperous whereas, in many other States, such as Bihar and Uttar Pradesh, it is the rural areas, which remain centres of abject poverty, starved of investment. Throughout the 1990's, per capita income in West Bengal increased by 5% per annum, enabling it to become India's third best performing State, after Maharashtra and Gujarat, both of which are on the generally more prosperous west coast. As the Financial Times reported, in early May, while there is still poverty in West Bengal, there is no more destitution. New petro-chemical plants have recently been attracted to the State, which is the only one in India to produce a surplus of electricity.

In 2000, the veteran Jyoti Basu handed over the leadership of the State to the much younger Buddhadeb Bhattacharjee, which has certainly won renewed support for the left parties. Against them stood their traditional rival, the Congress(I), now allied with the Trinamul Congress. This group had split away from the Congress only in 1996, under Mamata Banerjee, who has led her party in a dictatorial manner pursuing its zig-zag course. Mrs Banerjee has had the major ambition to become the Chief Minister of her State but her party has been very disappointed this time.

The Left Front now gained 114 seats, of which the CPI(M) won 91. Of its two main allies, the Forward Bloc gained 12 seats and the Revolutionary Socialist Party 11 seats. By contrast, the Trinamul Congress won only 34 seats and the Congress(I) 14 seats. Independents and others won a further 5 seats. Thus, the status quo remains.

• **Pondicherry**

The small Union Territory of Pondicherry brings together a number of former French enclaves scattered along various parts of India's coastline. The largest, Pondicherry itself, as well as Karaikal, are entirely surrounded by Tamil Nadu State, while Mahé is on the Karala coast and Yanam is in the Godavari delta in Andhra Pradesh. Tamil politics clearly spill over into Pondicherry politics but the Congress has always been strong in the Territory.

For these elections, the Congress(I) was in alliance with an earlier breakaway group, the Tamil Maanila Congress (TMC). Its main rival was the DMK, contesting in alliance with the BJP and a new party, the Puducherry Makkal Congress (PMC). However, the AIADMK fought on its own, unlike in neighbouring Tamil Nadu. This time, the Congress(I) won 11 seats and its TMC ally a further 2 seats, leaving them short of a majority. The DMK won 7 seats, the PMC 4 and the BJP 1 seat. The AIADMK, with 3 seats, thus held the balance in the 30-member Assembly and the TMC President, Mr G.K. Moopanar, announced that his party and the Congress would talk to the AIADMK about forming a government. Independents also won two seats.



• **By-elections**

The State elections were accompanied by a number of national and State by-elections. Of the three Lok Sabha by-elections in Tamil Nadu, Uttar Pradesh and West Bengal, all caused by the death of the sitting member, the most notable result was that in Uttar Pradesh, where the Samajwadi Party candidate, R.S. Verma, gained the seat from the BJP. As the Samajwadi Party (which is a democratic socialist party, not unlike the Samata Party), is allied neither to the BJP, nor to the Congress(I), nor even to the Left Front, it was a significant achievement. Mr Verma won nearly 153,000 votes (31%), as against 26% for the Congress(I) candidate, 20% for the BSP (representing the lower castes) and only 19% for the BJP.

Prospects

The State election results have undoubtedly been a setback for Mr Vajpayee's coalition, coming so soon after the disruptions of the Tehelka affair. For the main opposition party, the Congress(I), they have certainly been uplifting and Mrs Sonia Gandhi's party now governs in twelve States. However, a new general election is still some years away unless the present coalition breaks up. Clearly, if the Telegu Desam were to quit the government, the majority would be lost and fresh elections would have to be called. The BJP is also having difficulties with its other partners, including the Samata Party. The Samata led government of the small north-eastern State of Manipur fell on 21 May as the result of a split with the local BJP party group.

However, for the Congress(I) to be able to form a government in the future, it will certainly need to recruit some more reliable allies than the two regional parties currently led by Ms Jayalalitha and Mrs Banerjee. Moreover, there still remains the possibility of another centrist force emerging, possibly in alliance with the Left Front.

Meanwhile, the government has again been struggling with the Kashmir issue. The cabinet had reportedly been split over the question of renewing the unilateral cease-fire, in March, but this was finally extended for a further three months. However, as the violence of the militants continued and as the All Parties Hurriyat Conference saw it as "just a stunt to

deceive the world" (in the words of Syed Ali Shah Geelani), the Government decided not to renew it further once the three months had expired. Nevertheless, in a complete turn-about of policy, Mr Vajpayee then announced, on 23 May, that he would extend an invitation to the Pakistani military leader, General Musharraf, to visit India, which Mr Musharraf quickly accepted. It can only be hoped that this visit will not only make some concrete progress on the thorny issue of Kashmir but may also un-block progress within the South Asia Association for Regional Co-operation, which has been largely frozen since Mr Musharraf's coup, in October 1999.

Indeed, India has recently been experiencing problems with its eastern neighbour, as well as with Pakistan. On 15 April, a unit of the Bangladesh Rifles seized some Indian border posts and some troops were killed. India's Home Secretary, Kamal Pandey, referred to this as "brutal acts of murder" and Foreign Minister Jaswant Singh spoke of "criminal adventurism" but which should not affect the "strong ties" between the two countries. Indeed, the incident was later seen to have been the act of a local commander acting without orders and Sheikh Hasina, the Bangladeshi Prime Minister, telephoned to Mr Vajpayee, saying she was "deeply saddened" at the event. The matter was then discussed during talks in New Delhi on 25 May.

India is the world's largest democracy and, as has been seen from these and other State elections, it is also a very complex one. To give some clues as to India's prospects, this survey closes with some observations on the latest census results, published at the end of March.

The growth of India's population, which has increased threefold since independence, is slowing down. Illiteracy is declining and life expectancy is increasing. The number of households earning less than one dollar per day has fallen from 36% to 26%. However, there are growing regional disparities. Kerala has a literacy rate of 93% and a rate of population growth over the last decade of 9.4%. In Bihar, only 47% are literate and the comparable growth in population was 25%. The figures for India as a whole are 65.4% literacy and 21.3% population growth. Those States, which perform better, will become increasingly impatient with those, which fall behind, often as



the result of corrupt and inefficient government. India is full of contradictions. There is both wealth and poverty. There is both advanced technology and rural backwardness. On 18 April, India succeeded in launching its first "geo-synchronous satellite", weighing over 1,500 kilograms, into geo-stationary orbit around the earth. Yet, it is more as a result of small-scale measures, such as land reform and micro-investment projects, village schools and local clinics, that the remaining mass of India's rural poor, who still constitute the bulk of the population, can raise themselves up and walk with dignity. ■

Editor's Note:

The results of previous elections in India can be found in our earlier issues, as follows: State Election in the Punjab, February 1997 (Vol. I, No. 2); General Election, February- March 1998 (Vol. II, Nos. 2 and 3); State and Union Territory Elections in Delhi, Madhya Pradesh, Mizoram and Rajasthan, November 1998 (Vol. II, No. 10); General Election, October 1999 (Vol. III, No. 9) and State Elections in Bihar, Haryana, Manipur and Orissa, February 2000 (Vol. IV, No. 3). Details of the present State election results have been gleaned from the internet sites of the Indian Election Commission, India Today and The Hindu.

**NEWS
IN BRIEF**

by Dick Gupwell

Indonesia

On 1 May, the Indonesian Parliament formally passed a second motion of censure against President Abdurrahman Wahid. This was in spite of threats from Mr Wahid's supporters to disrupt the capital if the rebuke went forward. Mr Wahid has also been toying with the idea of dissolving Parliament to prevent it adopting a third and final motion, which would bring about impeachment proceedings in the People's Consultative Assembly, but the Army has cautioned him against this. Meanwhile, in late March, continuing disturbances in the province of Aceh led the giant Exxon-Mobil Corporation to close down their local natural gas operations and, in April, the Economics Minister, Rizal Ramli, appealed to Indonesia's financial backers to disburse money more quickly to halt the falling value of the *rupiah*.

Parliament had issued the first censure of the President, on 1 February, after a Committee of Inquiry had reported on allegations of corruption against Mr Wahid over the "Bulog-gate" and "Brunei-gate" affairs. Mr Wahid had not responded to the censure within the thirty days provided but had rejected it. Moreover, supporters of his 4-million strong Nudhatul Ulema (NU) movement had responded violently by burning down offices of the rival Golkar Party (see *EurAsia Bulletin*, Vol. V, No. 3, March 2001). Mr Wahid referred to the actions of his followers as "understandable" and his attitude was clearly opening up a rift with the other main parties. Meilono Suwondo, an MP from Vice-President Megawati's PDI-P party said in March that, "The costs of keeping him are far greater than kicking him out."

By mid-April, Wahid's supporters announced that they had collected the signatures of over 400,000 people who would be prepared to defend their leader in the Presidency. Some described their campaign as a "*jihad*". Mr Wahid called on his supporters not to take to the streets but said, "You can see that it is a nation-wide rebellion against the ways of the Parliament." He said that a second memorandum



would be "unnecessary and wrong". 50,000 volunteers were now training for a "Defenders of the Truth Front", an offshoot of the NU. The Front's leader, Nuril Arifin, announced that 30,000 Defenders were already in Jakarta ready to stage mass protests to defend Mr Wahid. He said, "Our force will not use violence and we plan to gather outside the Parliament to show support but we are ready to die when they attack us." He said that Mr Wahid was being treated "unfairly".

This, however, did not deter Parliament, which voted to issue a second censure warning on 1 May. The vote was decisive, 363 members voting in favour, with 52 against (comprising Mr Wahid's own National Awakening Party and a small Christian group) and 42 abstentions (mostly the representatives of the Armed Forces). 40,000 army and police personnel were deployed to prevent the busloads of Wahid supporters from disrupting proceedings. Mr Wahid now had one month to respond to this second memorandum but again said that he could not accept it. In order to avoid the third and final censure, which would lead to the convening of the People's Consultative Assembly, it was reported that the President was considering a dissolution of Parliament and possibly calling a snap election. However, on 9 May, the Army Chief of Staff, General Endriartono Sutarto, warned the President against this, as this would only worsen the political crisis. He said, "We strongly suggest that he does not do that."

Meanwhile, the crisis affecting the province of Aceh, in northern Sumatra, was not improving. Clashes continued between government troops and the rebels of the Free Aceh Movement. Frequent hijackings of the vehicles of the giant Exxon-Mobil corporation led the company to close down its huge natural gas installations, in late March, after 24 years of operation. Company spokesman, William Cummings, said that it appeared that, "our company employees and contractors were being targeted." This clearly put at risk the \$1 billion dollar revenue Indonesia gains from these gas fields each year. On 11 April, President Wahid signed a decree to step up military and police activities against the rebels. Thus, Mr Wahid's attempt at finding a peaceful resolution to the Aceh problem seems to be failing.

Apart from Aceh, a number of Indonesia's joint venture partners are now experiencing growing security difficulties in other parts of the country, including Kalimantan and West Papua. For example, a further 6,500 Madurese immigrants had to be evacuated from Kumai, near Pangkalan Bun, in the south of Kalimantan, on 7 April, because of threats from the local Dayaks. This is all part of a general increase in lawlessness, which has been experienced since the fall of President Suharto. It was reported that, during 2000, around 1,000 suspected petty criminals were killed by lynch mobs, as were 100 other people, suspected of witchcraft.

All of this harms Indonesia's economic prospects. Towards the end of April, the Consultative Group on Indonesia, representing Indonesia's financial backers, visited Jakarta. The Economics Minister, Rizal Ramli, urged the foreign donors to disburse rapidly the entire \$4.8 billion, which had been pledged in October, in order to ease Indonesia's budget burden. However, the IMF and the World Bank were worried that Indonesia's deficit might widen from 3.7% to 6%, because of the falling value of the rupiah and rising interest rates, unless urgent measures could be taken. In a statement issued on 24 April, the Group expressed concern that, "this year's fiscal general grant mechanism appears to have resulted in a very large aggregate imbalance between the revenues available to regional government and their expenditure requirements. This vertical imbalance appears to have contributed to the large projected budget deficit at the national level." The IMF had earlier expressed its concern at the fiscal implications of the devolution measures introduced on 1 January. Even so, the Group also complemented the Indonesian authorities for "the efforts made since October 2000 to complete the regulatory framework for decentralisation."

It was not for the Consultative Group to take a decision on disbursement. This will be done at a summit meeting held later in the year. By then, the question of the future position of Mr Wahid may have become clearer. In late May, he appeared to be offering to hand over most of the reins of government to Mrs Megawati, in return for keeping his own position. When she failed to respond to the offer, he began to warn of a possible break-up of the Republic, with even parts of Java, where his support is concentrated in the eastern provinces,



declaring independence from the rest of the country

Mr Wahid is a man whose lifetime achievement deserves great respect. It is possible that the corruption charges levelled against him by Parliament require further scrutiny. However, it appears increasingly clear that Mr Wahid's personal condition is not sufficiently healthy for him to be able to run a large and complex country like Indonesia in time of serious crisis. It would be a great pity for Indonesia and the future of its democracy if the present constitutional difficulty between the President and the large majority of the elected Parliament cannot be resolved peacefully.

Nepal

The Maoist rebellion, which broke out in remote parts of the Nepalese countryside, in 1996, has flared up in the past few months and is thought to have spread to 50 of the country's 75 districts. While the possibility of holding talks has been mentioned by both sides, none have yet taken place. The Prime Minister, the 78-year old Girija Koirala, appears now to prefer to attempt a military solution.

The Maoists - their full title is the Nepal Communist Party (Maoist) - abandoned parliamentary politics in 1996, when they were banned from contesting the elections for refusing to accept Nepal's system of constitutional monarchy, an essential element in the compromise, which led to the introduction of multi-party democracy in 1990. They then began operating in the more remote districts of Nepal, where they found a receptive audience among Nepal's poor peasants. While Kathmandu and some nearby towns are now showing distinct signs of prosperity, considerably helped by tourism, 80% of Nepal's 23 million people are still subsistence farmers and the average per capita income is less than \$250 per year. Being largely a Hindu country, there is also a rigid caste system, particularly in countryside.

Apart from ideological indoctrination, the Maoists (who model themselves on the Indian Naxalites or the Shining Path movement in Peru) have conducted a fierce campaign of assassinations, mainly targeting such examples of "state" and "class" oppression as policemen, landlords, politicians and officials

of the currently ruling Nepali Congress Party. In early February, Maoist guerrillas attacked a convoy, which was conveying the Chief Justice of Nepal, Keshav Prasad Upadhaya, but he escaped unhurt. Then, in early April, 30 policemen were killed in their police post in the remote western village of Rukumkot, while 5 more died in a gun battle with rebels in Dolakha, east of the capital. Other incidents, in what appeared to be a widespread offensive, brought the number of police killed to about 70.

The Government of Nepal estimated, in mid-April, that, since the beginning of the insurgency in 1996, around 1,650 people have been killed, including 1,027 Maoist rebels, 343 policemen and 282 others. In addition, 193 rural banks have been robbed. Hitherto, the insurgency had not appeared to be so threatening, as it was largely confined to the remote districts, but, since last year, it has clearly become a serious menace to the Government. Mr Koirala, who took over as Prime Minister from his long-time party rival, Mr Bhattarai, last year (see *EurAsia Bulletin*, Vol. IV, No.3, March 2000), seems to have hesitated between seeking an accommodation with the rebels and taking a tougher line.

In February, the Maoists called for an all-party conference to set up an "interim government" to draft a new "people's constitution". In early April they said that they were ready for talks and called on the Government to create an atmosphere conducive for these to take place. In return, the Deputy Prime Minister, Ram Chandra Poudel, announced that the Government was ready to talk to the Maoists. However, a few days later, Mr Koirala called on the rebels to lay down their arms. Instead, further policemen were killed and the Prime Minister has now decided to send in the Army.

