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A programme for the 21st century

by Malcolm Subhan

The European Union (EU) is caught in a time warp in its relations with Asia. Reading recent public pronouncements by their leaders you would not guess that the EU's formal relationship with ASEAN goes back some 25 years, with India as much as 40 years. Take the statement issued jointly by the two co-chairmen of the 14th EU-ASEAN Ministerial Meeting in Brussels at the end of January. Its opening words are: "Ministers reaffirmed the high importance they attach to the EU-ASEAN relationship, and agree on the need to deepen further the EU-ASEAN dialogue as a fundamental building block for the strategic partnership between Europe and Asia."

Of course the term "strategic partnership" was not in use 25 years ago; but nowhere in the 28-point Joint Statement is there any concrete evidence of a "strategic partnership." The Ministers agreed "to develop a comprehensive and balanced agenda for the future;" but the future agenda is limited to "promoting" such old agenda items as bilateral trade and investment flows and engaging in a dialogue "on issues of common concern."

Or take the EU-India ministerial meeting, held in Athens, since Greece holds the EU's rotating presidency, on January 17. At their press conference the Greek foreign minister, George Papandreou, pointed to the "great potential in this relationship between the European Union and India." The Indian foreign minister, Yeshwant Sinha, thought it had been "an extremely constructive dialogue," and that "in order to provide further impetus to our relationship, perhaps a brain-storming between the two sides could be in order."

What is missing from the relationship between the EU and Asia is an awareness that both Europe and Asia have changed dramatically in the 30 to 40 years since Asian countries, individually and through their regional

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groupings, made their first overtures to the European common market. The latest EU-ASEAN Joint Statement contains no hint of the fact that the South-East Asian region has been swept by far-reaching economic and political changes, that it remains one of the most dynamic regions in the world, despite the financial crisis which shook it a few years ago.

India's foreign minister highlighted some of the changes sweeping his country in his address at the Panteion University in Athens. "From a food shortage country we have become an exporter and donor of food grains. Our software industry is the envy of the world. Our space, nuclear science, bio-tech and other high-tech capabilities are a matter of pride. Today, India is integrated with the rest of the world, and there is a natural synergy between Europe and India. It is clear that it is on this foundation that we must build our future relationship."

The EU, for its part, set itself a new strategic goal for the next decade at the Lisbon Summit meeting of its presidents and Prime Ministers in March 2000. The goal is to make the EU the most competitive and dynamic knowledge-based economy in the world, capable of sustainable growth, more and better jobs and greater social cohesion. To this end the EU will have an overall strategy based on better policies for the information society and R&D, and a faster process of structural reform for competitiveness and innovation. There will be an information society for all, and a friendly environment for starting up and developing innovative businesses.

You would expect that, against this background, meetings between EU and Asian representatives would be entirely devoted to the key issue of how to take advantage of the immense possibilities for co-operation that are opening up for them. To achieve this the EU institutions and Asian governments will have to work together to create the conditions needed to allow not only their entrepreneurs and industrialists but also scientists and engineers to develop 21st century activities.

The sixth Framework Programme for Research offers Asian scientists and scientific organisations an opportunity to join their European colleagues in conducting research in such advanced areas as information society technology, nano-technologies, intelligent materials and new production processes, aeronautics and space, and sustainable development (energy, surface transport). For the first time €285 million has been allocated under the Framework Programme for international partners in all research areas, in addition to €315 million for a specific international co-operation programme. Developing countries will have priority in the utilisation of these funds.

You will look in vain for any reference, however fleeting, to the opportunities for scientific co-operation opened up by the sixth Framework Programme, in the Joint Statement issued at the conclusion of the Brussels meeting of EU-ASEAN foreign ministers. This is because the European Commission's Directorate-General for Science and Technology did not have a hand in drafting the Joint Statement. Under the European Commission's ground rules, relations with Asian countries are conducted by the Directorate-General for External Relations, under Chris Patten.

But it is clear that if the EU is to have a genuine strategic partnership with individual Asian countries and regional groupings such as ASEAN, it will have to work closely with them in not only such traditional areas as trade and investment but also in science and technology, energy, transport, the environment. Foreign ministers will have to make room for their colleagues from these ministries, to ensure that the EU and Asia are working together to forge the dynamic, knowledge-based economies that will characterise the 21st century.

It only remains to involve a key player that has been sidelined so far in these plans. All the discussion in the EU has been on asylum seekers and illegal immigrants, from Asia and elsewhere. The fact is that there is a large Asian *diaspora* within the 15-nation EU. Its members are making a substantial contribution to the economies of the countries in which they have settled, as well as to their social and cultural life. They are also present in all the democratic institutions of the member countries and the EU, including the European Parliament.

The present institutional machinery through which EU-Asian relations operate needs to be overhauled, simply because it was set up some 30 to 35 years ago, when Asian countries were mainly interested in safeguarding their exports to the then European Economic Community (EEC), and the generalised system of preferences was seen as the key to the industrialisation of developing countries. The first step towards a genuine strategic partnership between the EU and ASEAN, for example, will come about when ministerial meetings bring together not only foreign ministers but also their colleagues from energy, science, transport, environment and home affairs. Globalisation requires a global approach. ■

A common EU foreign policy in Asia

by Minister Per Stig Møller

The process of developing a coherent EU foreign and security policy has been steadily gathering steam over the past few years. During the just-completed Danish EU Presidency, I took great pleasure in moving the process forward on several fronts.

A good case in point is the development of relations with Asia. During the six-month Presidency, we hosted five summits with Asian leaders, plus a number of meetings at the level of ministers and senior officials. There was a strong focus on developing common positions on important issues, which the EU had not previously taken up, in particular, the Sri Lankan peace process and the civil unrest in Nepal.

In general, it was heartening to see relations with Asia getting the prominence they deserve. On many issues of international importance, the EU has a valuable role to play, though often it is not the central role. To play our part efficiently, we must ensure close co-ordination with other actors.

I can confirm that when it comes to Asian policy and priorities, transatlantic relations have been working very well. One good example was the effort to defuse tensions between India and Pakistan. Another is the expanding co-operation with other key players, such as South Korea, Japan, China and Russia, in furthering peace and stability in Asia.

I think it is important that we accept as a basic premise that the EU should get involved whenever there is an added value to be had from such an engagement. Even if the other key players do not see our contribution as particularly significant, the only way to gain respect in the long run is to be at the table where decisions are made, to show that we have something to offer.

Let me explain by using some of the cases already mentioned as examples. At this stage in our development, when our engagement is most often in response to an emerging crisis, I find it encouraging to look at Afghanistan. Surely, the international community became involved because Afghanistan was a breeding ground for some of the most cold-blooded terrorists ever seen. But our engagement now has a much more positive *raison d'être*. We are helping a country get back on its feet, so that it can take care of its citizens and become a full member of the world community.

If Afghanistan is to succeed, we must commit ourselves for the long term. The EU has played a significant role in supporting the Afghan government. The results are already impressive. We are, as we should be, the largest donor.

We are also engaged with the Afghan authorities in key policy areas such as legal reform, human rights, police training, education and more. Two EU members, Germany and the Netherlands, are taking over the leadership of ISAF, to which other EU countries contribute significantly.

The hard part, however, will be to ensure that we remain committed, even when new crises arrive to distract us from Afghanistan. If anything, we should strengthen our contribution to Afghanistan's reconstruction. In so doing, the EU will gain respect as a serious player in international affairs.

A natural corollary to our engagement in Afghanistan is contributing to the prevention of terrorism, both from and within Asia. Though it may be some time before we have a satisfying understanding of the dynamics of terrorism, we can and must target the forces behind it. From the outset we know that areas such as education, good governance and institution building are essential. In this respect, we have no choice but to accept deeper involvement with governments having less than perfect records on human rights and democracy, but willing to progress in the right direction. By speeding up the consolidation of policies targeting terrorism, the EU will become a partner in this relatively untouched field. Again, the result is likely to be a greater general respect for EU foreign policy.

The EU must be able to act speedily when events so require. This requires direct contact with all parties involved in a crisis, and being ready to provide timely high level missions when necessary.

During the Danish Presidency, tensions between India and Pakistan reached a crescendo. There was a risk of war. The EU was immediately involved in an intense exchange of assessments, as well as policy co-ordination. Through visits by the High Representative, Javier Solana, and Commissioner Patten, as well as a number of Foreign Ministers from member states, including myself in the spring, the EU contributed effectively to the steady international pressure on the two parties. The EU further underlined the urgency of the matter by insisting that it be on the agenda of its summit with India in October. This is a clear example of how we can contribute, and we should be prepared to do so again in the event of another flare-up.

The current North Korean nuclear weapons issue is another case where the EU has a clear role to play.



Certainly, the key players are South Korea, Japan and the United States. Russia and China also have important roles. But considering the trust and frankness that developed in EU-North Korean relations before Pyongyang's uranium enrichment program was revealed last October, it seems we can help in persuading North Korea that it is in its own interest to end its international isolation.

In 2003, there should be no benefit in claiming a right to develop weapons of mass destruction. The EU can emphasise this point in several ways, including through daily dialogue. It is worth remembering that 13 EU member states have diplomatic relations with Pyongyang, and three have embassies in the North Korean capital. This is vital access, and we must take advantage of it.

The EU's contribution to the Korean Peninsula Energy Development Organisation (KEDO) has also helped to pave the way for greater EU involvement. We should be braver in seeking to play an active role, even if the immediate payback is insignificant. The key factor, again, is the added value of our engagement.

My last example is regional co-operation. In this regard, the ASEM process is both unique and important. Such co-operation already involves many ministries in the fields of economics, culture and politics and, increasingly, civil society also. Many activities get little attention, but in truth, co-operation between Europe and Asia is developing fast, and relations on all levels are growing more substantive. The EU has a lot to offer on this score, based on our unique experience of regional integration.

What all these examples have in common is a role for the EU. It may not always be very significant, but if played wisely it is likely to contribute to a concerted effort to avoid or limit crises in Asia and support peace processes. Just as importantly, engagement inevitably contributes to increased respect for the EU as a serious and significant international force in furthering peace and stability in Asia. ■

Editor's Note:

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The Kabul Declaration: advancing regionalism in Heartland Asia

by Dr Greg Austin

Afghanistan and its bordering countries "renewed their vows" as good neighbours by signing a declaration in Kabul on 22 December 2002 that committed them to "constructive and supportive bilateral relationships." The co-signatories were China, Iran, Pakistan, Tajikistan, Turkmenistan and Uzbekistan. The Preamble to the Kabul Declaration highlighted their motivations: peace, security and prosperity for the long-suffering people of Afghanistan; regional peace and stability; and the fight against "terrorism, extremism and drug trafficking."

The declaration was signed at a Conference on Good Neighbourly Relations, held to mark the first anniversary of the creation of the interim government of Afghanistan, under the leadership of Mohamed Karzai, at the conference in Bonn in December 2001. Representatives of India, Saudi Arabia, Turkey, the European Union (EU), the US and the UN were also present. Their presence was reflected in the text of the Declaration, which welcomed the "combined efforts of the wider international community to provide the support required for the rebuilding of Afghanistan."

The Kabul Declaration is significant on several counts. It is, first and foremost, an expression of a normal relationship between Afghanistan, on the one hand, and Iran and Pakistan on the other. Iran suffered very bad relations with the Taliban for much of the time from 1994 to 2001, while Pakistan was actively involved in the domestic affairs of Afghanistan for decades. The Declaration also offers some prospect that neighbouring states, such as Uzbekistan and Tajikistan, will look more to the central government in Afghanistan to advance their interests, rather than to ethnically related groups inside the country.

The greater significance of the Kabul Declaration lies, however, in its potential contribution to the emerging regionalism in Heartland Asia. UN Secretary General Kofi Annan certainly saw it that way. In his message to the Conference he observed that the Declaration should be seen as a "concrete expression of a strengthening trend...as a new beginning, the basis for a further series of regional agreements and initiatives."

Kofi Annan is half right and half wrong. Interest in a series of further regional agreements is intensifying, but so far there is little sign that the countries involved



will have the necessary technical resources or political instincts to capitalise on them and build an effective form of new regionalism. Certainly there will be an important role for major powers like the EU to foster concrete achievements as the agreements accumulate. The EU needs to have a programme of specific initiatives that will help make the achievements of new regionalism accumulate more intensively than agreements about it.

Treaty Networks as the Basis

The Kabul Declaration follows the signature in June, 2002, of another regional security agreement, the CICA Declaration on Eliminating Terrorism and Promoting Dialogue among Civilisations, and the founding of the Shanghai Co-operation Organisation (SCO) in June, 2001. The CICA Declaration of 2002 was signed at the first Summit of the Heads of State of the members of the Conference on Interaction and Confidence Building Measures in Asia (CICA). This previously ignored grouping had a long gestation period. It was first proposed in 1992 but only emerged formally in 1999, when its foreign ministers signed the Declaration on Principles Guiding Relations Between CICA Member States. CICA was of profound potential significance at that time because it crossed the old imperial boundaries of regionalism by tying them together. Before CICA, India and Pakistan were attempting to co-operate in a South Asia framework, while the states of Central Asia were trying to co-operate in frameworks limited either to the old Soviet Central Asia (such as the Central Asia Economic Union) or to the former Soviet Union (the Commonwealth of Independent States or different combinations of its members).

CICA was an important innovation because it abandoned these old divisions. It brought together countries from Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Uzbekistan), South Asia (Afghanistan, Pakistan, India), West Asia (Azerbaijan, Iran, Israel, Palestine, Turkey) and East Asia (China and Mongolia), as well as other interested major players, such as Egypt. This range of countries provides a very large, possibly too large, a canvas for effective regionalism. But it can also be argued that the inter-connectedness of the security problems of these once discrete imperial regions is sufficient to justify a global, all-encompassing approach to Asia, similar to that embodied in the Conference on Security and Co-operation in Europe in the 1970s. The importance of CICA as a potential new force in Asian regionalism has been attested to by the participation, as observers, of other major powers (Indonesia, Japan, US), other interested smaller states (South Korea, Lebanon, Malaysia, Thailand, Ukraine, Vietnam), and international organisations (UN, OSCE, League of Arab States).

