

## Europe stumbles? The Constitution and the CFSP

by John Quigley

Where is Europe headed? After the recent controversy surrounding the EU's proposed Constitution, the answer to that question is especially complex and finding the appropriate mechanism to lead Europe out of the present 'period of uncertainty' will not be arrived at quickly. Some EU leaders believe that to be active in foreign policy terms, Europe needs to be strong internally. However, the failure of France and the Netherlands to ratify the Constitutional text raises doubts about the ability or willingness of some Member States to promote greater European integration at the cost of pooling their sovereignty. The implications for the nascent common foreign policy could be startling, if the current period of uncertainty is not handled correctly. However, these internal developments have not prevented the EU from pursuing an active foreign policy at many levels.

The Constitutional Treaty is essentially about bringing the legal and operational provisions of how the EU is governed into one text, with a measure of reform to the working practices of the EU institutions. This text emerged out of the Convention on the Future of Europe, chaired by the former French President Valéry Giscard d'Estaing. Although never tasked with producing a constitutional text, the Convention submitted a draft to the European Council in July 2003. The Inter-governmental Conference (IGC) that followed, adopted a Treaty text in June 2004. This text is now undergoing ratification by the EU Member States. What this ratification process has demonstrated is that, in the absence of any European leader willing to take political risks to promote EU integration, Europe, the project, has suffered under the twin problems of cheap electioneering and the domestic preoccupations of the German Chancellor, Gerhard Schröder, and France's President, Jacques Chirac. I am never more concerned for 'Europe' than when both leaders are proclaiming that the Franco-German axis - the "driving force for Europe" - is at its strongest. Forthcoming elections may radically alter their domestic political

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fortunes to, I would suggest, Europe's benefit.

One of the themes of the ratification process and now of the election campaigns has been the future enlargement of the EU. Enlargement has always been a political process in the past, but the political will to include Turkey is missing in several key Member States. To be accorded EU membership, Turkey has to meet the conditions laid down in the Copenhagen criteria. If Europe's leaders have no idea where the EU ends then the least they could do is be selective about which further countries are to be admitted, and when. Does 'Europe' include Turkey or is that country part of Asia? Does it matter? Can the EU admit a new Member State that refuses to recognise an existing Member State? Just as countries south of the Mediterranean will not become EU members, Turkey could be immediately offered an associate status, whereby Europe transfers large amounts of money over time to Ankara to ensure that the living standard rises to 80% of the average EU income. This would possibly delay Turkey's entry but would remove the objection that the EU could be flooded by cheap Turkish workers upon accession.

It will, of course, be better to have Turkey as an EU member, inside the tent, rather than have a potentially damaging relationship outside the tent that could drive Turkey into the Middle East sphere, with possible consequences for political and civil rights. An obstructionist Turkey would have the power to block EU access to NATO assets, hindering Europe's ability to pursue a military dimension to the common foreign policy, which EU leaders have been developing in the last few years.

One of the innovations of the Constitution would be the introduction of the position of European Foreign Minister. The position merges the role of the High Representative for CFSP and the Commissioner for External Relations. The Minister would be a Vice-President of the Commission and chair the meetings of the national Foreign Ministers, in the General Affairs and External Relations Council (GAERC). This represents a major change to the traditional institutional set-up of the EU and would give the Minister responsibility for a common defence policy.

Current Commission delegations in third countries would become EU delegations, responsible to the Minister. At the moment, the Council is considering whether these EU delegations should have functions with regard to consular protection and visas. The operation of the position of Foreign Minister could have important implications for the 'community model' of decision making and oversight of the Minister's functions. Seeking a balance between representing the possible narrow interests of the Member States, or some of them, versus keeping the

wider interests and *common* EU foreign policy in mind, would seem to be potentially a major stumbling block. This becomes apparent when it is considered that the EU Foreign Minister would be responsible for the proposed External Action Service. This proposal would see the external relations staff of the Council of Ministers and the European Commission combined into a single service as a measure to "improve overall coherence and consistency" in the promotion of EU foreign policy. While CFSP geographic staff, human rights, counter-terrorism and UN relations would all be included, it seems trade policy would not come under the authority of the Minister. There does not seem to be agreement to include policy areas such as enlargement or development policy into the Service.