The Maoists have been refusing to deal with Mr Koirala, whom they regard as corrupt. The Prime Minister is currently embroiled in a scandal about the leasing of aircraft. He is also under attack from within Parliament. The opposition Communist Party of Nepal (United Marxist-Leninist) complains about Government corruption and has been organising street demonstrations in an attempt to force the Government's hand. Their leader, Mhadav Nepal, said recently that they would continue their campaign until Mr Koirala resigned. He said, "We believe in democracy and



we are against violence but, if the Government is not effective, the ultra-left politics of the jungle will continue to attract people, who are fed up." Nepal would clearly benefit from a greater degree of consensus among the parliamentary parties, as well as more vigorous leadership, to face the current crisis.

Vietnam

The Communist Party of Vietnam held its Congress in April and chose a new General Secretary. Nong Duc Manh (60 years old), who was previously the President of the National Assembly, now takes over from Le Kha Phieu (69), who has retired. Nong is considered to be more tilted towards the reformers within the Party than was Le. It can now be hoped that, with greater emphasis on reform, economic growth may pick up in Vietnam. In the mid-1990's, under the influence of the economic restructuring policy known as *doi moi*, growth had risen from about 5% in 1990, to over 9%. However, with a combination of the Asian financial crisis and conservative pressures at home, the figure fell to under 5% in 1999. Although this has improved somewhat since, there is clearly a need for a new impetus.

There had also been a growing problem of corruption among Communist Party members, who hold most official positions. In February, a national conference of Communist Party inspectors heard that no fewer than 69,000 party members had been found guilty of corruption over the past five years but that the number who had been punished for this had actually fallen. The reforming Prime Minister, Phan Van Khai, threatened to resign because of Vietnam's too slow pace of reform.

However, at the meeting of the party's 150-strong Central Committee, in mid-April, it was agreed that Mr Nong should take over as General Secretary. Nong had gained a reputation for having transformed Vietnam's National Assembly from a purely rubber stamp organisation into a forum for lively televised debates about national policy. Mr Phan then withdrew his threat to resign. The decision was endorsed at the Party Congress a few days later, which also elected a new Central Committee and a 15-member Politburo.

In his leaving address, Le Kha Phieu said that Vietnam risked falling behind its neighbours because cumbersome bureaucracy and poor policy co-ordination stifled local initiatives. He said that party members and officials were confused as to what the policy of creating a "socialist-oriented market economy" actually meant. He called for a better legal framework to strengthen the private sector and attract more foreign investment and for higher productivity and lower costs to improve the competitiveness of Vietnam's products in the global market. State enterprises should be reformed, irrational bureaucracy reduced and tougher measures taken against corruption, especially through the abolition of petty administrative procedures.

In turn, Nong Duc Manh said he would push through Vietnam's industrialisation and modernisation efforts and fight corruption. He said, "We are determined to correct the mistakes and fight to stop the negativity, bureaucracy, corruption and wastefulness - and build the party up clean and strong." This will be music to the ears of foreign investors who, in recent years, have been put off by the difficulties of completing investment projects in Vietnam. It should also please the IMF and the World Bank. Here, Vietnam has undertaken to restructure 1,800 state enterprises over the next three years, compared with the 450 businesses wholly or partly privatised since 1998. In turn, the World Bank has agreed that some of the \$250 million loan, which is expected to be approved shortly, could be used to ease the problems of the 250,000 state employees, who may lose their jobs in the process.

In a separate development, Vietnam has been experiencing disturbances in Dak Lak and Gia Lai provinces in the Central Highlands. These are centres of the burgeoning coffee planting sector and there have been several cases of land disputes where people of the local minorities complain of encroachments on their forest land to create more plantations. Vietnam has recently become the World's largest exporter of *robusta* coffee, the inferior quality variety used to make instant coffee. This has certainly contributed to the recent slump of coffee prices on the World market, although the price of the better quality *arabica* coffee has largely held up by comparison. ■



PACIFIC GIANTS CLASH OVER SOUTH CHINA SEA

- Continued from Page 2 -

Trade and economic co-operation was considerably scaled back for quite some time.

When the Clinton Administration came into office, in January 1993, problems of human rights, including the delicate issue of Tibet, greatly coloured the Administration's early relations with Beijing. Nevertheless, during the eight years of Mr Clinton's period of office, things gradually improved and Mr Clinton began to speak of the possibility of developing a "strategic partnership" with China. The warmth of President Jiang's visit to the United States, in October 1997, and of President Clinton's visit to China, in June 1998, seemed to be evidence of a steadily improving relationship. This was also seen in the growth of US-China trade, which was valued at \$115 billion in 2000. There were also, however, a number of upsets. In 1995, the United States had granted a visa for Taiwan's President Lee Teng-hui to make a short stay in the US. China retorted by test-firing a number of missiles over Taiwan, in 1996, which provoked the US to dispatch two aircraft carrier task forces to the Straits of Taiwan, led by the USS Independence and Nimitz. Of equal importance was the US bombing of the Chinese embassy in Belgrade, in May 1999, during the NATO intervention over the Kosovo crisis.

Bush Administration takes stock

Arriving in office in January this year, the new US President, George W. Bush, did not have a reputation for foreign policy expertise, such as that which had been enjoyed by his father or by President Clinton. Mr Bush junior was more heavily dependent on his advisers and ministers, among whom both Vice-President Cheney and Defence Secretary Rumsfeld, were considered to favour a tougher approach to China. It was made known that, rather than pursue the ideal of a "strategic partnership" with China, Mr Bush preferred to see China as America's "strategic competitor".

One of the first tasks of the new Bush Administration was to carry out the annual review of possible arms sales to Taiwan under the terms of the 1979 Act. In view of the growing Chinese missile arsenal aimed at Taiwan, there was speculation as to whether the US might supply their latest class of destroyers equipped with the highly sophisticated Aegis system of area defence radars, as well as the most modern missiles. In early March, China's Foreign Minister, Tang Jiaxuan, warned the US against selling advanced weapons to the "renegade province" of Taiwan, which would cause "serious dangers". Meanwhile, the Finance Minister, Xiang Huaicheng, also announced a record defence budget of \$17 billion for 2001 aimed at modernising China's defence forces for the high-technology battlefield. Analysts pointed out the serious Chinese concern about being outclassed by new US weapon systems. However, even with this increase, Chinese spending remained but a small proportion of the US defence budget. The US was also no doubt duly impressed by China's successful launching of a satellite, on 10 January, which orbited the earth 108 times before making a controlled landing.

In mid-March, the US Commander-in-Chief Pacific, Admiral Dennis Blair, visited Beijing for talks with China's Army Chief of Staff, General Fu Quanyou, to discuss the threat to Taiwan from the 300 Chinese missiles now deployed so as to be able to strike Taiwan. He noted that a further 50 missiles were being added each year and pointed out that this would prejudice "the sufficient defence of Taiwan", which it was US policy to maintain. He complained that he had received just "a few Chinese proverbs" in reply. This delicate atmosphere was further disturbed by the defection of a Chinese colonel, Xu Junping, to the United States a few days later, which occurred during the visit of China's Vice-Prime Minister, Qian Qichen, to Washington. There was also the detention by the Chinese authorities of a Chinese scholar, Gao Zhan, on holiday in China from her post at the American University in Washington, in early February, accused of spying. Her 5-year old son, a US citizen, was also detained separately in a nursery for 26 days, without the US authorities being informed, something that Secretary of State Colin Powell called "outrageous". (Several other Chinese academics with US university connections were also detained in the next few weeks.) All these



matters helped to raise tension between Beijing and the Bush Administration at a very delicate time.

Incident off Hainan island

Then came the news of the collision between the US surveillance plane and the Chinese fighter on 1 April. The United States had continued to make regular flights off the coast of China with intelligence gathering aircraft, in order to monitor, *inter alia*, Chinese force and missile deployments in the Chinese maritime provinces facing Taiwan. These flights were kept well off-shore and did not need to come even close to the twelve nautical mile territorial limit recognised under international law. However, China, which claims jurisdiction over most of the area of the South China Sea, considers these flights an intrusion into Chinese airspace. Thus, the Chinese authorities had begun regularly to send up interceptor aircraft to shadow and generally to worry the US surveillance planes.

Early on 1 April, Lieutenant Shane Osborn and his crew of twenty men and three women took off in their EP-3E Aries II from Kadena Air Base, on the southern Japanese island of Okinawa, to make one of their regular runs down the Chinese coast. On either side of the plane's long cabin, the highly trained crew members sat monitoring consoles linked to sophisticated electronic surveillance equipment. After they had flown southwards past Taiwan, they began to approach the vicinity of Hainan, skirting the island about 100 kilometres to the south. It was here that they would expect to meet Chinese fighter aircraft. At the same time, Zhao Yu and his partner Wang Wei took off from Zhanjiang airbase, in nearby Guangdong Province, in their sleek, single-seat F-8 jet interceptors, a derivative of the old Soviet MiG-21. Soon, the two fighters had come up to join the EP-3.

The American crew recognised Wang Wei's plane. They regarded Wang, 32 years old, as a daredevil, or "hotdog", who frequently flew his aircraft dangerously close to the American plane, on one occasion holding up a sheet of paper with his e-mail address clearly visible. This had caused the United States to lodge formal complaints. Of course, the F-8's are a considerably faster aircraft than the propeller-driven EP-3.

On this occasion, Wang Wei made two passes under the EP-3's belly at less than two meters distance before turning to make the third and fatal pass. The EP-3 was flying on auto-pilot, which, under normal circumstances, would mean that it was maintaining a steady course. Wang's F-8 now passed even closer under the EP-3. There was a collision. Lieutenant Osborn thought, "This guy just killed us." The nosecone of the EP-3 became detached and two of its four propellers were damaged. It rapidly began to roll into a bank of about 130 degrees. Osborn looked up and saw water. It was now 9.07 a.m.

Nearby, Zhao Yu saw the EP-3's nosecone and left wing hit Wang's plane and its outer propeller cut into Wang's tail fin, as the US plane suddenly veered and lost altitude. He radioed to Wang that his tail had been destroyed and urged him to hold his course. However, after 30 seconds, Wang lost control and asked permission to bail out. Zhao concurred but then lost contact. Osborn, meanwhile, saw Wang's plane "smoking towards the earth with flames coming out of it." No-one saw Wang bail out. It was later stated that Zhao then radioed to Lingshui airbase on Hainan to ask if he should shoot down the unarmed EP-3 but was ordered not to do so.

The EP-3 plunged for 2,300 meters before the crew were able to regain control. Damaged as it was, the plane was suffering from severe vibrations. One retired US pilot, Captain Chuck Nash, later said, "You get vibrations going through that airplane that will turn an atheist into an instant Christian." Osborn had the choice of attempting to ditch the aircraft in the sea or trying to limp to the nearest airfield, which was Lingshui on Hainan. He chose the latter course and ordered the "emergency destruct plan", in order to prevent the highly sensitive equipment on the \$100 million aircraft from falling into Chinese hands.

After issuing standard distress signals, the EP-3 landed at Lingshui airbase at 9.33 a.m., ten minutes after Zhao's F-8 had landed. The runway had been cleared for an emergency landing. The US crew continued to destroy equipment for some minutes after the plane had landed but then Chinese personnel entered the plane and the crew was taken off for intensive interrogation.



Diplomatic semantics

The initial reactions of both the Chinese and American administrations were very negative. The Chinese claimed that the EP-3 had caused the collision by suddenly banking onto the smaller F-8. The Americans considered that Wang's dangerous flying was the cause. The Chinese were angry that one of their fighter planes had been destroyed and that their pilot was missing, presumed dead, although a major search operation was undertaken fruitlessly. The young pilot had a wife and a small child. China claimed that the EP-3 had abused the right of free passage by conducting spying operations and had landed without permission. President Jiang insisted that "the US plane bumped into our plane, invaded Chinese territorial airspace and landed at our airport." President Bush made a rather strongly worded initial statement. The US considered that the EP-3 had been conducting legitimate surveillance, not spying, in international airspace and that the Chinese had no right either to enter the aircraft at Lingshui base or to detain the crew.

After 60 hours, US officials, led by Brigadier-General Neal Sealock, the US military attaché in Beijing, were allowed to visit the EP-3 crew. On 4 April, Secretary of State Colin Powell was referring to "a tragic accident" and expressing "regret" at the loss of the pilot, a sentiment echoed by President Bush the following day. President Jiang, however, wanted an apology. Both Bush and Powell called for a swift resolution to the incident so that US-Chinese relations would not be harmed. A suggestion by Admiral Blair that the aircraft carrier USS Kitty Hawk be diverted to Hainan was turned down. Mr Bush conferred with the leaders of Britain, France, Canada and Brazil to urge them to counsel caution on China but he did not reach for the hot line to Mr Jiang.

The Chinese leadership clearly felt put out by the initial hard stance of Mr Bush, particularly as they had lost their plane and their pilot. Apart from insisting that they were in the right, they required an apology to avoid loss of face. While the United States would not offer a clear cut apology, the issue soon hinged on the meaning of "to be sorry", which has different shades of meaning in both English and Chinese (being either an expression of regret or of apology). On 11 April, the Chinese agreed to release the US crew after Bush

had said he was "very sorry" that the plane had landed in Hainan and that the pilot was lost. This just about satisfied both parties and the crew returned to the United States via Honolulu.

This, however, did not resolve the issue of the EP-3 itself. With the release of the crew came a decision for a US delegation to go to Beijing, led by US Deputy Under-Secretary of Defence, Peter Verga, to sort out the details of the collision and how the plane could be returned. While the talks began on 18 April, only slow progress was made. (The records of the flight recorders of the two aircraft have not been released, so the actual cause of the collision remains a matter of conjecture.) US technicians from Lockheed-Martin were allowed to go to Hainan on 1 May to inspect the EP-3. After a week, they concluded that the aircraft could be repaired and flown out of Hainan. However, the Chinese clearly felt this to be inappropriate, Deputy Foreign Minister, Li Zhaoxing, saying that it would arouse "strong indignation and opposition in the Chinese people." They wanted the plane dismantled and the parts shipped out.

It was significant that President Bush chose to leave the handling of this incident to the moderate Colin Powell and to the US Ambassador in Beijing, Admiral Joseph Prueher, himself a former Navy pilot and US Pacific commander. It was a tense few days but, apart from public posturing, there seemed to be a willingness on both sides to settle the matter without provoking a serious crisis. While the Chinese authorities made Wang Wei into a hero, his young widow made a statement supporting the release of the crew "because China and the World needed peace."

Arms for Taiwan

Next, the focus turned towards the decision on the next package of arms sales to Taiwan, where the *rapport de force* was seen to be moving quickly in Beijing's favour, particularly after 1996. Apart from China's short-range ballistic missile build up, it was also acquiring a force of modern surface ships with surface-to-air and surface-to-surface missiles, mostly Russian-supplied, including the two large Russian built destroyers of the Sovremenny Class, as well as submarines, including several nuclear-powered vessels. Taiwan's navy was already fairly obsolete at the end of the 1970's, being composed mostly of World War II vintage ships,



when the US abrogated the 1955 Mutual Defence Treaty, in 1978, and Congress passed the Taiwan Relations Act the following year. Chinese pressure made it difficult for Taiwan to be supplied with more modern warships. The US supplied a few 1970's vintage Knox class frigates in the early 1990's and the French some new stealth configured ships in the late 1990's, to supplement Taiwan's remaining stock of ex-US World War II destroyers. In addition, the Netherlands supplied a pair of diesel submarines in the late 1980's. In 1992, the elder President Bush had also authorised the sale of F-16 fighters to Taiwan. Continuing US support for Taiwan has also been conditioned by Taiwan's steady transition from being an authoritarian state under Chiang Kai-shek, towards becoming a multi-party democracy. President Chen Shui-bian, who was elected early in 2000, is Taiwan's first leader not to come from the Kuomintang.

Taiwan now prepared a large "shopping list" for the United States. While the Taiwanese authorities are not yet so concerned about the threat of an amphibious attack, as China currently has the capacity to ferry an invasion force of only 14,000 troops across the Taiwan Straits, which would hardly be enough, Taiwan is seriously concerned at a possible Chinese blockade of its main ports of Kaohsiung and Keelung, or the use of a missile attack to inspire terror, in some future political crisis. Taiwan's list, thus, included a request for anti-submarine Orion P-3 patrol aircraft, more conventional submarines, the advanced Patriot PAC anti-missile system and the most modern destroyers equipped with the Aegis area defence radar system, which is able to track up to one hundred missiles, aircraft, ships and submarines simultaneously. Taiwan also requested M1 tanks, Apache helicopters, and so on.