An important additional innovative aspect of the 2002 CICA declaration was its attention to the “dialogue among civilisations.” While many in the West might decry Prof. Samuel Huntington’s concept of the clash of civilisations, his compatriots who now staff the US Administration have declared a war of civilisations, by challenging the Islamic world to abandon and suppress its fundamentalist, anti-liberal forces. But countries like Iran, India and Pakistan have themselves been a part of their own clash of civilisations long before Prof. Huntington wrote his article, and long before the Bush Administration came to power. As the remarks of Indian Prime Minister Vajpayee at the CICA summit suggest*, the 2002 CICA declaration is a timely admission by the signatories of two things: (1) they now recognise that they cannot let the US set the agenda for this inter-civilisational clash and (2) the longer they themselves are distracted by inter-civilisational issues, the less likely is it that they will have the strength to make the material progress they all aspire to.

Like the Kabul Declaration, CICA can help set up an Asia-wide security framework. But it cannot by itself set the agenda for advances in prosperity or resistance to US cultural forces (whether coming directly from the USA or indirectly through globalisation). It is simply too big. The regional framework that is the more likely basis for this is the SCO, which currently brings together Russia and China with four Central Asian states (Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan). Countries like Afghanistan, India and Pakistan will need to join the SCO if it is to realise its maximum potential as a foundation for a new regionalism in Heartland Asia, and if agreements like the Kabul Declaration are to meet the promise that Kofi Annan has identified.

The SCO has a relatively certain future because it is more than a formalistic structure created *ab initio*, having evolved naturally out of more than a decade of co-operation on border delimitation and security issues. This co-operation began as early as 1987 between China and the USSR, and has continued since 1991 with the four affected successor states (Russia, Kazakhstan, Kyrgyzstan and Tajikistan). Although conceived as a security grouping fighting terrorism and separatism when it was formally set up in June 2000 – a full year ahead of the 11 September 2001 attacks on the US – there probably is no effective alternative for regional economic and social development in Heartland Asia.

The fact is that agreements like the Kabul Declaration are providing their signatories a useful lead on how to transcend the old regional boundaries, based on imperial zones of influence, thus making possible concrete achievements in prosperity based on any form of economic regionalism. ■



India, Pakistan and the EU

by Liz Lynne, MEP

Given the present state of international affairs, I believe it is time that Europe took a more proactive role in global conflict prevention. The longer confrontations are allowed to fester, the more resentment, hatred and mistrust become ingrained into the mentalities of the opposing factions. Nowhere is this more evident than in the disputed territory of Kashmir. Too often the international community allows conflicts to reach boiling point before moving in to turn the heat down. Last year's crisis in Kashmir illustrates this point.

From the day they are born many Indians are told that Pakistanis are the cause of all that is bad in the world, and the same tale is true for many Pakistanis with regard to Indians. This institutionalised hatred has been a factor of life in the subcontinent since Indian independence in 1945. India and Pakistan have been looking at each other down loaded gun barrels ever since they became separate entities. The mistrust that has been engendered for decades has regularly manifested itself. Regular border scuffles, insurgencies and three major wars have blighted both states, and have in turn caused a great deal of suffering to the people of the region on both sides of the border.

To prevent further bloodshed both countries must be tied into the international system of politics and trade. The European Union (EU) should also offer itself as a mediator in the region. India has asserted that under the 1972 Simla agreement the Kashmir question is a matter to be dealt with bilaterally, and not through international forums such as the UN. The Agreement defunct, however, when they first tested nuclear weapons three years later, in 1975. The issue went global once nuclear weapons were involved.

Now that both India and Pakistan have developed nuclear capabilities, the possible consequences of another war would be catastrophic. India is home to one billion people, Pakistan to just under one hundred and fifty million people. Add to this fact that this is one of the most unstable regions in the world, and the outcome of another war does not bear thinking about.

Both countries were vilified when they engaged in tit for tat nuclear and missile tests in 1998. Pakistan was pushed out of the international community after the military coup of 1999, and still remains on the fringes, except when needed by the international community to help in the war on terror. By isolating countries we lose a great deal of leverage that we could otherwise bring to bear on them in persuading them to reach a long lasting settlement and, hopefully, a permanent peace.

Isolation is not the answer. If we look at the countries that are a focus of concern just now we obviously point to the likes of Iraq and North Korea and, earlier, Afghanistan. All these countries were or are viewed as "pariah states" or "rogue states," and are thus shut out of the international community in the hope that they will see the error of their ways and reform. This approach does not work. To negate the threat of such countries becoming global problem areas we should be continuing to make every diplomatic effort to draw them into the international community through multilateral agreements on economic, political and cultural matters. Isolation breeds ignorance, and ignorance breeds resentment. We have seen far too many examples in recent years of where this leads.

Take the outstanding success of the European Union as an example. Fifty years ago it was unthinkable that Germany and France would be discussing having joint cabinet meetings, a common foreign policy and dual nationality as a goal. However, this is precisely what happened on January 22 of this year. After centuries of warfare in Western Europe the prospect of war is now unthinkable, owing to the ties and bonds that have developed over the last 50 years. Europeans now have family, friends and business dealings all over the continent. They visit each other's countries, they buy each other's produce and they learn each other's languages. Understanding is becoming increasingly engendered in European society, and the conflicts of the past are fast becoming distant memories.

I hope that one day the same will be true of Pakistan and India. I would not be so arrogant as to suggest that we have got it totally right in Europe, nor would I be so ignorant as to suggest that you could seamlessly graft a system of government developed in Western Europe onto the subcontinent, and it would instantly solve all the regions' woes. But it is at least a point worthy of consideration and a far better option than the alternative.

We must promote the use of trade as a tool of integration, drawing communities together through co-operation and agreement. Both India and Pakistan are countries with huge populations and equally huge social and economic problems. Both spend disproportionately large amounts of their budgets on defending their mutual border and developing technologically advanced weapons that hopefully will never be used. Each country should see the other as an opportunity, not a threat.

The European Union came into existence initially as an agreement on trade in coal and steel, in the form of the European Coal and Steel Community. But look at the situation now! The markets that could open up for India and Pakistan are immense – if only there was an



atmosphere of co-operation and conciliation. With a settlement on the Kashmir issue, trade flows could grow between these two nations, while stability would bring with it inward investment from elsewhere.

This leaves the question of Kashmir. A settlement requires constructive dialogue and certain concessions by both sides. They include allowing the participation of an outside mediator. The European Union has become a pioneer in bridge building, having concluded upwards of 150 association and bilateral agreements with other nations. This gives us a unique position in global politics, which we must use to bring our influence to bear on volatile and sensitive situations around the world.

For 50 years the people of Kashmir have suffered as a result of this conflict, and it is high time we did something about it. We must use all necessary means to ensure that all parties concerned, including most importantly the Kashmiris themselves, are brought around the negotiating table. Too often the Kashmiris get overlooked when the issue of a settlement is discussed. It is their homeland, it is they who have suffered, and they should therefore be allowed their say. No settlement can be taken truly seriously which does not have the full backing and participation of the Kashmiri people. For the sake of the region we must get a settlement on this issue, and the European Union must do all it can to make this a reality.

These ideas may seem pie in the sky, but go back 50 years in Europe and see what has been achieved in such a short time span. Countries that once were bitter enemies, separated by one of the most heavily defended borders on the planet and fought three wars within a century, now stand side by side as allies. I hope that in the near future the same will be true of India and Pakistan. ■

Editor's Note:

Ms Liz Lynne is a British member of the European Parliament for the West Midlands and sits with the ELDR group. She is a member of the Delegation for relations with South Asia and SAARC.

Co-operating across the Indian Ocean Rim

by John Mare

The Indian Ocean is a region of immense strategic importance, on the basis of political and economic factors. It is the oceanic region with the highest percentage of non-aligned and developing littoral states. Although the Indian Ocean had one of the best-developed transport and communications networks, from the 16th century onwards European nations ensured, in the course of their colonial activities, that it became the oceanic region with the least trans-oceanic interaction.

With the establishment in Mauritius in March 1997, of the Indian Ocean Rim Association for Regional Co-operation (IOR-ARC)*, a start was made in the revival of trans-Indian Ocean co-operation. The institutional machinery of the IOR-ARC includes a Council of Ministers, its supreme governing body, and a Secretariat, based in Mauritius. The Association's aim is to promote and facilitate economic co-operation between the littoral states, by bringing together representatives of governments, business and academia. The Indian Ocean Rim Business Forum and a Working Group on Trade and Investment are among the various bodies linked to the IOR-ARC. Another is the Indian Ocean Rim Academic Group (IORAG).

The countries of South-East Asia, on the one hand, and Southern Africa, on the other, occupy extremely important geo-strategic positions along the rim. They are not only major points of entry into the Indian Ocean but also possess important natural resources and have rapidly diversifying economies. At the same time India, and the oil-rich Gulf states that can be classified as littoral states, are of great relevance in the shaping of the politico-economic and strategic contours of the Indian Ocean.

It is interesting to note that the Dutch established their settlement at the Cape of Good Hope specifically as a refuelling depot for their voyages to South-East and East Asia. It was only fitting, therefore, that Thabo Mbeki, President of the Republic of South Africa, should be the first African head of state to address an ASEAN summit meeting. His address to the ASEAN Heads of State and Government at their meeting in the Cambodian capital, Pnom Penh, on 5 November 2002, was a major contribution towards building new bridges across the Indian Ocean. President Mbeki was mandated by his African partners in the New Partnership for Africa's Development (NEPAD), to speak on their behalf. He described NEPAD, a recent initiative involving most African countries, as the



socio-economic programme of the African Union, which it is hoped will help bring about an African Renaissance.

In his address President Mbeki called for greater Afro-Asian solidarity, and in particular for closer collaboration between the African Union and ASEAN, on the basis of a systematic exchange of experiences. He praised those ASEAN nations that have already become involved in trade, investment, training and human resource development with, and in, Africa. For President Mbeki intensified South-South co-operation is needed to help bring about a restructuring of global governance and the global economy, leading to an international community that is more democratic, equitable and fair, with sustained and sustainable development.

The relative economic growth and stability in the Southern African Development Community (SADC), the regional organisation which includes all of southern Africa as well as the Democratic Republic of the Congo, Tanzania, and most of the islands off the East African coast, including Mauritius, augurs well for economic co-operation between southern Africa and ASEAN. Indeed, the new developments associated with NEPAD, and the creation of the African Union, the international organisation launched in 2002 as the successor to the Organisation of African Unity (OAU), only add to the opportunities for economic and political co-operation with ASEAN.

Trade and investment between South Africa and the ASEAN countries has been rising slowly since 1994. Their two-way trade, which totalled R 12.6 billion in 2001, had risen to R 14.4 billion by the end of August 2002. South African exports came to R 5.4 billion and imports to R 7.2 billion in 2001. As regards investments, Malaysia is the ASEAN country with the largest investments in South Africa, notably through companies such as Telkom, the previously state-owned telecommunications entity, and Engen, one of the largest petroleum suppliers in the region. South African companies which have opened offices in South-East Asia include construction companies such as Africon and Murray and Roberts, as well as the major South African banking groups.

The role of Mauritius, the seat of the IOR-ARC Secretariat, is especially interesting. With its largely Asian population, and its strong ties to India in particular, Mauritius is geographically part of Africa. It is a member of the Commonwealth, but its earlier relationship with France is reflected in the continued use of French alongside English. Mauritius is a member of the African Union and of SADC, whose Executive Secretary is a Mauritian national. Active in the NEPAD initiative, Mauritius is also strengthening its role as an off-shore financial centre for the Indian ocean region. The need for such a new off-shore centre

is all the greater, given the diverse international interests now increasingly entering the region. While Dubai is naturally another Indian Ocean service centre of note, its proximity to the Middle East gives it a strong slant in that direction. As in the case of Dubai, there are increasing moves by European and Asian banking and other financial interests to relocate to Mauritius, now that it has strengthened its financial legislation along classic Swiss lines.

President Mbeki's address to the ASEAN summit meeting in the Cambodian capital should be seen in the context of other events aimed at strengthening South Africa's ties with ASEAN. The South African President is due to visit Kuala Lumpur this February, to formally hand over the chairmanship of the Non-Aligned Movement (NAM) to Malaysia. South Africa has also asked for observer status at the meeting of the Organisation of Islamic Countries (OIC), to be held in Malaysia this year. A ministerial level meeting of the IOR-ARC, of which South Africa is a founding member, will be held in Sri Lanka this March, given that many ASEAN countries are members of the IOR-ARC.

It is nevertheless India, the country that geographically dominates the Indian Ocean, for whom the opportunities in the oceanic region are the most profound perhaps. India is making its presence felt increasingly on the broader international scene, beyond the workings of the Non-Aligned Movement, in a variety of meaningful ways. While still classified as a developing country, it has emerged as a world leader in such areas as information technology. India is also seeking a permanent seat on the UN Security Council; here the support of the Indian Ocean littoral countries would be politically valuable. These same countries would seem to offer India many economic possibilities, something that the country's business sector could use to good advantage. On the way to becoming the world's most populous state, with a growing economy, India is the dominant regional power in not only a geographical sense.

The Indian Ocean is Australia's backyard when compared to its Pacific frontage. The political and economic preoccupations of many Middle Eastern and African countries are such that they, too, are leaving the way open for India to concentrate on an Indian Ocean presence, thus helping fill the current vacuum. Even the new role of Mauritius as a regional services centre works in support of Indian interests using the Indian Ocean to assume a stronger international position. It remains to be seen how the key international powers will react to a heightened role for India in the Ocean and, through it, on the world stage.

New bridges are being built across the Indian Ocean, with Southern Africa and South-East Asia playing



pivotal roles, and with India well positioned to assume new forms of a dominant regional role. The effect, in different ways, on all the countries of the Indian Ocean rim, and on the wider international scene, will be profound. ■

*IOR-ARC members are Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, the United Arab Emirates, and Yemen. Dialogue partners of the IOR-ARC are China, Egypt, France, Japan and the UK. The Indian Ocean Tourism Organisation has observer status.

Editor's Note:

Dr. John Mare, a former South African diplomat, is currently Director for European and Asian Studies at the University of Pretoria. The South African Department of Foreign Affairs recently appointed him as the academic focal point in connection with the country's IORC membership.

Extracts from the address by
the President of South Africa, Thabo Mbeki,
at the 8th ASEAN Summit in Phnom Penh

As the Current Chairperson of the newly established African Union, I bring you warm greetings from the Member States that constitute the African Union as well as best wishes from the peoples of Africa. It is fortuitous that we meet in Cambodia, whose King and Head of State belongs to a distinguished generation of Asian leaders, who came together with their African counterparts in Bandung, Indonesia, at the historic 1995 Afro-Asian Conference, to define a common future for our respective peoples.

