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It's the economy, stupid

by Malcolm Subhan

The British Prime Minister, Tony Blair, probably hopes that he will be remembered as the leader who stood shoulder-to-shoulder beside the US President, George W. Bush, and led the nation into the war against Iraq. After all, nothing sets the adrenaline flowing faster than a call to arms. Compared to the thrill of victory on the battlefield, overcoming domestic opposition to UK membership of the single European currency, the Euro, is tame stuff indeed.

Victory in Iraq will make little difference to the future of the British people, however. British firms may win a few contracts for the rebuilding of Iraq; but given the size of the British economy and of its foreign trade, the income from these contracts will make little difference to the country's national income. Membership of the single currency may, however, lead to faster economic growth and more jobs. It is significant that the United States is not a free trade area but an integrated economy with a single currency.

The fact is that military power is increasingly irrelevant in today's world. The United States deployed its most modern weapons in Iraq, in order to ensure a quick victory. But it also tried to seduce Iraqi generals with dollars. If the new enemy is international terrorism, cluster bombs and daisy cutters and depleted uranium shells are largely useless against it. They are also useless in bringing to an end the numerous local and regional conflicts which disfigure the globe. Could they have been deployed to any purpose in Rwanda almost a decade ago? Can they be deployed in the Congo at the present time?

The challenges facing the European Union – and, indeed, the global community – are economic and social, not political and military. It is George W. Bush's handling of the economy which will determine whether or not he is re-elected. Likewise Tony Blair. The eight former Soviet satellites – “new” Europe – were obviously seduced by the prospect of being invited by the world's only “superpower,” and former enemy, to join it in military offensive against Iraq.

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But they know that in the end, it's the economy, the economy of the enlarged European Union, which counts.

Making an economic success of enlargement is therefore the first, and biggest challenge facing the EU. And the 15 member states have plenty of experience in this field, having come a long way in the half century since the creation, by six West European countries, of the European Coal and Steel Community and the establishment of the European Economic Community. The EU has overtaken the US in terms of gross domestic product (GDP), and is at the same level as the US as regards its share of world trade (imports and exports). All 15 EU countries form a single market, without internal borders, while 12 of them have the same currency, the Euro.

Of course the world has moved on since the early 1950s in economic terms. Manufacturing – metal bashing – now accounts for only one-fifth of the output of EU economies, as against more than half in the 1950s. It is more important today to be able to market a product – whether it is a shirt or a computer – than to own the plant to make it. Asia is no longer a supplier of raw materials: it generally processes its raw materials before exporting them. It has also taken over both the manufacture and development of a wide range of consumer and capital goods for the European and American markets. And, most important of all, it has begun to develop new technologies: South Koreans no longer manufacture microchips to European or American specifications – they are inventing them.

Here, indeed, is one of the major challenges facing the industrialised world: their monopoly on grey matter has been broken. One of the most striking examples of this is provided by India's software industry. Across Asia the "natives" are giving fresh meaning to the song that was so popular in the US in the 1950s: "Anything you can do I can do better..." At the Lisbon Summit in 2000 the EU set itself the goal of becoming the most competitive knowledge-based economy by 2010. It is unlikely to meet the goal. Investment in such areas as R&D and education is growing more slowly than expected. Industry is lagging behind in financing R&D, while public spending on education is levelling off, when it should be rising.

But is this desire to build a self-contained, self-sufficient knowledge-based society the re-appearance of the old Fortress Europe mentality? If no country today has a monopoly on scientific and technological development, the watchword surely should be co-operation – co-operation with China's space and nuclear industries, India's space and biotechnology industries, with South Korea's electronic industry, etc.

And yet such co-operation is feared, especially by governments, as it could lead to job losses in the EU.

Co-operation could perhaps help the EU find solutions to another of its major challenges – an ageing population. It will not be easy, because it will mean looking at immigration in a very different light than at present. The extreme right, the upholders of racial purity, will not be happy, if there is a deliberate attempt on the part of the EU to see how far its population problems can be dealt with effectively by drawing on the strength of developing countries – their very young populations.

The EU so far has tried to deal with the economic challenges posed by Asian countries through defensive measures. It is seeking to offset the advantage enjoyed by many Asian countries in terms of low wages by relocating its more labour-intensive industries in the new member states. In order to keep out cheap Asian garments it is trying to bring about a free trade area encompassing the enlarged EU, Turkey and all the southern Mediterranean countries.

What is missing is a vision – a blueprint, if you like – of the 25-nation European Union in the opening years of the 21st century. The Trade Commissioner, Pascal Lamy, has dealt with various aspects of the EU's relations with developing countries – through his "Everything But Arms" initiative, for example. His colleague, Erkki Liikanen, has tried to deal with the technological aspects of this relationship. Philippe Busquin is promoting scientific co-operation within the framework of the sixth framework programme. But there has been no attempt to bring these various elements together in a single, comprehensive document.

The EU's political agenda has been largely set by the United States. It is an essentially negative agenda, covering as it does subjects such as the proliferation of weapons of mass destruction, terrorism, failed states, regional conflicts and refugee flows, and pre-emptive strikes against the forces of evil. An economic agenda offers opportunities for peaceful co-operation; effectively implemented, it can also reduce the threats that feature so largely in the political agenda. ■

Editor's Note:

In our last issue, March 2003, pages 1&5, we inadvertently misspelled the name of the author of the article "Local government in India and China". The name should read 'Dr George Mathew'. *EurAsia Bulletin* apologises for this error.

Hong Kong Security Law

by John Cushnahan, MEP

When one thinks about Hong Kong, the current SARS outbreak immediately spring to mind. Mishandling of the initial outbreak, and the lack of transparency on the part of Beijing, have cost Hong Kong dearly. The outbreak has inflicted severe damage on the economy; but even more devastatingly, over 200 Hong Kong citizens have lost their lives as a consequence.

Several months ago it was a very different issue that occupied the minds of Hong Kong's politicians, its citizens and its international friends. The recently introduced proposals on national security by the local Hong Kong authorities caused widespread protest culminating in a huge demonstration in December 2002. However, while the SARS outbreak will eventually become a distant memory, the effect of the "Article 23" legislation will be more permanent, and have far-reaching consequences for Hong Kong's long term economic and political well-being.

No one can dispute that the HKSAR Administration has a legal obligation under Article 23 of the Basic Law to "enact laws on its own to prohibit any act of treason, secession, sedition, subversion against the Central People's Government." Just as supporters of the region's autonomy quote the Basic Law in defence of its continuing freedom, we cannot simply adopt an *a la carte* approach in our choice of Basic Law provisions. The issue has more to do, therefore, with the detail of the legislation and the timing of its introduction.

Initially, the HKSAR authorities professed their intention to conduct extensive consultations in this area. They published a consultation paper in September 2002, and a three-month discussion period followed, marked by intense public debate and several mass demonstrations. As the end of this consultation period approached, the European Parliament passed a Resolution calling for the publication of a draft bill, containing detailed provisions, followed by further consultations. On 21 February 2003 the HKSAR authorities published a Blue Bill (this procedure means that once a Blue Bill has been published in the Hong Kong *Gazette*, it passes directly to the Legislative Council, or LegCo). It contained some significant changes, and showed that the authorities had taken account of some of the concerns that had been expressed. However, serious issues remained, relating to proscription and sedition, for example.

In March 2003, a National Security Bills Committee was formed, with some 50 members from the LegCo. The government made it clear that the bill should be ratified by the summer. The LegCo predictably rejected

a proposal to extend the consultation period by an additional three months (bearing in mind that a minority of seats are elected on the basis of universal suffrage). The first public hearing was held in LegCo in April. There were complaints from pro-democracy groups, such as the Civil Human Rights Front, that they had not been properly informed of the deadline for signing up for the hearing.

Some 57 submissions were introduced, from a variety of groups, including 30 pro-Beijing groups calling for the quick passage of the legislation on grounds of national security. The Hong Kong Bar Association complained that each group would have only 5 minutes to present its arguments. It is obviously difficult to discuss complex legal issues, such as the definition and interpretation of treason, subversion, sedition and proscription, with the entire National Security Bills Committee in just a few minutes.

The European Union (EU) Presidency issued a statement in April 2003, concerning the Blue Bill, and commended the HKSAR authorities for having listened to concerns expressed locally and internationally. It recognised that some of the most troubling aspects of the draft bill had been modified. Jury trials, for example, will be used to try those accused of the proposed offences. The EU welcomed the fact that possession of seditious material had been dropped from the proposed legislation, but it viewed the definition of sedition as too broad, which could possibly restrict the fundamental freedoms enjoyed by Hong Kong citizens. Additionally, the EU stood by its original comment, that it was concerned that extra-territoriality may still apply to the offences of sedition, subversion and secession.

Despite this positive tone, it is arguable that some of the more worrying aspects of the proposed legislation still exist in the Blue Bill. Indeed, some critics claim that the provisions go beyond the scope of the original legislation, such as the articles on proscription. When an organisation is proscribed on the mainland, Hong Kong's Secretary for Security must decide if it is necessary to ban linked groups in the territory. The Secretary for Security is not compelled to follow Beijing's lead. However, legitimate worries exist that these provisions could be used by Beijing to pressurise Hong Kong into banning groups such as the Falun Gong.

In the early stages of the Article 23 debate, the appeals mechanism that applies to groups to be proscribed was criticised as very restrictive. The appellant did not have to be given the "full particulars of the reasons for the proscription in question," and the court could appoint another lawyer, not of the appellant's choosing, to represent him/her. This runs contrary to the spirit of Article 35 of the Basic Law, which grants "the right to ...access the courts" and the right to "choice of lawyers



for timely protection of their lawful rights". The Catholic Church in Hong Kong is also alarmed. The Bishop of Hong Kong, Bishop Zen, commented that the provisions could be used as "a powerful weapon to silence opposition".

Although serious concerns still remain, they have been overshadowed by the SARS epidemic, which continues to preoccupy the minds of everyone both inside and outside Hong Kong. It is an inappropriate time, therefore, to be pushing through controversial and far-reaching national security legislation.

These proposals have fundamental implications for Hong Kong's autonomy and fundamental freedoms. A better climate for rational and reasoned discussion will come about when the SARS outbreak has ceased to be a danger, on the one hand and, on the other, there is full public confidence in the region's executive and legislative structures taking decisions on the matter. This would happen if both the Chief Executive and the Legislative Council were elected on the basis of universal suffrage.

If pressure from Beijing is the reason for the indecent haste on this matter on the part of the HKSAR Administration, they would do well to pause and reflect. It was Beijing's bungling and secretive political methods that caused them so many problems with the SARS outbreak. They should be careful that history does not repeat itself on the issue of Article 23. ■

John Cushnahan is a member of the European Parliament. He has served as the EU's Chief Election Observer to both Pakistan and Sri Lanka. For several years Mr Cushnahan has written Parliament's report on the situation in Hong Kong.

FTAs and Japan's Trade Strategy

by Yoritumi Watanabe

The tide has turned toward the formation of free trade areas in East Asia. An agreement between China and ASEAN for setting up a free trade area within the next 10 years was unveiled at the ASEAN summit in Brunei in November, 2001. Moves to conclude bilateral free trade areas have picked up momentum. Singapore has inked or is hoping to ink such free trade agreements (FTAs) with Japan, New Zealand, Australia and the United States. South Korea is also negotiating bilateral pacts.

Japan had long insisted on a multilateral, non-discriminatory approach to the realisation of free trade.

This was based on the most-favoured-nation (MFN) principle, set out in Article I of the General Agreement on Tariffs and Trade (GATT). However, in recent years Tokyo also has come to appreciate the contribution that can be made by regional integration. It signed an Economic agreement for a New Age Partnership with Singapore in 2002. Support for other FTAs, such as with South Korea and Mexico, has also been growing within Japanese business circles.

FTAs originally focused on the removal of tariff and non-tariff barriers, and included trade regulations governing such matters as rules of origin, antidumping measures, subsidies and countervailing duties. Recently concluded FTAs provide for co-ordination and co-operation in such wide-ranging areas as trade in services, investment protection and harmonisation of competition policies.

These FTAs can include such trade facilitation measures as mutual recognition of standards and certification, simplification of customs procedures and improvement of databases. Even human, social and cultural exchanges have become agenda items for the negotiators, as in the case of the partnership agreement between Japan and Singapore. Observers have begun to call these non-traditional agreements "new-age" FTAs, an expression used by Singapore's Prime Minister, Goh Chok Tong, to describe the agreement with Japan.

On observing how the inclusion of trade in services and investment in the US-Canada FTA influenced the GATT Uruguay Round trade negotiations on new fields, people have come to view FTAs as testing grounds for multi-sectoral negotiations. Seen from this vantage point, FTAs are a stepping stone to multi-sectoral WTO negotiations and can be regarded as being complementary to the WTO set-up.