China was most concerned about a possible sale of the Aegis system, as well as Patriot PAC missiles. However, the US decision, announced on 24 April, although offering the sale of \$5 billion worth of arms, did not include Aegis destroyers of the new Arleigh Burke class. Instead, the US offered to sell its four destroyers of the Kidd class, completed in the early 1980's (and originally intended for the late Shah of Iran, prior to the Iranian revolution). It was not sure whether the US refrained from supplying Aegis destroyers because of Chinese objections or on the grounds that Taiwan's navy currently lacked the technical skill and command

capacity to operate them. The package also included new Patriot missiles, twelve Orion P-3 aircraft and eight diesel submarines. Here, however, there was a problem, as the US no longer builds conventionally powered submarines, having for many years operated a nuclear only submarine fleet. Both Germany and the Netherlands, who still produce diesel powered submarines, confirmed that they would not supply the submarines to Taiwan (the Netherlands experienced serious diplomatic problems with China over its earlier sale of submarines) and it remains unclear from where these submarines might be delivered. Mr Bush described the deal as "the right package for this moment."

The Chinese authorities expressed anger at these sales but were no doubt relieved that the Aegis destroyers had not been included. However, President Bush somewhat negated the US diplomatic advantage of not selling Aegis to Taiwan by then stating in a television interview that the US would "do whatever it took to help Taiwan to defend itself", although he also added that he hoped that Taiwan would adhere to the "one China" policy. Maintaining the "one China" principle, of course, is a key element for China in the overall US-China-Taiwan relationship. The US has also further upset China by issuing Taiwan's President, Chen Shui-bian, with a visa to spend a couple of days in New York on the occasion of his forthcoming visit to Latin America.

Engagement or disengagement

In fact, it is not in China's interests to engage in a major quarrel with the United States at this time. While the Chinese leadership often speaks with strong nationalistic tones and is very sensitive to China's prestige, the leadership's main concern at the moment is certainly focussed on the need for China's continuing economic development. Prime Minister Zhu Rongji, in his address to the National People's Congress, on 5 March, said, "We are at a crucial juncture in economic restructuring and reform is in a very difficult period." He said farmers would be given new rights over land. The state would pull out of the economy, allowing private shareholders to gain control of all but "strategic industries" over the next five years. The impoverished West of China would be allocated a major development plan (the Great Western Development Campaign) to cost \$18 billion in new infrastructure projects.



There would be better environmental protection (which includes further restrictions on logging) and conservation of water and energy. He set a target of 7% economic growth and a doubling of the economy by 2010.

China has a major problem of 150 million surplus workers. Agriculture still employs half of the population but only accounts for 15% of economic activity. The closing down of inefficient state-run factories will create more unemployment, which can only be absorbed by further economic growth. In part, this may be tackled by shifting investment westwards. China's six south-eastern provinces, added to Shanghai and Tianjin, currently account for 45% of China's GDP and 75% of its exports. The "Go West" campaign seeks to develop eight western provinces, the autonomous regions of Xinjiang and Tibet and the city of Chongqing. Together, they account for 60% of China's surface area, a quarter of its population but only one-seventh of its economic output. Both the World Bank and the Asian Development Bank will assist with the new investment schemes.

However, the future prosperity of the coastal regions will continue to be vital and this will depend on China maintaining smooth relations with the main industrialised democracies. 60% of China's exports are currently sent to the US and Japan. Moreover, Taiwan now has \$50 billion of investments in China, mainly in the provinces opposite Taiwan, and cross-Strait trade rose to \$30 billion in 2000. Thus, any serious crisis, which emerged over the US-China-Taiwan triangle, might cause serious disruption to China's efforts at economic modernisation.

China has other reasons for pursuing restraint. These include its long-standing attempt to enter the WTO and its bid to hold the Summer Olympic Games in 2008. China needs US support to gain membership of the WTO. In addition, China does not want to risk losing the favourable trading status, which was conferred on it by the US only in 2000. As regards the Olympics, in mid-May, Beijing was short-listed, along with Paris and Toronto, as "excellent bids" by the International Olympic Committee in Lausanne. Having lost out to Sydney in the 2000 games, China is very keen to succeed in 2008.

The United States and its allies, including the European Union, also have justifiable reasons for

urging political change on China to accompany its encouraging economic reform. Here, human rights will remain a key concern. The issue of the Tibetan minority has been well rehearsed. There is also the new problem of the crack down on the Falun Gong movement. Around 10,000 Falun Gong supporters are estimated by human rights organisations now to be confined to labour camps. There is also concern about the lack of freedom of worship for Christians. These were the main issues behind the unsuccessful US bid to introduce a resolution criticising China in the UN Commission on Human Rights in Geneva, on 11 April. Then there is the very widespread use of the death penalty in China, with an estimated 480 executions having been carried out this year in a single month, between 11 April and 11 May, in the latest "Strike Hard" campaign against violent and organised crime. There is also the question of trade union rights. China has now agreed to sign the International Convention on Economic, Social and Cultural Rights but seems to want to interpret Article 8 of the Convention to apply current Chinese law to trade unions. This would mean that only the official All China Federation of Trade Unions would be permitted, while strikes would continue to be forbidden. UN High Commissioner for Human Rights, Mary Robinson, who recently visited China, said that this would be "extremely disappointing".

There is also the matter of democratic reforms. Zhu Rongji, in his annual address to the National People's Congress, did say that China needed to "press ahead with reform of the political system" by implementing "democratic elections", which was the first time that he had referred to this in an annual address. Moreover, as China continues to make its transition to a free market economy, it will become increasingly difficult for the Communist Party to maintain its current monopoly over political decision-making.

Another area of disagreement is over the right of passage for shipping and aircraft in international waters in the South China Sea and through the Taiwan Strait. China claims a mediaeval right over nearly all of the South China Sea, which cannot be sustained under modern international law, particularly the Law of the Sea. Currently, half of all international merchant shipping passes through the Spratlys in the southern part of this area, and this includes two-thirds of all crude oil carried. Several of the ASEAN countries, as well



as Taiwan, also have rival claims. Moreover, at the end of April, a Chinese warship challenged a flotilla of three Australian navy ships, which were on passage through the Taiwan Strait, although they were not within China's twelve-mile limit.

However, while these may be areas for concern and dispute, they should not be allowed to develop into serious matters of competition or conflict. The United States, and indeed the European Union, are now linked to China in a number of organisations specifically set up to foster dialogue and partnership. These include APEC, ASEM and the ARF (the ASEAN Regional Forum). Moreover, while China will be slow to change, and will surely change in its own way and in its own time, change will certainly come. There is not only a change of generation on the way, with young people who never knew Mao and the Cultural Revolution but who are more involved in the Internet Revolution. There are also far more Chinese studying outside China and broadening their horizons, 54,000 of whom are currently studying in the United States alone.

A non-adversarial relationship

President Jiang Zemin has clearly been concerned and somewhat perplexed by the China policy of the new Bush Administration. On 9 May, he attended a business conference in Hong Kong, where former President Clinton was also a speaker. Mr Jiang had a 70-minute meeting with Mr Clinton, who said that he believed that Mr Bush "was interested in having good relations with China." The following day, Mr Clinton told the conference that, "The important thing, it seems to me, is not to assume the relationship is inherently adversarial."

A few days later, President Bush sent his Assistant Secretary of State for Asia-Pacific Affairs, James Kelly, to Beijing to discuss Mr Bush's plans for a missile defence system. Mr Kelly, who had also visited several other Asia-Pacific countries on the same mission, met China's senior arms control official, Sha Zukang, and two Deputy Foreign Ministers, Wang Yi and Li Zhaoxing. Foreign Ministry spokesman, Sun Yuxi, said, "China's constant position is unchanged. We are opposed to the National Missile Defence because it destroys the global strategic balance and upsets international stability." China, which is thought to possess

only 18 long-range intercontinental ballistic missiles (ICBMs) at present, is keen to maintain respect for the 1972 Anti-Ballistic Missile (ABM) Treaty. After the meeting, Mr Kelly said, "Although we clearly still have differences of opinion, our consultations on this subject were constructive and constitute a good beginning."

The United States resumed surveillance flights along China's coasts on 7 May. The plane, a jet RC-135, was also unarmed and unescorted. It was not challenged by Chinese aircraft. The previous day, the US National Security Adviser, Condoleezza Rice, said that Mr Bush still hoped to forge a "productive and fruitful relationship with China" but that "nobody believes that it's yet business as usual with China." However, on 15 May, China's 2nd largest telecommunications corporation, China Unicom, awarded a \$1.5 billion contract for telecommunications equipment to the US companies Motorola and Lucent Technologies, as well as to Canada's Nortel and Sweden's Ericsson, for setting up a nation-wide CDMA* mobile network. Clearly for some, it is already "business as usual".

As *EurAsia Bulletin* went to press, the Chinese authorities were expressing their strong disapproval of the visits to the United States of both the President of Taiwan, Chen Shui-bian, and of the exiled Tibetan spiritual leader, the Dalai Lama. The latter is visiting the United States at a time, which coincides with the fiftieth anniversary of China's annexation of Tibet in 1951. However, an unexpected development occurred on 24 May when Senator James Jeffords of Vermont announced that he was resigning from President Bush's Republican Party to become an Independent. With the Senate evenly balanced between Democrats and Republicans after last November's elections, this has caused the Republicans to lose their majority, which was based on the Vice-President's casting vote, and give control to the Democrats. The net result is that the chairmanship of the Senate Committees will change and this will include Senator Jesse Helms of North Carolina giving up the chair of the Foreign Relations Committee to the Democrat, Senator Joseph Biden of Delaware. Mr Helms has taken an ultra-tough line on China and his departure should induce Mr Bush now to soften his own line. ■

*Code division multiple access.

by John Quigley

Strasbourg Plenary 2nd-5th April

Korea and IMS

The Parliament adopted a legislative Resolution, on 3rd April, on the proposal for a Council Decision concerning the conclusion, on behalf of the European Community, of an Exchange of Letters recording the common understanding on the accession of the Republic of Korea to the principles on international co-operation on research and development activities in the domain of intelligent manufacturing systems between the European Community, the USA, Japan, Australia, Canada and the EFTA countries of Norway and Switzerland. This follows the report in the Committee on Industry, External Trade, Research and Energy by Glyn Ford (PSE). The Resolution approves the Exchange of Letters. (For the text of the Letters see *EurAsia Bulletin* Vol. 5 No. 3 p27).

STOP II

Parliament, on 5th April, adopted a legislative Resolution on the proposal for a Council Decision establishing a second phase of the programme of incentives and exchanges, training and co-operation for combating trade in human beings and the sexual exploitation of children (STOP II). This follows the report by Margot Kessler (PSE), under the consultation procedure, for the Citizens' Freedoms and Rights, Justice and Home Affairs Committee. Parliament adopted a single amendment to the Commission proposal. This called on the Commission, before the end of 2001, to present a proposal for "a consolidated framework" covering all the initiatives that aim at the development of an area of freedom, security and justice. The framework should intend to improve citizens' rights and finance programmes for judicial co-operation in civil matters. STOP II is a two-year continuation of the original STOP programme that began in 1996 and expired in December 2000. The objective of STOP is to promote and support networks for co-operation between the various

people and organisations responsible for action against trafficking in human beings and the sexual exploitation of children. STOP also aims to improve these people's training and skills. Primarily, it is aimed at judges, public prosecutors, police departments, civil servants and public services concerned with immigration and border control, trafficking and sexual exploitation, victim support and treatment for offenders. The 1996-2000 programme had a budget of €6.5m, while the two year follow up has been allocated €4m.

External Relations

On 5th April, Parliament adopted a Resolution, by urgency procedure, on the outcome of the European Council of 23rd-24th March 2001 in Stockholm, with regard to foreign affairs. The Resolution extensively refers to the western Balkans and the former Yugoslav Republic of Macedonia, the Middle East and the Russian Federation. It is less detailed on Kaliningrad and the Northern Dimension. There is one sentence on EU relations with the Korean peninsula. While the Resolution welcomes the commitment, in Stockholm, by the EU to "enhance the role of the Union" in support of peace, security and freedom, Parliament declares that assistance to North Korea "should be reviewed". Specifically, this means the Korean Peninsula Energy Development Organisation (KEDO). KEDO was launched in 1995, by the United States, Japan and the Republic of Korea, to provide two light-water nuclear reactors to the Democratic People's Republic of Korea (DPRK), which are more proliferation resistant. The EU joined the Executive Board of KEDO in 1997 and up to the year 2000 contributed €75m to the project. In contrast to Parliament's opinion, the Commission believes that the EU membership of KEDO is a "clear and tangible demonstration" of the desire to contribute to the security of North-East Asia. (For more information on the results of the European Council with regard to Korea see *EurAsia Bulletin* Vol. 5 No. 3 p43). On 16th May, the Korean Central News Agency issued a press release noting that the delay in the construction of the light-water reactors had reached a "serious pass". The press release stated that the failure of the United States to complete the reactors by 2003 would "possibly drive the DPRK to abandon its freeze" on nuclear development. The responsibility for the delay "rests entirely with the US side – the direct party to the agreed framework".



LDC III

An extremely lengthy Resolution, on the third United Nations Conference on the Least Developed Countries, was adopted by Parliament on 5th April, by urgency procedure. Parliament, in the Resolution, states that the international community should use the opportunity of the third LDC Conference to agree specific measures that go beyond “diplomatic declarations”. The Conference should re-inforce the 1986 UN Declaration, which recognises sustainable development as an inalienable human right. Parliament would like to establish a new international economic order based upon equality, sovereignty, interdependence and mutual interest. While EU development aid should be open to all, Parliament believes that the poorest and least developed countries “must be given special attention”. However, direct EU co-operation with LDCs involved in armed conflict or “spending disproportionate amounts on weapons” cannot be maintained.

The primary goal of that aid should be the elimination of “extreme poverty”. The Resolution calls for an Action Programme that will halve poverty by 2015 and lead to a significant improvement in LDC living conditions. Strategies to eliminate poverty should bring about improvements in social and health infrastructures and increase the production capacity for the poor. This should mean greater access to land, technology, education and loans. Industrialised countries should establish a clear timetable for increasing their public contribution to development policy to 0.7% of GDP. Fifty percent of the aid for LDCs should be spent in the LDCs themselves.

The Resolution welcomes the Commission’s ‘Everything but Arms’ initiative but stresses that the Commission must give “appropriate consideration to the legitimate expectations” of the ACP countries. While not reducing ACP quotas, the EU “must guarantee” zero-duty import quotas at guaranteed prices for sensitive basic products, “notably sugar”. However, the Resolution states that economic growth alone does not automatically lead to “equitable development”. Parliament calls for the “urgent reform” of the WTO so that LDCs may more effectively participate in its processes. This would include the right of developing countries to protect their national food production and their small farmers within the WTO. Those LDCs that

are members of the WTO should be excused from the commitment to cease using national support measures and export subsidies. Parliament also calls for the complete debt relief of the high indebted LDCs. Other issues raised in the Resolution include child-soldiers, HIV/AIDS, ICT, and child labour. (For more on the results of the Conference see Page 6).

China

Parliament adopted a Resolution, by urgency procedure, on the United Nations Human Rights Commission and the People’s Republic of China, on 5th April. The Resolution expresses Parliament’s concern that, despite signing up to the International Covenant on Civil and Political Rights and the Covenant on Economic, Social and Cultural Rights, China has still not ratified either instrument. The violations of religious and cultural rights in Tibet, Xinjiang and Inner Mongolia are also raised. Parliament declared that the conclusions adopted by the General Affairs Council, on 19th March, did not fully take into account its concerns (see *EurAsia Bulletin* Vol. 5 No. 3 p40 for details). Parliament urges the Member States “to submit or co-sponsor” with the United States a resolution in the 57th Session of the UN Commission on Human Rights. That resolution should “deplore the state of human rights” in China. Parliament believes the EU has a duty to denounce violations of human rights and the use of the death penalty in international bodies.