I believe that it is these same principles that have brought us to the 8th ASEAN Summit today. The challenge remains that we intensify our work together, to achieve the common objectives of the eradication of poverty, the building of developed societies and the occupation of our rightful place in a world that continues to be characterised by unequal relations between a developed North and a developing South...

We are convinced that your rich experience would be of enormous value to us as we work to achieve the same goals that you have pursued since your association was formed in 1967. Accordingly, we believe that it would be important for us for our two organisations, ASEAN and the African Union, to initiate a process for the systematic exchange of experiences to assist our Union as it strives to achieve its objectives.

In this regard, I would also like to express our Continent's appreciation for the steps taken by ASEAN further to expand the zone of co-operation among the peoples of Asia through various initiatives relating to China, Japan and the Republic of Korea, as well as India. ASEAN has for a long time successfully pursued the goal of peace within the region. We who come from a Continent that continues to experience conflict and war, sincerely appreciate your achievements in this regard.

We are therefore fully at one with you in your unequivocal condemnation of terrorism, and your determination to act together to ensure that this scourge is defeated, and not allowed to threaten the safety and security both of your own citizens and the peoples of the world. ■

NEW EIAS BRIEFING PAPER

The China Periphery: The New US Challenge and Beijing's Response

By Dr Greg Austin

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.

Regional trade agreements: Good for development ?

by Pierre Defraigne

We have seen an acceleration in trade liberalisation initiatives in recent years, through the very comprehensive Doha development round, on the one hand, and through a proliferation of regional trade arrangements (RTAs), of varying membership, on the other. The question therefore arises, where is this kind of trade liberalisation leading the world economy in an age of globalisation?

The vast majority of economists fear that RTAs inhibit progress towards enhanced multilateral free trade. They have a strong case: the growing cost of exclusions as RTAs multiply; the sheer complexity of their rules of origin, which are at odds with the needs of global firms operating on global markets, and the diversion of political attention and negotiating skills from the multilateral front.

Political economists, closer to policy makers, are more lenient. They accept that foreign policy considerations influence the decision to go for a regional deal. They also point to the “domino effect,” which results in the widening of the scope of RTAs, so that no country is left out. Thus if all the RTAs which the European Union (EU) has concluded or initiated with almost all its southern and eastern neighbours materialise over the next 20 years as expected, we would end up with a set of RTAs extending from Cape North to the Cape of Good Hope, with the EU as its common core.

What conclusions can we draw from this proliferation of RTAs? The most obvious one is that the preferences granted under them could be cancelling each other out, so that no country would be better off, unless a WTO compatible hierarchy of preferences according to the level of development is de facto introduced. This would be particularly true of the least developed countries, as it would allow them to retain selectively higher protection for their own markets even within a North-South Free trade area.

But the benefits of some North-South FTAs are under a double constraint: on the one hand, the rules of origin limit the possibility of attracting foreign direct investment (FDI) from outside the RTAs, since imported inputs from the third country would not be eligible for preferential treatment. On the other hand, the degree of regulatory convergence can make a difference among countries competing for access to the core market and to the core FDI: in a level playing

field, the more advanced developing and transition economies might secure more effective access to the core EU market, for example through regulatory convergence and Mutual Recognition Agreements. These two problems can be addressed by improving the rules of origin and by supplying Least Developed Countries (LDCs) with trade-related technical assistance aimed at regulatory convergence.

There is also the danger resulting from the combination of RTAs and a gravitational integration around a major trading power, such as the EU, the US, Japan or, increasingly, China. Some see this drift from regionalism into “continentalism” being prevented by the building up of “transcontinental” RTAs, such as EU-Mexico agreement. In negotiating RTAs with Mercosur and Chile the EU has in mind not only a pre-emptive move to prevent a repeat of its eviction from the Mexican market, but also Mercosur’s strategic role as a pillar of the multilateral trading system. Thus the EU-Mercosur RTA may prevent any fragmentation of the Latin American market, which would be stimulated by bilateral trade deals between the US and Latin American countries.

For all their shortcomings, bilateral and regional trade deals contribute to maintaining a dynamic of liberalisation, which eventually supports the multilateral agenda. Regional integration among developing countries leads to: larger domestic markets, competition among peers (in development), better bargaining power and an ability to exploit complementarities where they exist. Of course regional integration responds to both economic and political considerations, and therefore is rarely optimal with regard to economic complementarity and coincidence in collective preferences. Even so, when markets are properly framed by the appropriate institutions, regional integration delivers more than economies of scale and competition; it also promotes competition policy, norms and harmonisation.

Personally speaking, the real issue arises with North-South free trade agreements (FTAs). This is because here we must explicitly address the central question of asymmetry, originating in imperfect competition between developed and developing countries. This might sound largely irrelevant from a theoretical perspective, given that comparative advantages exist particularly for inter-industry exchanges, especially agricultural products and labour-intensive goods against capital and technology-intensive goods.

Things do not work that smoothly in practice. As far as the EU is concerned, agriculture belongs to the multilateral agenda. Some would say, not unreasonably, that narrowing the scope of trade-offs to non-agricultural goods and services (1) makes the deal unfair and a bit one-sided and (2) raises the question of

WTO-compatibility. Does “substantially all trade” (Article XXIV) refer to present or to potential trade? I feel that this sensitive issue of agricultural trade liberalisation is a bit over-rated for two reasons.

To stress the multifunctional role of agriculture, as the EU does, is not a matter of tactics. As EU Trade Commissioner Pascal Lamy has put it, “agriculture is not coal mining”, and we therefore cannot close farms the way we have closed pits in Europe. At the same time, industrialisation remains the real long-term development challenge for most developing countries. It is industrialisation that provides jobs and allows for upgrading the added-value of goods and services, thereby generating, over time, more skilled jobs, bringing new and more productive technologies and contributing to the emergence of a middle class.

Contrary to World Bank scenarios, I fear that North-South RTAs are more risky for the weaker partners than South-South ones. Opening up markets in a “WTO-plus” deal between unequal partners may indeed trigger off better development. But if we do not want the cold shower of competition to translate into a lethal shock for infant industries, for example, North-South RTAs must meet a number of conditions. I would mention just four of them.

(1) They should be North-South-South agreements – in other words, region-to-region agreements, so as to strengthen the competitiveness of the Southern partners while increasing their attractiveness for FDI and their bargaining power in negotiations. This has been EU policy with regards to the Mediterranean and African, Caribbean and Pacific countries and Mercosur. The US rather favours state-to-state RTAs.

(2) North-South RTAs should be backed by official development assistance (ODA), according to the level of development of the partner countries and the intensity and coverage of the RTAs. This financial aid should be explicitly aimed at capacity building and made conditional on reforms in key sectors, with a view to supporting sustainable development. It should also be coordinated with the Bretton Woods international financial institutions, so as to strengthen its effectiveness.

(3) North-South RTAs should involve generous and effective trade-related technical assistance provisions and resources.

(4) The trade deal should be “asymmetrical” in terms of market access. This is a somewhat elusive concept. Basically, it seeks to offset, for certain periods, the initial competitive differences in carefully selected sectors, by allowing tariffs on imports from the Northern partners. However, tariff protection for infant industries must be turned into incentives. The quality of domestic and regional policies is decisive in ensuring the gradual establishment of external competitiveness by nascent industry, and the prevention of the usual drift towards cosy rent-seeking protection.

Conclusions

Regionalism would become dangerous for the balance and cohesion of the world economy only if multilateralism were to come to a standstill or recede. This is why the Doha Development Agenda is so important now, as RTAs multiply. As long as regionalism is mainly about promoting the mercantilist interests of the leading party to an RTA, its impact on development will remain uncertain. A bilateral RTA between a rich country and a poor one can lead to a situation where the initial income imbalances and division of labour are permanently “crystallised” along a North-South divide.

North-South FTAs can be a powerful tool for development, provided they are part of a comprehensive package of asymmetrical trade liberalisation, financial transfers and regulatory convergence, particularly in the area of services. The Southern partner must be ready and determined to accept the social change that accompanies development, and the Northern partner eager to measure the success of the partnership in terms of the industrialisation of the former.

Such development-oriented North-South FTAs also call for a meeting of minds on what constitutes sustainable development: stable growth, social progress, including core labour standards, and environmental protection. It is odd, in a way, that while the EU is championing these issues in the context of the Doha Development Agenda, and in specialised international fora, it has not been more explicit about them in the negotiating mandates for most of the RTAs which have already come into force or in the negotiations.

Development-oriented FTAs may appear idealistic in the hard-nosed world of trade negotiations, where mercantilism still lingers. Yet it is the type of partnership between Europe and the US which the Marshall Plan initiated in the late 1940s and early 1950s. There was a genuine will to rebuild and reunite on the European side, and a willingness on the American side to accept short-term financial costs in the interests of long-term economic and political gains. The new regionalism requires such an “idealistic” North-South partnership. ■

Pierre Defraigne is the Deputy Director-General, DG Trade, European Commission. This is a shortened version of a speech on “New Regionalism and Global Economic Governance,” given by Mr. Defraigne at a UNU/CRIS-LSE Conference in Bruges last November. The views expressed represent the personal views of the speaker, and in no way engage the European Commission or its services. This version was prepared by *EurAsia Bulletin*.



How should the EU respond to East Asian regionalism?

by Willem van der Geest

How should the European Union (EU) respond to the new regional initiatives in other parts of the world, most notably in East Asia? Could the pursuit of inter-regional co-operation jeopardise global economic governance, because of inconsistency with the multilateral trade liberalisation of the World Trade Organisation (WTO)?

Regionalism constitutes the hallmark of the EU, which is continuously widening, deepening or focusing its own regional policies. Dr Nicholas Moussis, a leading author on the EU, notes with irony that he needs to revise his classic textbook at least once a year. He distinguishes as many as seventeen common policy domains for the EU. They include external relations, development, commerce, agriculture, transport, energy, industry competition as well as citizens' rights. These regional policies determine how the EU positions itself in multilateral liberalisation under the WTO. The common agricultural policy (CAP), for example, determines what type and what speed of agricultural trade liberalisation the EU is promoting multilaterally.

There has been a flurry of 'new' regional initiatives in East Asia in recent years, although there is no EU-style intergovernmental integration. Most prominent are the formation of an 'ASEAN-plus-three' as well as the announcement of negotiations towards a Free Trade Area (FTA) between China and ASEAN. Japan and Korea are set to follow suit. Japan and Singapore concluded a 'new age economic partnership agreement' early in 2002.

Singapore's Trade Minister, George Yeo, has requested negotiations for a bilateral EU-Singapore FTA, although other members of ASEAN take the view that an EU-ASEAN FTA should be the long-term goal. With their wider focus on trade, investment and finance, Singapore's Prime Minister, Goh Chok Tong, and the European Commission President, Romano Prodi, set up a Task Force to forge a 'closer economic partnership' between Asia and Europe at the Asia-Europe Summit meeting in Copenhagen last September.

Ms Erika Mann, a member of the European Parliament, set pulses racing with her draft report on free trade regional areas and commercial strategy in the European Union. The draft, to the Parliament's Committee on Industry, External Trade, Research and Energy, states quite candidly that the EU should consider a 'more extensive Trade Policy, which allows for concurrent

bilateral and regional FTAs that enhance the development of the multilateral regulatory framework'.

The draft report calls on the European Commission to consider the 'feasibility of trade agreements with Canada and the US that deal exclusively with services and/or regulatory convergence'. In the case of the Asia-Pacific region, Ms Mann notes that its diversity and lack of political-economic regional groupings, apart from ASEAN, require alternative approaches. Her draft report goes on to call for a 'path-finding' bilateral FTA between EU and Singapore.

Pierre Defraigne, Deputy Director-General in the European Commission's Trade Directorate-General, explains why an EU-East Asia Regional Trade Arrangement (RTA) is not yet on the cards. First and foremost, the EU wants no distraction from its commitment to the Doha Development Agenda (DDA). Moreover, any RTA which the EU might enter into should be consistent with the multilateral WTO agenda and/or offer tangible development gains for partner countries. Mr. Defraigne notes some important limitations of RTAs: they tend, for example, to have little impact on some main sectors, such as agriculture. Here liberalisation continues to be driven by the multilateral process, whose dynamics are set by the negotiations between the big players US, EU, Japan and the Cairns Group. He also points to some of the strategic and pre-emptive motives that have persuaded the EU to enter into an RTA. Cases in point are the EU-Mexico, EU-Mercosur and EU-Chile agreements. In these cases the EU does not wish to be shut out of the NAFTA, nor be excluded from the looming Free Trade Area of the Americas (FTAA).

The EU-Chile FTA is contained in a very comprehensive Association Agreement. Running to no less than 1,437 pages, it was signed by the European Commission and Member States on November 18, 2002. It unambiguously states that the two sides intend to progressively and reciprocally liberalise trade in goods and services over a transitional period, in conformity with the relevant articles of the GATT. The Agreement covers general and financial services, investment, intellectual property, government procurement, rules of origin, competition policy and dispute settlement.

Why Chile, but not (yet) East Asia? Why not, as a first step, a path-finding FTA with Singapore? A recent study argues that an EU-Singapore FTA would not lead to costly trade diversion because Singapore's trade regime is already very open and competitive*. An EU-Singapore FTA would be particularly worthwhile, if it could generate benefits on issues relating to non-tariff barriers to trade, such as technical standards, sanitary and phytosanitary (SPS) measures and mutual recognition of testing.

Additional benefits to both the EU and Singapore may be realised by tackling the further liberalisation of international trade in services, including banking and insurance licences, air and sea transport. An EU-Singapore FTA could draw up fresh rules for public procurement, competition policy, intellectual property and dispute settlement, venturing deeper into these ‘behind the border’ non-trade barriers and restrictions. While an FTA can enhance the EU’s commercial presence in Southeast Asia, its non-participation in Singapore’s bilateral FTA strategy will put EU business at a disadvantage vis-à-vis the US, Australia and Japan.

Any agreement with Singapore or ASEAN would need to be WTO-compatible. But that is hardly a problem because countries like Singapore and Thailand are ardent advocates of WTO regimes. They seek a level playing field and want global disciplines. Singapore, with an average per capita income which is higher than in the case of all the EU countries, except Luxembourg, clearly is not seeking developmental gains from trade liberalisation. However, most of the other ASEAN countries, and Indonesia in particular, greatly need a boost in trade and investment. It would be quite easy to demonstrate potential developmental gains to them from an EU-ASEAN RTA.