But should we really regard FTAs and the WTO as having a complementary relationship? As I see it, two problems must be considered. One is that while it may be true that the dynamic effects of FTAs will bring benefits to outside areas over the medium to long term, in the short-term perspective the formation of a free trade area will deprive exporters outside the area of profits they otherwise would have been certain to receive under MFN trade. The rescue of such exporters would be difficult, since there is no guarantee they will eventually become beneficiaries of the benefits that, over the longer run, turn up outside the free trade area.

The other problem is the threat of systemic risk to the WTO setup, as FTAs seem to be both growing in number and broadening in scope. No longer can we think of these as exceptions, as they were originally assumed to be. Whereas preferences within FTAs were supposed to be exceptions to MFN treatment, they



have gained the upper hand today, and the MFN principle may even become the exception to FTA preferences.

Japan's shift to FTA approval

Singapore Japan's trade policy, which long focused only on multilateral liberalisation in line with the MFN principle, is now being redirected. In December 1999 Singapore's Prime Minister, Goh Chok Tong, proposed a bilateral FTA to Tokyo, and less than a year later the two sides reached agreement on launching negotiations. Rarely do such initiatives get off the ground that fast.

But why Singapore? One important consideration in pursuing regional integration is similarity in the level of economic development. In this respect, Singapore stands head and shoulders above other Southeast Asian countries in terms of income levels. Its per capita income has risen to \$30,000, just under Japan's \$32,000. From Japan's perspective, Singapore is its seventh largest export market, fifteenth largest source of imports, and fifth largest investment destination. What is more, Singapore's business environment adds to its attraction to Tokyo.

As there are no tariffs on 84% of the Japan-Singapore merchandise trade, in value terms, a conventional FTA, focused on removing trade barriers, could not have hoped to have much of an impact on improving economic well-being. The Japan-Singapore Economic agreement for a New Age Partnership (JSEPA) was given a much broader design for this reason. In addition to eliminating tariffs, it extends its coverage to services and investment, and seeks to promote bilateral economic activities broadly, as by harmonising systems for electronic commerce, improving online trade procedures, and facilitating the movement of business people. If at least some of the trade in the agricultural sector, which has a 5% share of the bilateral trade, can be covered by the JSEPA, then conformity with WTO rules can be assured, and this agreement will have the potential to become a relatively ideal, "clean" FTA.

Mexico When former Mexican President Ernesto Zedillo came to Japan for a summit in November 1998, an agreement was reached on setting up a high-level working group to examine co-operation in a variety of areas. On the private sector level as well, Keidanren established a group to study the merits of an FTA with Mexico under its Japan-Mexico Economic committee, and the group began work in January 1999. The following month the Japan External Trade Organisation (JETRO) set up a body of its own. Japan's industrial world thus seems to be favourable inclined. With the enforcement of the EU-Mexico FTA in July 2000, a Japan-Mexico FTA should at least be

able to level the playing field between Japanese and European firms.

When Mexican President Vicente Fox came to Japan in June 2001, the two sides agreed on establish a working group to study the FTA question, making it more likely that Japan's second FTA will be with Mexico. After the talks reach the stage of formal negotiations, no doubt agriculture will present the trickiest problems. Of Japan's total imports from Mexico, one-fourth consists of farm, forestry and fishery items. Indeed, the question of what to do about agriculture and other primary sectors is likely to be the hardest one for Japan to handle in becoming party to FTAs in general.

South Korea The Korean side brought up the idea of a Japan-South Korea FTA in November 1998, and deliberations began first on a private-sector basis. Two research groups were set up, one under JETRO's Institute of Developing Economies and the other under the Korea Institute for International Economic Policy, and they presented reports at a joint symposium in Seoul in May 2000. At the end, agreement was reached on continuing the dialogue in a Japan-Korea business forum.

It is generally assumed that the economic relations between Japan and Korea are marked by bitter rivalry, but actually a fairly advanced division of labour has evolved in such industries as computers and electric and electronic products. The dynamic effects of an FTA would be amplified if companion agreements could be concluded for investment, mutual recognition of standards and certification, simplification of customs procedures, and harmonisation of systems for intellectual property rights.

In this case as well, farm and fishery products would be the largest stumbling block. Both countries have moved more slowly on liberalising agriculture than in other sectors, and agriculture in both countries is highly vulnerable to foreign competitors. Thus securing conformity with the GATT rule that substantially all trade be covered will be a key concern. No doubt solutions making use of such tools as joint development and management of marine resources will be found.

A stratified trade strategy

Japan has begun to change its traditional stance of keeping regional integration at arm's length, viewing it as an aberration from the non-discriminatory trade promised by GATT's MFN principle. Three factors combined to induce this shift in trade policy. One is that the East Asian region has become increasingly important to Japan in recent years. Some 30% of Japanese imports from other parts of Asia are exports of Japanese-affiliated firms, making them "reverse

imports.” Such tightening of relationships among markets constitutes an important facet of institutional integration through arrangements like FTAs.

The second impetus of the shift to a stratified trade policy is the spreading recognition among Japanese business leaders that abstaining from regional integration has drawbacks. This point is often made in reference to Mexico. The third factor is the rising expectation that FTAs can reinvigorate the Japanese economy and boost its competitiveness. The experiences of the EU and NAFTA demonstrate that national economies can become more dynamic.

Future trade liberalisation within East Asia is likely to be driven forward mainly by FTAs, while trade among the world’s three big regions – North America (NAFTA), Europe (the EU) and East Asia – will be governed by the MFN principle of the WTO. This may give rise to a division of roles between regionalism and multi-lateralism. The trade between the three major regions, which amounts to about one-third of total world trade, is already carried out on an MFN basis. As long as this “tri-polar trade” proceeds freely and openly, FTAs and other forms of regional integration should work to the benefit of the world economy overall. ■

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Questions and Comments

Mr. Yorizumi Watanabe’s talk at the European Institute of Asian Studies, Brussels, on Japan’s strategy on free trade agreements (FTAs), was followed by a general discussion. Issues raised from the floor included Japan’s relationship with ASEAN and ASEAN plus 3, its policy of pursuing FTAs with specific third countries, the effect on multilateralism, and the consequences for developing countries.

Dick Gupwell (European Institute for Asian Studies) pressed the speaker for more details on the prospects for a Japan-ASEAN Comprehensive Economic Partnership Agreement. Would progress towards such an Agreement make a wider Japan/South Korea/China-ASEAN FTA more likely? In what circumstances is Japan pursuing FTAs with developing countries? Would the Japan-Mexico free trade agreement have any implications for relations with Europe?

Prof. Mathew Tharakan (Institute of Development Policy and Management, University of Antwerp) noted the rising number of FTAs being concluded around the world in recent years. Many organisations, he said, are worried about the effect such agreements will have on the multilateral system; of particular concern is the prospect that bilateral trade preferences will only be offered to FTA partners. For Prof. Tharakan too much is being made of the claim that FTAs can help developing countries. FTAs do not offer any greater advantage to developing countries than assistance outside an agreement. Other issues he mentioned included problems related to rules of origin and the timeframe for FTAs.

Sylvain Plasschaert (Professor Emeritus, University of Leuven) recalled that while Japan was busy concluding or negotiating FTAs in East Asia and beyond, no mention had been made by Mr Watanabe of Japan’s relations with China. For many years, Japanese firms have been setting up production bases in China, with the result that foreign direct investment is going to China to the detriment of the ASEAN countries.

Singapore’s Ambassador to the EU and Belgium, Ampalavanar Selverajah, noted that his country had been careful to ensure that any FTAs it concluded did not undermine the World Trade Organisation (WTO) but were complementary to it. This was because the multilateral system has to be preserved. FTA negotiations may even give a boost to the stalled talks at WTO level, and particularly to the WTO ministerial meeting in Cancún in September, with its very heavy agenda. The Ambassador cautioned against allowing the world to be divided into regional blocs. While a country could offer preferential terms to its partners, the possibility that other countries could eventually benefit also should not be ruled out.

For Sri Lanka’s Ambassador, C. R. Jayasinghe, developed economies need to give greater attention to developing countries, particularly those that are not rich in either natural resources or technology. The standards for determining the rules of origin should be harmonised. The Ambassador of Laos, Thongphachanh Soonasinh, welcomed the Japan-ASEAN economic co-operation initiative, but pointed out that there were varying levels of development within ASEAN. Hence whatever form of co-operation is decided upon, should include assistance to the newer ASEAN members, to help them catch up with the more developed economies.

Mr Yorizumi Watanabe fielded the questions put to him frankly and in detail. A Japan-ASEAN level agreement was possible, he said, but the negotiations will have to take into account the varying levels of economic development within ASEAN. In the short-term it was more likely, in his view, that East Asian



countries will continue to arrange bilateral agreements, especially among the larger states. A common vision for East Asia will develop, but only “little by little”.

Japanese development assistance, which has focussed mainly on Africa, is becoming an increasingly important part of Tokyo’s external policy. Japan will host a Conference for International Development in October 2003. In response to a question on Japan-Mexico trade relations, Mr Watanabe said that Japan viewed the FTA as a possible entry point into the USA. Japan was not pursuing the EU in the same way as they had agreed on an EU-Japan Joint Action Plan. Free trade agreements should not be seen as a panacea to a country’s economic woes, but rather as complementary to the multilateral system. Regional integration initiatives must remain open to other countries. In this way, a regional economic community in East Asia may well emerge, although not in the medium term.

FTAs, while viewed as controversial by some, are open to scrutiny in international organisations such as the Asia-Pacific Economic Co-operation forum (APEC), the Asia-Europe Meeting (ASEM) and in summit meetings with the EU and the US. For Mr. Yoriyumi Watanabe, international talks following the Doha Development Agenda must make progress towards narrowing the preferential gap. A successful conclusion to the talks in Cancún will provide an important impetus to regional economic integration.

The speaker believed that Japan has adopted a wait and see attitude on China, by default. While some analysts favour concluding an FTA with China immediately, now that it has joined the WTO, others first want to see how China reacts to the multilateral system. Japanese companies are shifting production to China, now an important destination for foreign direct investment (FDI). Even so, companies are aware that concentrating exclusively on China would be risky. Japanese businesses are already investing in ASEAN and in Mexico, both for diversity of supply and security.

Mr. Yoriyumi Watanabe saw a Japan-Mexico FTA as an attempt to help Mexico diversify its trade partners and to source agricultural produce for Japan, rather than designed to irritate Washington. The issue of FTA rules of origin is a complex one, with no single criteria for establishing such rules. The rules can vary between sectors and products, but should not be used by developed countries to establish trade barriers. In conclusion, Mr. Watanabe commented that Tokyo was aware of the differences in levels of development within ASEAN. It was helping Laos, for example, by providing trade-related technical assistance and funds to build capacity. ■

EU-Japan Political-Security Co-operation

by Dr. Takahiro Shinyo

With the enlargement of its membership and its integration process in the field of common foreign, security and defence policy, the European Union (EU) will emerge as one of the poles in world politics. Sooner or later, a new age of the multi-polar world will become a political reality. That was the premise upon which Japan entered into a strategic partnership with the EU in December 2001.

The logic of the strategic partnership

First and foremost, a joint endeavour to create a liberal world order was a major motivation. The European experience of reconciliation and overcoming divisions, as well as the philosophy of the non-use of force for settling international disputes, was exactly what Japan strived for in her foreign policy. It is strongly held that this common experience offers a well motivated reason for both sides to be actively engaged in the promotion of peace and stability in other regions.

Secondly, how to cope with globalisation was another strong motivating factor. Until recently the EU was dominated by social democrats and the so-called idea of a “Social Europe” was popular among Europeans. The enlarged EU gives the impression that it will emerge as a new hegemony and a counterbalance to US power. Admittedly there were some reservations on the Japanese side: the strengthening of ties with this social and multi-polar EU could eventually be regarded as an anti-American line up.

Thirdly, it was meant to avoid a “clash of civilisations”. As the EU and Japan belong to different cultures and civilisations, they can demonstrate how civilisations can develop a symbiotic relationship and co-operate with each other. The Action Plan for EU-Japan Co-operation, announced in December 2001, refers to this point (in para 14). Both Japan and the EU have common values in their respect, for example, for cultural diversity, consensus and social justice.

Fourthly, it is important to strengthen moral standards in the conduct of diplomacy. Both Japan and the EU attach importance to human security, and emphasise the solemn value of human rights and humanism, which made possible humanitarian intervention in the Kosovo conflict. It means that “benign neglect” shall never be the case in humanitarian crises.



Finally, it is important to work together to establish a fair and equitable world standard. From the Japanese viewpoint, a strategic partnership with the EU is conducive to shaping more universally acceptable rule making and the formation of majority opinions in multilateral forums, including the UN and G-8, where majority rule applies. Prior consultation with the EU and a co-ordination of their views on many important issues is definitely in Japan's national interest.