Question to the Commission

Burma

Glenys Kinnock (PSE) asked what the Commission intends to do to respond to the call to the international community from Burmese organisations for the talks between the military junta and the National League for Democracy (NLD) to be transformed into tripartite talks that would include ethnic minority groups. The Commission replied that it welcomes the current talks between the State Peace and Development Council (SPDC) and Aung San Suu Kyi’s NLD. However, in order to achieve the goals of national reconciliation, democracy and respect for human rights, ethnic groups “should be involved in a genuine dialogue”. Tripartite talks are the basis for “a lasting solution”. The Commission supports the current bilateral talks and believes that its best contribution to the



success of these talks will be to respect the wishes of the SPDC and the NLD for the content to remain secret.

Questions to the Council

India

Gerard Collins (UEN) asked the Council to provide an up-to-date assessment of EU-India relations following the first EU-India Summit, in June 2000. The Council in reply said that the Summit was a “milestone towards a broader and deeper” relationship. The Summit adopted a Declaration on EU-India partnerships in the 21st Century and an Agenda for Action (see *EurAsia Bulletin* Vol. 4 No. 6&7 p36 for details). Progress has been made in the implementation of several agreed objectives. There has been political dialogue at the level of Senior Officials and Ministers. The first EU-India Round Table took place in January with a second meeting scheduled for July. The first meeting of the Council Working Group on Terrorism took place in May in the presence of Indian experts. The second Political and Business Summits will take place in November and the first contacts between European and Indian think tanks are being prepared. In general, the Council “is content” with the overall development of EU-India relations even if “some trade irritants and disagreement on foreign policy issues persist”. These issues, the Council said, include nuclear issues and the CTBT.

Committees 9th-11th April

EuropeAid

Giorgio Bonacci, the Director General of EuropeAid, the European Commission’s nascent office for the management of external assistance, came before the Committee on Development and Co-operation, on 9th April, to discuss his new role. The office is responsible for all stages of the project cycle from identification to evaluation (for more on the creation of EuropeAid see *EurAsia Bulletin* Vol. 5 No. 3 p7). Bonacci said the Commission spends €9.3bn annually through partnerships with approximately 150 countries over 80 budget lines. The Commission manages 128 delegations worldwide that, in the last 10 years, have seen financing amounts treble.

The reforms, which led to the creation of EuropeAid, demonstrate the Commission’s commitment to improving the quality and managerial efficiency of the programme cycle. EuropeAid is reducing the time lag before operations can be implemented and is harmonising both standards and managerial methods. If the Commission is successful in this endeavour, then the visibility of the EU should increase on the ground. The staff of EuropeAid, Bonacci said, have been transferred from both DG Relex and DG Trade. The office is run by a board with Commissioner for External Relations, Chris Patten, as Chairman, Commissioner for Development and Humanitarian Affairs, Poul Nielson, as Chief Executive, and Commissioners Verheugen (enlargement), Lamy (Trade) and Sobles Mira (Economic and Monetary Affairs) on the board. What EuropeAid does not cover are the following budget lines – ECHO, ISPA, SAPARD, pre-accession aid, PESC or the Rapid Reaction Fund. Thus, out of the €9.3bn, EuropeAid will spend €7.7bn. This covers almost 11,500 projects.

The creation of the office meant that a decision was made to eliminate Technical Assistance Officers (TAOs). These were people hired to manage Commission projects through sub-contracts. These functions will now be re-integrated into EuropeAid and all remaining TAOs will be scrapped by the end of 2001. Bonacci said that a very significant process of decentralisation was underway towards the Community’s external delegations. However, this requires money and appropriately trained staff. The process probably will take upwards of three years. Approximately 86 delegations will receive new powers. The goal, Bonacci said, is to create regional directorates that will carry out their own tasks from identification to evaluation. Such directorates would include Latin America, Asia and the ACP, he said.

DG Development

The Director General for the Development Directorate General, Jacobus Richelle, addressed the Committee on Development and Co-operation, on 10th April, following his appointment to the job. He said that DG Development is formulating 77 National Indicative Programmes (NIP) but that, contrary to the original expectation, they will not be ready by July. Some countries, for example, are war-torn or are without a clear government.



Approximately, 30 to 35 NIPs will be presented to the Development Council in September. His DG, Richelle said, is faced with a strong division of responsibilities between DG Relex, Trade and EuropeAid. There is a feeling of malaise with DG Development of being cut-off from important issues, for which the DG used to have the remit. With DG Trade, the Development DG has started work on a Regional Economic Partnership Agreement for the ACP countries, which should be concluded by the end of 2003. As part of his internal reforms, Richelle said he is looking to provide a clear framework to the third country delegations in developing countries so that they can have a better understanding of and role in political dialogue.

(For an address by the Director General of Relex, Guy Legras, before the Foreign Affairs Committee, see *EurAsia Bulletin* Vol. 4 No. 6&7 p19)

Strasbourg Plenary 14th-17th May

Food Aid and Food Security

Parliament adopted the proposal for a European Parliament and Council Regulation amending Article 21 of Council Regulation 1292/1996/EC on food-aid policy and food-aid management and special operations in support of food security. The proposal was adopted in a procedure without report, although the matter had been referred to the Committee on Development and Co-operation. Parliament adopted the proposal at the first reading stage of the co-decision procedure. (For details of the Commission proposal, which was adopted on 11th January, see *EurAsia Bulletin* Vol. 5 No. 1&2 p29). The proposal to amend the 1996 Regulation would allow the Council to determine the “Community share” of food-aid as the total of aid supplied by the Community and the Member States. It would be the responsibility of the Commission to co-ordinate the arrangements for the supply of the aid from the Community and from the Member States. Under the co-decision procedure, the Council has three months to adopt a Common Position on Parliament’s first reading.

Everything but Arms

Parliament, on 16th May, adopted a Resolution on the proposal for a Council Regulation amending Council Regulation EC/2820/1998

applying a multi-annual scheme of generalised tariff preferences for the period 1st July to 31st December 2001, so as to extend duty-free access without any quantitative restrictions to products originating in the least developed countries. This follows the report in the Committee on Development and Co-operation by Joaquim Miranda (GUE/NGL). While welcoming the Commission proposal, Parliament “deplored” the fact that the Council did not consult it despite Commission support for Parliament’s position. The Resolution states that this refusal may have a “negative effect on confident future co-operation” between the Council and Parliament.

The Resolution calls on the Member States to establish clear policies on arms export control to LDCs and states that EU Member States should adhere to the UN Arms Export Register. Countries of the developed world, Parliament believes, should be ready to make further market concessions to agricultural products from the developing world. Parliament is concerned that the opening of the EU market should take place in accordance with the spirit of the Cotonou Agreement, which governs the ACP States. For their part, least developed countries should switch from a market-access and export led approach towards an intra-regional sustainable development strategy. This kind of approach should reduce LDC dependency on industrialised countries and build domestic and regional markets.

The Resolution also highlights the tension within the Commission between the Directorate General (DG) for Agriculture and the DG for Trade over the importance of the ‘Everything but Arms’ proposal. This tension surfaced over the impact full liberalisation for rice, bananas and sugar would have on EU industry. Under pressure from several Member States, the Council acted to extend the period for full liberalisation for these products, a situation Parliament “deeply regrets”. The Commission, Parliament states, should have carried out an impact study on the possible effects for EU industry of the proposal. The Resolution calls on other industrialised countries to adopt similar measures for LDCs. The Commission should support LDCs to increase their technological, production, administrative and judicial capacity to take full advantage of free access to the EU market. Equally, the Commission should assist LDCs to diversify their production and exports. Finally, the Commission should submit a review every five



years of the consequences of liberalisation for LDCs. Should evidence of fraud be detected then an EU-LDC committee should have the power to suspend temporarily tariff concessions.

Questions to the Council

Kashmir Peace Talks

Brian Crowley (UEN) received a written reply to a question posed to the Council on what initiatives either the Swedish or Belgian Presidencies could take to support dialogue between India and Pakistan to resolve the dispute over Kashmir. The Council stated that an offer to “facilitate and to assist talks” had been made in the past and that, to date, the Council had not received any request for help. The reply welcomed India’s offer for a unilateral cease-fire and “Pakistan’s decision to exercise restraint” along the Line of Control. The Council supports efforts to “reduce tensions, to resume dialogue, to exercise restraint and to reach a negotiated solution”.

China

Nirj Deva (PPE-ED) raised the question of the arrest of the Catholic Bishop Shi, on 23rd April 2001, in Beijing. He wanted to know whether the Council would consider sending a troika to China to discuss religious persecution. The Council, in reply, stated that the issue of restrictions on freedom of religion and belief in China are raised in the EU-China human rights dialogue. The last such meeting took place on 22nd-23rd February. The Council noted the conclusions adopted in the General Affairs Council, on 22nd-23rd January 2001 (see *EurAsia Bulletin* Vol. 5 No. 1&2 p36 for details), on the EU-China Human Rights Dialogue. In the Dialogue, the EU has expressed its concern at the “widespread restrictions” on freedom of assembly, expression and association. The EU will be seeking, the Council said, progress with China on the “untrammelled exercise of freedom of religion, respect for the fundamental rights of prisoners and constructive responses to individual cases raised by the EU”.

Questions to the Commission

Everything but Arms

Olavi Seppänen (GUE/NGL) noted the request by the European Council to establish, by 2003, a Rapid Reaction Force for the purposes of crisis management. He asked what institution would

decide and under what conditions would the Force be deployed. The Commission replied that it is the responsibility of the Council, and not the Commission, to deploy elements of the Force. The Council, the Commission stated, would “no doubt” wish to do so in the “fullest possible concert” with relevant international organisations. The Council “will also wish to seek” the views of the European and national parliaments. ■

by John Quigley

Import Quotas for China

The Commission adopted a Commission Regulation, on 30th March, redistributing unused portions of the 2000 quantitative quotas for certain products originating in the People’s Republic of China.

In 1994, the Commission adopted a Regulation introducing annual quantitative quotas for certain products originating in China. The Member States are obliged to inform the Commission of the quantities of quotas that were assigned and what level remained unassigned. The Commission Regulation redistributes this unused amount between traditional importers and non-traditional importers. The former, who are those importers holding licences from 1998 or 1999 will receive 70% of what remains to be redistributed. The latter can compete for import licences from the Member States for the remaining 30%. The used quotas cover footwear, tableware of porcelain or china and, lastly, ceramic tableware. These new licences are not transferable to 2002. Thus, they will expire in December 2001. Importers had until the end of April to apply for a Member State licence. Then, by the end of May, the Commission would adopt the quantitative criteria by which the quotas will be allocated to the importers. The quantity of footwear to be imported is upwards of 22m pairs; of porcelain or china tableware 7,156 tonnes with 7,509 tonnes of ceramic tableware to be allocated.



Minimum Asylum Standards

On 3rd April, the Commission adopted a proposal for a Council Directive laying down minimum standards for the reception of applicants for asylum in the Member States. This proposal has its origin in a Commission sponsored study, which was delivered in November 2000, a French delegation discussion paper from June 2000 and a report by the United Nations High Commissioner for Refugees, Rudd Lubbers, published in July 2000, all of which concerned reception conditions for asylum seekers and displaced persons.

The proposal seeks to harmonise the legal situation for asylum seekers, while their application is being assessed by the Member State authority. The Directive would apply to all third country nationals and stateless persons who make an application and their families. Under the terms of the Directive, Member States would be obliged to inform applicants of their entitlement to benefits and any organisations that can provide specific legal assistance. Applicants should be issued with a document, which should state their status as an applicant and whether they have the right to move around the territory. The Directive would bar Member States from detaining applicants solely by virtue of that application. Applicants would have the right to bring legal proceedings against the State to overturn limitations of the freedom of movement. Member States should try to maintain the unity of the family and provide health and psychological care as needed. The children of applicants would have the right to attend school and language courses if necessary. Applicants would have the right to seek employment, after a period no greater than 6 months after the application has been lodged.

Member States would have the right to withdraw the conditions of reception if an applicant disappears or does not comply with requests for information or interview, if the application is withdrawn, if the applicant conceals financial resources or if the applicant is a threat to national security. The proposal for a Directive would oblige the Commission to report to the Council and European Parliament by December 2004 on the application of the Directive and propose amendments as necessary. After presenting that report, the Commission would report at least every five years. Member States would have the right to implement penalties for the infringement

of any national provision that would be adopted under the terms of the Directive. Member States would have until December 2002 to ensure that their national laws comply with the Directive.

Conflict Prevention

In December 2000, the Commission and the High Representative for the Common Foreign and Security Policy, Javier Solana, presented a joint report to the Nice European Council on conflict prevention. (See *EurAsia Bulletin* Vol. 5 No. 1&2 pp37-38 for a report on a debate in the General Affairs Council (GAC) on conflict prevention, which involved participants from the Council, the Commission and the High Representative). Following that report and the GAC discussion, the Commission, on 11th April, adopted a Communication on conflict prevention. This Communication is, Commissioner for External Relations, Chris Patten, stated, the Commission's contribution to the European Programme for Conflict Prevention, which is due to be adopted at the European Council meeting in Göteborg, in June. The Communication is designed, he said, to bring together the Community's, the Union's and the Member States' financial and policy instruments into an overall coherent approach. It is much better to prevent conflict than to manage it.

The Communication outlines four main objectives: firstly, to promote a more systematic and co-ordinated use of Community instruments in the field of external co-operation programmes; secondly, to improve the efficiency of actions to fight against the root causes of conflicts at a very early stage; thirdly, to improve the capacity of the EU to react quickly; and, lastly, to promote international co-operation on conflict prevention. To support efforts to prevent conflicts, the Commission will build the objectives of peace, democracy, political and social stability more clearly into EC assistance programmes. These programmes should take greater account of political exclusion, ethnic, social or regional marginalisation or other factors that might lead to civil strife or violent confrontation. International initiatives on cross cutting issues, such as international crime, the spread of small arms, drug trafficking and child soldiers, should bring added-value to reducing tension and conflict. There will be a new Communication linking relief and rehabilitation to development.



Third UN LDC Conference

The Commission, on 11th April, adopted a Communication to the Council and European Parliament on the third United Nations Conference on Least Developed Countries. The Communication outlines that the commitment of the European Community to LDCs is based on the principles of equality and ownership of development strategies. Development programmes must meet the basic needs and priorities of a country by being fully integrated into local and national administrative structures. Such programmes should be designed in partnership with the donors and the recipient.

The Communication highlights the Commission commitment to increase and strengthen the poverty focus of its development co-operation activities. This means that LDCs and low income countries will have priority in the allocation of EC resources. To complement the 'Everything but Arms' initiative, the Commission will take further trade related measures to help countries integrate further into the multilateral trading system with a view to economic growth, sustainable development and poverty reduction. The Community is also committed to debt elimination for ACP LDCs. The Community is already participating in the Highly Indebted Poor Countries (HIPC) initiative to the tune of €530m.

The European Community would like to support trade-based growth for LDCs to help them take advantage of the opportunities offered by trade liberalisation. The Communication proposes that there should be an international initiative to enhance investment promotion in LDCs. Another measure to help LDCs could be trade related technical assistance and capacity building. The Community can also help LDCs meet standards in export markets through assistance for capacity building in sanitary and phyto-sanitary measures. Technical assistance should be demand driven and should build on co-ordination among donors. The Communication states that the UN Conference should adopt a declaration by the Community on the conditions necessary for the accession of LDCs to the WTO. Other measures to support trade based growth would include implementation of WTO agreements, a multi-lateral initiative to forego the use of anti-dumping instruments on LDCs and regional integration agreements for LDCs. This would help LDCs to integrate further into the world

economy. It could involve UNCTAD, the World Bank, UNDP and bilateral donors.