But what about agricultural trade? Could ASEAN conceivably ‘threaten’ the EU’s position on gradualism in agricultural trade liberalisation? No more so than Chile, which produces and exports a mouth-watering agricultural product – wine! The EU and Chile simply negotiated a detailed agreement on wine and spirits which regulates the production and marketing of wines, particularly as regards enological practices, trade marks and geographical indications. Indeed, their declaration regarding the use of the names of vine varieties authorised in Chile reads like the wine list of some of Brussels’ finest restaurants!

What about the pre-emptive and strategic arguments? Should there not be some concern that the EU may lose its historical vantage points across South-East Asia? The answer critically depends on how one perceives the long-term trajectory of the new East Asian regionalism. To date, we only have some initial studies undertaken by teams of global economic analysts. Thus, Jun Ma and Zhi Wang estimate the impact of various FTA arrangements in East Asia on member and non-member countries. They recently simulated four scenarios: ASEAN plus China, ASEAN plus Japan, ASEAN plus China, Japan and Korea and all of the above plus the US. Singapore emerges as the biggest winner in the first three scenarios; its growth could be enhanced by as much as 4.5 percentage points over the next 10 years in the ASEAN+3 scenario. Japan and China emerge as the biggest winners in an FTA with the US.

The general trade pattern observed under the ASEAN-plus-China FTA scenario is one in which China increases its net imports of land and natural resource (LNR)-intensive inputs and increases its net exports of labour and capital-intensive products. In response, ASEAN can supply more of LNR-intensive products to China. Moreover, almost all FTA member countries benefit from the cheaper intermediate manufactured inputs available from China, since this allows them to increase their exports, mainly to the US and the EU.

Most important of all, these initial projections do not appear to suggest trade gains for the EU, which could be expected to consider some form of pre-emptive action. This could include an RTA, especially if the EU could improve, by this means, the investment conditions for European firms in Southeast Asia.

Some understandably have argued that any agreement with one, or a few, ASEAN Member States would risk perturbing the already fragile EU-ASEAN relationship. In my view, this is best handled through an up front offer to ASEAN to replicate similar agreements with its other Member States, as in an accession process. Indeed, the EU should outline clear pre-conditions for entering into any trade negotiation and extending reciprocal trade preferences to individual ASEAN countries. These would certainly include governance and human rights criteria as well as adherence to trade-related standards (environment, food safety, etc.). There is a shared interest that an EU-ASEAN RTA does not get stuck in the mud on Kipling’s road to Mandalay.

Finally, at a global political level, the more active use of bilateral FTAs as instruments of external relations policy will put the EU at par with the US when it comes to executing a multi-track strategy encompassing multilateralism, regionalism as well as bilateralism. It is noteworthy that Japan has also chosen to move in this direction in recent years. ■

*W. van der Geest, Ludo Cuyvers, Paul Brenton and Patrick Messerlin, “Sharing the benefits of globalisation – Feasibility of an EU-Singapore FTA.” European Institute for Asian Studies, Brussels. Forthcoming 2003.



Combating Child Labour

by Shada Islam

The slums of Korangi lie just a few kilometres to the north of Karachi's posh Defence Housing Society – but millions of kilometres separate the lives of children in the two communities.

In the early hours of the day, the tree-lined roads of Defence are crowded with huge chauffeur-driven cars ferrying the children of the rich to school. Korangi also wakes up early – but its children head for small, dingy workshops. Carpet-weaving is Korangi's most popular activity – and it's an industry based almost exclusively on the use – on the exploitation – of child labourers.

You can live in Karachi's Defence area and never, ever, think about the plight of Korangi's children. The two worlds do not collide, mingle or meet – except when the rich decide to buy another carpet to adorn their living rooms. I myself had never made the trip from Defence to Korangi until three years ago when, preparing to cover a World Trade Organisation (WTO) meeting in Seattle, I decided it was time to take a closer look at the lives of Pakistan's child workers.

One of the more explosive issues up for discussion at Seattle was the introduction of a WTO labour clause which would have allowed industrialised nations to impose trade sanctions on poorer countries which used child labour or violated other workers' rights. The United States and the European Union (EU) – backed by their trade unions – wanted such a trade-labour link. Developing countries argued that any reference to workers' rights in the WTO would become a protectionist tool in the hands of the West.

I wanted to get a better understanding of what the row was about – and what child workers themselves thought was the correct way to deal with the problem. Even a brief visit to Korangi – or any of the millions of other Korangis in other parts of Asia, Africa and Latin America – is enough to convince even the worst sceptics that abolishing child labour must be a key priority at the start of the new millennium.

There is no doubt: Children should be at school, not weaving carpets, cutting diamonds, working as domestic servants or labouring on farms. Childhood should be about play, not prostitution, guns and war.

But my short visit also convinced me that there are no easy solutions to this very complex problem. Yes, children in Korangi worked long hours, often in cramped and unhealthy conditions, overseen by hard taskmasters. Yes, many were tired.

But others remained feisty and were proud of their role as income earners and contributors to the family budget. All of them wanted to go to school. And, despite a hard day's work, many attend evening classes run by dedicated local non-governmental organisations struggling to give the children an opportunity to improve their lives.

The children I talked to were also unanimous that trade sanctions by rich countries would make their lives worse, not better.

The focus, many said, should be on building schools, providing jobs for their parents, eliminating the most hazardous types of work and – in the meantime – making immediate improvements to their work conditions by installing more windows, providing more hours for rest and some time to study. Just stopping them from working would serve no purpose, they said. There were no schools they could attend and they would end up on the streets, vulnerable to even further exploitation.

The good news is that the voice of child workers is finally getting a hearing – both at home in poor countries and abroad. The last ten years have seen an unprecedented focus on combating child labour, with the issue now on top of the world's development, trade and social agendas.

But the bad news is that the number of child labourers – especially those working in the most dangerous of jobs – remains alarmingly high. And although we now have a clearer understanding of why children work – and the negative impact of child labour on the development of children but also of nations – there are still no miracle solutions, no magic formula for abolishing child labour.

The most difficult obstacle in combating child labour – namely public and government indifference to the problem in developing countries – has been overcome, at least partially. Ten years ago, many governments of poorer countries either denied that child labour existed or dismissed it as an inevitable cultural phenomenon. They argued that using low-cost child workers gave developing countries a competitive edge. And they warned that if the issue of core labour standards became enforceable under WTO rules, any sanctions imposed against countries with lower labour standards would merely perpetuate poverty and delay improvements in workplace standards.

Some of these attitudes have changed – thanks largely to the efforts of the International Labour Organisation which has put the abolition of child labour on the top of its priorities but also because of very real pressure from domestic non-governmental organisations, trade unions and the media.



But it has to be recognised that the very real threat of trade sanctions and Western consumer boycotts have also played a vital role in forcing often reluctant developing country governments to tackle the issue – both through legislation and enforcement of laws.

A great deal remains to be done, however. The news from the ILO is that despite "significant progress" in efforts to abolish child labour, an alarming number of children are still trapped in its worst forms. A recent ILO report found that 246 million children – that is one in every six children aged 5 to 17 is involved in child labour. One in every eight children in the world - some 179 million children aged 5-17 - are still exposed to the worst forms of child labour endangering the child's physical, mental or moral well-being.

And some 8.4 million children are trapped in slavery, trafficking, debt bondage and other forms of forced labour, forced recruitment for armed conflict, prostitution, pornography and other illicit activities.

Child labour continues to be a global phenomenon - no country or region is immune. The Asia-Pacific region harbours the largest absolute number of working children between the ages of 5 and 14, with some 127 million or 60 per cent of the world total. Sub-Saharan Africa is second with 48 million, or 23 per cent of the total, followed by Latin America and the Caribbean with 17.4 million or 8 per cent, and Middle East and North Africa with 13.4 million or 6 per cent.

About 2.5 million, or 1 per cent of the world's child labourers, are in industrialised countries, while another 2.4 million are found in transition economies. Quite simply, children are employed because they are cheaper and more docile workers.

Child workers are found in all sectors of the economy. They are in the public eye when they work in export-oriented sectors. But often the real exploitation takes place in the informal economy – far beyond the reach of trade unions and legislation.

Poverty is a major factor in forcing children to work. But children also work because there are no jobs for adults and a lack of schools. Today a wide range of crises - including natural disasters, sharp economic downturns, the HIV/AIDS pandemic and armed conflicts – are increasingly forcing the young to work. Sometimes this means involvement in prostitution, drug trafficking, pornography and other illicit activities.

The international community is working hard to eliminate child labour. Since its unanimous adoption by the International Labour Conference in 1999, ILO Convention No. 182 which focuses on the elimination of the worst forms of child labour has been ratified by

nearly 120 of the ILO's 175 member States. The new Convention applies to all persons under the age of 18 and calls for "immediate and effective measures to secure the prohibition and elimination of the worst forms of child labour as a matter of urgency."

In addition, The ILO's Minimum Age Convention, number 138, adopted in 1973, remains the bedrock of national and international action for the eventual total abolition of child labour. The number of ratifications has been increasing in recent years to reach 116. The ILO also runs an International Programme for the Elimination of Child Labour, which began with six participating countries in 1992 and a single donor government (Germany) and has now expanded to include operations in 75 countries funded by 26 donors.

In 2001, the ILO launched its first Time-Bound Programmes aimed at eliminating the worst forms of child labour in specific countries within 5 to 10 years. The first programmes are aimed at helping some 100,000 children in El Salvador, Nepal and Tanzania. The main aim is to get these so-called Time-Bound Programmes (TBPs) to address the root causes of child labour, especially with economic and social policies to combat poverty and promote universal basic education.

Meanwhile although calls for a labour clause were rejected by developing countries at the WTO's last ministerial meeting in Doha in November 2001, the WTO did for the first time formally recognise the importance of the social aspects of globalisation and spotlighted the work of the International Labour Organisation.

All these initiatives are laudible – and important. No action can be taken without legislation. But laws need to be implemented, enforced. People found guilty of exploiting children have to be punished. Governments in poor countries have to sustain the effort over the long-term. Governments in rich countries have to ensure that aid goes to the right projects and the right organisations operating them. Schools have to be built

My experience, however, is that the struggle against child labour is first and foremost a matter of changing attitudes. Key actors in society – beginning with the children themselves and their parents – as well as politicians, political parties, local authorities, employers, trade unions and teachers – have to be convinced that child labour is a problem. That there are viable alternatives to work.

Overcoming apathy and resistance to measures to combat child labour is one of the most difficult tasks. Once there is popular support against child labour, however, the problem can be eliminated. ■



Radical shake-up of EU aid

Addressing the European Parliament's Development and Co-operation Committee, the European Union (EU) Commissioner for Development, Poul Nielson, boldly declared that the possible demise of the EU's Directorate-General for Development would "not really be a problem". Outlining the Commission's development policy objectives for 2003 on January 21, the Commissioner did little to allay the fears of MEPs that the separate department might disappear. Politicians and NGO's are unsure of the future, particularly as the Council of Ministers has already abolished the separate Development Council.

Nielson told the Committee that the disappearance of DG Development should not be seen as a cause for alarm. The merger of its functions into EuropeAid, the body responsible for the identification, implementation and evaluation of projects for external aid and into DG RELEX, the service responsible for external relations and the CFSP, would "create a better system for delivering development co-operation. While in the long term, aid should be "clear and well organised" there remains the issue now of a "problem between programming, implementation and feedback from the field". Nielson promised that a Communication outlining progress made in combating the major communicable diseases would be presented before June. This follows the adoption, in 2001, of the Programme for Action to tackle HIV/AIDS, malaria and tuberculosis. The Commission will present a "synthesis report" to the European Council meeting in March, he said, to review the EU's strategy for sustainable development

Also speaking before the Development Committee, on 20th January, the Greek Deputy Foreign Minister with responsibility for external trade and development co-operation, Andreas Loverdos, said that during its Presidency, Greece would try to make progress with the political agenda of reaching the Barcelona goal of spending 0.39% of GDP by 2006. This would mean that the EU would effectively double its contribution. Greece would make a connection between illegal immigration and development co-operation, Loverdos said, with a view to assessing the EU's commitments to third countries. Eradicating poverty, for example, would significantly reduce the numbers of illegal immigrants coming to the EU. The Presidency would present a policy document on the connection in May.

Raising the issue of the role of accession countries in development spending, the Deputy Foreign Minister said that it is unclear how they fit into the Barcelona process. The Presidency will prepare a brief document during the month of February, he said, examining their

role. Despite the slow start of these countries, the Minister was confident that by 2006, the EU would indeed meet the 0.39% target. Also in February, the Presidency would contribute to the conference on the revision of the Regulation for Asia and Latin America. Addressing that issue, Commissioner Nielson said that the revision of the Regulation was necessary given the differing problems affecting the two continents. Given their level of progress, some of the countries concerned are now too well off to be considered developing countries. The revision would also simplify aid procedures and improve the administration system.

In May-June, still under the Greek Presidency, Development Ministers will meet in the GAERC format. The agenda of this meeting will include discussion of the Member States' responses to the Commission questionnaire on how they intend meeting the Monterrey target. The Council will also be ready to adopt Conclusions on the "independent and objective" nature of aid. This follows the presentation of the Commission Communication on untying aid and the discussion of the document in the Council Development Co-operation working group in 2002. In November, the GAERC considered the issue and referred it to the Committee of Permanent Representatives. There may also be discussion of how the new Council format is working out, given that some Ministers felt that the meeting during the Danish Presidency was subject to significant time pressure.

EUROSTEP, the Brussels based network of development NGO's, has speculated that the separate existence of the Parliament's Development Committee could very well be questioned in the near future. A new Parliament is due to be elected in Summer 2004, when the countries of Central and Eastern Europe will have joined the EU. It appears increasingly likely that development policy risks becoming overtly politicised and subsumed into the general fabric of the EU's external policies. This would "substantially diminish the visibility" of Europe's development aid, EUROSTEP have said.

The accession of eastern European countries raises grave concern about the viability of an enlarged EU's development policy. With most of these countries having little or no experience of allocating development aid after the fall of communism it is likely that they will fail to reach the target set by the United Nations of spending 0.7% of GNP on development aid. The highest any of the accession States have reached is 0.03% of Gross Domestic Product for the Czech and Slovak Republics in 2001. According to a report prepared in November 2002 by Michael Dauderstädt of the Friedrich-Ebert-Stiftung, the low status afforded to development policy in these countries is reflected in their organisational and institutional set up. The future for an independent EU development policy looks very bleak. ■

EU pursues dual track policy with Iran

The European Union (EU) has made no secret of the fact that it is following a twin track strategy in its relations with the Islamic Republic of Iran. On the one hand, it is in the process of negotiating a Trade and Co-operation Agreement (TCA), in order to develop strategic trade ties with Iran. On the other hand, this is dressed up with promises to engage the Iranian regime in a questionable dialogue on human rights. The strategy is strangely reminiscent of the EU's approach to China, with whom it has been engaged in a human rights dialogue for many years.