Independently of the procedure for the ratification of the Constitution, the Commission has received a mandate from the December 2004 European Council to work on the launch of the External Service. The issues will not be finally decided until the European Council returns to the issue in the Spring of 2006, under the Austrian Presidency. Already, however, it is clear that the Member States are unwilling to allow the Council working groups, which consist of national civil servants or experts, to come under the authority of the Foreign Minister.

The results of the referenda votes in France and the Netherlands have been variously described as a "crisis" or "very disappointing". Whether or not there is a crisis is debatable but what is clear is that the process of European integration has been delayed and that any long-term delay will have a significant impact on the common foreign and security policy. Some re-visiting of the negotiations that led to the Constitution, either through an inter-governmental conference or a new Convention-style meeting, seems inevitable. Renegotiation is serious, not least because the varying commitment of some Member States to furthering the process of European integration could unravel the Treaty text, with consequent effects for a common European foreign policy which, as Commissioner Ferrero-Waldner has said recently, should have a global reach in the 21<sup>st</sup> Century.

Speaking in January, as President of the Foreign Affairs Council, Jean Asselborn of Luxembourg said that European integration would not be a success without Europe becoming a "committed and credible political player on the international scene". Meeting this challenge will require a tremendous commitment from the EU Member States to pool their national foreign policy objectives and, at the same time, facilitate deeper EU integration. However, in a Union of 25 States, it is clear that not all members agree with that central objective. ■

# Iran-EU relations: History and context

by H.E. Ali Ahani

Relations between Iran and the European Union have been characterised by vicissitudes following the victory of the Islamic Revolution. In this respect, four distinct periods could be highlighted.

Firstly, the period of distrust and European inclination towards the policies of the United States (beginning from the victory of the Islamic Revolution until December 1992). Secondly, the period of critical dialogue between Iran and the European Union (from 1992 until the Miconos crisis in 1997). Thirdly, the period of comprehensive dialogue between Iran and the European Union (since 1998) and, fourthly, the period which is marked by the resumption of practical talks covering trade co-operation, political relations, and human rights issues (since 2002).

The period of distrust beginning from the victory of the Islamic Revolution ended in December 1992 when the EU Summit meeting in Edinburgh issued a Joint Statement. The reason behind the European concern over the future of its relations with Iran considering the ongoing fundamental changes in the political structure of the country after the collapse of the former regime was very clear and understandable. With the collapse of the Soviet Union and following the Edinburgh statement, the EU started to change its course from a policy of containment to a more realistic orientation based on the notion of the irreversibility of the new political structure and the need to interact with it as an influential player in the region. This was the main criterion which prompted the European Union to engage in critical dialogue with Iran. The two sides held seven rounds of talks aiming to build confidence, encourage changes desirable in the policy of the other side and enhance mutual understanding. The talks stopped as a result of a verdict issued by a Berlin court on the Miconos case, a situation that caused a seven-month crisis in Iran-EU relations.

The unexpected results of Presidential elections in Iran on 23<sup>rd</sup> May 1997, put an end to this situation and created a conducive ground in relations between Iran and the international community, particularly with the European Union. During this period, talks between Iran and the European Union moved from its critical context to a new direction and took a new shape and structure. The new talks, which started during the Presidency of the European Council of Austria (in the second half of 1998), were basically different in many ways including their contents, organising mechanisms and the venue of meetings. In addition to areas of

concern to the European Union, a host of other issues such as energy, trade, investment, drug trafficking, refugees, Iran's non-oil exports to the European markets, risk-rating reduction in Iran and the environment were addressed. The talks also addressed regional developments across Iraq, Afghanistan, the Persian Gulf, the Caspian Sea, Central Asia, the Caucasus, the Balkans, as well as major international issues, dialogue among civilisations and co-operation between the ECO and the Organisation of Islamic Conference (OIC) with the European Union. Ten rounds of talks have already been held alternately in Tehran and European cities including Vienna, Helsinki, Stockholm, Madrid, and Greece.