Polyester Fibres from Taiwan

On 18th April, the Commission adopted a proposal for a Council Regulation amending Council Regulation 978/2000/EC imposing a definitive countervailing duty on imports of synthetic fibres of polyester originating in Australia, Indonesia and Taiwan. Following two applications before the Court of First Instance, by two Taiwanese exporting producers, seeking annulment of the 2000 Regulation, the Commission noted that "it became apparent" that part of the methodology applied in assessing the level of Taiwan's subsidy was "inconsistent" with the treatment of virtually identical data in subsequent proceedings. The Commission investigation concluded that the countervailing duty on Australian and Indonesian companies would not be affected. The present proposal is to take account of the fact that the accurate level of subsidisation enjoyed by Taiwanese exporting producers falls below the *de minimis* level. Thus, the countervailing measures imposed on imports of synthetic fibres of polyester from Taiwan should be repealed. This Regulation would have retro-active effect from May 2000. This means that any duties collected from the Taiwanese companies would be reimbursed.

Aid to Pakistan & Afghanistan

The Commission allocated €2.585m for ongoing humanitarian aid operations in Pakistan and Afghanistan, on 19th April. The aid will be distributed through the European Community Humanitarian Aid Office (ECHO). In the case of Pakistan, ECHO will allocate the money to the United Nations High Commission for Refugees (UNHCR), the International Rescue Committee (established in 1933) and the Danish Refugee Council. These organisations run hygiene, water and sanitation operations in 2 camps that, between them, house 100,000 refugees. For Afghanistan, the funding will be split between the International Committee of the Red Cross (ICRC) and several other unnamed ECHO partners. The ICRC will use the money to cover transport and logistics costs. The Commission states that ECHO's partners will use the aid to continue providing assistance for medical and food services to displaced persons in Hazarajat and Herat.



Aluminium Foil from China

The Commission adopted a proposal for a Council Regulation imposing a definitive anti-dumping duty on imports of certain aluminium foil originating in the People's Republic of China and Russia. In January 2000, the European Association of Metals (EuroMetaux), representing 71% of Community producers of aluminium foil, lodged a complaint with the Commission alleging dumping of aluminium household foil by both China and Russia. The Commission investigation covered the period January to December 1999. The investigation showed that between 1996 and 1999 the profitability of Community industry declined by 7%, production by 8%, sales volume by 8% and market share by 17%. This period coincided with an increase in volume and market share from China and Russia. By imposing anti-dumping measures, the Commission believes that Community industry will benefit from increased sales and an increase in prices. The Chinese exporting producer applied for but was denied market economy treatment, on the basis that the company was majority owned by the State and did not operate, in China, under market economy conditions. The Commission investigation showed a dumping margin for China of 26.8%. The corresponding figure for Russia was 14.9%. As the injury margin for the Chinese exporting producer was lower than the dumping margin, the lower figure of 15% will apply as the definitive anti-dumping duty. The Russian figure would remain at 14.9%.

World Shipbuilding

The Commission, on 2nd May, published its fourth report to the Council on the situation in world shipbuilding. Under Council Regulation EC/1540/1998, the Commission is obliged to issue a periodic report on the market situation and evaluate whether European shipbuilding yards are affected by anti-competitive practices. The report outlines that, in the year 2000, there was an increase of 56% in the numbers of orders for new ships compared to 1999. However, the Korean shipyards have seen the largest increase in market share. Thus, in 2000, South Korea accounted for 35% of all tonnage ordered worldwide and consolidated its position as the largest shipbuilding country in the world. The report details the fact that there is no indication that Korean shipyards managed to raise prices,

despite announcements to the contrary. The Commission believes that significant over-capacities in South Korea have prevented a recovery of prices and the market. Of seven detailed cost investigations of orders placed in South Korea, undertaken by the Commission, it was established that none of the contracts were priced at an economically viable level, that is, to cover operating costs, profits and debt repayments. The Commission's report states that losses, in Korean shipyards in these cases, were 14% on average. The report does not make any recommendation to the Council on what should now be done to remedy the crisis in the European shipbuilding industry.

International Sugar Agreement

On 2nd May, the Commission adopted a proposal for a Council Decision on the extension of the International Sugar Agreement. The International Sugar Agreement was first concluded in 1992 after a conference sponsored by the United Nations. The Agreement had been ratified by almost 40 countries but Austria, Finland and Sweden have withdrawn. However, the present proposal is designed to allow the Commission to vote in favour of a two-year extension to the agreement, on behalf of the Community, when it expires in December this year. The International Sugar Council is due to meet on 31st May to debate whether to extend the agreement until December 2003. The proposal includes a financial statement committing the Community to pay €0.77m over two years from January 2002. The stated objectives of the Agreement include promoting international co-operation in world sugar matters, providing an inter-governmental forum for consultations, to facilitate trade and to encourage demand. Other countries that have ratified the Agreement include Fiji, India, Japan, the Philippines, the Republic of Korea and Thailand. Vietnam acceded to the Agreement in November 2000 but has yet to complete ratification.

EU-UN Partnership

In accordance with the annual work programme, adopted in January, the Commission, on 2nd May, adopted a Communication on "Building an Effective Partnership with the United Nations in the fields of Development and Humanitarian Affairs". The Communication states that the strengthening of European Community co-



operation with the UN will be guided by two principles: firstly, the division of labour among donors and the added value of UN activities; secondly, re-focussing Community development activities to several specific areas with a priority towards poverty reduction and Community added value. Co-operation with the UN would occur in one of the following areas: trade and development, regional integration and co-operation, macro-economic policy, transport, food security and sustainable rural development, institutional capacity building and, lastly, on cross cutting issues. The choice of UN partners would be made bearing in mind the following: the mandate of the UN organisation as compared to the objectives of the Community; the coincidence of needs and priorities as identified at country level; in-house experience; operational capacity; and, lastly, management, effectiveness, efficiency and accountability.

In the development and humanitarian fields, the Communication states that the Community and UN interact on two main levels: firstly, at the level of political/policy-making through the Community's role in decision making at UN bodies; and, secondly, at an operational level through Community co-ordination and support to projects implemented by the UN in any country. The Communication identified four constraints that affect the impact, efficiency and visibility of the Community's work at the political/policy making level. These include the weak status of the Community in most UN agencies, low-key EU co-ordination on UN policy on development and humanitarian issues, the absence of a Community contribution to the general budget of UN entities and, lastly, the lack of adequate staff in the Commission to attend UN meetings. By contributing directly to specific projects, the Communication states, the Community loses the chance to have a direct impact on organisational structures and planning.

The Communication recommends that the EC provide a more concrete and distinguishable input into policy debates and develop a more coherent approach to the UN. This could include strengthening efforts to present and project EC priorities at the UN, increase the Community presence both in the UN governing bodies and the political and statutory bodies and, lastly, increase the human resources level particularly in EC Delegations at relevant UN sites. At the operational level, the Community needs to match mandates and define areas of common interests.

The Communication recommends that the Community should strengthen its dialogue with strategic UN partners on programming and policy making.

Speaking in the European Parliament, on 2nd May, Commissioner for Development and Humanitarian Aid, Poul Nielson, said that relations between the Community and the UN are close. There is, he said, the political will on both sides to strengthen that relationship. The Community, Neilson said, finances activities by UN agencies to the value of €354m annually. Neither side has been able to draw maximum benefits from the existing co-operation. However, improving EC-UN policy and operational co-ordination is, he said, conditional on the UN strengthening its in-house co-ordination. The Community would be prepared to reduce or even suspend its support to individual UN partners if they fail to perform to an acceptable standard.

International Grains Council

The Commission adopted a proposal for a Council Decision, on 7th May, establishing the position to be adopted, on behalf of the European Community, in the International Grains Council. The International Grains Agreement is made up of two parts: firstly, the Grains Trade Convention (GTC); and, secondly, the Food Aid Convention (FAC). The FAC is not due to expire until July 2002. However, the GTC will expire in June 2001 unless it is renewed. The GTC covers the trade in wheat, coarse grains and their products. The GTC encourages international co-operation, and promotes expansion and market stability in the grain sector. Through the FAC, donors pledge specified minimum amounts of food aid to developing countries. The European Community (EC) is an exporter under the International Grains Council. Importers include, *inter alia*, India, Japan, the Republic of Korea and Pakistan. Japan and the EC are two of the six members of the Food Aid Committee, which administers the FAC. The present proposal for a Council Decision would, if adopted, authorise the Commission, on behalf of the Community, to vote in favour of the extension of the Grains Trade Convention for a further two years. The proposal includes a financial commitment from the Community of €1.034m over the period July 2001 to June 2003.



Human Rights in Third Countries

The Commission adopted a Communication on the European Union's role in promoting human rights and democratisation in third countries, on 8th May. The Communication re-affirms the EU's adherence to and support for the universality and indivisibility of human rights, including civil, political, economic, social and cultural rights as defined by the World Conference on Human Rights, which took place in Vienna in 1993. In the field of external relations, the Commission's activities will be guided by the rights and principles that are contained in the EU Charter of Fundamental Rights. This should, the Communication states, promote coherence between the EU's internal and external policies. The substantial budget for external assistance allied to the economic and political weight of the Member States, gives the EU both influence and leverage to support democratisation and human rights.

The Communication identifies three areas for effective Commission action. The Commission can promote coherent and consistent policies in support of human rights and democratisation through EC policy, EU action with the Member States and through the CFSP. The Commission can place a high priority on respect for these two principles in its relations with third countries and, in particular, through political dialogue, trade and external assistance. Lastly, the Commission can act by adopting a more strategic approach to the European Initiative for Democracy and Human Rights (EIDHR). EIDHR started in 1994 and now has a budget of €100m to support human rights, democratisation and conflict prevention activities. The tools which the Commission can use to promote human rights is varied. They include traditional diplomacy, démarches, intervention in UN organisations and sanctions. It can also include policy areas like the environment, trade and immigration.

The Communication also examines the possibility of setting up a European Human Rights Agency. The Commission noted that the idea was first promoted at the Vienna European Council in December 1998. However, two alternative models have been proposed. One model suggests a reporting/advisory agency. However, the Communication states that the Commission believes enough sources of information on human rights already exists. The

second model is that of an implementing agency, which would identify human rights and democratisation projects, allocate grants and oversee the implementation of projects. It is up to the Commission, the Communication states, to ensure that all EC assistance instruments fully support human rights and democratisation.

EU Strategy Towards China

As *EurAsia Bulletin* was going to press, the Commission published details of a Communication to the Council and the European Parliament on the EU strategy towards China. The Communication is sub-titled "Implementation of the 1998 Communication and future steps for a more effective EU policy". *EurAsia Bulletin* will return in the next issue with full details. (For details of the 1998 Communication see *EurAsia Bulletin* Vol. 2 No. 4 p 3. The new Communication follows a progress report on the 1998 document that the Commission adopted in September 2000. For details of that report see *EurAsia Bulletin* Vol. 4 No. 8&9 p31).

Polyester Yarn from Thailand

On 18th May, the Commission adopted a proposal for a Council Regulation amending Regulation 2160/1996/EC imposing a definitive anti-dumping duty on imports of polyester textured filament yarn originating, *inter alia*, in Thailand. Following a request by a Thai exporting producer, Sunflag (Thailand) Ltd, the Commission, in June 2000, launched an interim review of the anti-dumping measures in place that were imposed to counteract dumping in the Community. The investigation covered the period June 1999 to May 2000 and established that the level of dumping had decreased and would be likely to remain at the lower volume. The investigation also took into consideration capacity levels, export quantities and prices to third countries. This proposal for a Council Regulation would, therefore, if adopted, lower the anti-dumping duty rate applicable to the one Thai company from the level imposed in 1996 of 13.5% to a new level of 4.8%. ■



Informal Defence Council 6th April

Crisis Management

The Defence Ministers of the EU met informally, on 6th April in Brussels, to discuss the EU crisis management capability and the efforts to make it operational as soon as possible. Ministers debated the Member States' capacity reports, which outline the contributions of Member States to the headline goal. However, the most important item on the agenda was the plan to develop EU structures for military co-operation. This plan is called the review mechanism. The plan would consist of structures for co-operation between the EU Rapid Reaction Force and NATO but this, Ministers emphasised, would not jeopardise autonomous decision making by the EU. Work on developing this plan, Swedish Defence Minister, Björn von Sydow said, would continue in the Political and Security Committee, which meets at ambassadorial level. (For more on EU-NATO consultation see *EurAsia Bulletin* Vol. 5 No. 1&2 p40).

The meeting also touched upon progress in civil crisis management capabilities and the need to keep the crisis management project open to both non-EU European NATO members and the candidate countries for accession to the EU. The Ministers debated the role of Russia in European Security. It was decided to hold an *ad hoc* meeting with the Russian Defence Minister, Igor Sergeev, in "early Summer". It was subsequently reported, on May 23rd, that Russia and five former Soviet republics are considering establishing their own regional rapid reaction force. Finally, the Council decided that, during the Belgian Presidency, from July to December this year, there should be a second capability conference to determine what gaps remain in Member States' commitments to the headline goal. Speaking at the meeting, the High Representative for CFSP, Javier Solana, said that this conference could take place in November. He said that the goal of the conference should be to make a "qualitative improvement" in Member States' existing capabilities to increase operational effectiveness. Member States also need to address the shortcomings in strategic capabilities like intelligence, force protection, command and control, communications and strategic lift. European Security and Defence Policy will not, Solana said, be credible if there is not a clearer understanding of the financial

by John Quigley

Transport & Telecommunication Council 4th-5th April

EC-Japan Mutual Recognition

The Council adopted a Council Decision on the conclusion of an Agreement between the European Community and Japan on Mutual Recognition in relation to Conformity Assessment. The Agreement was signed by M. Takayuki Kimura, Ambassador of Japan to the EU, and Gunnar Lund, Swedish Ambassador, with Mogens Peter Carl, Director General of DG Trade in the Commission. The formal entry into force of the Agreement will take place after it has been ratified by the Japanese parliament. The Agreement is intended to reduce the cost of certifying products for conformity with both Japan's and the EC's technical regulations. Products covered include chemicals, electrical equipment, pharmaceuticals and telecommunications equipment.

EC Investment Partners for Asia

The Council, on 4th April, adopted a Council and European Parliament Regulation regarding the closure and liquidation of projects adopted by the Commission under Council Regulation 213/1996/EC on the implementation of the European Communities investment partners financial instrument for the countries of Latin America, Asia, the Mediterranean region and South Africa. The Regulation authorises the Commission to close and liquidate projects adopted under the 1996 Regulation. The Commission should provide monitoring, management and auditing for operations for which a financing decision had already been adopted. The new Regulation calls on the Commission to submit a report to the European Parliament and the Council on the "instrument for supporting the private sector" in developing countries. This report should be followed by a legislative proposal to "ensure the future of that instrument". The new Regulation will apply until December 2001.



resources needed for the improvement of existing military resources and the procurement of new ones. He called for “ease of access” to NATO capabilities for EU-led operations, on the grounds that the majority of Member States contribute to NATO collective capabilities. In the longer term, Member States will have to “agree a common view” on the likely evolution of the strategic environment. This will be necessary, he concluded, in order to define the military requirements of the future.

General Affairs Council 9th April

Burma

The Council adopted a Common Position (CP) concerning the extension of Common Position 635/1996/CFSP on Burma/Myanmar. The new CP extends the 1996 CP for another 6 month period until October 2001 (for further details of the CP see *EurAsia Bulletin* Vol. 4 No. 10 p34). The Council deliberations include recognition of the contacts between the military junta, the State Peace and Development Council (SPDC), and the National League for Democracy through its Secretary General, Aung San Suu Kyi. Despite these contacts, the Council stated that the human rights situation in Burma “remains extremely serious”. The Council declared that the EU would be ready to support developments that led to “national reconciliation, democracy and respect for human rights”. The EU Foreign Ministers also considered the International Labour Conference Resolution, from November 2000, on Burma’s continued violation of the ILO Convention on Forced Labour (see *EurAsia Bulletin* Vol. 5 No. 3 p37 for details of a discussion in the Employment and Social Policy Council). The General Affairs Council called on the military junta to co-operate full with the ILO and put a “verifiable and definitive end” to the practice of forced labour.