Chris Patten, the European Commissioner for External Relations, has said that the "strategic intention of the EU" is to involve Iran "more responsibly" in regional and international affairs. Certainly the EU has a lot to gain from closer contact with Iran, not just in trade terms but also in geopolitical and strategic terms. Once Washington had named Iran as part of the "Axis of Evil", the way was clear for the EU to offer an olive branch to the reformists, and to try and strengthen the hand of President Mohammad Khatemi against the conservative clerics. The Iranians, for their part, have welcomed the start of negotiations for a Trade and Co-operation Agreement. The Minister for Foreign Affairs, Dr Kamal Kharrazi, speaking in Brussels, said that he wanted to "promote co-operation and enhance bilateral relations" with the EU. This would include a "constructive dialogue" on human rights, in his view.

While Iran is less of a pariah regime in international terms than North Korea, the EU has decided to pursue a similar policy of engagement. The rationale for it was made clear when Patten told the European Parliament that while the EU should not "isolate Tehran," better relations would be dependent upon progress on human rights. The EU's aim with the non-preferential Agreement is to liberalise trade and improve economic and financial co-operation. As is standard with TCA's, Article One will refer to the protection of human rights and provide for the possible suspension of the Agreement if violations are too blatant. The Agreement will also include provisions for the re-admission of Iranian nationals who enter the EU illegally.

The first round of negotiations on the Trade Agreement took place in early December under the Danish Presidency. In addition to issues of trade and economics, energy, transport, the environment, drug control and asylum were also on the agenda. The trade negotiations are running in parallel to discussions on an "instrument" providing for co-operation in the fight against terrorism. Sufficient progress was made in

Brussels to allow a second round take place in Tehran in early February. The European Commission estimates that the Agreement should be concluded either by the end of this year or early 2004.

The EU is hoping the Agreement will "establish a contractual regime" to govern trade, in accordance with World Trade Organisation (WTO) principles. Iran is not a member of the WTO nor does it have observer status. In a clear divergence of policy from the EU, the United States rejected Iran's bid for membership in 2001, and maintains trade sanctions against Tehran. Iran first submitted an application to join the WTO in 1996.

The European Commission sponsored a human rights round table meeting between the government, EU Council representatives and non-governmental organisations (NGO's) in Tehran in mid-December. Another round table should take place before June, under the Greek Presidency. Tehran has every right to expect that the EU will conduct its relations with Iran along lines similar to those employed with Beijing. The EU may have learned the hard lesson with China of not being overly critical of the human rights record of some third countries. China broke off relations in 1997, following the tabling of a Resolution at the United Nations Commission on Human Rights (UNCHR).

The EU last tabled a Resolution on Iran at the UNCHR in early 2002, but it was defeated in a very close vote, with China, India, Indonesia, Malaysia, Pakistan and Vietnam voting against. Some of these countries criticised the EU for not taking sufficient account of the progress, although limited, that Iran had made in the field of human rights. According to a European Commission spokesman, the EU has no plans to table a fresh resolution at the next session in March-April. Echoing comments made at the UNCHR, the Foreign Affairs Minister Dr Kharrazi told members of the European Parliament in January that EU-Iran relations should be based upon "principles of mutual respect and non-interference in each others internal affairs".

The European Parliament, the EU body most concerned about human rights violations in Iran, may have little say in what actually happens with the Trade Agreement. In the case of a similar Agreement with Pakistan, the Council of Ministers chose to apply its terms provisionally, ahead of Parliament adopting its position. *The Association of Iranian Women* in Belgium, who demonstrated against the visit to Brussels of Dr Kharrazi, wants the EU to call a halt to negotiations with Tehran. It noted that executions rose 50% in 2002, as compared to the previous year. A Paris-based group, the *National Council of Resistance of Iran*, also condemned the Brussels visit. A spokesman said that the clerical regime in Tehran would use the visit to cement its grip on power, and to "whitewash the regime's atrocities". ■



Crisis marks crucial year for both Koreas

The year 2003 will be crucial for peace and stability on the Korean Peninsula. The year 2002 ended with the stage being set for a momentous transition in the Republic of Korea (ROK), following Roh Moon Hyun's narrow but significant victory in the presidential elections, on a pledge to maintain the essence of his predecessor's promising but frustrated strategy of opening and developing relations with the Democratic Peoples' Republic of Korea (DPRK).

It appeared that both the outgoing President, Kim Dae Jung, and President Roh Moon Hyun advocated a position, sustained by the country's major partners and the international community, of continued engagement with North Korea, instead of one seeking to starve that country's population into rebellion or mass exodus and to provoke "regime change." Self-defeating and blocking preconditions or self-perpetuating escalating rhetorical positions were also to be avoided.

Intense South Korean and other diplomatic activity seemed to be headed in early 2003 in the appropriate direction. This course will have to be maintained, and those pursuing it will have to be persistent for several months, in the face of possible initial rejection by one or both protagonists of compromise proposals or offers of mediation. However, the perhaps insurmountable obstacle to such ambitions will be the mounting confrontation between a DPRK bent on pursuing a nuclear research programme and the US-led attempts to apply increasing pressure on Pyongyang to terminate what it regards as a destabilising nuclear proliferation for the entire region.

A crucial element in this showdown would appear to be the dwindling international stocks of food supplies destined to help the DPRK overcome chronic food shortages and avert widespread starvation, similar to that experienced a few years earlier. The UN World Food Programme has forecast that international food stockpiles could be exhausted by April 2003. While the US has said it would continue to provide humanitarian food aid, despite its support for economic sanctions, the details and timing of its food aid have not been furnished, and appear to be part of the leverage against Pyongyang.

While much of the attention world-wide was focused on the intensified diplomatic and other contacts related to the fluctuating tension over the North Korean nuclear crisis, related events were taking place almost unnoticed in Brussels and other European Union (EU) circles.

The EU Commission took a significant, although largely ignored, step when it announced the release of a €9.5 million humanitarian food aid package for North Korea. The gesture ran counter to the high-profile actions of the US and Japan which, although they have announced they would continue to provide food aid, have effectively suspended shipments for the time being, no doubt in order to pressure Pyongyang. The EU announcement coincided, in fact, with the contrasting US declarations on the same subject.

The EU Council of Ministers had issued a declaration on North Korea on December 19. While expressing its concerns about the nuclear issue, the Council also emphasised that it drew a distinction between the suffering of the North Korean people and the political manoeuvring by the DPRK government. The gesture was noticed by South Korean representatives in Brussels and the authorities in Seoul, who welcomed it as being in harmony with their own approach toward their difficult neighbour.

The UN special envoy, Maurice Strong, left Pyongyang after several days of talks in late January, urging all countries to maintain humanitarian aid flows because North Korea was facing both an energy and a humanitarian crisis. Mr. Strong also indicated that his hosts had reacted strenuously against the US intention to press the UN International Atomic Energy Commission (IAEA) to refer the matter to the UN Security Council, a move that could result in economic sanctions being considered against the DPRK, a move that Seoul also opposed.

Meanwhile, officials from the EU and the Korean Energy Development Organisation (KEDO) met quietly in Brussels in January to look for ways out of the energy and nuclear impasse. The meeting was in sharp contrast to the headline-making visits and polemics that have characterised most of the events since the announcement by the US, last October, that the DPRK had admitted conducting a secretive nuclear programme.

Charles Kartman, the American Director of KEDO, met discreetly with Jean-Pierre Leng, the EU Ambassador to KEDO, and EU Commission officials, including Commissioner Chris Patten's cabinet, on 22 January. Nothing of what was said emerged. The EU is a member, however, of the KEDO consortium, set up to implement the provisions of the US-DPRK Agreed Framework by building two light-water nuclear reactors in North Korea to replace those which were under construction by Pyongyang, and which led to the first nuclear crisis in the early 1990s.

Both the Agreement and KEDO have in effect been inapplicable in the eyes of both the DPRK and the West. For the DPRK this is because of the West's failure to build the reactors and its decision to suspend



fuel oil deliveries; for the West because of the resumption by the DPRK of a secret uranium enrichment programme, in violation of the agreements. Technicians and experts would have to work out a substitute plan, behind the scenes, as part of any negotiated resolution of the crisis.

This peace agenda will have to address the numerous elements and problems in the bilateral, regional and international relationship. Priority will have to be given to humanitarian and development aid, a new approach to the KEDO relationship, Korean security, nuclear proliferation and a comprehensive peace accord. It will be necessary to establish clear but reasonably flexible timetables and benchmarks in an early phase of the process, in order to show visible improvements in the tense situation in a matter of weeks or months, to set in motion a process over the succeeding months or years.

These initiatives have and will involve the US above all and, additionally, China, Japan, Russia, Europe and the UN, all of whom have supported Seoul's policy of openness in the past, prior to the change in US Administrations. This group should also develop, in a methodical and timely fashion, policies to deal with the major security, proliferation, energy and aid elements of a possible settlement that would result in a treaty. The group will also have to prepare and propose to the DPRK an emergency humanitarian aid programme and a post-crisis development programme.

In the DPRK itself it would involve targeted food and medical aid deliveries, and follow-up economic, political and social reform assistance, which would include such elements as compliance with human rights, amnesty for political prisoners, the rule of law and economic training. Provision would also have to be made to provide aid to refugees from the DPRK in neighbouring countries, while each partner would have to take foreign policy measures designed to avoid exacerbating the situation. They could cover an understanding if possible to exercise caution on plans that could affect the proliferation, the power balance and threat perceptions in the regions, including nuclear and other strategic capabilities or missile defence programmes.

The group and its members could eventually be called upon to establish an international round table to meet with North Korea, in order to negotiate a full settlement, one that would probably involve a mutually acceptable and predictable dispute settlement mechanism. Hence the need for each member of the Contact Group and round table to define clearly and communicate its interests, positions and missions to the other members and to North Korea. Policy transparency of this type will be required, both to maintain solidarity and engage North Korea. ■

ASEAN-EU Ministers overcome past deadlocks

The ASEAN and European Union (EU) Foreign Ministers who met in Brussels on January 27 and 28 were on notice to overcome past appearances of deadlock and confrontation. They did their best to "reinvigorate" their contacts and relationship, even while avoiding unrealistic gestures and phrases just to impress onlookers and improve their image.

Only time will tell, however, whether even their prudent declarations and a work programme ranging over political, economic and even cultural issues, will be converted into concrete actions and results. Although a close reading of the final declarations indicates few specifics, a number of the participants, speaking either publicly or privately, were generally enthusiastic.

Unlike the previous meeting in Vientiane in 2000, when ASEAN ministers complained that few of their European colleagues took part, most EU Foreign or European Affairs Ministers were present, since they had already been convened for an EU Council. They were joined by about half the ASEAN Ministers. Also present were the EU High Representative for Security Policy, Javier Solana, the External Affairs Commissioner, Chris Patten, and the incoming ASEAN Secretary General, Ong Kong Yong.

Both sides gave the impression of seeking to turn yet another page in a lengthy relationship that stretches back some 25 years, of both heady enthusiasm when the booming "Tiger" economies of South-East Asia were global attractions and the subsequent economic crisis and the tense and dreary cold-war years.

Following the two half-day sessions and a dinner, the representatives of the 25 ASEAN and EU member states, and of their respective regional groupings, issued a Joint Declaration on co-operation on terrorism and a more general Joint Co-Chairmen's statement.

The Declaration on terrorism envisaged more concrete measures aimed at building capacity in the ASEAN countries, although no projects were specified, nor the means of funding them. The primary activities mentioned in the new statement concentrated on either negotiating or implementing UN conventions on terrorism, exchanging information, collaborating with agencies such as EUROPOL, and capacity-building.

The Ministers and their senior officials declared in general terms that they sought to "inject new dynamism" into their relations and stated that they had



informally exchanged preliminary ideas on “reinvigorating political, economic and social aspects of the relationship at regional, sub-regional and bilateral levels.” They cautiously noted that they had “discussed the priorities for future actions” to enhance economic and development co-operation, and pointed to an EU programming mission aimed at identifying such activities.

It was agreed that this future co-operation “should contribute to a new dynamism” in trade and investment, and promote co-operation and understanding on multilateral trade negotiations. More specifically, it was expected to focus on non-traditional security areas, communications between the ASEAN secretariat and its EU counterparts, and environmental and cultural co-operation. The communiqué referred to the long-anticipated European Commission ASEAN Strategy paper. The document, promised in the first half of 2003, should spell out some of the details of the plans referred to at the ministerial sessions.

A number of participants referred privately to the possibility of an EU-ASEAN free trade agreement, after the conclusion of the Doha Round of WTO trade negotiations. Some thought that the EU Trade Commissioner, Pascal Lamy, may even put forward a strong proposal before that possibly distant date.

All the participants were obviously both aware and concerned that EU-ASEAN relations had been affected by ASEAN’s enlargement to its poorer neighbours, disputes over Burma and East Timor, the devastating Asian economic crisis of 1997-98, the EU’s priorities on enlargement and Eastern Europe, the global concern over terrorism and relations with China. Also important in this connection was their involvement in the Asia-Europe summit meeting (ASEM) and Asia-Pacific Economic Co-operation Council (APEC).

Ministers agreed, in at least one instance, that while their separate preoccupations, both regional and with their neighbours, threaten to push their joint activities into the background, they nevertheless could turn them into a common concern and compare and share their actions. Both groupings are seeking, for example, to strike a suitable balance between widening and deepening relations with members and neighbours. ASEAN Ministers acknowledged that the EU approach is a model of closer formal integration, solidarity and transfer of authority between widely diverse peoples, cultures, and even economies.

At the same time ASEAN Ministers and some Europeans noted that South-East Asia, for its part, can offer examples of a looser integrating relationship, acceptable to the entire region because rooted in tolerance and inclusiveness based on an informal consensus acceptable to the entire region. At times, the

form and pace of the EU process has proven too abrupt or deep for some populations and states to feel comfortable with.