The start of negotiations on concluding a Trade Co-operation Agreement, the Political Document of December 2002 and the establishment of mechanisms for regular talks on human rights every six months are considered new developments in the course of the comprehensive talks. Iran and the European Union are presently engaged in regular contacts and continue interactions at four specific levels and areas including trade and economy; political relations; comprehensive dialogue; and, human rights issues.

There have been significant achievements in Iran-EU relations after the Islamic Revolution of which some of the most important ones are as follows:

- (a) formation of joint working groups;
- (b) support by EU members for the measures through the Organisation for Economic Co-operation and Development (OECD) aimed at reducing investment risk-rating in Iran (in two stages);
- (c) the increasing exchange of official visits, especially during the time when the United-States has announced Iran as a country that lies in the axis of evil, and always persuaded European countries to isolate Iran;
- (d) growing interest of European companies to make investments in Iran;
- (e) commencement of the talks on framework documents (Trade Co-operation Agreement and the document on political co-operation);
- (f) tangible developments in parliamentary relationship between Iran and the European Union, leading to the formation of European parliament's Delegation for relations with Iran and exchange of parliamentary delegations on numerous occasions between Iran and the European Parliament;
- (g) relative improvement in the EU political approaches toward human rights situation in Iran, giving priority to continued dialogue instead of proposing resolutions to the UN Human Rights Commission.

There are also some structural and political problems in Iran-EU relations as highlighted below:



-visible weaknesses in the management network of the European Union, mainly in relation to foreign policy, and the contradictions existing in national policies of the member states with the general guidelines of the Union and its commitments towards Iran, particularly in dealing with such issues as the fight against terrorism; add to these shortcomings some other problems arising from EU enlargement, namely the growing internal differences and non-adoption of the common constitution;

-lack of a legal and contractual framework in the bilateral relations;

-biased attitude toward the human rights situation in Iran;

-being under the influence of some outside pressures in trying to adjust relations with Iran, particularly those on the part of the United States and the international Jewish lobby;

-differences in cultures, traditions and value systems of the two sides.

There are, however, areas of common interests and common values which have made Iran and Europe important and suitable partners to each other, prompting both sides to adopt policies in the right direction, despite all ups and downs and political or structural problems. Some of the most important of these areas of common interests are:

- ◆ sharing a high degree of common political and economic interests and the ability of each side to meet a large portion of the other side's requirements. Iran's enormous potentials in a variety of fields ranging from the energy sector to the agricultural products, fisheries, and carpet industry have made Iran one of the best choices to meet the needs of EU countries. The vast attractive market in Iran for European industrial products and economic partnership is in no way comparable to other markets in the region.
- ◆ another attraction for the European Union is Iran's dynamic and indigenous democracy. The prevailing Islamic democracy in the country has set the most appropriate model for the region considering its cultural consistency with regional cultures and values.
- ◆ Iran's geopolitical position as a linking point between Europe and Asia, and its pivotal role in the enhancement of regional co-operation on one hand, and historical ties between Islamic and Christian civilisations on the other, as well as the spiritual influence of Iran in the region has made it a prominent partner of the European Union in the advancement of the doctrine of multilateralism as against the violent approach of unilateralism. ■

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## Aceh's post-tsunami reconstruction and future political hopes

by Max van den Berg, MEP

When the *tsunami* hit South Asia over Christmas 2004, emergency relief operations started up almost immediately. That first phase of emergency aid from all over the world, from January until March this year, has been extremely effective. The quick response prevented the outbreak of disease and gave survivors access to food and drinking water. The relief effort immediately following the *tsunami* also began the task of cleaning up the visible traces of the *tsunami*. But after this first stage of cleaning up and giving the most elementary aid, the recovery process was hampered. Jakarta's bureaucracy threatened to plan the reconstruction on a top-down basis, even though it is essential that local people are involved in the reconstruction of their communities, at their own pace and in their own way. We must acknowledge that the path to reconstruction is a long and difficult one.