Implementing the strategic partnership

Only 15 months have passed since the adoption of the Joint Action Plan. Although it is perhaps too soon to comment on the Plan, or make any assessment of its implementation, the world situation has changed so dramatically that I wish to make some personal comments.

Firstly, there is now an urgent need to evaluate jointly the changes in the security policy and mindset of the US government after September 11 and, now, the war in Iraq. The forthcoming EU-Japan summit meeting on May 2 in Athens will provide a good opportunity for this purpose. I do not think that we should change our common objective of establishing a liberal world order. Most of the EU countries and Japan are allies of the US and share similar security concerns. If, however, there were to be differences between the US and the EU over their security interests, or the approach to vital security issues, Japan would find it difficult to share a common strategy with the EU.

Secondly, there is a different degree of mutual interest between the EU and Japan. The EU is less interested in security issues outside its region, including Asia. Japan has shown not a little interest in the regional conflicts in Europe, and for more than 10 years has been extending various kinds of assistance to the Balkans, including Bosnia, Kosovo, the former Yugoslavia and Macedonia (FYROM). The share of Japanese reconstruction and rehabilitation aid to that region is between 10% to 20 % of the total cost. The involvement of the EU in security issues in Asia has been confined until recently to the Korean Peninsula (including KEDO) and East Timor.

The security situation between Europe and Asia is both very different and asymmetric. Robert Kagan's contention is applicable not only to transatlantic relations but also to those between Asia and Europe. Japan was criticised some time ago for having a naïve "one country peace" mindset; today, a similar mentality or pacifism is shared by some EU countries. In order to redress the imbalance of commitment, Japan proposed the idea of "cross support" for political-security issues in each other's region when the Joint Action Plan was being drafted. This idea was finally agreed upon, and is set out in the document (in para 14 and in the Preamble to Objective 1). The

recognition of interdependence between the EU and Japan in the field of political-security is necessary, and it must be guided by the idea of increased cross engagement. How this idea works out in practice will be tested when dealing with the menace of North Korea.

Thirdly, more active co-operation at the stage of conflict resolution, rather than in the post-conflict peace building process, will be necessary. Japan and the EU have co-operated for many years in post-conflict reconstruction or peace consolidation, whether in Kosovo or Afghanistan. They will also work together as joint chairs for the conference in June on reconstruction in Sri Lanka. Looking back, the joint drafting of the UN General Assembly Resolution for the establishment of the UN Register on Armaments about 10 years ago, as a result of the Gulf War, can be seen as the beginning of EU-Japan co-operation. However, it will become necessary for the EU and Japan to undertake joint actions in the conflict resolution stage to demonstrate their willingness to shoulder more challenging and risky political tasks.

Fourthly, existing limits to the EU's Common Foreign and Security Policy (CFSP) make EU-Japan political-security co-operation frustrating to Japan sometimes. One example is the issue of the reform of the UN Security Council. Discussions on this important subject have been conducted for more than 10 years, but in vain. One of the main reasons could be found in the tug-of-war among EU countries. On the Iraqi question, the permanent members of the UN Security Council failed this time also to take concerted action. The credibility and legitimacy of the Security Council must be urgently restored, by reforming the decision making process and reinforcing its membership. The EU and Japan, which are among the largest contributors the UN, must work together to strengthen the UN system.

Fifthly, how best can we cope with strong anti-American sentiment in our countries. This anti-Americanism is particularly strong among people in the EU or in "old Europe." Governments cannot be indifferent, therefore, to the *vox populi*, and thus tend to accommodate themselves to the popular mood. Japan and the EU often have identical views on global issues, international trade, and the principal norms of international law. From the multilateral point of view criticism, against US uni-lateralism is sometimes necessary as friends and allies.

However, excessively naïve humanism, or tolerance, which ignores, in all innocence or mistakenly, the danger of evil people or countries is harmful to our common security in most cases. The vital security concerns of our countries must be judged, therefore, by an objective risk assessment, and met with a strong sense of responsibility by government leaders. Japan



and the EU must be careful to avoid giving the US the impression that their reinforced political-security co-operation might have something to do with cheap anti-Americanism or the naïve anti-war sentiments of their people.

The future direction of co-operation

In the long run the world order will probably shift from the present US-led unipolar order to a multi-polar system. There is the possibility of long-lasting post-war management of Iraq, rising anti-American sentiment in Islamic countries and crisis management as a result of the situation in North Korea and Iran. All these tough issues could bring about political fatigue in the present US administration with regard to its unilateral, *pax Americana* policy. The preparations for the next US presidential elections may reduce the influence of the neo-conservative group in the present Administration, leading to the revival of a co-operative and multilateral diplomacy. If this is the case, the speed of multi-polarisation of the world can be accelerated.

A new modus operandi

The Iraq war has divided the transatlantic alliance. The disharmony flowing from the war has put the alliance under severe strain. A global strategy and effective mechanism, including a normative order to cope with the new threat of terrorism, weapons of mass destruction (WMD), and the menace of the dictatorial states, have not yet been established. The meaning of the old alliance began to change in the wake of the new situation. Japan and most EU members are the allies of the US. They must therefore start to re-establish, as soon as possible, a co-ordinated structure of security co-operation or a coalition based on common perceptions of security.

Luckily, Europe does not face a direct threat from the “axis of evil”, terrorist attacks and WMD, and has suffered almost no disasters. This puts Europe in a somewhat different category; it cannot do more than sympathise. Indeed, for Europeans SARS is a more visible direct threat right now.

What the trilateral partners – Europe, the US and Japan – must do is develop a common concept of new security as a *modus vivendi*, and form a new quality of alliance or coalition as a *modus operandi* to implement the new security concept. It is encouraging to note that the recent European Council Meeting of foreign ministers recognised the need to intensify efforts to oppose strongly the proliferation of WMD. A new CFSP on this issue has been agreed upon. This will create a common basis upon which Japan and the US can start fresh security co-operation.

The next EU-Japan Summit meeting is scheduled to be held on May 2 in Athens. It will provide the right

opportunity to tailor EU-Japan security co-operation to the pressing needs of the post-Iraq world situation. The holding of a trilateral security conference would be a useful step. The next opportunity for such a meeting could be the occasion of the G8 summit meeting in Evian, France, in June. Besides the US, Japan and the EU, Canada and Russia would also attend.

A new modus vivendi

The short-term objective of EU-Japan political-security co-operation is to avoid confusion among the allies on post-Iraq security issues, and to prevent the alliances from being set adrift. The medium- and long-term objective of this co-operation must be to find a new *modus vivendi* for the post-Iraq world order. The aim must be to design new rules and mechanisms, capable of managing the emerging multi-polar world order.

Important elements for consideration include (1) reinforcing and updating the UN system and, in particular, reforming the Security Council; (2) new rules for the use of force, including the possibility of pre-emptive or anticipatory self-defence against the country or terrorists acquiring and producing WMD; (3) a code of conduct against terrorists or the countries co-operating with or harbouring them; and (4) strengthened inspection systems to deal with WMD. Any plan to reform the UN must be designed to restore the credibility and legitimacy of the UN and, at the same time, re-integrate the US into the multilateral system.

The next topic for EU-Japan co-operation is the updating of an obsolete UN Charter, or the general principles of international law, to allow, in concrete terms, the justification for humanitarian intervention under certain circumstances, the new *jus ad bellum*, including pre-emptive strikes self-defence, restrictions on sovereignty in case of a refusal to accept UN inspection, etc.

Non-military security co-operation using “soft power”

In the field of so-called “post-nation state” security issues, including global issues and human security, the EU and Japan basically share common interests and identical views on many of these issues. The EU and Japan can and must, therefore, join forces to play a leading role and begin, where appropriate, early implementation to create an international environment favourable to these non-military security issues.

Both Japan and the EU are among the top donors of Overseas Development Assistance (ODA) to developing countries. The rehabilitation and reconstruction of a country or a region in the aftermath of armed conflict are also important tasks to be undertaken by the EU and Japan. Their joint



endeavours in the reconstruction of Bosnia, Kosovo and Afghanistan are good examples of non-military security co-operation, using soft power for the purpose of nation-building or the consolidation of peace, based upon cultural tolerance and reconciliation. Restoring a nation's cultural heritage is also an important task.

Vigorous joint efforts can also be expected for the solution of regional conflicts by a number of influential individuals from the EU and Japan, who can come together for the purposes of mediation or the peaceful resolution of conflicts. Those on the Japanese side include Mr. Yasushi Akashi, the former UN Under Secretary-General, and Madam Sadako Ogata, the former UNHCR High Commissioner. Mr. Karl Bildt, the former Prime Minister of Sweden, and Mr Martti Ahtisaari, the former President of Finland, are among such people on the EU side. Mr. Akashi is now actively engaged in the peace consolidation process in Sri Lanka.

A new multilateralism will only come about if the US will take part in it. Japan and Europe can demonstrate how a multilateral approach can best secure US interests in the world – by reducing anti-American sentiment around the world, for example. No fresh division of the world is necessary. Nothing is more important, to that end, than to unite public opinion in the EU and speak with one voice on issues of vital security to our common world. ■

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Asia and Europe: shared values after the Iraq war

by Shada Islam

The United States may be the predominant world power, with all countries - rich and poor, big or small, North or South - expected to fall into line and play by America's rules.

But whether the US likes it or not, a more self-confident and assertive European Union (EU) is making its presence felt on the global stage. And its emergence is being actively encouraged by many Asian governments.

America's rapid military victory in Iraq – coupled with the billions of dollars it spends every year on defence -

is one explanation for its global strength. But a quick survey of the international stage also illustrates that the change in the status of Russia, China and Japan have helped the US occupy a powerful place on the world stage.

Russia, grappling with its own war in Chechnya and with many economic problems, has been reduced to a shadow of itself. President Vladimir Putin today has no global reach and Russia, despite some attempts to hold on to its once-vital power base in the Middle East, is now resigned to focusing on its immediate neighbourhood. China is fighting to contain SARS. As businessmen the world over will confirm, the Chinese economy has yet to realise its potential. Beijing for the moment has too many internal problems to try to rival Mighty America.

The Japanese economy remains mired in many difficulties. In any case, Tokyo has built its foreign policy, its post-war identity, as a country content to live in Washington's shadow. That leaves us with Europe – the 15-nation European Union – as the one and only entity that has shown any inclination, any ambition to try and clamber on to the global stage – and attempt to share it with a very reluctant America. It may be by default, but the simple fact is that despite its internal divisions and its uncertainties about its future direction, the European Union counts in today's world. And many in Asia are happy and relieved that it does.

There is a discrepancy between Europe's perceptions of its own world role and the interest in the EU which is manifest in many regions of the world. There is also a discrepancy between the ambitious, outward-looking policies that the EU has put into place and the often inward-looking reflexes of Europe's top policymakers. It is also discouraging that often when EU policymakers do look beyond their front door, only Washington seems to appear on the horizon.

In contrast, global, and more specifically Asian, interest in the EU has grown dramatically, especially over the last ten years. There was a time when writing about the European Economic Community – as it was then called – was a tedious affair. All we could do was talk incessantly of Euro-sclerosis and Euro-pessimism. Europe was not a story. All eyes were on the tiger economies of East Asia.

The Community's global profile was virtually non-existent, except perhaps in Africa, where the Lomé trade and aid agreement provided African nations with technical and financial aid running into hundreds of millions of Euros. Most of the world woke up to Europe in the years preceding 1992 and the creation of the European Single Market. Former Commission President Jacques Delors' ground-breaking blueprint to eliminate internal barriers contained only the barest



mention of the impact which the single market would have on the outside world. He did not realise just how much of an impact it would be.

The 1992 action plan, with its focus on building a stronger European economy, set alarm bells ringing across Asia, as government officials and business leaders fretted over what they saw as the creation of a Fortress Europe, closed to the outside world. That fortress was never created – but the fears that it generated ensured that Europe stayed on the world map. And now that Europe is entering another important stage – marked by its expansion to the east, efforts to develop new policies, institutional changes and reform – similar interests and fears are coming to the forefront across Asia.

While the transatlantic relationship is very much in the news, Europeans would do well to focus on how Asians view the EU. Interestingly, Europe's contradictions – over Iraq, for instance – have raised, not lowered, its profile in many parts of Asia as well as the Arab world.

While many in Europe have bemoaned the lack of a coherent EU policy on Iraq, many outside Europe found it reassuring that the leaders of France, Germany and Belgium had the courage to stand up and say NO to the war. This is true for the people in Asia and the Middle East – who like many Europeans opposed the military conflict – but also for many Asian and Arab governments that did not have the confidence or the means to oppose the US.