A blend of the two cultures may even have been evident in the way in which ministers handled the presence at their meetings of the Deputy Foreign Minister of Burma/Myanmar, hitherto banned from attending meetings being held in Europe but not in Asia. In Brussels ministers displayed a mixture of the ASEAN principles of non-interference, tolerance and engagement and the EU’s insistence on compliance with international norms of human rights and democracy. EU Ministers in fact both lectured Khin Maung Wing and asked him probing questions, to which he was said to have replied not necessarily to the satisfaction of his colleagues. But, as one Asian observer remarked from the sidelines, “Our policy of engagement has failed to bring about changes, but perhaps we should consult about different approaches together.”

The meeting and its final statement also covered a number of international issues, ranging from caution on Iraq, North Korea and the International Criminal Court to sustainable development. Ministers concluded by agreeing to develop a “comprehensive and balanced” agenda for future relations, covering the following areas in particular:

- ◆ promotion of bilateral trade and investment,
- ◆ promotion of sustainable and equitable development,
- ◆ co-operation to combat transnational crime and terrorism,
- ◆ promotion of cultural co-operation and people-to-people contacts, and
- ◆ promotion of a dialogue on issues such as democracy, good governance, human rights and the rule of law. ■

Editor’s Note:

Dr Axel Berkofsky has, as of January this year, joined EIAS as the Research Fellow. With an interest in the East Asian security issues, Dr Berkofsky received his doctorate from Hamburg University, Germany, in 2002. Fluent in Japanese, he has both studied and worked in Tokyo.



EU allocates more humanitarian aid for Asia

The European Union (EU) has fixed its total annual budget for humanitarian aid at EUR442.5m for 2003, according to the EU's Humanitarian Aid Office (ECHO). This represents a slight increase compared to 2002, when the budget stood at EUR425m, but is well below the EUR543.7m spent in 2001. The total amount projected for Asia this year is put at EUR104m, or 26.4% of the total. The share for the 71 African, Caribbean and Pacific (ACP) countries is considerably higher at 41.2%, even though the UN has calculated that almost half the number of refugees worldwide are in Asia. The remaining 32.3% of humanitarian aid is divided between Eastern Europe, the newly independent States, the Middle East and Latin America. A total of only EUR8m has been allocated to ECHO's disaster prevention programme, DIPECHO.

Much of the money allocated to individual countries in Asia is designed to fund ongoing humanitarian aid projects. Thus, EUR45m, or nearly 44% of the total for Asia, has been earmarked for Afghanistan. The total figure in 2002 was EUR73m. The money, together with the EUR10m allocated to Pakistan and Iran, will be used to provide food and shelter for the large numbers of refugees and internally displaced persons created by the crisis in Afghanistan. ECHO has described the situation there as "only marginally less catastrophic".

While no humanitarian aid money has been pledged in the Aid Strategy document for 2003 for Bangladesh, East Timor or Vietnam, this will not preclude ECHO from applying for funds from the EU's budgetary reserve, should a crisis affecting those populations emerge. The reserve currently stands at approximately EUR200m. Thus, in the second half of 2003, it is likely that aid will be provided to non-governmental organisations (NGO's) operating in Bangladesh to cope with the effects of seasonal flooding.

As regards to East Timor, the emergency period has effectively come to an end, an ECHO spokesman said. The EU has spent some EUR109m in East Timor since 1999. In future, however, EU aid will focus on development efforts, in line with the findings set out in the Country Strategy Paper (CSP) adopted by the European Commission in 2002. The EU's main development objectives in East Timor will be in the health sector and rural development schemes dealing with local administration, the environment, forestry and rural enterprise.

DIPECHO, which has been allocated EUR 8m for 2003, is a programme designed to help local communities in the aftermath of a natural disaster and build capacity for disaster management. Such a scheme has been run successfully in Bangladesh to prepare for seasonal flooding. DIPECHO was established in 1996, and the first programme started in 1997. On 13th January 2003, the Commission allocated EUR6.36m from DIPECHO for projects in South-East Asia and Central America. The projects will run for just under one year in Cambodia, Indonesia, Laos, the Philippines, Thailand and Vietnam. As these countries regularly suffer cyclones, drought, floods and forest fires, the projects will establish early warning systems and training courses and promote awareness raising.

The provision of aid to Asia has raised some fundamental problems over the years. The tendency to take money from the budget reserve has been increasing. In 2002, some EUR65m was taken from the reserve to finance emergency relief operations. While ECHO has adopted procedures allowing it to make aid decisions within 72 hours, the continued use of the "emergency" budgetary procedure has angered the European Parliament. On 14th January, the Parliament adopted a Resolution on the European Commission's Annual Report on ECHO for the year 2000, while making some general points about the EU's external aid practices. Parliament sees the reserve as an "exceptional one-off facility," as originally intended. To ensure this, MEPs have called for ECHO's annual budget to be increased to EUR500-550m. The author of the report in the Development Committee, Marie-Arlette Carlotti, a French Socialist, said that the size of the ECHO budget made it impossible "to respond to the increasing frequency and gravity" of humanitarian aid crises.

ECHO and the Development Directorate-General have also sought in recent years to address the problem associated with moving from a humanitarian aid operation to a development focus. The European Commission has already published a Communication linking relief, rehabilitation and development (LRRD), in an attempt to address the problem between relief aid and longer term projects aimed at structural improvements. While this will be a smooth transition in a country like East Timor, it will prove a more difficult process in a country like North Korea. Although the EU has no formal political relations with North Korea, it has nevertheless adopted a Country Strategy Paper in order to identify the country's development needs, in collaboration with the Pyongyang authorities. However, many NGO's have found it difficult to work in North Korea.

North Korea, where the EU has funded humanitarian aid projects since 1995, has been allocated EUR 12m under the Aid Strategy document for 2003. On 8th January, the European Commission granted EUR9.5m

to help alleviate the food shortages suffered by pregnant and nursing women. The Commissioner for Development and Humanitarian Aid, Poul Nielson, called the decision “in keeping with basic humanitarian principles”.

Nielson’s statement may be seen as a snub to the recently published report of the United States Agency for International Development (USAID), which claimed that “all aid (including humanitarian) is political”. The “Foreign Aid in the National Interest” report reviews American aid practices and offers recommendations for the future. It suggests that the US had a moral obligation as a superpower to provide aid. Such humanitarian interventions are in the US national interest as “failing and failed States are dangerous to US security”.

The report states that donors need to insist on better standards for aid and greater accountability, with an improved balance between political, military and humanitarian strategies. For USAID, humanitarian aid is not useful unless complemented by “effective political and military strategies”. The report concludes that aid can not be a substitute for “aggressive diplomatic action”. In contrast, Poul Nielson declared EU humanitarian aid to be “needs based and allocated impartially”. Nirj Deva, a British Conservative member of the European Parliament, called the US initiative a “carrot and stick approach,” which would result in countries with better governance and national strategies receiving more aid than those without them. For Poul Nielson this “would be a step backwards” and result in a “lack of predictability and stability for recipients”. ■

The tangled roots of Islamic activism in Indonesia

by Michael Laffan

The Bali bombing reinforced the global perception that Islamic terrorism is a single coordinated assault on the West, hatched primarily within the shadowy realms of *al-Qaeda*. It also reinforced the assumption that such radicalism has always been about establishing a theocratic state founded on “Islamic law,” the *Sharia*. This need to see an answer in a single hostile force, and the backdating of an endless conflict between state and religion, has obscured our vision of South-East Asia’s own dynamic history of Islam-state relations. It is therefore timely to consider that history in order to re-examine how the primacy of the *Sharia* has been asserted in Indonesia.

Historians of South-East Asia have often emphasised Islam’s peaceful penetration of the archipelago. Communities of Muslims had long been living within the region, but their gaining the support of local rulers was crucial to the further spread of the new religion from the late 13th century onwards. South-East Asia largely remained *terra incognita*, however, for much of the rest of the Muslim world until the 16th century, when increasing numbers of works dealing with questions of Islam, and mysticism in particular, were written in Medina for a South-East Asian audience.

Such books emphasised the tradition that mysticism was an inner aspect of belief to be restricted to an educated elite, while knowledge of the *Sharia* - being primarily the duties of prayer, alms and fasting - should be prioritised for the masses. Certainly South-East Asian rulers, by supporting scholars and heeding their

advice, played a role in maintaining aspects of Islamic law, or fusing them with local custom (*adat*). Still, the symbiosis between ruler and scholar was not always a happy partnership, as is shown by the turbulent Padri War in West Sumatra.

This was heralded around 1803, when several returned pilgrims and scholars, inspired by the example of the Wahhabiyya movement in Arabia, sought to override the existing social order. Their scripturalist piety and violence did not entail, though, an opposition to mysticism like the Wahhabiyya movement. For the Dutch, this difference was immaterial, and they ultimately sided with the remnants of the *adat* aristocracy and put down the Padris.

Movements like the Padri were actually the exception rather than the rule in 19th century South-East Asia. The impulse towards Islamisation continued, being shaped more commonly in terms of an emphasis on jurisprudence for the masses and mysticism for the elite. Ironically, this was further strengthened by colonial control, as better transport links connected Islamic schools, and allowed greater numbers of pilgrims and scholars to travel between South-East Asia and Arabia, particularly after the opening of the Suez Canal in 1869.

Furthermore, there were reformers who adapted to the new opportunities offered by the printing press, using it to produce cheap copies of the juridical texts used in the Islamic schools, or to carry out attacks on the practices of their opponents – especially the local mystical teachers whom they claimed were too liberal in handing out guidance at the expense of the *Sharia*.

At the same time officials in the emerging colonial entities of British Malaya and the Netherlands Indies were increasingly worried about the trend to Islamisation and, even more particularly, the increasing

numbers of Arabs choosing to make their homes in the region. They therefore fused two images – the impressionable South-East Asian pilgrim and the aggressive Arab “priest – and conceived of the imminent threat of *Jihad* throughout their colonial concerns. The focus of their fears was projected onto Mecca and Istanbul, or the local Islamic schools. Yet while most Islamic scholars rejected the authority of the Dutch and English on principle, the vast bulk of their teaching remained focused on living the precepts of Islam, and interpreting the *Sharia* for matters of inheritance and family law.

Questions about rule by unbelievers, or the duty to carry out armed struggle against oppression, seem to have taken a back seat. Still, in 1884 the Netherlands government funded C. Snouck Hurgronje to travel to Arabia to determine what influences their subjects were exposed to over there. But whereas the colonial government was primarily concerned about the mystical orders and Arabs, Snouck Hurgronje was far more worried about the potential instability that could be caused by the recognition of the Ottoman Sultan as caliph of all the world's Muslims.

Snouck was particularly influential from the 1890s as Advisor for Native and Arab Affairs in Batavia. He advocated that Islam in South-East Asia be stripped of the doctrines of *Jihad* and caliphate, and held that it would be privatised and Muslims modernised through the expansion of educational opportunities for a new elite. These ideas harmonised to some extent with those of a new movement inspired by the modernist reformism of Muhammad Abduh of Egypt (d.1905).

This educational movement advocated a radical break with the past, urging Muslims to return to the basics of their faith “properly understood.” To this end they advocated that Sufism as organised by the mystical orders be abandoned, and stressed the need for Muslims to become activists for their religion and their homelands. They also stressed an organic link between religion and state, that seemed to bypass the old need for Islamic authority to be invested in any Sultan and, beyond that, in Istanbul, or by arguing that patriotism and parliamentary democracy were facets of political life anticipated by the first Islamic community in Medina.

Still, the message of such reformers was not eagerly digested, and strident disputes emerged in the 1910s with the traditionalist heirs of the older mystical tradition. Such disputes usually focused on the apparent aping by the reformists of Western ways of organisation and dress. Furthermore, there were increasing worries that doctrinally the reformists represented a new form of the Padri movement or, worse yet, that they were the local emissaries of the Wahhabiyya revival. The reformist cause received a

double blow in 1924, when the Ottoman caliphate was abolished by Mustafa Kemal and Mecca was captured by the Saudi-Wahhabi alliance.

At the same time the national movement, which had started as a fusion between various local patriotisms and an Indies-wide Islamic one, began to be more clearly secular in its orientation. One end of the reformist spectrum in particular, embodied by the Persatuan Islam movement (Persis), was insistent that Islam did not welcome nationalism; rather, it superseded it by virtue of the *Sharia* being a divine system that encompassed every aspect of life. Still, arguments about how precisely Islam and the future state would be related would have to wait until the last months of the Japanese occupation, when there were bitter debates about the inclusion, in a draft constitution, of a clause which maintained that the state had an obligation to ensure that Muslims carried out “the *Sharia*.”

This document, known as the Jakarta Charter, has symbolised the problematic relationship between Islam and the Indonesian State ever since, despite having been consistently rejected by the electorate, much to the chagrin of Islamist groups. Indeed, some advocates of the Jakarta Charter were so incensed by the apparent abrogation of the fact that Indonesia had an overwhelming Muslim majority, that they attempted to form a rival Islamic State of Indonesia (Negara Islam Indonesia).

These various rebellions, also known as the Darul Islam or “Islamic territory” movements, were crushed by Soekarno, and culminated in the deaths of their leaders, such as Kartosoewirjo in West Java in 1962, and Kahar Muzakkar in South Sulawesi in 1965. Both the traditionalist Nahdlatul Ulama movement (founded in 1926) and the reformist Muhammadiyah movement (founded in 1912) left the political arena to concentrate on Islamisation from below, rather than via the state.

Islam's voice was further suppressed in politics by Soeharto, and by the rhetoric of development. He forced all opposing Islamic factions to merge in the United Development Party and to accept the humanist state doctrine of Pancasila. But as in the colonial period, Islamisation continued, though now the reformist impulse was more often in the style propagated by the Saudi State than that of Muhammad Abduh.

Furthermore, study groups modelled on the Muslim Brotherhood technique of forming family cells proliferated on university campuses. South-East Asians continued to be active participants in this globalising discourse of reform that also placed the Israel-Palestine conflict firmly on the agenda. And the tendency for some in the West to imagine an undifferentiated and

hostile Islamic threat to themselves, has been mirrored by a tendency in the Muslim world to see a Judeo-Christian conspiracy behind every setback.

Such a global battle had its local manifestations. In the case of Indonesia, it was the collapse of the New Order, after Soeharto attempted to appropriate Islamic credentials in the 1990s, and the flare up of violence in areas like Ambon. At times the forces of religious violence were cynically facilitated by factions in the capital. But not all of them were so directed. A small minority of activists, committed to the global struggle and inspired by the Kartosoewirjo and Muzakkar as much as by Osama bin Laden, have hijacked the debate on calls for *Sharia* and a broad South-East Asian Islamic state with the Bali outrage.