Guidelines on Torture

The Council adopted guidelines to EU policy towards third countries on torture and other cruel, inhuman or degrading treatment or punishment. The Council adopted the guidelines to give the EU an operational tool with third countries and for use in international human rights fora. This, the Council believes, will strengthen EU efforts to prevent and eradicate torture and ill-treatment. Respect for human

rights, the Council declared, is one of the “key objectives” of the EU’s Common Foreign and Security Policy.

The guidelines follow the definition of torture from Article 1 of the UN Convention against Torture. The work of the EU in eradicating torture will follow international and regional standards on human rights, the administration of justice and the conduct of armed conflict. The guidelines prominently list 5 UN Conventions, the Universal Declaration of Human Rights and the Statutes of International Criminal Courts or Tribunals. A further 28 instruments on human rights are listed in an annex to the guidelines.

The guidelines should identify ways and means to work towards the prevention of torture, within the CFSP. One example is the EU Code of Conduct on Arms Exports. The Foreign Ministers declared that the Council is working on an EU Code of Conduct on the export of para-military equipment. The EU already has guidelines on the use of the death penalty in third countries. The guidelines specify that EU Heads of Mission should make periodic reports on the occurrence of torture and ill-treatment and any measures taken to combat such activity. There will be separate reports on the effectiveness of EU action to combat torture in third countries. Heads of Mission will have the possibility to send observers to trails where there is reason to believe a defendant has been subjected to torture or ill-treatment.

The Heads of Mission reports will be assessed by the Council Working Group on Human Rights (COHOM) and, having considered other reports, such as UN Special Rapporteurs’, identify situations where EU action is called for. The EU will try to influence third countries to take effective measures against torture and will try to ensure that prohibitions against torture are enforced. Adherence to the guidelines will be an integral part of the EU human rights policy. The EU will promote the guidelines through political dialogue, démarches, bilateral and multi-lateral co-operation. The EU will urge third countries to prohibit and condemn torture, adhere to international norms, adopt and implement safeguards relating to places of detention, establish domestic guarantees, combat impunity and consider, in particular, those groups requiring special protection like women and children. Other measures the EU will promote are domestic procedures for complaints,



reparation and rehabilitation for victims, effective training and supporting the work of medical professionals.

Speaking after the meeting, Commissioner for External Relations, Chris Patten, said that the Commission has funded the fight against torture for several years. Under the European Initiative for Democracy and Human Rights, the Commission has allocated €24m for the prevention and rehabilitation of victims. €6m was allocated in 1999, €9m in 2000 with €12m proposed for 2001. This year's funding will be spent on rehabilitation centres, both inside the EU and externally, for victims of torture.

Fiji

The Council adopted a Council Decision concluding consultations with the Republic of the Fiji Islands under Article 96 of the ACP-EC Partnership Agreement. (See *EurAsia Bulletin* Vol. 5 No. 3 p30 for details of the Commission proposal and the background to the Article 96 talks). The overthrow of the democratically elected government of Fiji, in May 2000, violated the respect for democratic principles that is enshrined in the African, Caribbean and Pacific (ACP) Partnership agreement with the European Community. Following talks, in October 2000, between the Commission and the Fijian authorities, the Commission proposed ending the formal talks. This was decided on the basis that "specific commitments" were made by Fiji towards a timetable for constitutional revision, the holding of free and fair elections before June 2002 and the bringing to justice of those responsible for the May coup.

However, the Council decided that democratic government has yet to be restored to Fiji. The Council Decision implements measures to be imposed on Fiji. The notification of the 9th European Development Fund (EDF) will be delayed until "free and fair elections" have taken place. Elections, under the 1997 constitution, are due to take place between 25th August to 1st September 2001. Similarly, the financing and implementation of new projects under the 6th, 7th and 8th EDF National Indicative programmes will only go ahead once the elections have taken place and a "legitimate government" has taken office. The Council Decision pledges to revoke these measures should the new government respect human rights, democratic principles and the rule of law. Alternatively, the Decision will

be reviewed at the end of 6 months, in October this year.

Nuclear Test-Ban Treaty

The Council adopted a Council Decision implementing Common Position 533/1999/CFSP relating to the European Union's contribution to the promotion of the early entry into force of the Comprehensive Nuclear Test-Ban Treaty (CTBT). The EU would like to encourage the list of 44 countries, whose signature and ratification of the CTBT is necessary before it can enter into force. These 44 countries formally participated in the 1996 session of the Conference on Disarmament and possess either nuclear power or nuclear research reactors. This list includes countries such as Bangladesh, China, North Korea, India, Indonesia, Japan, Pakistan, South Korea and Vietnam. North Korea, India and Pakistan are the only Asian countries on the list of 44 who have neither signed nor ratified the Treaty. The EU will urge those countries to sign up to the Treaty and, in particular, those States that will host International Monitoring System (IMS) stations. The EU plans to lobby regional organisations, like the Association of South-East Asian Nations (ASEAN), to accelerate the ratification process and the early entry into force of the Treaty.

Agriculture Council 24th April

CFSP

The Council adopted its annual report on the Common Foreign and Security Policy (CFSP). This report, which runs to 174 pages, outlines the main aspects and basic choices of the CFSP, including the financial implications for the budget of the European Community. The report describes the Common Positions, joint actions and implementing Decisions, Declarations, démarches and political dialogue engaged in by the EU throughout 2000. It is largely a country-by-country and issue-by-issue record of the activities of the Union. By way of example, it includes a financial statement of the Cambodia small-arms project, which is designed to combat the spread of small-arms and light weapons. The EU project is designed to assist the government of Cambodia to develop appropriate laws for the regulation of ownership, possession, use, sale and transfer of arms. The programme involved, *inter alia*, a voluntary arms surrender project in



two provinces. The contribution by the EU to the whole programme, in 2000, was €1.3m. The United Kingdom separately provided €20,000. The financial statement proceeds to list the salaries for everyone from the project Manager to the cleaning staff.

ECOFIN Council 7th May

Fibres from Indonesia & Taiwan

The Council adopted a Regulation amending Regulation EC/978/2000 imposing a definitive countervailing duty on imports of synthetic fibres of polyester originating in Australia, Indonesia and Taiwan. Taiwanese exporting producers brought two applications before the Court of First Instance seeking the annulment of Regulation EC/978/2000 on the grounds that the methodology applied by the Commission in determining the level of subsidisation was incorrect. The Commission examined a particular subsidy scheme, which allowed a tax credit for the purchase of automation and pollution control equipment, which was established to be countervailable. The Commission in subsequent proceedings concerning imports of a different product from Taiwan revised this methodology. The Taiwanese requested that the new methodology be applied to the year 2000 Regulation. The re-examination for Taiwan showed that the actual level of subsidy was *de minimis*, that is, a country-wide level of subsidy below 1%. The new Regulation, therefore, repeals the duties imposed on Taiwan in 2000 with retro-active effect. As the subsidy scheme was found only in Taiwan, the countervailing duties for Australia and Indonesia remain unchanged.

EU Police Commissioners 10th May

Police Headline Goal

The Police Commissioners of all 15 Member States met in Brussels, on 10th May, to discuss progress made towards reaching the headline goal of police capability for civilian crisis management that was established by the European Council at Feira. The goal is for 5000 police officers to be available by 2003 for conflict prevention and crisis management operations. 1000 of these officers should be ready to be deployed within 30 days. The delegations informally pledged approximately

4700 police officers. This number had been indicated in advance following consultations with the Co-ordinating Mechanism for Civilian Crisis Management in the Council. The meeting heard that the Secretary General of the Council, Javier Solana, intends to establish a Civilian Police Affairs Unit in the Council Secretariat.

The meeting was chaired by the Swedish National Police Commissioner, Sten Hechscher. Ahead of the conference he circulated a document, which outlined that the first step for the police goal would be to develop a capability to implement low-level EU police operations, such as training, observing and monitoring. The second step would be to develop the capability for autonomous operations at the level of conflict prevention and crisis management. EU crisis management, Hechscher said, should be compatible with the capacity of the United Nations. Because the Feira goal foresees police missions with executive mandates, that is, the right to use weapons not only in self-defence, European police officers should have adequate training. Hechscher proposed that, after receiving sufficient training, officers should receive a "Blue Card", which would be a training certificate for all types of missions. The 1000 police officers should definitely have these cards, he said.

Speaking to the press, Hechscher said that the EU would not finance the police force but that it would be up to the Member States. The EU and the Commission could, however, organise the necessary training. In total, Member States have pledged about 1% of their national forces. The 5000 officers should be ready by 2003 as planned and, Hechscher indicated, Member States have said they would add officers with specific expertise if needed. He said that the responsibility for crisis management should be shared not only with the police and defence authorities but also with officials, such as prosecutors, judges and prison personnel. Although not present at the meeting, the High Representative for CFSP, Javier Solana, produced a short paper on the conference. This notes that the Council, in co-operation with the Police Commissioners, has drawn up a list of policing functions needed to cover the tasks of international police operations. The list of functions covers executive, training and advisory type missions. Solana welcomed the initiative of the Presidency to draw up an action plan to speed



up progress in developing the headline goal and the ability to conduct EU-led operations.

General Affairs Council 14th-15th May

EU-UN Crisis Management Co-operation

At the Nice European Council, in early December 2000, France presented a report on European Security and Defence policy. This report called on the next Presidency, Sweden, and the High Representative for CFSP, Javier Solana, to identify areas for co-operation in crisis management with the United Nations, the Organisation for Security and Co-operation in Europe (OSCE) and the Council of Europe. The General Affairs Council, on 14th May, discussed such areas for co-operation with the UN ahead of a report that will be prepared by the Presidency. This report will be presented to the European Council meeting, on 15th-16th June, at Gotëborg. The Foreign Ministers adopted a declaration after meeting with UN Secretary General, Kofi Annan, which states that the UN is a “key partner” for the European Union both in crisis management and conflict prevention. The EU Political and Security Committee has agreed on guidelines for a “strengthened dialogue at all levels” with the UN.

Indonesia

The Council, at the request of the Dutch delegation, discussed the situation in Indonesia and adopted Conclusions underlining the strategic importance on a strong, democratic and united Indonesia. The Conclusions “firmly support the territorial integrity” of the country. The Council highlighted what it called “positive changes” since the EU last adopted conclusions on Indonesia in March 2000 (see *EurAsia Bulletin* Vol. 4 No. 3 p18 for details). These include the consolidation of the freedom of expression, association and religion; the strengthening of the legal and institutional framework for the protection of human rights; the growth of an active civil society and, lastly, improved relations with East Timor. The Conclusions also examined areas where Indonesia was making “slow progress”. These are, the EU believes, judicial, legal and economic reforms.

Security and Defence Policy

Ministers heard a report from Swedish Foreign Minister, Anna Lindh, on progress in meeting the targets for European Security and Defence Policy. She highlighted progress in establishing the permanent military structures, such as the European Union Military Staff (EUMS), the European Union Military Committee (EUMC) and the Political and Security Committee (PSC). These structures are to be formally established on a permanent basis under the Swedish Presidency. The meeting also assessed progress made towards reaching the headline goal in civilian crisis management. (For details of the headline goal see above). The meeting adopted two documents on the EU’s operational capability. The Council approved an Exercise Programme and a report on EU Exercise Policy. These documents are designed to prepare for the testing and validation of the new structures and procedures. Exercises, the Council feels, could also indicate requirements for new capabilities and prompt Member States to refine their contributions to the headline goal.

Informal Defence Ministers Meeting

The 15 Foreign Ministers of the EU used the opportunity of the General Affairs Council meeting to meet with the 15 Defence Ministers. Both sets of Ministers then met with the Defence Ministers of the candidate countries and with the non-EU European members of NATO. On the agenda was the state of play with regard to the development of the military headline goal and the prospects for the Capabilities Commitment Conference to be held under the Belgian Presidency. The issue of the role and responsibilities of the candidate countries for accession to the EU in the process was also discussed. The meeting decided to appoint “points of contact” to the EU Military Staff, for those countries. Javier Solana, who took part in the meeting, said that the gaps in the EU’s capabilities were well known. It is essential to make progress in erasing the shortfalls ahead of the November conference. He called on the Ministers of Defence to give “political guidance” on the choices that are necessary to ensure that the Rapid Reaction Force has the ability to respond and manage future crises. The first step in establishing priorities should be, Solana said, to improve the way the Member States



collectively allocate existing resources. He proposed three building blocks for the EU to have a credible operational capacity. Firstly, the EU must come to a realistic assessment of its current military and civilian capabilities by the end of the year. Secondly, the EU must be assured that the Member States can work effectively together. This would mean testing the decision making procedures. Lastly, the EU must demonstrate sufficient political will to assume its responsibilities.

TV Cameras from Japan

The Council adopted a Council Regulation amending the Annex to Regulation EC/2042/2000 imposing a definitive anti-dumping duty on imports of television camera systems (TCS) originating in Japan. Following a request by a Japanese exporting producer, Sony Corporation, the Commission launched an investigation into Sony's request to add new models of professional camera systems to the Annex of Council Regulation EC/1015/1994 that imposed a definitive anti-dumping duty on imports of TCS from Japan. The Annex to that Regulation exempted from the scope of the anti-dumping duty, those professional camera systems, which although technically conforming to the product definition of TCS could not be regarded as being used for identical purposes. Following Sony's request, Community producers claimed that Sony's models should not be exempted from the duty. However, the Commission investigation established that the vast majority of the users of the products were, in fact, in the professional sector and, thus, should be included in the Annex and that the specified models would be exempt from duty.

Aluminium Foil from China

The Council adopted a Council Regulation imposing a definitive anti-dumping duty on imports of certain aluminium foil originating in the People's Republic of China and Russia. (For details of the Commission proposal see Commission section above). The Regulation implements an anti-dumping duty of 15% on the net, free-at-Community-frontier price for all Chinese exporting producers. The corresponding rate for Russia is 14.9%.

Industry and Energy Council 14th-15th May

World Shipbuilding

The Council adopted Council Conclusions on the situation in world shipbuilding. The Council highlighted the "serious concern" of Ministers at the "critical situation" in shipbuilding. The market is characterised by "very low prices" and significant over-capacity. The Council stated that these problems are attributable "mainly to Korean shipyards". The Council also debated the Commission's Fourth Report on the situation in World Shipbuilding. Ministers called on the Commission to continue to monitor the market situation and to continue the investigation, currently underway, on export subsidies. Despite the promises made in the Agreed Minutes, adopted in April 2000, the Council "deeply regrets" that no progress has been made through bilateral negotiations with the Republic of Korea. (For details of the Agreed Minutes see *EurAsia Bulletin* Vol. 4 No. 4&5 p25 and Vol. 4 No. 6&7 p32). The Council also declared its "strong support" to the Commission to launch a WTO procedure, if a solution is not reached with Seoul by 30th June 2001.

Agriculture 22nd May

Tuna Imports from Cambodia

The Council adopted a Council Regulation prohibiting imports of big-eye tuna (*Thunnus obesus*) originating in Belize, Cambodia, Equatorial Guinea, Saint Vincent and the Grenadines and Honduras. The Council Regulation follows a Commission proposal that was adopted in March 2001. The Regulation stems from a requirement under the International Commission for the Conservation of Atlantic Tuna (ICCAT) that, in November 2000, adopted two recommendations requiring the contracting parties to the Commission to prohibit the import of big-eye tuna from selected countries. The European Community has been a member of the Commission since 1997. The Commission identified these countries for unreported and unregulated catches of tuna in a manner likely to negate the Commission's objective of tuna conservation. Thus, the Council Regulation prohibits the import, into the Community, of Atlantic big-eye tuna from these countries. This sanction will commence on 1st July 2001 (except



for Honduras when it will commence on 1st January 2002).

United Nations Forum on Forestry

The Council adopted Conclusions on the Community position in preparation for the first session of the UN Forum on Forests (UNFF), in June 2001. The UNFF was established in October 2000 after a Resolution in the Economic and Social Council of the UN. At present, the membership of the UNFF is 53 States. This includes 9 of the fifteen EU Member States and, *inter alia*, China, India, Indonesia, Japan, Mongolia, Pakistan, the Republic of Korea and Thailand.