The divisions over Iraq which many in Europe saw as a weakness – and there is no denying that they did represent a failure of the common foreign and security policy – also showed that there was no homogenous Western position against Iraq or Islam. The discord proved that the war against Iraq was not a Christian crusade against the Muslim world, nor a clash of civilisations. European countries like France, which have gone on the record with their belief in a multipolar world, are not alone – this is also the preferred vision in Asia. In fact a summit of Asian and European leaders, held in Copenhagen during the Danish EU presidency in 2002, voiced their common belief in a multipolar world – one in which different regions relate to each other on a basis of equality.

The idea is anathema, of course, to the Bush Administration – especially after the rapid victory in Iraq. But whether Washington likes it or not, the world we live in is not uni-polar. Asians may trade with the US and enlist its military power to ensure peace and stability in the region, but they cannot live without developing strong ties with China and Japan also.

East Asians, for instance, are working hard to develop regional trade agreements with China, India and

Australia as well as the US. They use the dollar but are increasingly diversifying into the Euro. Their trade with Europe is growing yearly – as are their political contacts. Asia-Europe summits, held every two years, are a testimony to East Asia's determination to build a multipolar world. East Asian governments know that their trade, investment, political life and prosperity depend on having a diverse network of contacts with nations across the globe.

Asians – like Europeans – are also great believers in the multilateral way of doing things – and dislike America's unilateral reflexes. Asians believe in the United Nations and the World Trade Organisation, and want to abide by the rule of law. They know that fighting poverty, terrorism and illegal people smuggling require governments to work together. Like Europeans, Asians know that military power alone cannot eliminate terrorism – it requires long-term efforts to end poverty, ensure democracy and stop the alienation of societies.

Europe's much-derided status as a "soft power" is something that many in Asia like and respect. America's macho policies might grab the headlines, but in Asia Europe's voice of reason is slowly being listened to also. Europe's challenge now is to make its Asian connection stronger and more vibrant. That, however, is easier said, than done. We've come a long way since the days when many in Asia thought the European Union was an insurance company. But there is still widespread confusion in Asia about what the EU really is, perhaps because many EU countries behave like competitors and rivals in Asia rather than as partners. This may change with the opening up of new European Commission delegations in more Asian countries, but the EU still needs to build a stronger image in Asia.

There is also another serious problem: Europe's interest in Asia remains a changing, fluctuating thing. Europe woke up to East Asia's many charms when the region's economies were forging ahead at breakneck speed. ASEM – the process of Asia-European meetings – was launched in 1996 amid much aplomb and self-congratulation in Europe. Shortly afterwards the East Asian financial crisis almost brought the EU-Asian relationship to a stop. Now Europeans are taking another interested look at Asia – but the jury is out on whether the SARS crisis will make the EU less interested in the region.

Given these ups and downs, it is not really surprising that many in Asia see Europe as a fair-weather friend. But also as an indispensable ally.

What is fascinating for many in Asia is that Europe is not standing still – that it is a work in construction. Clearly many are anxious to learn from the EU's model of regional integration and co-operation. ASEAN

countries for once have said they are ready to seek inspiration from the EU on building a single market. Others in the region are impressed by Europe's burgeoning military ambitions. The EU's first joint military mission in Macedonia may not be too impressive an affair, but it could be the start of something much more ambitious.

The turbulent world in which we live makes it imperative that the EU does not shy away from its global responsibilities. America certainly has the military resources – the hard power – required to run the world. But US bullying also generates resentment, crisis and chaos. Many in Asia are watching and waiting to see if the EU will be brave enough to acquire more clout on the world stage. They certainly hope this will be the case. ■

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Taking stock after the Beijing meeting

Senior North Korean officials have recently repeated to the persons meeting them in Europe the reasons that led Pyongyang to resume the nuclear activities which have caused international tension and concern since October 2002, and prompted efforts to convince the North Koreans to backtrack. These officials reiterated the offer to abandon these projects, made in talks with the US in Beijing in April, in return for security guarantees and the normalisation of relations with Washington. They also expressed their disappointment with Europe for siding with Washington over this dispute.

The North Koreans have maintained that American policies and postures of hostility and threat were at the heart of their own pre-occupations and reactions, but could be reversed through a mutual relaxation of tensions. The officials basically repeated the views expressed in Brussels in 2002, prior to the deterioration in relations, on their desire for internal economic reforms and external engagement. They held that the response of the European Union (EU) to proposals for sending thousands of DPRK students to study and train in Europe, and for European investments in the DPRK, had been "passive" and "short-sighted." The EU, in short, had followed the US position, instead of using its influence on Washington to press for a non-aggression agreement.

New DPRK embassy in Europe

A senior delegation from the DPRK Foreign Ministry in Pyongyang visited London in early May for an unusual seminar, and to confer with senior British Foreign Ministry officials on the tensions which have engulfed the Korean Peninsula since October. The visit also coincided with the opening of a DPRK embassy in London, following the establishment of a UK embassy in Pyongyang in 2002.

British officials who had met the North Korean delegation noted during a London seminar that a real opportunity existed for North Korea to come out of its isolation and co-operate with the international community. They nevertheless felt that there was little scope for such co-operation until the widespread concern about the nuclear issue was resolved.

Seeking to address the security concerns formulated by all parties in the dispute, a British official expressed the view in the seminar that the DPRK was not threatened and should not issue threats. He told the North Korean delegates, who had repeatedly charged the US with aggressive intent that he believed their country had nothing to fear. But he added that the international community would not accept or accede to the threats made by Pyongyang.

The British official described the talks concluded in Beijing as a welcome first step toward a dialogue that concerned the entire international community. He warned, however, that if Pyongyang rejected co-operation and dialogue, and refused to terminate its nuclear programmes, a range of options, including sanctions, aimed at isolating and contain the DPRK were available. This could only lead to further economic degradation. The official also stressed that the nuclear issue was not the only one which had given rise to concern; as recent statements from the EU and others in the UN Human Rights Commission, which were meant to be constructive, had underlined.

The North Koreans contended, in response to some of these comments, that the nuclear situation was the result of the US decision to include the DPRK in its list of nuclear targets and to demand economic sanctions. They pointed to their constructive relations with the Clinton Administration. In their view, there could have been further progress had the Bush Administration not reversed the earlier, constructive policies, forcing the DPRK to become more vigilant. Withdrawal from the NPT treaty was dictated by North Korea's need to defend its national sovereignty and respond to the perceived US threat, which was characterised as a bilateral issue by the North Korean delegation. It claimed that Pyongyang had been preparing to engage in a human rights dialogue with the EU, until the EU supported an anti-DPRK resolution in the UN Human Rights Conference in Geneva. The DPRK could still



discuss human rights with the EU, provided it could criticise European violations of human rights.

The senior DPRK official underlined the "bold new proposals" his country had made in the Beijing talks, that could lead to the abandonment of its nuclear programmes if both sides acted simultaneously to dispel the other's security concerns. North Korea, he said, would not produce nuclear weapons and would accept verification inspections. The DPRK awaited US reactions, and believed Washington could react positively.

Strong or soft inducements

Some of the participants at the London seminar pointed out that the declarations of the UK and North Korean representatives were clear on some points but not on others, such as the sequencing of policies. They also failed even to mention the energy situation and the future of the Korean Peninsula Energy Development Organisation (KEDO). Most of the participants sought the re-establishment of some means of creating confidence as well as more normal relationships on the Korean Peninsula, whether through economic, energy or other projects, whose benefits would not be limited to the two Koreas.

Even so, the American participants generally wanted the international community to react to the serious infraction to the Nuclear Non-Proliferation Treaty (NPT) and other similar regimes, on the one hand, and to allegations of North Korean arms sales, drug trafficking and counterfeiting on the other. To do nothing would place the entire non-proliferation process in jeopardy, and present grave consequences, they argued. These could include giving countries ranging from Syria and Iran to Japan either the green light or at least a reason for acquiring nuclear capability.

No UN resolution would be required in order to impose an embargo, since it was evident that the DPRK had violated the NPT. At the same time the US, South Korea and other countries should not be seen as paying North Korea to abandon its nuclear weapons programme. One of the participants noted that the Agreed Framework had been a bold proposal to try to meet both sides' concerns but had failed, for reasons not altogether clear to him.

Some with experience on North Korean nuclear verification problems stated they were sceptical but still hopeful that the huge task of resolving concerns about uranium and plutonium programmes and stocks, and their closure could be resolved. But in the existing hostile environment it was probably impossible to overcome difficulties. In their view – and they had followed the negotiation of the Agreed Framework in 1995, they could be overcome only if they were an

integral part of a process aimed at improving economic and political relations between the US and the DPRK.

One speaker commented that both sides had violated the Agreed Framework; while he did not see it as a distinct military threat, it represented an enormous threat to the NPT, with the potential for an arms race in the region, involving also China, Taiwan, Japan and South Korea in East Asia, and Iran, Egypt and Syria in the Middle East. It was therefore a multilateral problem, whose solution required multilateral guarantees. Another participant noted that the Agreed Framework had required numerous meetings. He wondered if the confidence needed to sustain a lengthy negotiating process was possible at a time of crisis, during which the US would want to be sure that the DPRK was not developing its nuclear weapons capacity in the meantime. Pyongyang would have to give a sincere undertaking not to pursue its weapons programmes, in order to convince its critics who do not understand why the DPRK needs nuclear weapons and a million-man army. Another participant noted that election schedules in the West could also delay negotiating progress.

Economic prospects and projects examined

A number of other participants concentrated on North Korea's economic and other needs, and on the prospects for economic engagement and confidence-building measures. One DPRK official repeated the main lines of a presentation he had made in Brussels in 2002, regarding the adjustments made to his country's economic policies and its appeal for foreign investments and joint ventures. He noted that bilateral investment protection agreements had been signed with Italy and Denmark. One Western expert noted that the DPRK economy had contracted by an estimated 50% in the 1990s, following the withdrawal of the favourable treatment accorded by the Soviet Union and China. He added that while an economic transformation was underway and the situation had stabilised, it had not restored growth and massive distortions in priorities and production remained because of the large sums devoted to defence and military objectives.

For this Western expert, money would play a much larger role in the DPRK economy than in the past, a major consequence of which could be inflation. He urged the EU, South Korea and international institutions such as the International Monetary Fund, World Bank and Asian Development Bank, to be more active in helping the DPRK to develop its trade relations and integrate more into the world economy.

Another remarked that donor fatigue, and the suspension of the KEDO activities, could have grave consequences for the DPRK economy, but that



neighbouring countries, including Russia, China, Japan and South Korea, could have major beneficial roles to play. Some speakers referred specifically to the trans-Korean railway project and proposed natural gas pipelines as undertakings that could benefit all the countries in the region and serve as confidence-building measures. One speaker visualised North Korea's significant potential, but he and others declared the regime would have to become more transparent, in order to convince potential donors, partners and investors.

Some speakers suggested a "grand bargain" linking security and economics concerns, but warned that there could be no repetition of the Agreed Framework, which had also tried to create the link but had failed. One speaker pointed to the need to think big, rather than in terms of incremental steps, while another asked the North Koreans whether they wanted to be a regional hub – or a fortress. ■

David Fouquet, Secretary General, EIAS

UN Human Rights Commission loses its focus

Controversy marked the latest session of the United Nations Commission on Human Rights (UN CHR) from beginning to end. The Commission suffered a series of blows to its prestige when it met in Geneva for its 59th session, from March 17 to April 25. Within the Commission, its main players, including the European Union (EU) and the United States, appeared to play down their concerns about human rights violations to greater geopolitical and trade considerations. This was reflected in the UN CHR's decision in January to accept Libya as the rotating chair.

The EU did not table Resolutions on either China or Iran, as expected. It is pursuing a "human rights dialogue" with both countries, which includes annual meetings between officials and, on the EU side, occasional statements expressing "concern", "disappointment" and "dismay" about human rights abuses. The statements normally stop short of outright criticism. These dialogues have been of questionable value, and are not known for their successes. Human rights groups, in fact, have consistently criticised the lack of progress.

EU Foreign Ministers issued a statement calling the UNHCR "a major element of its policy in favour of the promotion and protection of human rights," at their meeting on the eve of the UN Commission's 59th session. They noted that the EU would ensure that the Commission "acts as effectively as possible in pursuit of these goals". There would seem to be a large gap,

therefore, between theory and practice. The reality is that the EU, without sufficient political motivation, has allowed a group of States to influence the UN CHR's agenda and direction away from Resolutions focusing on individual countries towards an agenda full of thematic issues. These issues include religion, torture, cultural rights, education, food, poverty, disease and violence against women.