Still, they are not the only voices calling for *Sharia* in Indonesia, and they certainly disagree with one another in terms of methodology. Furthermore, exactly what *Sharia* means to all these various groups, beyond the core duties of prayer and piety, is an even greater problem. Is *Sharia* to be a total system of life, enforced by the State, or one where the state is subject to the scholars rather than informed by their advice? There are no easy answers, and they are going to have to come from within the Islamic community itself, rather than be legislated by a cash-starved state or enforced by narrow-minded bombers. ■

This article is extracted from a longer paper, prepared by Dr Laffan and which will be published in a forthcoming volume of the Cambridge Review of International Affairs. For details of that journal, see www.cria.org.uk or contact via email editor@cria.org.uk

Editor's Note:

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News in Brief

Situation in Nepal

The uncertain political and security situation was the subject of a European Parliament question to the European Commission from Belgian Green, Bart Staes. Noting that the visit, in August 2002, of the Nepalese Prime Minister, Sher Bahadur Deuba, was underreported in the Nepalese media, Staes wanted to know what his meeting with Commissioner for External Relations, Chris Patten, had been about. Mr Deuba was subsequently dismissed by the King of Nepal, Gyanendra, in October, for not holding the required general election. Given that the EU had spent in excess of EUR140m since 1977 on humanitarian aid and development projects, what results had been achieved.

In reply, Commissioner Patten indicated that since the killing of the Nepalese royal family, in June 2001, the Commission had “attached increased importance to monitoring the political and security situation”. This includes government instability, the actions of the Maoist rebels and the government response. The last condition has achieved a particular importance following allegations of human rights violations by the police force and the military.

Since 1977, European Union aid has been spent on projects supporting rural development and combating poverty. This included programmes focussing on reproductive health, humanitarian aid to refugees in United Nations camps in Nepal, primary education and institution building. The growth of the Maoist problem, has, Patten stated, seriously interfered with rural development and irrigation projects. Nepal's Country Strategy Paper will contain “preventive initiatives” to support good governance, the rule of law and the protection of human rights.

Prison term in Vietnam

Marco Cappato, an Italian independent, in a question to the Commission, raised the case of a “cyber-dissident” imprisoned in the Socialist Republic of Vietnam for offences against the State. Mr Le Chi Quang, variously described as a lawyer, computer teacher or professor of information technology, was jailed in November 2002 for four years. Using the internet to spread documents in support of democracy, Mr Le Chi Quang also alleged that Hanoi had made territorial concessions to China during the land and sea border negotiations, that took place during 1999-2000. It has been reported that he did not have proper access to his lawyer and that he is in poor health. Mr Le Chi Quang served the equivalent of eleven months on remand, while awaiting trial.



In reply Commissioner Patten said that it would not be “customary” for the European Commission to be present at the trials of Vietnamese citizens. Patten said that the suggestion that France had supplied the Vietnamese government with IT software capable of controlling access to the internet, was false. Equally, all EU funded projects complied with EU policy on human rights and democracy. Those projects would be subject to “a rigorous process of financial checks”, Patten stated.

Subsequently, in a similar decision reported on 1st February, the People’s Court gave another cyber-dissident, Mr Nguyen Khac Toan, twelve years in jail. According to *Reporters without Frontiers*, Mr Nguyen Khac Toan was sentenced in late December for using email systems to spread information to reactionary organisations based outside Vietnam. As in Mr Le Chi Quang’s case, access to a lawyer was restricted.

Tourism and China

Salvador Garriga Polledo, a Spanish Christian Democrat, noted that the World Tourism Organisation (WTO) had calculated that, by 2020, China would be the fourth source of tourists in the world but the biggest destination. He called for a “global agreement” to replace various national bilateral accords that have been “nullified by Community initiatives”. The growth of China should be evaluated both in terms of its tourism potential and in terms of the possible immigration of Chinese nationals into the EU. Mr Garriga Polledo wondered what progress the Commission had made in negotiating with Beijing.

In September 2002, the Council of Ministers adopted a Decision authorising the European Commission to begin negotiations with China on the possible signing of an Authorised Destination Status Agreement. The matter was also raised at the EU-China Summit that took place in Copenhagen last September. The first round of negotiations took place in Beijing in October. Following sufficient progress, the Commission can draw up a draft Agreement for discussion between the member states. In reply to the questions, Commissioner Patten said that it was in the Community’s interest to conclude the Agreement “as soon as possible”. Now that serious negotiations had begun, the Commission could reveal that the member states were no longer pursuing bilateral initiatives. It is expected that the Council will formally adopt the Agreement in September this year. ■ (JQ)

India in 2025

Where will India be in 2025? By all accounts it will be the most populous country in the world and, hopefully, will have retained its claim to be the world’s largest democracy. But will it also be among the richest? What, in fact, does India have to do to emerge as an economic superpower some 25 years from now?

India’s most widely read financial newspaper, *The Economic Times*, asked one of its staff, Abheek Barman, to see what the future holds, for the country and for Lilawati, symbol for the occasion of India’s one billion plus population.

Lilawati Looks Ahead To 2025

by Abheek Barman

As Lilawati lifts her veil and peers over a sea of ghunghat-clad heads, what does she see ahead? Was her child among the school-kids who were wowed by President Kalam with his vision of India morphing into a developed country? Through 2002, the President bombarded children across the country with a powerpoint vision of India growing more than 10% every year, joining the big boys of the global economy by 2020.

It is a bewitching vision that almost every guy in power, from Prime Minister Vajpayee to Andhra Pradesh Chief Minister Chandrababu Naidu, dangles in front of voters. Meanwhile, the real economy sputters and slows.

Today, India’s shares of world trade in precious stones and leather, trumpeted as major export areas, are 10.7% and 5.8%, numbers that hardly point to global dominance. At Independence, we used to be one of the world’s largest exporters of cotton. Today, our share of the cotton fabric trade is down to 4.3% of the total. And with over 700 million people engaged in farming, all India can manage is a measly 1% share of world farm trade. Yet, farm-rights activists, lobbyists and many political parties continue to champion farm protection.

Unlike Japan, China and the Asian tiger economies, where protection created manufacturing giants, our industry remains a pampered midget. India’s chemicals industry makes 1.8% of world output, its electronics sector churns out 1.7% of the world production of consumer durables, its aluminium makers produce less than 2.5% of the world total.



Truck and bus output is 1% of global output and a cartel-ised tyre industry makes 2.2% of the world's tyres for protected carmakers that make 2% of the world's total number of cars. You can't blame anybody if Lilawati is a little sceptical of our claims to economic superstardom.

The beginning of a New Year seemed like a good time to look ahead and ask where we'll be, say, in 2025. What does it mean to be an economic superpower? Can we realistically hope to get there? So here at ET we tinkered with some numbers and came up with some startling answers.

An 'economic superpower' is a fuzzy, elusive notion. So we pinned it down with a catchall - average income per person - to compare across countries and capture the essence of well-being. Then we got ambitious and asked, "how fast does Lilawati's income have to grow every year to make her as rich as an American by 2025?"

In 2000, when Lilawati earned \$500, the average American earned \$32,000. We assumed that through the next 25 years, the Yankee income grows at a conservative 2% every year, making Average Joe worth \$52,500 in 2025. To our horror, we discovered that Lilawati's income should grow 21% each year till 2025 to make her as rich as Average Joe.

Our population grows about 1.9% each year, falling to perhaps 1% in future. Even then, this means that India's economy must grow nearly 23% and sustain this growth for the next 25 years without flagging if Lilawati is to become as rich as Joe by 2025.

No country in history - including China in the early 1990s when its government claimed growth rates as high as 12% every year - has grown at this kind of pace for so long. Remember, the fastest rise of Indian incomes was in 1988-89, when incomes grew 8.5%. So Lilawati won't be as rich as Average Joe in the next 25 years - even with the best governance, business practices and productivity jumps imaginable. Will catch-up be easier if America stagnates at today's level till 2025? Not much. Lilawati's income still needs to grow 18% annually till 2025 to catch up with what Joe made in 2000.

So we flipped this around and asked "how rich will Lilawati become if, say, governance, policies, business and trade function well, education, communication, transport and productivity get a massive boost and her income grows 10% every year till 2025?" With 10% annual growth, Lilawati will be more than 10 times richer than today, making \$5,417 in 2025. She'll still be approximately half as rich than the average Korean of 2000, earn about the same as what Czechs made in 2000, a little wealthier than today's average Hungarian and about 20% better off than today's

Mexican, Brazilian or Pole. With 10% annual growth, the India of 2025 could look like the prosperous regions of Eastern Europe and a little better than the best Latin American economies today.

And if India does even better, growing 15% every year till 2025, Lilawati would make about \$16,500 every year, a little better off than today's Spaniard or New Zealander or Greek, a little worse off than the Canadian, Italian or Irish circa 2000. Don't scoff at these numbers. Each of these countries has wiped out illiteracy, have excellent healthcare systems, take better care of women and kids, and make a lot of money in the bargain.

Growing 10% to 15% every year for the next 25 years, India has a good chance of becoming a superpower. Not the richest nation in the world, but because of our awesome size, among the most influential. In 2025, India with its one billion-plus population will probably be the world's most-populated country. With 10% to 15% growth in personal income, we'll pull a lot more weight globally than now. How much? In 2000, when India's economy was a small 1.6% of the global economy, the US accounted for a massive 33% of global income. Japan's share was about 14%. Germany contributed about 6% to global GDP. If India grows 10% every year, with over a billion people each earning about \$5,500, its economy would be worth \$5.5 trillion in 2025. Growing fast, India will drag the global growth rate upwards, say from the average of 3% annually to about 4%. The global economy would then be worth \$80 trillion in 2025. India's share in it would then be 7%, more weight than what Germany today pulls in global economics.

Growing 15%, India's economy would be worth \$16.5 trillion in 2025. It would also drag global growth upwards, to say, 5%, making the worldwide economy worth \$102 trillion in 2025. India's share would be about 16%, more than the share of Japan in contemporary global economics, and perhaps second only to the US in absolute size.

With a heavyweight economy, India's geopolitical role, its strategic interests and its business and commercial considerations will assume global significance. Lilawati and her children will lead incomparably better lives. Are we talking through our topi? Not really. Since 1991, for more than 10 years, India has grown about 6% every year, almost double the 3% to 3.5% crawl that economist Raj Krishna despairingly called, "the Hindu rate of growth." Through the last decade, we doubled our growth rate. Now, we need one more doubling.

Still sceptical? Then analyse this: since 1997, most states south of the Vidhyas grew faster than 10% every year. Andhra Pradesh, the laggard, grew more than 5% from 1997 to 1998, 20% from 1998-99 and 7.2% from

1999-2000. From 1998 to 2001, Tamil Nadu grew 18%, 10.3% and 12% annually. Through 1998 to 2000, Karnataka jumped 20% and 11% respectively and even Kerala, then ruled by the communists, grew 13.7%, 15% and 16% through 1998 to 2001. High growth isn't just possible, its already happening in the south. India will grow by harnessing local knowledge and connecting it to technology and markets. This isn't another tired old *cliche* batted around during the dotcom bubble. Think about the silk weavers of Benaras or the brass industry of Moradabad or the folks who grow fruits on hill slopes. The people are all there, so is the knowledge and skills, the only things lacking are technology and markets.

So, India wastes more fruits than Europe consumes every year. Moradabad brassware exports, worth \$355 million last year, are still cast in sand pits at cottage industry scales because UP's precarious electricity supply makes die casting impossible. Fruits rot because storage and transport infrastructure are primitive. Three good things that happened in 2002 could change all that. Crashing communication costs, road building and the promise of a secure energy future. Now, India's creaking governments should get their act in shape." ■

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Japan contributes AEGIS warships to international war on terrorism

by Axel Berkofsky

A Japanese destroyer left the naval base of Yokosuka on December 16, heading for the Indian Ocean, to support the US-led military operation in Afghanistan. Its departure followed months of controversial discussions and contradictions, with the Japanese government changing its mind on almost a daily basis. The 7,250-ton Kirishima, which is equipped with the advanced AEGIS missile defence system, arrived in the Indian Ocean at the beginning of January.

Japan dispatched the Kirishima to provide logistical support for the US military engaged in Afghanistan. Last November Japan sent three supply ships to the Indian Ocean and the Arabian Sea, where these vessels are mainly engaged in non-combat operations refuelling US and British warships. The Kirishima, which replaces the Hiei, will also protect Japanese tankers passing through the Persian Gulf, in the event of a US-led attack on Iraq.

"The only difference between AEGIS destroyers and other destroyers is that the former have a higher capability," Japanese Prime Minister Koizumi has said in response to critics. However, until recently Mr. Koizumi cited the AEGIS destroyers' high military profile as the reason why Japan would not send the state-of-the-art warships.

Japanese legislation on the special measures to fight terrorism provides for a 6-monthly review of the country's participation in the US-led fight against international terrorism. After the first deadline in April, 2002, the Japanese government decided to extend the assignment of its Maritime Self-Defence Forces (MSDF) to the Indian Ocean and the Arabian Sea for another six months. The most recent deadline was last November 19.

The Japanese navy, for its part, seems keen on the idea of sailing into danger zones, and has done its own share to increase the pressure on the government to send the sophisticated destroyer closer to war zones. It was revealed last year that high-ranking Japanese naval officers advised their US navy colleagues, at a reportedly secret meeting, to urge the US Administration to increase the pressure on Tokyo, if warships AEGIS-equipped warships were ever to leave Japanese ports. The US, apart from requesting vessels to refuel US and British, as well as German, French and Australian ships in the Indian Ocean and Arabian Sea, also asked Japan to dispatch P-3C anti-submarine patrol aircraft.

Collective self-defence

The intelligence data gathered by the Kirishima's AEGIS system, which is linked by computer to US navy ships covering a radius of some 500 km, could be shared by the US fleet for military attacks. This is an activity that many view as falling within Japan's right to collective self-defence, although the country has a self-imposed ban on exercising this right. While Japan has been gradually doing away with this self-imposed ban in recent years, it is reluctant to make implementation of the right to collective self-defence a part of the country's official security policy. The government has tried to avoid controversy, by claiming that the country's participation in the war against international terrorism must be understood as an operation of individual self-defence.

The government, as many political observers maintain, both fears a public uproar should it officially implement the right to collective self-defence, and is concerned that the US might be tempted to ask for active Japanese military support going beyond Afghanistan in the war against international terrorism. Constitutional reform, especially as regards Article 9, under which Japan renounces war, has been on the agenda for some time, in order to get rid of the



constitutional obstacles which keep Japan from becoming a “normal” country. The House of Representatives Research Commission on the Constitution published an interim report in November 2002, although revision of Article 9 is not likely to occur soon. It requires a two-thirds majority in both houses of Parliament and public support through a referendum.