Halfway through the visit in late July, I was awoken violently by an earthquake. My bed slid through the hotel room. It is no surprise that earthquakes cause great panic in this area. Banda Aceh was not only badly affected by the *tsunami*; in March of this year the area was also struck by a severe earthquake. The 150,000 people who lost their lives are not forgotten in this region of only four million inhabitants.

The visit was aimed at evaluating the results of the enormous relief funds that were transferred from Europe to the countries hit by the *tsunami*. To this end, a delegation from the European Parliament met with ministers and parliamentarians, but also with NGO's including an Indonesian organisation that fights corruption. We met with editors of the free and critical press. However, above all, we met survivors who live in temporary barracks and camps. Hundreds of thousands of people who are homeless and unemployed. Orphans, one-parent families, all heavily traumatised and meanwhile there is a shortage of everything.

This area was already very poor and isolated as a consequence of the internal Aceh conflict and now it has been utterly devastated by the *tsunami*. Not only the physical infrastructure must be restored, but the social infrastructure must be rebuilt as well: altogether an enormous challenge. Brackish agricultural lands lead to fewer jobs. Furthermore, not all the boats have been restored yet, leading to declining employment in fisheries too. Vast swathes of land have disappeared into the sea, while the income this land generated for



some people has vanished with it. The land that is left has to be re-allocated among the survivors. These tangible questions demand tangible solutions.

Oxfam offers so-called 'cash-for-work' programmes for reconstruction, and the EU helps with the task of land reallocation by offering new maps made by its satellites. The communities themselves decide on the layout of new villages and the design of the houses. There are programmes that provide people with construction materials, with water and electricity and with materials for draining the land to enable them to build their own houses. The EU supports this initiative through an Indonesian fund that is publicly monitored. It guarantees the reconstruction of 400 villages in this manner in the next 2 to 3 years.

Local and international aid organisations - together with European donor countries - have succeeded in convincing the Indonesian government to actively involve the local population in the reconstruction. The government should limit itself to establishing minimum standards for the reconstruction. A small organisation, led by former minister Kuntoro, is authorised to co-ordinate the rebuilding activities in the region. This organisation works with a 100% bottom-up approach. Survivors of the *tsunami* are building up their lives again. The Aceh of before the *tsunami* was already poor and isolated; the 'new' Aceh should be a better place than that.

A surprising and positive side-effect of the many international aid workers that are present in the area is that the military and the resistance movement GAM are forced to stop their violent activities. The people of Aceh are gaining hope that this time peace is here to stay. The peace agreement that was achieved in Helsinki this Summer is to be followed by sending a group of international observers to the region. It is a unique opportunity that Europe should not let slip away. Together with the 200 European observers present, we would give the people of Aceh our solidarity and a firm basis for their new lives. That is the least we can do for this geologically vulnerable area. Survivors of the *tsunami* should have the opportunity to rebuild their lives according to their own views. Maybe we will need to wait another year before the good results are shown on television but, by then, they will be a lot more sustainable than the camps that exist today. ■

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## The 2002 General Election in Pakistan: Lessons from election observation

by John Cushnahan

During my 15 years in the European Parliament, I found the most satisfaction and personal fulfilment when I was fortunate to have been appointed on four occasions as Head of Mission of EU Election Observation Teams. Although I performed this role on three occasions in Sri Lanka, for the purpose of this article I want to concentrate on my work in Pakistan. During 2002 to 2004, I was given responsibility for covering two aspects of the EU's relationship with Pakistan and the direct link between both tasks illustrates the purpose and potential of election observation, if properly followed through. In January 2002, the European Parliament Foreign Affairs Committee appointed me as *Rapporteur* for the EU-Pakistan Third Generation Agreement while, later that year, the External Relations Commissioner, Chris Patten, appointed me as the EU's Chief Observer for the October 2002 General Election. Ironically, this was a sheer coincidence.