EU Foreign ministers adopted their own conclusions at their Brussels meeting, aware that there was no hope that the UN Commission itself would pass Resolutions on either China or Iran. Their message for Iran was mixed. It was a "position of principle" for the EU that its on-going dialogue with Iran did not preclude it from tabling Resolutions at the UN and no Resolution would be tabled at the forthcoming session. A human rights dialogue was an option only when "sufficient progress is being achieved". One step identified by the EU as "positive" includes the moratorium on death by stoning. Amnesty International, however, has documented 111 State-sanctioned deaths by other means in its Annual Report for 2002.

The EU's conclusions on China were somewhat tongue-in-cheek. While the EU was not prepared to table a Resolution condemning China's human rights record, were someone else to table one, its Foreign Ministers said they would "study the contents carefully". Further, the EU would vote against any proposed 'no-action motion,' under which the UN CHR, rather than not taking any stand, states that it will not take any action against China. Given that EU foreign ministers have declared their "deep concern over the serious violations of human rights in China," it is difficult to understand their failure to take stronger action in international *fora*. Is the EU in fact subordinating its principle of promoting universal human rights to its trade interests in China?

While both China and Iran escaped sanction by the international community, the EU's representative to the UN Commission in Geneva, Tassos Kriekoukis, made a stronger than expected critique of the EU-China Human Rights Dialogue. Taking his cue from the March meeting of EU Foreign Ministers, Mr Kriekoukis sent a political message to Beijing, by pointing to the "many troubling features to China's human rights record". The EU had "great concern about the due process" in the case of two Tibetans, Lobsang Dhondup and Tenzin Deleg Rinpoche, on trial for setting off bombs. Both were sentenced to death but the sentence has only been carried out on Lobsang Dhondup to date. The EU expressed "dismay" and "disappointment", Mr Kriekoukis said, both about the case and the lack of information from the Chinese government. This was a "breach of trust built up by the EU-China human rights dialogue," which can continue only where "it produces



progress” and “measurable results,” Mr Kriekoukis told the UN Commission in his strongly-worded intervention.

The EU’s representative was somewhat more optimistic when addressing the situation in Iran. Mr Kriekoukis noted that the first two rounds of the EU-Iran human rights dialogue had been “constructive.” However, he then returned to expressing “serious concern” and “great concern”, feeling “deeply disturbed” and taking “due note” about the reduction in human rights abuses, or not. Mr Kriekoukis did not repeat the conclusion reached by EU Foreign Ministers that “future steps in EU-Iran relations” would be determined, *inter alia*, by the “actual situation of human rights on the ground”.

Several of the more forceful European positions focussed on thematic issues, such as the prevention and eradication of torture, the rule of law and the abolition of the death penalty. Mr. Kriekoukis stated that the EU is “particularly concerned (*inter alia*) about Burma, North Korea and Timor Leste”. In his detailed address to the UN Commission, he also mentioned Cambodia, Indonesia, Nepal, Pakistan, Saudi Arabia and Vietnam, when dealing with Asia.

Doubts about the long-term relevance of UN Commission have been raised by international human rights organisations. The Human Rights Watch’s UN Representative in Geneva, Johanna Weschler, said that the Commission “appears to be in a really serious decline”. She criticised the EU and the US for not exerting “positive leadership” at a time when a group of governments “hostile to human rights” was blocking important country initiatives. The EU and the US “have been just as ready to subjugate human rights to their political interests”, while complaining loudly about others, she said.

The decline in the focus and quality of the UN Commission was also recognised by the UN Secretary General, Kofi Annan. Speaking at the close of the meeting, he declared that the universal nature of human rights means that the responsibility of States to act in their defence “is more urgent” than ever. However, recent divisions and disputes within the Commission “have made your voice not stronger, but weaker”, Mr. Annan said. The UN High Commissioner for Human Rights, Sergio Vieira de Mello, was more guarded in his interpretation of the results of the current session. He believed much had been accomplished. However, while an “impressive set of Resolutions” had been passed, many were of a “thematic kind”. Attempts to adopt Resolutions on Zimbabwe, Chechnya and the Sudan had been rejected by the Commission.

Amnesty International also criticised the work of the Commission. It pointed out that “despite ample evidence of gross and systematic human rights

violation” worldwide, only a handful of countries were on the UN agenda. While welcoming the debate on countries such as Burma, Timor Leste and North Korea, the organisation condemned the Commission’s failure to establish any specific country mechanisms to ensure greater protection or promotion of human rights.

Libya’s election took place in late January 2003, under a new procedure that provides for the election of the Commission’s chair two months prior to the start of the normal session. Libya, represented by Ms Najat Al-Hajjaji, for the African group, secured 33 votes in favour, only 3 votes against with 17 abstentions, in a secret ballot, called for by the United States, in the expectation that it would be a close vote. All seven EU states represented on the UN Commission abstained, according to the EU Commissioner for Development and Humanitarian Affairs, Poul Nielson. This seriously undermines the EU’s portrayal of itself as a force for the promotion and protection of universal human rights. Mr. Nielson called Libya’s election a “significant blow to the credibility of the UN Commission”. John Cushnahan, a Christian Democrat member of the European Parliament, denounced the trade-off between the EU’s commercial interests and tabling Resolutions as a “form of political prostitution”.

Prasad Kariyawasam of Sri Lanka, Colombo’s Permanent Representative to Geneva, who previously had been involved with the UN conference on disarmament was one of the three vice-chairs elected by the Commission. Twenty-four countries were elected to fill vacancies arising under the rotating membership. Italy, the Netherlands and the United Kingdom were elected from Europe, while Bhutan, India, Nepal, Qatar, Saudi Arabia and Indonesia will represent Asia. The European Parliament has demanded that Commission membership should be granted only where countries actively co-operate with UN human rights covenants and special representatives, but its views clearly were not taken into account by EU representatives when they abstained in the vote on the Commission’s chair.

There was an official reference to China in the conclusions of Mr Abdelfattah Amor, a Tunisian and Special Rapporteur on forms of intolerance or discrimination based on religion. In his report, Mr Amor stated that religious minorities in China, such as Christians, Tibetan monks and members of Falun Gong, were subject to “campaigns of repression, repression and death”. The destruction of Tibetan places of worship placed “direct and indirect limitations” on their ability to practice their religious beliefs. Within the context of intolerance by non-State entities, the Special Rapporteur condemned attacks “by Muslim extremists” on religious minorities in Bangladesh, Indonesia and Pakistan. He also reported attacks on Muslims by Hindu extremists in India. ■

SARS: Its political implications for East Asia

by Phar Kim Beng

At the height of the Asian financial crisis in 1997, there appeared two articles dealing with the role of China. The first attested to China's positive role as a stabiliser, while the second retraced events back to 1995, and pointed to China's unhealthy economic practice. According to the second article, China had intentionally devalued its currency to strengthen its comparative advantage *vis-a-vis* South-East Asia.

The Chinese Ministry of Foreign Affairs, sensing that China risked being singled out for rebuke, thus losing its regional influence to the benefit of the United States and Japan, quickly rallied to the aid of Thailand with a loan of US\$ 1 million in 1997. This gesture, followed by Beijing's promise not to devalue its currency again, proved effective. China's *faux pas* was forgiven and forgotten, and it was gradually accepted as a responsible regional actor and leader.

But the competition for regional leadership is once again up for grabs with the outbreak of SARS. The political capital, which China has assiduously cultivated with ASEAN since 1997, is withering away. Throughout the region, accusing fingers are being pointed at China for not disclosing cases of SARS when they were first reported in November 2002.

ASEAN leaders would meet in Bangkok on April 28 to confront the economic impact of SARS head on. Prime Minister Goh Chok Tong of Singapore was justifiably concerned: "SARS may not kill everyone in Singapore. But it can kill the Singapore economy. Therefore, it can kill the livelihood of Singaporeans". His statement was not off the mark; it clearly reflected the situation on the ground.

Since the SARS outbreak, hotel occupancy rates in Singapore and all the other South-East Asian countries affected by it had dropped to just 20 %. This represented a huge economic and commercial disaster, given that 6% to 7 % of the GDP (gross domestic product) of these countries is dependent on tourism. Indeed, three of the region's leading airlines, Cathay Pacific, Singapore Airlines and Malaysian Airlines have had to reduce their flights by half. And the end is not yet in sight.

But beyond its economic cost, which some analysts have conservatively estimated at US\$11 billion for 2003, SARS is also having a geopolitical impact, one that may well turn out to be long term. To begin with,

other East Asian countries, having observed China's decrepit health system, are beginning to understand finally that China's internal developments are more consequential to the region, as compared to China's international position. In other words, beyond China's growing military power, a matter of concern to some East Asian countries, is that country's often half-hearted and incomplete evolution towards becoming a responsible power.

Complaints about China's massive consumption of fossil fuels, for instance, have traditionally come from Japan and South Korea. Both countries are afraid of air pollutants being carried to their territories, thus degrading their environmental quality. But since the outbreak of SARS, it is South-East Asia's turn to realise that when China sneezes its citizens can literally catch a deadly cold.

SARS in fact is causing a seismic shift in political awareness on two fronts. It is making members of ASEAN less deferential to China and, at the same time, making China less acceptable as a regional model. Should the SAR crisis be prolonged indefinitely, China's feet of clay would become more prominent. With Beijing unable to influence the decision making of major multilateral organisations, such as the World Bank, the International Monetary Fund, or even the Asian Development Bank, it cannot be counted upon to produce a regional rescue package.

This role would fall to Japan, the country that has been too easily described so far as the 'sick man of Asia,' because of Tokyo's decade-long struggle with economic recession. If anything, SARS would prove that Japan has a lot more to offer the region than China. Moreover, the fact that SARS has affected neither Japan nor Korea implies that these countries are more reliable trade partners.

SARS is also affecting what is singularly the most important relationship in East Asia: the Sino-Taiwan tie. Because of its fear of SARS, Taiwan has become wary of China. President Chen Shui Bian, together with his Democratic Progressive Party colleagues, have time and again emphasised the inappropriateness of allowing Taiwan to be reunified with the mainland, on the basis of the model provided by Hong Kong.

SARS has shown that the widely acclaimed "One Country, Two Systems" model simply does not work. The Taiwanese and Chinese public health systems simply do not match up in terms both of quality and disclosure standards. Nor is the political culture of China all that appropriate to Taiwan's democratic practice. Beijing decided to come clean about SARS only on April 20, some seven weeks after Hong Kong had been battered by it. The official announcement

revealed that Beijing alone has had ten times more cases of SARS than originally reported.

In contemporary international relations, soft power matters. Reputation, transparency and accountability are important criteria for establishing a country's standing in the global hierarchy. China's mishandling of SARS has simply resulted in the country squandering the precious political capital that it has built up over the last five years. It will be a long time before China can recover its internal and international position, given that the SARS corona virus is believed to mutate quickly, making it resistant to effective cure.

While East Asia is tackling SARS with all the medical means at its disposal, the geopolitical configuration of the region has undergone a subtle but significant change. Despite Chinese efforts to contain SARS, the ripple effect has already hit the shores of South-East Asia, causing irreparable damage. Unless South-East Asian leaders are again willing to be forgiving and forgetful they won, Beijing stands accused of being in dereliction of its regional responsibilities.

To the extent that SARS remains unsolved, the reins of leadership would swing, slowly but surely, to Tokyo. This is the Japanese bonanza that the Koizumi government neither expected nor relishes, since SARS is invariably a human tragedy. But the proverbial passing of batons would take place anyway. This is because China has caused great consternation and despair in the region, which only Japan can redeem, in alignment with other developed countries in control of various multilateral trade agencies. ■

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Editor's Note:

In the March issue, an error crept in to the article "Is Europe losing out in trade with China?" by Duncan Freeman. On page 29, left hand column, the paragraph beginning 'European exporters...' should read;

"This should, however, be put in a broader context. European exporters are not alone in facing difficulties in this sector. Exports from the US in the same category also declined by 39.5%. When compared with the US, the economy with which it has the closest parallels, then the EU performance in China in 2001 looks perfectly normal, and actually quite positive, given that US exports to China grew by only 3.9% in 2002".

EurAsia Bulletin apologises to the author and our readers for this error.

China's new leaders face challenge

by Duncan Freeman

The National People's Congress (NPC) session, held in Beijing earlier this year, completed the generational change of China's senior leadership. It also approved a major re-organisation of the central government that has significant implications for certain sectors. These changes represent efforts by China's leadership to face the challenges of the future, but they are not isolated events, and constitute part of an ongoing process. The leaders of the Chinese Communist Party (CCP) would like to maintain as much control as possible over the direction and pace of that process. Nevertheless, unexpected events can sometimes throw up challenges that pose problems for even the most comprehensive of plans. One such challenge is SARS, which has raised some very difficult questions about how the Chinese government works, and how far it has still to change in order to manage often complex challenges that cannot be confined to the existing framework.