US pressure

US Secretary of State Richard Armitage and senior Pentagon officials visited Tokyo several times last year, unequivocally requesting the deployment of AEGIS warships in the case of an attack on Iraq. Last December the Japanese government reconsidered its earlier decision not to dispatch these warships. It now took the view that these vessels are more “crew-friendly” in hot climates than the escort ships currently in the Indian Ocean. As the “climate factor” had never come up before in discussions, critics suspect it was a face-saving device. “The air conditioning system doesn’t work at all inside the (escort) ships, where temperatures can reach about 30° C., as compared to around 25° C inside an AEGIS destroyer,” a high-ranking navy officer said in December.

Next stop Iraq?

In yet another political U-turn, Taku Yamazaki, Secretary-General of the governing Liberal Democratic Party (LDP), announced on January 20 that Japan may support a unilateral American attack on Iraq, even without a UN mandate. The Japanese government had insisted until very recently that Japan would provide logistical support for US military forces only in the event of a UN decision. In an attempt to tone down his remarks, Mr Yamazaki claimed a day later, again before the cameras, that there must be “clear evidence” that the regime in Baghdad was engaged in developing weapons of mass destruction.

The Japanese government, however, had already presented a 3-stage plan in mid-December to support a military strike against Iraq, by deploying the country’s Self-Defence Forces (SDF) if requested by the US. The first stage of this plan, outlined by Prime Minister Koizumi, provides for logistical support support the build-up to a US military strike, while the second and third stages relate to logistical support during the fighting in Iraq and support in the post-war period, through a UN peacekeeping operation, for example.

Regional missile defence

Just when Japan decided to dispatch the AEGIS destroyer, and expand its mission in the Indian Ocean and Arabian Sea, the head of Japan’s Defence Agency (JDA), Shigeru Ishiba, urged the government to

commit itself more actively to developing the regional missile defence system, Theatre Missile Defence (TMD), with the US. After North Korea fired a missile across Japan in August, 1998, Japan and the US signed a bilateral accord, to conduct a joint study on missile defence systems, aimed at protecting Japanese and American forces deployed in the country. The research will cost an estimated \$500 million for the first 5 to 6 years, with both countries sharing the bill equally. The Japanese contribution has been a modest \$55 million so far.

Japan, for its part, has yet to commit itself officially to moving beyond the research phase to the development of a missile defence system. Recent North Korean threats to end its freeze on testing its own missiles might speed up the decision-making process in Tokyo. “TMD is the logical answer to the increased number of Chinese ballistic missiles aimed at Taiwan, and the North Korean missiles threatening Japanese territory,” a high-ranking Japanese military officer said in late December. The joint development of the mobile Navy Theatre-wide Defence (NTWD) system, which could be deployed on US and Japanese AEGIS destroyers, is also on the agenda.

One thing leads to another

The dispatch of high-tech warships in support of the US military, the plans to revise the Constitution, the push for plans to co-operate with the US in developing a regional missile defence systems – do they point to a fundamental change in Japan’s defence policy?

Not quite, and not for the present. Despite recent initiatives to expand Japan’s role in the fight against international terrorism alongside the US, the Japanese Constitution, and especially Article 9, will ensure that Japan’s contribution to US-led military missions will be limited to non-combat operations. While sending AEGIS destroyers to the Indian ocean marks a significant expansion in Japan’s logistical and operational roles, it remains to be seen whether the country will live up to American expectations and support a US-led military strike against Iraq.

Critics, and more particularly China and South Korea, are worried about Japan’s newly found enthusiasm for security and defence matters. When Prime Minister Koizumi recently visited the Yasukuni Shrine in Tokyo, where a number of convicted A-Class war criminals are buried, South Korea’s President Kim Dae Jung abruptly cancelled a meeting with Japan’s Foreign Minister, Yoriko Kawaguchi. Mr. Koizumi was reportedly “surprised,” insisting that his visit was simply meant to honour Japan’s war dead: there was no reason for Japan’s neighbours to fear the revival of Japanese militarism. The visit also led to yet another round of soul-



searching on Japan's alleged inability to confront its wartime militarism. ■

*AEGIS warships are equipped with weapon systems and radar that closely complement US weaponry. They can track 200 missiles simultaneously, shooting down 10 of them at once, and are the pride of the Japanese military.

EU-ASEAN ministers focus on terrorism

It was simply one more in a long line of Joint Declarations calling for closer co-operation between the European Union (EU) and ASEAN in the fight against international terrorism. Much of the text which their foreign ministers adopted in Brussels is a repetition of the Declaration agreed at the fourth Asia-Europe Meeting Summit (ASEM), held in Copenhagen last September. The 14th EU-ASEAN ministerial meeting in Brussels, on 27th-28th January, stressed the need for a co-ordinated international response, the role of the United Nations and better understanding between cultures and civilisations.

In their Joint Declaration on co-operation to combat terrorism, the EU and ASEAN foreign ministers noted the progress made towards implementing the ASEM Copenhagen co-operation programme on fighting terrorism, which sets out a series of proposals for implementation in the short, medium and long term. They agreed "to take further urgent steps in this process, with a view to the full implementation of these measures," which include holding an ASEM seminar on anti-terrorism in China, possibly in April 2003, in order to discuss co-ordination with the UN and improved inter-regional co-operation. They also undertook to exchange information on measures in the fight against terrorism, and to strengthen links between their respective law enforcement agencies.

The Brussels Joint Declaration acknowledged that terrorism has links with trans-national organised crime, ranging from money laundering, trafficking in illicit drugs and arms trafficking to illegal movements of nuclear, chemical and biological materials. This "complex set of new security challenges," the foreign ministers concluded, "have to be addressed urgently in all aspects and in all fora, including the ASEAN Regional Forum (ARF)." They made it clear, however, that the fight against terrorism "must be conducted in accordance with international obligations, including respect for human rights." They also rejected any attempt to associate terrorism "with religion, race or nationality," and stressed that the need to "promote mutual

understanding between cultures and civilisations is greater than ever before."

ASEAN has been taking practical measures to address the gap in inter-governmental co-operation in the fight against terrorism within its own region also. Following the Copenhagen meeting last September, the 8th ASEAN Summit, in Phnom Penh in November, adopted its own Declaration on terrorism, aimed at improving "co-operation, co-ordination and the sharing of information" between Asian governments. This has led to the creation of a Regional Counter-Terrorism Centre in Kuala Lumpur.

The idea for such a Centre was put forward by US Secretary of State, Colin Powell, during a visit to Kuala Lumpur last July, and by President Bush at the Asia Pacific Economic Co-operation (APEC) meeting in Mexico last October. Subsequently, the Malaysian Minister of Defence, Najib Abdul Razak, appeared to indicate that his government was waiting on the US to provide ideas on what the Centre should actually do.

Singapore's Minister for Foreign Affairs and Minister for Law, Professor S Jayakumar, called on the EU to work closely with ASEAN to combat the growth in terrorism. In an address to the European Institute for Asian Studies and the European Policy Centre, in Brussels on 29th January, he pointed to the "critical geopolitical situation of the ASEAN countries." This, together with the fact that South-East Asia is at the confluence of the two major civilisations of China and India, made ASEAN a "non-provocative" interlocutor for countries in the region.

The Foreign Minister referred to the ASEAN Regional Forum in this connection. Established by ASEAN it nevertheless includes countries such as China, Japan, the United States, Russia and the two Koreas. While the ARF does not take implementing decisions - it was never meant to be a "Security Council for Asia" - sensitive issues have been discussed and the meetings provide "good cover for bilateral discussions", he said.

Foreign Minister Jayakumar referred to the need for a dialogue on culture and civilisation, which is greater than ever since the events of September 11th 2001, according to the Brussels Declaration. He pointed out that the Muslim population of South-East Asia was greater than that of the Middle East. The majority of Muslims were moderate, progressive and tolerant; the threat came from small radical groups in the population "hijacking" religion for their own cause. ■

Wiessala, Georg. *The European Union and Asian Countries*, Sheffield Academic Press, London. 203 pp. 2002.

Any book on the European Union (EU) and Asia is to be welcomed, simply because there are so few of them, as the extensive bibliography provided by Dr. Wiessala indicates. And any such volume which opens with a discussion on “Why Asia matters” is doubly welcome. The simple fact that Asia matters has not been fully grasped by the EU’s key institutions.

Asia matters because “something about Europe is undeniably Asian,” Dr. Wiessala remarks, noting that Paul Valéry called Europe *ce petit cap d’Asie* (“this small promontory of the Asian landmass”). On “the most meaningful level” it matters because dealing with “abroad,” be it “far” or “near,” will help Europeans overcome their over-preoccupation with “matters closer to home.” And as if to allay European fears, the author quotes approvingly from a European Commission study, which declared that “Asia is an opportunity, not a threat.”

Dr. Wiessala’s great merit is to investigate “one of the most important aspects of EU-Asia dialogue, which is also one of the most overlooked.” This is the question of “Asian” versus “Western” values and, generally, of “cultural awareness.” He demonstrates how arguments over values, negotiating styles, human rights, democracy or “good governance” inform every aspect of EU-Asia relations. He notes that Asians tend to base their arguments in “Buddhist, Confucian or other religious, moral or philosophical thought,” while the EU’s new political emphasis on human rights “serves to project its quality as a value-based system to the outside world.”

The author also lists some of the questions surrounding the politics of the Asian values debate (Box 3.4, p. 53). Among them: Can particular – and different – sets of values be attributed to Asians and Europeans? Are “harmony” and “consensus” a better means of conflict settlement than “legalism” and “confrontation?” Does an emphasis on individual rights over community-focused duties breed social ills? Does the inclusion of “conditional” human rights clauses in trade agreements promote democracy or constitute a new form of “Western Trade Imperialism?”

The External Relations Commissioner, Chris Patten, is dismissive of Asian claims to specifically Asian values; in his view “no alleged national traditions can make right in one place what is wrong in every place.” For two European authors cited by Dr. Wiessala, “the debate may be miscast; it is not Asian versus Western values, but rather tradition versus modernity.” The debate, in any event, is worth conducting, especially in the aftermath of September 11. The pity of it is that the

first and last time the European Commission organised a Europe-Asia forum on the subject was in 1996!

Much of the book is rightly devoted to the European Commission’s efforts to promote closer relations between the EU and Asia. Two key documents in this connection are the Commission’s 1994 document “Towards a New Asia Strategy” and its follow-up, “Europe and Asia: A strategic framework for enhanced partnership,” issued in September, 2001. The legitimacy of the EU-Asia dialogue may well be rooted in the work of the European Parliament and the Council of Ministers, as the Commission itself has noted, but neither of these two EU institutions would make much headway without the strategy papers and other input from the Commission.

But Dr. Wiessala is wrong to conclude from this that intergovernmentalism, the rotating presidency and working parties “play an important part in defining, shaping and refining the EU’s Asia strategy.” The rotating presidency has seldom favoured EU-Asia relations, as is clear from Box 3.3 (p. 44), entitled “EU-Asia relations and the work of recent Presidencies of the Council of Ministers.” The Swedish and Belgian Presidencies (2001) “placed an early but half-hearted emphasis on EU-Japan relations,” while both the French and Portuguese Presidencies (2000) largely neglected Asia. The UK “gave Asia enhanced priority” in 1998, while the 1994 German Presidency claimed that Asia, and China in particular, had become “increasingly important partners” and “attractive markets.”

Dr. Wiessala notes that “the economic rationale for EU-Asia relations” includes trade and investment, market access and membership of the World Trade Organisation (WTO), but he devotes very little space to the subject. This may be from his belief that “the economic aspect of the EU-Asia dialogue goes hand in hand with the political one.” But the fact is that EU-Asia relations have been driven by economics – trade and investment – from the very beginning. The political dialogue, while more high profile, particularly when conducted at the level of presidents and prime ministers, is high on rhetoric, low on results.

The European Union and Asian Countries is a mine of information on their relationship, more particularly in recent years. Its numerous boxes provide detailed, factual information on everything from statistical profiles of Asia and the EU to EU-supported development projects; Box 3.2 contains an admirable summary of the key points of the European Commission’s 2001 strategy document. All of which make the book an invaluable starting point for a survey, which is at once global and detailed. ■

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NEW EIAS BRIEFING PAPERS
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Editor: Dr Willem van der Geest

**MAPPING MUSLIM POLITICS IN
SOUTH-EAST ASIA AFTER SEPTEMBER 11**

by Dr Suzaina Kadir

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 Southeast Asia may take on a stronger anti-American flavour if not addressed sensitively.

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**EUROPEAN UNION POLICY RESPONSES TO
THE SHANGHAI CO-OPERATION ORGANISATION**

by Dr Greg Austin

On 14 September 2001 the Shanghai Co-operation Organisation (SCO), through a joint declaration of its heads of government, was one of the first international organisations to react formally to the terrorist attacks in the USA three days earlier, a response due in part to the fact that anti-terrorism had been a principal purpose of the SCO's creation. At an extraordinary meeting of SCO Foreign Ministers in Beijing in January 2002, concrete proposals for joint efforts in the war on terrorism and some broad political principles for the reconstruction of Afghanistan were agreed.

The SCO groups together countries of a relatively poor region (Central Asia) with two neighbouring great powers, China and Russia. The ‘continental hinterlands’ of Russia and China that border Central Asia - Heartland Asia - are socially and developmentally poor, but with great economic potential given their mineral resources. This is why both powers invest large amounts of political capital, including heads of state meetings, in the SCO. The pay-off in terms of highly developed regionalism of the sort seen elsewhere may take a decade or so but it will come.

The author argues that the EU needs to shape its foreign policy toward the SCO in three directions. First, the EU needs to craft policies that see the geographic base of effective regionalism in Heartland Asia as including Russia and China, and not just the states of Central Asia. Second, the EU needs to spend policy capital pressing China and Russia to resist strictly bilateral approaches in favour of policies that enhance the SCO, and to encourage Russia and China to contribute more actively and effectively to the SCO through technical assistance if not money. Third, the EU must convince the USA to resist strictly bilateral approaches helping Central Asian states in favour of policies that promote the effectiveness of the SCO. The EU should consider working towards a comprehensive SCO-EU Dialogue, with a focus on the themes of most immediate interest to the SCO, in particular justice and home affairs, energy and transport.

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.