The objectives of the UNFF include promoting the implementation of the Intergovernmental Panel on Forest proposals for action and developing initiatives to enhance international co-operation. The UNFF should be a forum for dialogue among governments and should foster a common understanding on sustainable forest management. The UNFF should promote policy co-ordination between international and regional institutions and instruments and push for co-ordination among donors. The UNFF will monitor and assess progress at national, regional and global levels and, on that basis, consider proposals for future action.

The EU Council declared that sustainable forest management is an integral part of sustainable development. Ministers re-affirmed the commitment of the EU to the implementation of the Rio Declaration on the Environment and Development, Agenda 21 and the Forest Principles. The June meeting will adopt a multi-annual work programme, address the financial provisions for a plan of action concerning the Intergovernmental Panel on Forests and take forward work on the Collaborative Partnership on Forests (CPF). The CPF is a body very recently set up by the UNFF, which is composed of the executive heads of relevant organisations in the UN and the heads of other international organisations. The EU Council Conclusions propose that the UNFF agenda should deal with one cross-cutting issue and two other priority issues. The Council calls for the creation of working groups on finance, developing a legal framework and a reporting system that includes monitoring and assessment. The Economic and Social Council Resolution calls on the UNFF, within five years, to consider setting out the

parameters for developing a legal framework on all types of forests. Lastly, the EU Council proposes that high-level ministerial meetings should take place twice within the five years of the UNFF.

Presidency Declarations

Nepal

The Presidency adopted a Declaration on Nepal, on 12th April, expressing “profound concern” at the serious escalation of violence and loss of life through the Maoist insurgency. The Maoists have been fighting for the last 5 years for the overthrow of the democratically elected government. The Declaration gives EU support to the government of Prime Minister Girija Prasad Koirala and Nepal’s Constitution, which was adopted in 1990. The EU calls on “all parties” to exercise full respect for human rights and the rule of law. All parties should find a “negotiated and peaceful resolution” to the conflict. Finally, the Declaration states that citizens have a legitimate right to “live in safety” and that the government has a right to provide that security.

Philippines

The Presidency issued two Declarations on the Philippines. The first, on 27th April, welcomed the decision of the government of the Philippines and the National Democratic Front to resume peace negotiations. Should the two parties reach an agreement, the Presidency noted, the necessary reforms for social and economic development could get underway. The second Declaration, on 4th May, expressed regret at the recent violence and loss of life. Ahead of the elections, on 14th May, the EU asked for restraint and co-operation to secure a peaceful and fair electoral process. The Constitution, human rights and the rule of law should be respected by all political forces in the country. The Presidency committed the EU to co-operating with the new administration in addressing Philippines development priorities.

Indonesia

On 10th May, the Presidency issued a Declaration expressing “deep disappointment” over the judgements handed down to the six people arrested for the “killings” of three staff members



belonging to the United Nations High Commission for Refugees (UNHCR) branch office in Atambua, West Timor. A United Nations Staff Union press release issued on 4th May that also condemned the sentences, referred to the deaths as a “slaughter”. The workers, from the United States, Croatia and Ethiopia, were killed in September 2000. The three were stabbed and stoned to death and their remains were set on fire. The six accused received sentences ranging from 10 to 20 months in a Jakarta court. The EU Declaration concurs with the statement made by UN Secretary General, Kofi Anna, on 4th May, that the “ruling appears incommensurate with what is known to have been deliberate and brutal killings”. The EU welcomed the fact that the Indonesian Attorney General, Marzuki Darusman, said that the prosecutor of the case intends to appeal the judgement.

Belgian Presidency of the Council

Work Programme

On 2nd May, fully two months before it assumes the Presidency of the EU Council of Ministers, although increasingly this is being called the Presidency of the European Union, Belgium published the first details of its priorities for its six month term at the helm of the EU, which begins in July. Guy Verhofstadt, Belgian Prime Minister, and his Foreign Minister, Louis Michel, outlined 16 priorities under 6 main themes. On internal policy, Verhofstadt highlighted the introduction of the euro, quality of work, pensions, Eurojust (a permanent unit of magistrates with the power of enquiry), sustainable development some as areas Belgium would work on.

He also talked about giving more impetus to the establishment of an EU common asylum and migration policy. Verhofstadt noted that the current year is the 50th anniversary of the Geneva Convention on Human Rights. This, he said, would be an important spur to Belgium to make it a priority to establish an effective EU policy. Emphasis should be put on harmonising asylum granting procedures and the reception of refugees. The Union must develop burden-sharing procedures that are fairer and more precisely establish which Member State should deal with an asylum request. Belgium, as President of the Council, would intensify the

fight against illegal immigration and combat the trafficking and smuggling of human beings. A “high impact type action” will be organised at the future external borders, he said, specifically to combat trafficking. He did not elaborate on what this action might be. The second chapter indicates that another priority for Belgium will be to “determinedly continue” with the enlargement process. A third chapter deals with the external dimension of the EU. It is sub-titled “towards the stabilisation of the European continent and a strengthening of the European voice in the world”. To achieve this, Vehofostadt proposes that the High Representative for CFSP, Javier Solana, would have a “more prominent role” and that Solana would enjoy “strengthened consultations” with the Commission. On this point, Louis Michel stated that Solana “would be increasingly representing the EU” in foreign policy. The role of human rights in EU foreign policy should be given a “prominent place” in the common foreign and security policy.

On European security and defence, the Belgian work programme states that public opinion “favours a further development of Europe’s own defence identity”. The development of this identity would be central to Belgium’s Presidency. Michel said that the December European Council “must declare” the EU operational in terms of crisis management. He wants the necessary military and civilian structures and operational procedures to be approved at that meeting. A long-term agreement will have to be reached with NATO regarding EU-NATO co-operation. Such an agreement would be announced in a Laekan Declaration. Europe, he continued, should be expected to make both political and financial contributions to efforts that promote the stabilisation of regional conflicts. Political dialogue with third countries must continue. In this respect, he mentioned Russia, the USA, Africa and Latin America. Speaking very briefly, Michel said that there would be summits with Japan and India during the Belgian Presidency and that Belgium would promote the democratisation process in East Timor. He called on Member States to speak with one voice on cross-cutting issues. In one breath he mentioned Burma, anti-personnel land –mines and the death penalty.

The informal European Council will take place in Gent on 19th October with the formal meeting scheduled for December 14th-15th in Laekan. ■

**CAMBODIA'S RURAL
PROPERTY RIGHTS**

by John Quigley

On 10th April, Frank van Acker, of the University of Antwerp's Centre for Third World Studies, addressed a lunchtime briefing of the European Institute for Asian Studies on "Cambodia's economic transition – the legal reform of rural property

The issue of rural property rights is, van Acker said, very central to Cambodian politics; so central, in fact, that the Prime Minister thought it important to issue a declaration, in November 2000, on the problem of violence in the fishing industry in Cambodia's flood plain. The development of rural property rights has had to take account of several factors, including the transition from conflict to peace and the transition from a planned to a market economy. The importance of rural development in Cambodia can be emphasised by the fact that upwards of 85% of the population live in rural areas. Of these, 82.5% depend on agriculture, a sector that is characterised by low productivity. When an economy starts from a low position, even a modest improvement can have substantial effects. Thus, between 1995 and 2000, when real gross domestic product (GDP) increased by 10%, poverty declined by 36%.

The government has declared the aim of translating economic growth into poverty reduction. This could be achieved by improving services, increasing productivity in the agri-sector and targeting the structures of public expenditure. Other challenges facing the government include the problem of urban bias. Approximately 80% of the annual budget is spent in Phnom Penh, although only 10% of the population lives there. Cambodia also faces rapid population growth in the coming years. Out of the current population of 12m, almost 5.5m form the active element. For the foreseeable future, 140,000 people will enter the labour force annually. However, according to the International Labour Organisation (ILO), the market will only be able to absorb some 30,000. This massive surplus has meant that wage levels for unskilled labour has decreased by 10%. This

is also increasing pressure on land at a time when large areas of Cambodia are protected forest or are still mined. Although there are no reliable statistics on the problem of landlessness, it is estimated to be between 6 and 16% of the population, depending on the province

What, van Acker posited, could the Cambodian government then do to promote rural development. As most labour in Cambodia is household labour, the room for manoeuvre is limited. Equally, with the growth in population, land is increasingly scarce. Cambodia has two different agricultural systems. The upland culture is centred around forestry and market crops like rice. Cambodia produces 1.7 tonnes of rice per hectare, which is the lowest productive rate in Asia. The lowland culture is dependent upon the flood plains, particularly around the Tonle Sap lake, created by the seasonal ebb and flow of the Mekong and Tonle Sap rivers. In the lowlands, the extent of the inundation is vital but not all provinces are flooded to the same extent. The lowlands industry is centred around shrimps, crabs, snails and aquatic vegetables. Annual consumption of fish is 75 kilos per person, which is the highest in the world. These flood areas are governed by fishery laws and are a major source of conflict.

There are three different historical legacies in relation to land in Cambodia. Traditionally, the king owned all lands. Then, in the 1950s, he declared that it belonged to the State. Individuals could farm the land but not own it. The Khmer Rouge, in 1975, changed the rules when they introduced collectivisation. A new system of privatisation was introduced in the 1980s. By 1993, approximately 4m people had entered claims to land in the land registry office but, to date, only 10% of these applications have been processed. The government, in 1989, introduced a system of private access to fishing rights in the flood plains for specific areas. Claims go to the highest bidder for a period of two years. These claims can exist side by side with open access areas. Elsewhere, land has become the subject of monetary transactions without actually becoming individual property. This has given rise to dual claims and land grabbing by public officials. The enforcement of water rights is equally difficult, with inspectors who earn \$20 per month. To supplement this income, fishery inspectors often accept bribes from lot owners. Also, inspectors



may force fishermen to pay for access to public areas.

The conflict between upland and lowland cultures is expressed in many ways. Lowland farmers cannot see why the forests should not be cleared for timber and subsequently used for crops. Upland farmers would like to see the flood plains drained and reclaimed. In the flood plain, fishermen routinely build dams to retain receding water. In the past, where there used to be complaints to human rights organisations about abuse of civil rights, now Cambodians complain about their social and economic rights. The lack of sustainable development projects in the forests highlights the paucity of environmental considerations and government regulations to deal with, for example, clear-cutting. Recently, the moves by the government towards privatisation of land have suffered a setback. After strong popular protests, collectivisation is slowly being re-introduced. In February 2001, half of all fishing lots were abolished. The Prime Minister indicated that under a “co-management system” communities should manage specific areas for themselves.

However, the social capital or sense of community may be declining in Cambodia. Interestingly a significant amount of the remaining social capital revolves around religious structures. Van Acker thought that Cambodia could make more effective use of the religious structures in promoting rural development. It was a problem, though, that rural development in Cambodia was often expressed in political terms. The democratisation process that is underway also impacts on the problem. Most of the landless poor are former soldiers.

Marina Pok of the Asia-Europe Centre, Institut d’Etudes Politiques de Paris, and the Cambodian Institute for Co-operation and Peace, acted as discussant. She said that the situation in Cambodia had evolved with the changes in government. The redistribution of land under the Paris Peace Agreement was still under discussion even though the government tried to allocate land during the negotiations. The issue of the re-integration of soldiers into local communities was complicated by the plight of refugees. Those living in border refugee camps were given a choice to return to their home village but had no right to re-claim property, which they may have held before 1979. The land claim is further

complicated by people who are moving across the Cambodia-Vietnam border and filing property claims. Communal elections at the village level have been set for February 2002, Pok said. She did not think the policy of collectivisation was following a political direction. Although the gap between upland and lowland areas is recognised, one should also consider the gap between rural and urban areas. She proposed that, if more democratic power would be devolved to the people, then it would be appropriate that they receive some training in the exercise of these responsibilities. Re-settlement at the village level was, she agreed, a source of conflict, but these tensions could be resolved once the communal elections had taken place.

Questions & Comments

Helena Konig, European Commission, asked whether there were any comparative studies with similar countries in the region. If other countries could manage the flow of young people into the labour force, would Cambodia have anything to learn from them. Dr. Willem van der Geest, Director, EIAS, said it would be a risky strategy for Cambodia to try and plan economic development based upon a lower labour price than other equally less developed countries. Cambodia, he said, has several unique advantages centred around its natural resource base, which includes agriculture and fisheries. Ok Serei Sopheak, Centre for Peace and Development, Cambodia, pointed out that the migration from the countryside to the cities was a result of paid work. He believed that the garment sector might help invigorate the Cambodian economy. The sector earned \$960m in the year 2000. What may affect the Cambodian sector would be the entry into the WTO of China.

Dr. Paul Lim, Senior Research Fellow, EIAS, felt that the government would allow the drift from agriculture to industry as a way to alleviate Cambodia’s poverty. However, he suggested that a resolution of the land problem would give people a choice between agriculture or industry. Dick Gupwell, Secretary General, EIAS, wondered to what extent further de-mining could free-up land for agriculture or dwellings. What, he asked, was the extent of illegal logging. He believed that the result of the local elections in early 2002 would



be as important as the earlier national elections in determining the success of rural development.

The Speaker in Reply

The government, van Acker stated, had several repatriation packages. Two packages included land proposals and one promised a cash settlement. However, the land promised was often not forthcoming. Land may have been mined, already allocated or placed in a reserve by the village community. These problems led to a secondary migration. The demarcation of the Cambodia-Vietnam border is a live political issue. Prior to the Khmer Rouge period, it was not always clear where the border was. With refugees crossing into Cambodia to flee the uprising in the highlands of Vietnam, there has been a problem with anti-Vietnamese sentiment. Other countries on the Mekong delta, like Vietnam, Thailand and Laos, had considered privatising fishing lots, but concluded that the proposal was too controversial. A comparison with its neighbours may not be so appropriate, van Acker suggested. However, the key to peace in Uganda, another war-torn society, was the successful de-mobilisation of the army. Cambodia is only starting this process.

With such a large proportion of the population looking for work, the government has pin-pointed the garment sector as a prime motivating factor for the economy, primarily through foreign direct investment. There was, he said, a deliberate policy of de-forestation but, after strong pressure from the World Bank, the government has clamped down on farmers. While illegal logging may have slowed inside Cambodia, it is still taking place along the border, particularly with Thailand. Approximately 100,000 hectares are still mined, which, although not large when considered in relation to total land area, should take account of the fact that a lot of mined land is agricultural land. However, with the developing economy, traffic injuries and deaths are slowly exceeding injuries and fatalities from anti-personnel mines.

Marina Pok, in conclusion, doubted whether the garment industry could be a panacea for Cambodia. Many countries, including Vietnam and Bangladesh, can compete with Cambodia on labour price. Neither the legal nor illegal logging industry brings much revenue to the government. Typically, licences are granted to foreign

companies and there is little control on their operations. With such a large focus on Thailand, illegal operations have now, she believed, switched to Laos. The role of donors also needs to be reviewed. The United Nations proposed planting fast growing trees, like eucalyptus, in deforested areas to prevent erosion. However, it is well known that eucalyptus dries out the soil, thus making it infertile. ■

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ENVIRONMENTAL RESPONSIBILITY IN ASIA

by Navtej Dhillon

A string of conferences and seminars took place in the last two months on the ubiquitous theme of corporate social responsibility (CSR) and sustainable development. In the month of May alone, some 20 different events took place on this very theme in Europe.

It is somewhat daunting and nerve-racking for the EU-India CSR team to discover that corporate social responsibility – the theme of our project - is being discussed so fervently in different corners of Europe. Does the EU-India CSR project have any fresh contribution to make to a debate imbued with ideas and perspectives? The European Partners for the Environment (EPE) and United Nations Environment Programme (UNEP) organised an Asia-Europe exploratory roundtable on ‘Foreign Direct Investment and the Environment’, which took place in Brussels on 8-9 May. EIAS and EU-India CSR were given the opportunity to organise a session as part of the roundtable. It was time to test our fears.