The formal shift to a new generation of leaders began at the CCP conference in 2002. The process was largely completed at the NPC, when Hu Jintao succeeded Jiang Zemin as President, thus completing the succession that began with Hu's replacement of Jiang as General Secretary of the CCP in November. At the same session the NPC approved Wen Jiabao as the new Premier, to replace Zhu Rongji. As with many developments in China, the generational shift is not so clear cut as it might seem at first sight. Although no longer at the centre of Party and state power, Jiang Zemin remains the chairman of the Central Military Commission, one of the most important positions in the leadership. Like his predecessor Deng Xiaoping, Jiang clearly intends to play an influential role as senior statesman, and many of his protégés are placed in the new leadership.

The key point about the new generation of leaders is that it reflects the CCP's intention to put into place a new leadership, one that will continue the process of reform and development to which it has largely adhered for the last two decades. Any major policy departures, despite the existence of factions with different views on policy, are therefore unlikely. The new leaders, who have grown up within the existing system, and have had a central role in implementing existing policies, have gained their positions precisely because they can be trusted to provide continuity. The shift to a new leadership shows how far China has moved from the old ways under Mao, when changes of leadership were virtually never peaceful and ordered, and often de-stabilising to the whole of China.



The changes to the structure of the central government, approved at the NPC, illustrate the incremental nature of change in China. Although important in their respective domains, they do not represent a fundamental overhaul of the bureaucracy. The changes do, however, make clear the Chinese government's recognition that change is necessary, and that it will continue.

This is not the first time in recent years that government ministries have reorganised. Previous efforts at streamlining have tended to fail. On several occasions, over the past 20 years, China has abolished or merged ministries and other administrative bodies, in an attempt to streamline the government. Each reform has been followed by a regression, as the bureaucracy grew new limbs to replace those cut off.

Although these latest changes reduce the number of ministerial level bodies under the State Council from 29 to 28, the aim is less to reduce the size of government, than to enhance its effectiveness by reducing overlapping responsibilities and unclear lines of authority. They are important steps to meet the challenges facing China, especially in the area of finance and the economy.

The main changes are as follows.

- The Ministry of Commerce takes over many of the functions of the State Economic and Trade Commission and the Ministry of Foreign Trade and Economic Co-operation. This will create, for the first time, a body responsible for both domestic and foreign commerce, one that will oversee both the domestic market and foreign trade and investment. One of its main tasks will be to implement WTO compliance.
- The State Development and Reform Commission replaces the State Development Planning Commission and the State Council Structural Reform Office. This is intended to ensure that the tasks of economic development and reform are properly coordinated, with a single body in charge of macroeconomic policy. This commission will also take over some of the work of drawing up industrial policy, previously carried out by the State Economic and Trade Commission. The new Commission will retain some approval authority over key projects.
- The State Asset Management Commission combines the functions of several other bodies involved in the management of state assets. One of its main tasks will be overseeing enterprises owned by the central government.

It is proposed that similar bodies will be established to oversee enterprises owned by governments at the local level.

- The State Banking Regulatory Commission will take over many of the supervisory functions of the People's Bank of China over the banking system. The latter will retain responsibility for monetary policy and control of foreign exchange reserves.
- The State Population and Family Planning Commission expands the activities of the State Family Planning Commission. The primary function will remain control of population growth.
- The State Food and Drug Administration takes over and expands the role of the State Drug Administration to include administration of food, drugs and cosmetics.
- The State Administration of Work Safety has been upgraded to operate directly under the State Council; it will cover industrial and mining safety.

This type of incremental, orderly change is certainly the way in which the leadership would like to proceed in reforming China's state bureaucracy. Stability is above all the primary concern of the CCP, whose aim is to control the direction and pace of change and retain its hold on power. This attempt at orderly and gradual reform and leadership change can be disrupted, however, by unexpected shocks. The crisis over SARS, which has demonstrated how China has failed to adapt in certain respects, nevertheless points to a dynamic which makes it difficult for the authorities to fully retain control in a way which would have been possible a few years ago.

The government's initial reaction – that is, in trying to prevent information on the disease from spreading – is typical of the traditional approach, where control of information concerning a problem has been more important than the problem itself. This approach failed, in part no doubt because a domestic problem became an international one. It has now been replaced, perhaps too late in this case, by a new policy, which openly recognises the existence of the problem. However, the belated change in tactics has led to the kind of consequences, panic and disorder, that are usually cited as the justification for controlling information in the first place. SARS has exposed not only specific failings in China's health system, but also the government's shortcomings in dealing with all such problems and, notably, its attitude to information and its control.

The Chinese government has faced similar situations in the past. Even the removal of the mayor of Beijing and



the health minister for their failure to deal with SARS, while a rare example of senior leaders being dismissed for their failings, is by no means unprecedented. But SARS has posed difficulties in a more clear and open way than most previous instances. At the very least, the government has had an object lesson in how not to handle such situations. It is unlikely that the crisis over SARS, and its repercussions in the system of government, will interrupt the overall process of change. The key question is whether the attempts the government is making to recover lost ground represent a fundamental shift in how relations between rulers and ruled are conducted, or whether they represent a form of crisis management, to be followed by a reversion to the old ways once the crisis is over. ■

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Is Japan revising its Peace Constitution?

by Axel Berkofsky

As the head of state, the Emperor should be ensuring that Japan's military is on the "forefront establishing and maintaining global peace and stability." So concluded a report drafted recently by the Liberal Democratic Party's (LDP) research commission on the Constitution, raising fears in the region that Japan plans to turn itself into a regional military superpower before long. The House of Representatives established its own Research Commission on the Constitution in 2000, in order to revise the Constitution, so as to authorise the military to defend Japan's security at home and abroad.

A few days after its controversial report was leaked to the press, the LDP amended its draft for a revised Constitution, by announcing that the Emperor will remain the "symbol of state." What is more, a separate chapter on the popular sovereignty of Japanese citizens was added to the report. However, this did not allay the concerns of the political opposition and sections of the Japanese press.

The left-leaning daily, *Mainichi Shimbun*, warned that the report "proposes radical changes to the country's constitution," which would allow the Prime Minister to send soldiers into battle "just like Japan's wartime Emperor used to do." The report's suggestion that the Prime Minister be given the authority to invoke a "national emergency order" was alarmingly similar to the martial law the Emperor declared under Japan's Imperial Constitution, an editorial in the newspaper maintained.

For the ruling Liberal Democratic party, doing away with Article 9, and its renunciation of war, of the Constitution, even while authorising the use of military force in certain situations, in order to establish peace and stability, is not incompatible with Japan's status as a pacifist nation. "Japan is asked to take a leading role in forming international order, even if the use of force is part of that assignment," the report states, suggesting that the country must reject, sooner rather than later, its self-imposed ban on the right to collective self-defence.

For many Japanese commentators the current pre-occupation with this ban is unnecessary. In their view the deployment of troops and ships in the Indian Ocean, in support of the US-led war against Afghanistan, amounted to the implementation of the right to collective self-defence anyway. "All that Mr Koizumi needs to do is to say that it can be done," the hawkish former Prime Minister, Yasuhiro Nakasone, summed up on Japanese television recently.

The LDP wants the Prime Minister to do no such thing, however. Aware that the Japanese public is reluctant, on the whole, to abandon pacifism just yet, it plans to exclude the public from the decision-making process. At present changes to the constitution require a two-thirds majority in both houses of the Diet, followed by a majority vote in a referendum. The report of the LDP Commission would cut the process short by doing away with the referendum altogether.

The liberal *Asahi Shimbun* joined the critics, claiming that Article 9 and, indeed, the Constitution's "pacifist spirit" requires Japan not only to stay away from the battlefield but also persuade others to do the same thing. "Article 9 does not mean that Japan wants to avoid war while other countries can do whatever they want" the newspaper commented. Prime Minister Junichiro Koizumi wants Article 9 abolished all the same. North Korea and international terrorism make it necessary, as far as he is concerned. "Discussions should focus on Article 9, given the tensions on the Korean Peninsula and changes in Japan's contribution to international affairs," he maintains.

Japan's Defence Agency, for its part, has suggested "simplifying" (meaning, exclude more cautious lawmakers) the procedures under which the Prime Minister can order "countermeasures" (a counterattack, the defence hawks hope) when the country is under attack. If Japan's military gets its way, the Diet would be sidelined and only "requested" to endorse the Cabinet's decision to retaliate. In any case, there would not be much time to discuss the pro and cons of countermeasures, according to the military, which has warned that North Korean Nodong missiles can reach downtown Tokyo in less than 10 minutes.



Deploying the system will take the North Koreans another couple of years, however; the challenging task for now is to figure out exactly what Japan's military wants to do if Pyongyang decides to run amok before then. Whereas attacking North Korea pre-emptively appeared to be one option until very recently for Japan's military, it seems its main task now will be to limit the damage after North Korean missiles land on Japanese territory. "If a missile hits Japan, our action will be limited to minimising the damage," Defence Agency chief Shigeru Ishiba said, adding that Japan does not have the offensive capability needed to launch a counterattack on North Korea anyway.

The debate over the revision of the Japanese Constitution has resulted in the "national emergency laws" being put back on the agenda. The Diet started discussing this package of three laws, which tell the armed forces what to do in the case of an attack on Japan, more than two years ago. The LDP's most recent version of the package seems to suggest that the military could be mobilised even before Japan comes under attack. The bills provide for two contingencies, a "military attack" and an "anticipated military attack situation." The opposition has warned that the provision for an "anticipated military attack" is alarmingly close to "attacking pre-emptively." The New Komeito, the LDP's largest coalition partner, is also strongly opposed to letting Japan pull the trigger before the enemy does.

The Democratic Party of Japan (DPJ), the country's largest opposition party, does not really trust Prime Minister Koizumi or his aides either. It wants to oblige the government to involve the Diet before Japan embarks on a war. The DPJ has asked that the Cabinet's decision on how to handle incoming North Korean missiles, be followed by a Diet resolution necessary to keep the government's newly-found level of enthusiasm for defence matters.

The government will have none of this, as it turns out. "It would seem inconceivable, under a parliamentary cabinet system, for government measures to be completed by the Diet," Fumio Kyuma, an executive member of the House of Representatives special committee, declared recently. He was obliged to hint at the possibility of surrender on this point, in order to get the three bills through the Diet, after the DPJ resisted any snub to the Diet.

"The idea to include the Diet is not something we will reject completely," Mr. Kyuma promised, adding that any Japanese move away from a pacifist to a "normal" military power, in less than two years, is unlikely to make everybody happy, whether inside or outside the country. China and South Korea, for a start, have promised to keep an eye on what they fear could become an overly assertive and militarily self-confident Japan.

The EU and Japan have recently agreed to further implement non-military security co-operation, even while promoting an alternative approach to security and to concepts of human security. During the EU-Japan summit in Athens in early May, the two sides expressed their commitment to implement and review the December 2001, EU-Japan Action Plan, in which non-military security co-operation figures prominently. Many Japanese commentators want the country to contribute to securing global peace and stability through such co-operation. However, recent Japanese initiatives aimed at strengthening military co-operation with the U.S. could be in contradiction to the goals and motives of EU-Japan co-operation in the field of security. ■

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Shaping Europe's future

The Convention on the Future of Europe was established by the leaders of the 15-nation European Union (EU) in February 2002 to prepare a report for discussion by an Inter-governmental Conference (IGC). This text should be ready by mid-June, 2003. The heads of State or Government of the EU had decided at their meeting in Laeken in December 2001, to establish a forum composed of representatives of national governments and parliaments, the European Parliament and the European Commission. The forum also includes representatives from the governments and parliaments of the 10 countries that will join the EU in May 2004.

The Convention is chaired by Valéry Giscard d'Estaing, who was the centre-right President of France throughout much of the 1970's. Its mandate is to "consider the key issues arising for the EU's future development and to try to identify the various possible responses". The Chairman will prepare a "final document" indicating either "different options" that could be followed or "recommendations" if there is consensus. The Convention meets once a month in plenary session. On an initiative from its President, eleven Working Groups were set up to discuss, *inter alia*, defence, external action, the economy and justice and home affairs.

To put an end to speculation that developed this year that the Convention might drag on beyond its original deadline, the informal meeting of The European Council strongly reaffirmed, at its informal meeting in Athens on April 16, that the Convention's 13-member governing body, the Praesidium, must submit its final report by June 20. It is unclear whether the Convention Chairman intends to present, as a final text, a constitutional treaty, for which there is a significant consensus or, attempt to force through a text pushing for faster European integration, even if it does not have majority support.