The roundtable focused on the impact of Foreign Direct Investment (FDI) – the most significant type of capital flow to developing countries – on the local environment. It also looked at the role of financial institutions, as providers of capital, in ensuring that investment has a positive impact on the local environment. The outcomes and discussions of the roundtable are part of an on going process, which is looking at developing an Observatory on the FDI in relation to the environment. A study is underway to look at the feasibility of an Observatory on FDI. The findings of the study, expected to be completed by March 2002, will be presented to the UN High Level Conference on Financing for Development in Mexico and the World Summit on Sustainable Development in Johannesburg.

The session organised by EIAS and EU-India CSR specifically focused on environmental responsibility in Asia. The session, entitled ‘Asian Business Environmental Responsibility:

A Reality?’, was chaired by Dr Paul Lim, EIAS Senior Research Fellow. Dr Lim opened the session by asking what environmental responsibility meant for Asian countries.

Mr Liew Chong-Ho, Managing Director of Sluys International N.v, a Malaysian company manufacturing flavours, emulsions and fragrances with operations in Belgium, shared the experience of his company in coping with pollution. Sluys International generates air and water pollution. Mr Liew explained that a new system for air filtering and water discharging was put in place, in order to minimise air and water pollution. The system cost the company 35 million Belgian francs.

He acknowledged that environmental standards in their Malaysian plant were less stringent compared to Belgium. He said companies in Malaysia continued to make profit at the expense of the environment. Mr Liew advocated that, in order to promote environmental responsibility amongst Asian companies, Europe and Asia should work together to discuss environmental issues, as part of the growing trade and investment links between the two continents. This dialogue should also involve the local government that has good knowledge and understanding of local environmental issues and can help develop effective policy measures. He also suggested that Europe should look at ways in which it can help provide training for local people in Malaysia to equip them with the know-how and skills needed for better management of the environment.

The state of environmental responsibility in India was presented by Ms Ritu Kumar, an environmental economist, who is the Director of the Tata Energy Research Institute (TERI) based in London. Ritu Kumar said, “India has a long history of business and corporate philanthropy”. As part of corporate philanthropy, Indian companies have had good environmental practices. But this, she asserted, is different from corporate social responsibility – which is more integrated, pro-active and strategic compared to corporate philanthropy. She said corporate social responsibility was “only just emerging in India”.

Referring to TERI’s recent survey on the environmental performance of companies in India, she said that few Indian companies had proper environment practices. The results also showed that large companies had better policies



and foreign owned companies had better disclosure procedures on the environment. However better disclosure procedures did not necessarily mean better environmental performance.

Ritu Kumar highlighted the key forces that were bringing change in attitudes towards the environment and sustainable development. She said that increasing trade and supply chain pressures from foreign investors was forcing Indian suppliers and contractors to follow high social and environmental standards. There are also rising demands from civil society and NGO's for companies to behave responsibly. A series of regulatory requirements have been put in place, though proper enforcement continues to be a problem. She referred to the recent regulation in New Delhi on the conversion of automobiles from diesel to Compressed Natural Gas. She said this is contributing to improving the quality of air in New Delhi.

She also cited successful corporate initiatives, such as 'Bombay First' – an initiative launched by 60 companies to sort out the environment waste management in Bombay. These forces, along with a new generation of business managers who, perhaps, understand the issues of the day better, means that India has the capacity to create a sustainable economy. Ritu Kumar concluded by saying that the challenge for Indian business was threefold: to combine global and domestic pressures to trade in a more sustainable way, to move from passive to positive policies on the environment and to move from a shareholder to a wider stakeholder engagement. She emphasised that this had to be accompanied with more active measures to tackle poverty.

Shoya Yoshida, the final speaker, discussed the role of trade unions in a company's environment policy. Mr Yoshida, a Policy Officer at the International Confederation of Free Trade Unions (ICFTU) in Belgium, said that workers are affected by environmental policies at both macro and micro level. It is also the workers who are likely to practice and implement a company's environmental policy on the ground. As a result of this, he argued that workers should be involved in the formulation and implementation of a company's environmental policy.

How can this be ensured? According to Mr Yoshida, 'only the guaranteed right to

membership of an independent union gives workers the necessary access to strategic decision making'. Workers have a very important role to play in better management of the environment. Mr Yoshida posited that one way of reducing greenhouse gases was by trade unions working with employees to achieve agreed targets at the workplace. Thus, the creation of a sustainable environment depends on the extent to which core labour standards are respected. According to Mr Yoshida, this was reflected in the Commission of Sustainable Development's decision in April 1999, which outlined that a sustainable workplace must respect standards, such as the right to bargain collectively and to refuse forced labour.

Moving on to the situation in Asia, Mr Yoshida said that these fundamental rights were not yet fully established in Asia. Only 3 out of 10 ASEAN countries have ratified ILO Convention 87 concerning Freedom of Association and the Protection of the Right to Organise. Only 5 countries have ratified Convention 98 on Collective Bargaining. He concluded by saying that, if Asian companies want to be successful in the global market, they must have sound environmental policies. In doing so, companies must involve employees and unions and view them as partners of the company.

One conclusion that can be drawn from the entire roundtable, plus the session hosted by EIAS and EU-India CSR, is that the environment is still not at the heart of investment decision-making, neither in Asia nor in Europe. It is also evident that there are differences in the level of debate and awareness of environmental responsibility in Asia and Europe. This makes it imperative that Asian voices, from both the private and public sector, are heard in the debate on sustainable development and corporate social responsibility. In the same week as the Europe-Asia roundtable, the European Commission held a conference on OECD guidelines on Corporate Social Responsibility. Part of the conference looked at OECD guidelines for non-adhering countries, such as India and China. Regretfully, there was no representative from these countries to contribute to the discussion.

EIAS and EU-India CSR will aim to bring forward Asian perspectives on sustainable development and corporate social responsibility and contribute to the debate in Europe. ■

EUROPE AND THE ASIA-PACIFIC

by Paul Lim

The ASEM process has spawned several academic conferences in the framework of Europe-Asia relations in Europe but they are not narrowly restricted to the ASEM process. Asian Studies and European Studies in universities should be working together if Europe-Asia relations are to be fostered in the academic field. Thus, in April, the Centre for Research in European Studies and the Asia-Pacific Group of the University of East Anglia, in Norwich, England, came together to organise a conference entitled, "Europe and the Asia-Pacific: Culture, Identity and Representations of Region". The difference with this conference was to bring in the Pacific islands as well. So, in a much broader meeting, there were also paper presenters from Australia and New Zealand.

Presentations included such subjects as "Europe in Asia's imagery", "Europe in the Asia-Pacific: The Russian Far East faces its Future", "Pierre Bordieu and Cultural Reproductions in Malaysia, Sri Lanka, New Zealand and Northern Ireland", "Culture, Identity and Conflict: The Islamic Presence in Sweden", "Constructing Japan in Asia", "Stories of Representation: Translating China in the 1980s and 1990s", "Lack of symmetry, Lack of summitry: The European Union and Australia", "Regional Integration and National Identity: The British in the EU and the Japanese in APEC", "The Security Culture of the European Union and China and the Construction of Security Partnerships in Europe and Asia", "Security Communities in East Asia and Europe: NATO and the Japan-US Alliance", "An In/alienable Narrative? Property Rights in China and the West", etc. The session attended by this writer concerned the ASEM process, where two papers were presented, one on "ASEM, NGOs and the Politics of Summitry" and the other on "The Political Economy of Asia-Europe Meeting Development: A View of East Asia". Some of the papers were made available for participants (copies may be obtained from EIAS) but others were unfinished.

One high quality paper on Islam dismissed the image in Europe that fundamentalist Islam was the only trend because there were others. Another, on translating works on China in the 1980s and 1990s, posited that Western translators tended to translate their own perceptions or representations of China and that their choice of works to translate was often coloured by the writings of dissidents. Most translations were undertaken in the United States. In the paper on "Constructing Japan in Asia", the relationship of Japan to the rest of Asia was described as "instrumental". While Japan was often represented as a Western country, it found itself as something between an Asian country and a Western country. Finally, in a paper on "The Role of Law in the Shift from National to Regional Identity Constructs", the author stressed that, coming from a legal discipline, he noted that people often discussed problems only from the standpoint of their own discipline, while concrete legal identities were often forgotten. For example, political scientists, sociologists, economists, etc, frequently discussed the European Union in their work, without taking into consideration, in their theorising and analysis, the legal constitution of the EU as enshrined in the Treaties.

ASEM was a particularly new theme to this group of academics, which suggests that ASEM is relatively unknown to the academic community in general. Only a limited group of academics are aware of ASEM and there is little research done by academics into ASEM. Part of this problem is, perhaps, because it is new and that the availability of documentation is scarce. Much more has to be done to reach out to academics, particularly the younger ones. More often than not, those in the know are senior academics. This conference seemed to centre on younger academics and doctoral students and this augurs well for the creation of a future corps of academics interested in Europe-Asia studies, although senior academics were also present. Moreover, it is obvious that the subject of Europe-Asia relations goes beyond just the ASEM process. ■

Editor's note:

Dr. Paul Lim, the Institute's Senior Research Fellow, follows developments in ASEM closely and was the author of an EIAS Briefing Paper (BP No. 99/4) on ASEM III.



SUSTAINABLE DEVELOPMENT IN INDIA – A LONG WAY TO GO

by Navtej Dhillon

India's cultural and aesthetic beauty often acts as purdah for some of the alarming problems the country is facing. Anil Agarwal, a leading environmentalist, author of several books and winner of Padma Bhushan – one of India's highest public service awards, speaking at the OECD Forum on 'Sustainable Development and the New Economy', held on 14-16 May in Paris, provided a piercingly critical perspective on the problems facing India.

Anil Agarwal said India was failing to decouple economic growth from environmental degradation. In fact, India was heading towards a disaster – though he optimistically added that it was preventable. He argued that problems facing India are different in rural and urban areas. The two, he said, are different economies. Urban areas are built and developed on the western technological paradigm that is energy intensive and toxic. He said pollution in urban areas in India is growing very rapidly. A World Bank study found that, as India grew by 2.5%, pollution increased by 8%.

Mr Agarwal's organisation, called the Centre for Science and Environment, recently published 'The Citizens' Fifth Report – an analysis of India's natural resources'. Drawing from the report, Mr Agarwal stated that rising pollution is leading to growing health problems in Indian cities. The report states: "Air pollution, due to vehicles in cities and *chulha* smoke in villages, is responsible for about 2 million premature deaths every year. One out of every 10 school children in Delhi suffers from asthma, that is worsening due to vehicular air pollution".

Mr Agarwal bemoaned that, today, every Indian city was "choking for air". He said that, with increasing population, migration from rural to urban areas, increasing incomes and consumption and growing motorisation, Indian cities were becoming like "modern mines with no walls". To control the situation, India needs to leapfrog into the 21st century eco-friendly technologies.

He referred to the movement to introduce Compressed Natural Gas (CNG) – which is a less polluting gas compared to diesel - in New Delhi, where the Supreme Court has ordered scooters and taxis to move to CNG. Currently, there is growing civil society pressure on the Supreme Court to extend the order to buses and other vehicles as well.

Mr Agarwal stated that, as shown by the CNG movement, civil society pressures could make a difference in bringing change. Civil society should be strengthened and become better informed. He said that only 6-7% of India's R&D budget goes to Science for Ecological Security. There needs to be more research and more communication to inform people of the environmental problems.

In rural areas the challenges are different. Mr Agarwal said, "for people living in rural India - their problem is not economic poverty, repeat not economic poverty - but it is ecological poverty." The survival and well-being of the poor depends more on the 'Gross Nature Product' rather than Gross National Product. Mr Agarwal explained that there is a deep relationship between poverty and environment. He argued that, because survival of the poor is so dependent on the environment, any degradation of the environment is bound to have a profound impact on their lives. Any form of economic development that destroys the environment is the antithesis of development, and is likely to destroy life and generate unemployment.

Mr Agarwal's Citizen's Report shows that, in India, dams have displaced 14-22 million people. He argued that, in rural India, generation and management of water should revert back to traditional and simpler methods. He advocated 'community-based rainwater harvesting' – a paradigm of the past but with remarkable strengths. 'Community based rainwater harvesting' made perfect sense in a monsoon climate, such as India. He stated that 1 hectare plus 100 mm of rain – equivalent to the rain in the Gobi desert – produces 1 million litres of water. Rainwater harvesting has the potential of eliminating water shortage in Indian villages. Furthermore, Mr Agarwal argued that local people should be empowered to manage their natural resources.

The Citizen's Report also links environment to the education of girls. It states that, not only



cultural and economic factors act as constraints on the education of girls, but ecological degradation is also a critical factor. Ecological degradation puts a heavy work burden on women and young girls often help their mothers in managing the work burden. In a village called Syuta, based in the state of Uttar Pradesh, women and children were responsible for 59% and 26% respectively for the total annual work hours in the village, compared to only 15% by men. The report concludes: "Degradation of the rural countryside, resulting in firewood, fodder and water crisis, is responsible for increased workburden of women and depriving the girl child of education."

The education of female children is stupendously important as it has serious implications for population control – another huge problem facing India. The report says: "The 1981 census had revealed that women with no education had a fertility rate of 5.1 percent, while women with higher education had only 2.1 percent." With 197.34 million illiterate women, educating Indian women is a huge challenge facing India. Mr Agarwal's comments and the findings of the Fifth Citizens' Report (see www.cseindia.org) poignantly demonstrates how far India is from creating a sustainable economy and from decoupling economic growth from environmental degradation. ■

SAAS Publications

Here are some of the regular publications of our partners in the Strategic Alliance for Asian Studies (SAAS). –Ed.

IIAS NEWSLETTER

The regular bulletin of the International Institute for Asian Studies, situated in Leiden, contains general news about Asia and regional features covering Central Asia, South Asia, South-East Asia and East Asia, as well as a section on Asian art. There is also a supplement of Pink Pages providing IIAS news, news of the European Science Foundation's Asia Committee, SAAS News and an International Conference Agenda.



For further information, contact IIAS, P.O. Box 9515, 2300 RA Leiden, the Netherlands or e-mail to IIASNEWS@RULLETT.LeidenUniv.NL. You may also visit the IIAS homepage on www.iias.nl.

NIASnytt NORDIC NEWSLETTER OF ASIAN STUDIES

This is a quarterly publication of the Nordic Institute for Asian Studies, in Copenhagen, which contains a rich variety of articles on Asian affairs, as well as news about NIAS. More detailed news about the Institute can be found in the NIAS Review.



For further information, contact NIAS, Leifsgade 33, Dk-2300, Copenhagen S, Denmark or e-mail to jcs@nias.ku.dk. You may also visit the NIAS website on www.nias.ku.dk.

INSTITUT FÜR ASIENKUNDE

These are three regular publications of the Institut für Asienkunde in Hamburg. *Südostasien aktuell* is a bi-monthly survey of information about South-East Asia covering politics, economics, media and science. It provides regular up-dates about developments in ASEAN, other aspects of regional co-operation, news of Japan's role in the region and of individual countries in the region, including Papua-New Guinea. *China aktuell* is a monthly publication containing news of the People's Republic, as well as special features on Hong Kong, Macau and Taiwan. There is also an annual index. *Japan aktuell* is another bi-monthly publication, dealing with the world's second largest economic power, which is also the main trade competitor of both the United States and the European Union. Its articles, which cover domestic and foreign economic affairs, foreign and internal policy issues, science and technology and company news are largely based on original Japanese sources.



For further information, contact the Institut für Asienkunde, Rothenbaumchaussee 32, D-20148 Hamburg or e-mail to ifahh@uni-hamburg.de. You may also visit the IfA homepage on www.duei.de/ifa. ■

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- BP 96/01 Korean Energy Development Organisation, Prof. Reinhard Drifte, (June 1996)
BP 96/02 Eleventh Parliamentary Elections in India 1996; Dr. George Mathew, (July 1996)

1997

- BP 97/01 Rewind, Pause, Fast Forward?: Viewing the Ongoing Political Transition in Indonesia; 1996-1997, Dr. John Sidel, (March 1997)
BP 97/02 The Burmese Economy and the Withdrawal of the European Trade Preferences; Dr. Stefan Collignon, (April 1997)
BP 97/03 Pakistan at Fifty: Stalemate or a New Beginning?, Dr. Iftikhar H Malik, (April 1997)
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