Whatever the nature of the final text, it will be submitted to the last meeting of heads of State or Government under the Greek Presidency, to be held in Thessaloniki. In a less than enthusiastic assessment of the proceedings to date in the Convention, the Athens Council declared that the Convention's final report would only "provide a starting point" for discussions. The EU leaders made clear to the Convention's President that the Inter-governmental Conference will "take the ultimate decisions". ■

Hard choices ahead for EU development policy

Questions concerning the independence of the European Union's development policy continue to be asked within the context of the Convention on the Future of Europe. The Convention continued in April the debate on the future status of Europe's development co-operation, which it had begun in February, with the publication of a draft Article outlining the EU's shared competences. The complete draft of the Articles on External Action was published on April 23. This draft simply lists development policy as just one of many areas of the EU's external actions.

The fears of many development non-governmental organisations (NGOs) about the future role of the EU's development policy, a key element in its international standing, appear to have been realised. Article 1 of the draft text presented on April 23 defines the 'principles and objectives' of the EU's external action. The Article mentions the laudable aim of eradicating poverty, in particular in low-income countries, but as one of the several aims of external policy in "identifying the strategic interests and objectives" of the EU.

Article 2 states that the European Council will decide foreign policy and "other areas of the external action of the EU" in the light of these strategic interests. The way is thus left open for the European Council to subordinate development policy objectives to wider common foreign policy needs, as appropriate. The issue is already complicated by the fact meetings of the Development Council, as a separate body, were abolished by the European Council in June 2002. Development issues are now dealt within the EU's General Affairs and External Relations Council.

Draft Article 25 restates that EU development policy "shall be conducted within the framework of the principles and objectives of the EU's external action". The rest of the text refers to the operation of multi-annual co-operation programmes and programmes with a thematic approach. Article 27 strengthens the notion of "complementarity and efficiency" in the co-ordination between EU and Member States' policies on development co-operation.

The Convention also raised the question of the difference between coherence versus consistency in development policy, as it relates to broader EU policies. This was raised in a letter to the Convention President by the three Vice-Chairs of the European Parliament's Development Committee - the Socialist Max van den Berg, the Liberal Marieke Sanders-Ten Holte and the Christian Democrat Anders Wijkman.



The letter demanded that development co-operation remain “firmly based upon the principle of coherence”. The 1992 Maastricht Treaty defined coherence as the need for Community policies that impact on developing countries to take development objectives into account. In the draft of Article 1 this was confused with the concept of ‘consistency,’ introduced in the 1997 Amsterdam Treaty, which requires Community policies to be consistent with the objectives of the EU’s common foreign and security policy (CFSP).

The head of Development Commissioner Poul Nielson’s *cabinet*, Friedrich Hamburger, echoed a widely-held view when he suggested that development policy can no longer be isolated from trade, agriculture, fisheries, health, migration and environment policies. Speaking in early May in Athens, Mr Hamburger referred to the rules on coherence in the Treaty, which he described as “weak and in need of being reinforced”.

The European Confederation of Relief and Development NGO’s, CONCORD, stated in a press release that “EU external policy should be firmly based upon the coherence principle”. In other words, what the EU “offers developing countries with one hand, it should not take with the other”. However, this is precisely what could happen if development objectives are integrated into broader external policy action, particularly in the field of external trade.

What the Convention texts have not addressed is the creation of a position of an EU Development Minister to complement the proposed single EU Foreign Minister. Equally, there is no proposal to restore the Development Council, although, for example, the Convention is apparently convinced of the need for a new Defence Council. The absence of a proper institutional framework for development assistance is hardly in keeping with the EU’s role as the largest provider of official development assistance (ODA), contributing about half of global ODA in 2001.

The re-organisation of the number of committees in the European Parliament next year could mean that, although unlikely, the Development Co-operation Committee might be abolished. Commissioner Nielson told members of the European Parliament in January that he did not necessarily see the abolition of his Development Directorate General “to be really a problem”. The dispersal of functions to DG RELEX and EuropeAid, would he said, “create a better system for delivering development co-operation”. It is not clear whether going down in history, as the last EU Development Commissioner, is a mark of progress or a retrograde step.

Certainly, CONCORD believes that there should continue to be a separate Commissioner and separate Directorate General (DG) for Development. The

Commission should retain responsibility for development policy and aid programmes. An effective development policy, CONCORD stated, “requires a well-defined and separate political responsibility”. This would require procedural and institutional reforms to “promote transparency, accountability and participation in decision-making”.

The UK-based development network, BOND, shares many of the same views. BOND has outlined that an effective development policy requires a “well-defined and separate political responsibility”. This is taken to mean a Commissioner for Development, a DG for Development, a Development Council and a role for the Parliament. The narrow vision proposed for EU development co-operation in the draft constitutional text implies that development policy is being sidelined or being regarded as just one of many tools for CFSP.

In early April, Poul Nielson set only very basic targets for the proposals in the Convention. Speaking in Berlin, he said that his “main objective” in the Convention is to ensure that “development is something both the Community and Member States will continue to do”. It is unlikely that this was ever in doubt. Also, given the fact that development policy already has a legal base in the current Treaty, it was highly unlikely that this would be withdrawn - another of Mr Nielson’s concerns. The only good news is the focus of EU development efforts will continue to be on poverty *eradication* rather than just *reduction*. The Convention will begin another round of discussions on the external action draft articles in May. ■

Towards a common foreign policy for Europe?

The first round of serious discussions on the future structure and management of the European Union’s foreign policy took place in the European Convention on the Future of Europe in April, on the basis of the proposed draft Articles. Later that month, four EU member states – France, Germany, Belgium and Luxembourg – met in Brussels to launch a new defence initiative, in an attempt to forge the nucleus of a European defence policy. If successful, their project would mark a radical departure from existing or planned EU initiatives designed to strengthen military crisis management operations. The willingness of the four countries to operate outside the boundaries of the European Convention, on an issue as important as defence, does not augur well for the draft constitutional text, due for discussion in the Inter-governmental Conference under the EU’s Italian Presidency.



The draft Articles on the EU's external action were published on April 23 by one of the Convention Vice-Chairmen, the Belgian Jean-Luc Dehaene, who told the Convention's plenary session the next day that, the Articles should be considered as "creating the necessary political will for the EU to act collectively on the international stage". The EU's reluctance to commit itself as a political actor outside Europe's wider borders had been addressed by the Greek Defence Minister, Yannis Papantoniou, in mid-March. Speaking at an informal EU Defence Ministerial meeting in Athens, Mr Papantoniou had stated that, even if the finance was still lacking, the "political commitments and decisions" had been made for the EU to begin taking its crisis and military management tasks seriously.

To those who follow developments in the EU from third countries, the most striking proposal for change under the Convention is perhaps the one designed to improve the visibility of the EU's external policies. Article 19 proposes a single EU foreign minister, who would be appointed by the Heads of State or Government meeting in the European Council. The choice would be made by qualified majority vote. This has proved controversial for the smaller member states, who fear that the larger states will carve up such an important job between themselves. The foreign minister would have significant powers, as he or she would be responsible for the EU's common foreign and security policy (CFSP) and the European Security and Defence Policy (ESDP).

The position of High Representative for CFSP, currently held by Javier Solana, would be abolished. In addition to his role in the Council of Ministers, the foreign minister would be one of the European Commission's Vice-Presidents. He would assume the external affairs portfolio within the Commission, currently held by Chris Patten. The new EU foreign minister would have the right of initiative. This dual role, or "double-hatting" as members of the Convention call it, has the support of both Chris Patten and Javier Solana.

Third countries would also notice a difference as regards the conclusion of agreements relating to CFSP, such as association or other international agreements. Where an agreement relates mainly to common foreign and security policy, the proposed EU minister for foreign affairs would have the right to ask the Council for authorisation to open negotiations. Where an agreement relates "exclusively" to CFSP, the Council would not be obliged to consult the European Parliament. The foreign minister would also have the right to propose that the application of an agreement be suspended.

Should these, and the many other related proposals, survive the Inter-governmental Conference, the result

may well be more streamlined decision making structures and an EU foreign policy that is more clear to the rest of the world. The Convention as a whole has done little, however, to address the more significant problem which the EU faces in the immediate future. The fact is that EU States must show the *political will* needed to allow the new procedures to realise their potential and to operate outside the borders of the enlarged EU. This political will has been largely absent, although with several notable exceptions. However, the EU singularly failed to take a unanimous stand on the war in Iraq, for example. Clearly, if countries continue to place their national interests above those of the EU, and fail to increase defence spending, then no end of tinkering with the institutional machinery will deliver this vital ingredient, a strong political will.

A 4-nation pre-emptive strike

A striking development in the fall-out from the crisis over the failure to take a stand on the war in Iraq took place on April 29. Meeting in Brussels, the leaders of Belgium, France, Germany and Luxembourg held what became known as the "defence mini-summit". The summit was, in part, an attempt to address the weak political commitment shown by European leaders to providing adequate levels of troops and funds for the European Rapid Reaction Force (ERRF). EU Member States are required to provide up to 60,000 troops capable of being deployed outside the EU for up to one year. The ERRF is meant to become fully operational during 2003.

The 4-nation summit called for a "credible security and defence policy" for the EU, "based upon real civilian and military capabilities". For the Belgian Prime Minister, Guy Verhofstadt, the EU cannot have a common foreign policy unless it also has a common defence policy. But it "needs a shock to create a common foreign policy," the Prime Minister told members of the European Parliament and the press on April 30. He noted that although the defence initiative started with only four countries, the project would be open to all EU members.

The creation of a standing army, as proposed by the mini-summit, does not seem very credible without the participation of the UK, in either military commitments or financial terms. According to the four countries, the standing army would be built around the existing Franco-German brigade, with special forces troops from Belgium and "reconnaissance elements" from Luxembourg. The ERRF, in contrast, is only a commitment to provide troops, if asked.

Graham Watson, the leader of the Liberal Democrats in the European Parliament, called the defence project a "new phase of integration in defence policy". The four countries would act as a "catalyst for change" by



adding military muscle to the EU's common foreign policy. He warned that the closer co-operation demanded by the defence project must take place within the structures of the EU Treaty.

Guy Verhofstadt, speaking in the European Parliament, sought to link the summit initiative to the European Convention's proposals for greater co-operation in defence matters. Article 20 of the draft constitution stipulates that any group of Member States can come together "to enter into more binding commitments," within the context of the ESDP. This process is termed "structured co-operation" in the draft text. To participate, States must fulfil the as yet unspecified condition of "high military capability". Only States that belong to the group would have access to the Military Committee and the Political and Security Committee, when they meet to discuss structured co-operation operations. Guy Verhofstadt pointed out, however, that if the Convention did not adopt such reinforced co-operation proposals then the four countries might consider proceeding with their initiative outside the EU system.

Another major proposal for change is contained in Article 17. The draft text seeks to significantly broaden the so-called Petersberg tasks from the current three, which are humanitarian and rescue tasks, peace-keeping tasks and peace-making. The Working Group on Defence, in its December report, recommended expanding these tasks to include joint disarmament operations, military advice, conflict prevention, support for a third country in combating terrorism and, finally, post-conflict stabilisation. This recommendation was accepted into the draft constitution. The decision on whether to commit EU troops to any of these 'Petersberg plus' operations would have to be unanimous. The Defence Working Group suggested that the military advice to a third country could include co-operation between the military forces of a third country or of a regional/sub-regional organisation.

The proposed constitutional text also deals with mutual defence. Draft Article 30 of Part One, which deals with common security and defence policy, provides for "closer co-operation in mutual defence" in section seven. Basically it is an attempt to bring those EU States who are members of the Western European Union (WEU) within the framework of the EU Treaty. The draft text suggests that any closer co-operation would be undertaken within the Community system. It could also be used as a solidarity clause in the event of an attack on an EU Member State. The draft Article refers to a participating State being the "victim of armed aggression on its territory" and having the ability to seek assistance from other participating States. Draft Article 21 of Part Two expands on this solidarity clause, stating that such States would, in effect, have access to the EU's political and military structures.

The "double-hatting" concept of one person filling a role both in the Commission and Council is certain to survive the Convention process and be presented to the Inter-governmental Conference. Many of the Member States are known to favour merging the two positions. Whether the reformed foreign policy structure will be any better than the existing set up will depend largely on the political commitment the EU's leaders assign in reality to the job and the occupant. ■

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External Action

Article 1 Principles and Objectives
 (Draft)

1. The Union's action on the international scene shall be guided by, and designed to advance in the wider world, the principles which have inspired its own creation, development and enlargement: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, equality and solidarity, and for international law in accordance with the principles of the United Nations Charter. The Union shall seek to develop relations and build partnerships with countries, and regional or global organisations, which share these values. It shall promote multilateral solutions to common problems, in particular in the framework of the United Nations.

2. The European Union shall define and pursue common policies and Union actions, and shall work for a maximum degree of co-operation in all fields of international relations, in order to:
- a) safeguard the common values, fundamental interests, independence and integrity of the Union;
 - b) consolidate and support democracy, the rule of law, human rights and international law;
 - c) preserve peace, prevent conflicts and strengthen international security, in conformity with the principles of the UN Charter
 - d) foster the sustainable economic and social development of developing countries, with the primary aim of eradicating poverty, particularly in low-income countries;
 - e) encourage the integration of all countries into the world economy, including through the progressive abolition of restrictions on international trade;
 - f) develop international measures to preserve and improve the environment and global natural resources, and ensure sustainable development;
 - g) assist populations, countries and regions confronting man-made or natural disasters
 - h) promote an international system based on stronger multilateral co-operation and good global governance.

3. The Union shall ensure consistency between the different areas of its external action. It shall take into account the principles and objectives listed above in the development and implementation of external aspects of other Union policies. ■

Iraq, Europe and the US

by Paul Lim

Following the removal of Saddam Hussein from power in Iraq here are the observations of someone who has re-located to South-East Asia, more precisely Malaysia, from Brussels, to the reactions to this American-UK “liberation,” rather invasion, of Iraq without UN approval.

The reactions of people in Indonesia, the Philippines, Thailand, Japan, and South Korea, both before and after the attack on Iraq, were widely reported. In Singapore some people were arrested and detained before they could demonstrate in front of the US Embassy. In Malaysia, there was a government-supported rally against the war, while the police dispersed street demonstrations in which opposition political parties and non-governmental organisations (NGOs) took part. The demonstrations around the world were shown on television in South-East Asia, and pointed to as manifestations of opposition to war.

The West fights Islam? A distinction had to be made between the people and their governments. The *jihad* against the West seemed muted, the clash of civilisations seemed laid to rest. But it cannot be denied that Islam bonded Muslims all over the world in solidarity over Iraq. The Pope’s strong opposition to the war was important, considering that Christianity is identified with the West. But it went largely unreported and therefore unnoticed in South-East Asia.

While anti-Americanism has been aroused, a person interviewed by the BBC correspondent admitted that American fast food outlets will continue to be patronised. The reality is that South-East Asian economies are very much tied to the American economy. An intellectual nevertheless commented that if the world were to stop using the dollar and start using the Euro, that would reduce the hold the US has on many countries and affect the US economy. The Euro has brought awareness of the EU.

The attention being paid to Europe is a fallout of this Iraq crisis. Would the EU be able to stand up to the US? The part played by France and Germany in the UN Security Council was appreciated. There was a certain relief that these key European countries were not supporting the US. As to the UK, some could not understand why the British Prime Minister, Tony Blair, was supporting President Bush. It was felt that the UK had not got over its imperial past, and still thought of itself as a world power.

There was less interest in Spain and the other countries that lined up behind the US-UK, even though the group included another former colonial power, the

Netherlands. The German and French position upset the prevailing view that Europe identified itself totally with the US. A more independent European Union will not be lumped with the US, as a partner in imperialism. Can there be further expectations of a more independent Union?

There is no understanding here, whether of the transatlantic partnership and the divisions within the EU over it, or the Common Foreign and Security Policy. These are developments which the writer has to explain in his lectures on the EU. What people understand and ask about is why the UK is out of step with the continent? The countries which come to their minds when they speak of Europe are Germany, France, the UK, Spain and Italy. The countries people know, are the ones they visited while on holiday. Most do not know which countries are members of the EU. There is less knowledge of the enlargement countries.

Much needs to be done to raise the visibility of the EU in Asia; much can be done through the Commission’s Delegations in Asian capitals. The EU Member States themselves should help raise the EU’s profile, by making sure their embassies draw attention to the 15-nation Union. Advertisements should perhaps be taken out in local newspapers, and local journalists encouraged to write about the EU.

The EU-sponsored Visitors Programme invites Asian journalists to Europe, whom the writer has met in Brussels. They may write an article or two on returning home, but how many of them continue to take an interest in EU affairs? Asian journalists based in Brussels are mainly from North-East Asia, and their work is not seen in South-East Asia. The Euro nevertheless is the best publicity for the EU. One still finds people with the former European currencies, who want to know how to convert them into Euros. Keep them as souvenirs, is my reply.

Chancellor Schroeder and Presidents Chirac and Putin will pay official visits to Malaysia shortly. This may strengthen the perception, among the general public, of a Europe that does take positions different from those of the US. Of course, the more knowledgeable will know that Russia is not an EU member country, and recognise a divided Europe and a divided EU. For Malaysians, these visits will confirm Malaysia’s standing on the international stage. As the leader of the non-aligned movement it has a larger role to play on the world scene. These visits may have been planned long before the Iraq war, but in the present context they can be seen as aimed at securing Malaysia’s support, thus raising the country’s international standing. ■

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New Social Policy Agendas for Europe and Asia

Challenges, Experience and Lessons

Katherine Marshall and Olivier Butzbach (Editors).
World Bank, Washington D.C. 563 pp.

When European Union (EU) and Asian leaders met in London in April 1998, for their second Asia-Europe Meeting (ASEM), they were pressed to respond to the Asian financial crisis, then sweeping across ASEAN and severely hitting South Korea as well. What was to be done? A principal pledge was made to keep European markets open. Despite some fierce anti-dumping cases against Korean shipbuilders and Malaysian fax machines, as well as the EU's strict interpretation of technical and sanitary regulations, regarding Thailand's fish exports, for example, the trade data show unambiguously that this commitment has been substantively honoured.

But it was obvious from the start that trade alone could not be expected to mitigate the negative consequences of this major financial crisis. The ASEM Summit also set up a three-year Trust Fund for policy research, to address the social consequences of the crisis, with 10 partners contributing \$45 million. *New Social Policy Agendas for Europe and Asia* sets out the results of one particular policy study examining the relevance and lessons of the European experience in building social security systems.

The book tackles several key themes within its imposing 563 pages: first, framework and models of how Europeans and Asians approach welfare and social policy; second, the linkages between macroeconomic and social policy; third, policies to combat social exclusion; fourth, facing ageing and social security; fifth, labour and welfare state policies and finally, moves towards global standards. In this review I shall concentrate on the findings of the analytical parts of the volume.

Frameworks and models. Ian Gough, of the University of Bath, develops a typology of welfare regimes in East Asia, drawing upon European literature. East Asian welfare regimes are shaped by several structural characteristics: (a) a tiny contribution by the state; (b) significant agricultural populations and informal sectors; and (c) a greater impact of external factors. The resulting welfare mix in East Asia, details of which are provided in a very useful annex, is one of;

“relatively low public responsibility for welfare expenditure, provision and regulation; instead it is characterised by reliance on the family and community to provide services and redistribute wealth and by

growing involvement of both private markets and community-based organisations in providing social services.” (p.28)

Peter Scherer, of the OECD, points to the continued importance of family obligations in developed economies also, especially in the context of health and ageing. Overall figures indicate, however, that public social expenditure in the EU amounts to 34 per cent as compared to 7.0 per cent in East Asia.

Linkages between macro-economic and social policies. Irish, Norwegian and Danish experiences are examined in detail, whereas K.S. Jomo, of the National University of Malaysia, presents an insightful 'box' about Malaysia. He argues that social policies are not merely instruments to deal with externalities; they must be integrated with all aspects of macroeconomic policy. It is to be more than merely counter-cyclical social safety nets; it is to be a key part of human resource development.

Policies to combat social exclusion. This part of the volume is the most comparative in nature, as it includes several inter-regional comparisons on social housing, migration, gender equality and welfare state restructuring. The Swedish experience in social housing points to the importance of strategies to avoid ghettos, whereas the experiences of both Hong Kong and Singapore point to positive externalities of government-sponsored housing development. East Asian immigration policies face challenges regarding regional co-ordination, sharper attention to labour market conditions, protection of female migrants, concern for re-integrating returnees, effective supervision of the recruitment industry and improved legal frameworks. All these issues are high on the European agenda too, and some sharing of experiences could lead to improved policy formulation.

Ageing and social security. Japan, more than any other OECD or Asian country, faces acute problems of financially unsustainable pension liabilities. The volume focuses, however, primarily on issues in the EU context, implicitly sounding a warning for developing Asia, which too is experiencing rapid demographic transitions.

The format of *New Social Policy Agendas* is interesting and varied. It is not merely a treatise on the subject, but it also provides a wealth of information about the process through which the policy research was generated, while avoiding the tedium of dull proceedings. Four seminars in Europe, and another four in Asia, are traced through “boxes,” while the 48 contributions are grouped thematically, not just geographically. The Brussels seminar, organised by the European Institute for Asian Studies in the headquarters of the European Commission in December, 2001, proved pivotal in the articulation of



the ideas of Robert Wade, K.S Jomo, Ian Gough and others. It also discusses the 'Social Agenda for the European Union' in a contribution by the reviewer, pointing out that;

“...there is no strong evidence to show that trade with non-member countries of the OECD has been the fundamental factor causing declining employment opportunities for unskilled workers and rising wage inequalities. Rather, competition among similarly endowed economies and the volatility of financial flows are the main driving force behind these trends.... For this reason, the policy debate in Europe has moved away from trade protectionism and toward reform of Europe's social policies.” (p. 461)

Of the 45 contributors to this volume, only four are Asian: two are from Malaysia, one from Korea and one from Japan. Headcounting and diplomatic correctness are never the hallmark of serious analysis.

Nevertheless, some more Asian perspectives would have added value to the volume, especially on the issue on the replicability of experiences and the importance context-specificity. The European experience of creating a social welfare system took place in the context of industrialising societies with large-scale industries. Organising labour happened on the shop floor, and it was the social democratic movement that added social policy to national agendas.

However, even emerging Asian countries today are, at least in part, post-industrial service societies. Traditional models of organised labour as the main agent of social policy advocacy are not particularly relevant when the formal sector covers merely 5 to 10 percent of the labour force, and where most people work in atomised environments. Thinking through the far-reaching implications of this for social policies in East Asia is made easier by this excellent volume, but far from completed. ■

MAPPING MUSLIM POLITICS IN SOUTH-EAST ASIA AFTER SEPTEMBER 11

by Dr Suzaina Kadir, EIAS Briefing Paper 02/05 December 2002

The events of September 11 also left a lasting imprint on Muslim communities around the world. Suddenly, Muslims were confronted with thought-provoking questions about their own religion and religious identity, especially vis-à-vis the modern secular nation-state as well as an increasingly modern and globalised world. As the US-led “War on terror” enters more directly into the region, the challenge is for the international community to support the consolidation of democratic states in the region, one that would ensure a balance in state-society relations, and to forge stronger links with moderate-mainstream Islamic groups.

The US-led war on terrorism will continue to have a serious impact on Muslim communities in South-East Asia but the impact need not be destabilising. It is vital for the United States to make clear that its efforts are not directed at strengthening repressive and authoritarian regimes or against Islam. But this will be a difficult task since it is becoming increasingly difficult to sieve through the processes of Muslim politics in the region. Also, there is evidence to suggest that even moderate/mainstream Muslim communities associate globalisation with negative connotations of Americanisation. In a recent survey of 1000 Muslims in Java, the data results showed that the higher the level of religiosity, the higher the likelihood that the respondent would view Americanisation as negative and problematic. Hence, Muslim politics in South-East Asia may take on a stronger anti-American flavour if not addressed sensitively.

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THE CHINA PERIPHERY: THE NEW US CHALLENGE AND BEIJING'S RESPONSE

by Dr Greg Austin, EIAS Briefing Paper 02/02 December 2002

In Taiwan, Tibet and Xinjiang, China's leaders have for many years seen themselves as facing threats to the country's national integrity and territorial sovereignty. The specific circumstances of Taiwan, Tibet and Xinjiang remain quite different and there has been little reason to see them as connected. But strategic policy makers in Beijing are beginning to see these once distinct problems as having new common threads that make them together a much higher order of security problem than any of the three cases had represented individually. The single most important thread in this evolving perception is the view that since President George W. Bush came to power in January 2001, the USA has been positioning itself to limit China's potential strategic power and it has been using developments in these three areas to do that. The US's need for China's support in Security Council votes on possible war with Iraq in late 2002 has overshadowed and even contained some of the emerging negative trends in US-China security relations that were so visible in 2001. But this paper contends that the underlying fundamentals remain negative. China's support for the US (and UK) position in the UN Security Council is based on shared values to some degree but it is also part of China's strategy for responding to the new US strategic challenge that is emerging on its periphery.

Dr Greg Austin is a Visiting Senior Research Fellow at the European Institute for Asian Studies since April 2002. His monograph on China's Ocean Frontier -- International Law, Military Force and National Development is widely recognised as the most comprehensive and detailed analysis of the subject, informed by years of primary research in China. He worked for the International Crisis Group in Brussels, in which capacity he helped to establish its Central Asia Project.