### ***The value of Election Observation***

One of the fundamental objectives of the EU is the promotion of democracy and although democracy is not solely about elections, it is recognised that democratic elections are an essential foundation for promoting and protecting human rights and sustainable development.

As a consequence, support to election processes plays an important role in the European Union's foreign and co-operation policy. This support takes a number of forms – the EU provides assistance to election management bodies to strengthen the electoral process; it also provides aid to civil society to enable it to carry out such tasks as domestic election observation, media monitoring, increasing voter participation *et cetera*; and on some occasions it may also decide to deploy Election Observation Missions in co-operation with partner countries to assist them for the objective of holding genuinely democratic elections.

The deployment of an election observation team will provide an independent, neutral and professional assessment of the election. By enhancing the transparency of the process it can increase the confidence of voters and their willingness to participate in the electoral process. It can also act as a conflict prevention mechanism by deterring fraud, illegal measures and intimidation thereby reducing tension.



And, on occasions, its work can significantly contribute to conflict resolution itself.

### ***The criteria for effective observation***

An election can only be properly assessed if the entire electoral process is observed including:

- the legislative framework.
- the conduct of the election administration
- the campaign period
- the media coverage of the election
- polling day activities
- the counting and tabulation of votes
- complaints and appeals.

This is the cornerstone of the methodology that is employed by the EU Election Observation Missions (EU EOM).

### ***The Pakistan experience***

Using these criteria, the Mission that I had the honour to lead to Pakistan in 2002, covering the period 3<sup>rd</sup> August to 9<sup>th</sup> October, gave its assessment using these well established criteria and I would like to select some of our main findings under the seven respective headings.

#### 1. The degree of impartiality of the relevant Election Commission and election officials

Under this heading we felt that although the Election Commission of Pakistan (ECP) took a number of positive steps to improve the electoral process, it displayed a number of shortcomings at both national and provincial levels. One of our main concerns was its failure to curb the authorities' misuse of state resources in favour of political parties, in particular, but not exclusively, for the PML(QA) which became the subsequent governing party. The failure by the ECP to discharge responsibilities clearly within its mandate in relation to interference by state authorities cast serious doubts over the ECP's independence.

#### 2. The degree of freedom of political parties and candidates to organise, move, assemble and express their views publicly

In the absence of normal political activities for three years, it was desirable that a comprehensive election campaign should be able to take place. The fact that there now were a large number of new parties and candidates further underlined the need for this. The government's decision to lift the ban on public political party activities less than forty days before polling day prevented this happening. Furthermore, the fact that parties were busy nominating candidates meant that they could not fully engage themselves for an additional two weeks, which effectively reduced the campaign period to a mere twenty-three days.

The limited time allocated to electioneering and the many restrictions imposed seriously hampered the abilities of parties and candidates to campaign and contributed to the lacklustre pre-polling period. This was of grave concern to our team as freedom of assembly and freedom of speech are essential components of a democratic election contest.

#### 3. The fairness of access to State resources made available for the election

The EU EOM recorded two main forms of misuse of state resources, namely, the misuse of public infrastructure (buildings, vehicles *et cetera*) and pledges about future development projects made within the framework of campaigning activities. The EU EOM also had solid evidence to believe that public authorities, from the local administration (Nazims) up to senior levels of governance, were actively involved in partisan electioneering. This appeared to be a pattern throughout the country.

#### 4. The fairness of access for political parties and candidates to the media, in particular the State media

Our monitoring of the media highlighted serious shortcomings in a number of areas. The EUEOM media monitoring found that most state television news coverage of political parties' activities was neutral in tone. However the main televised news broadcasts consistently promoted the governments' views on election-related activities. Controversial issues concerning the authorities were either downplayed or presented in a largely one-sided manner, with analysis and criticism of the constitutional amendments visibly absent. Broadcasts containing dissent or criticism of the authorities were the exception rather than the rule. The administration was often given free reign on state television to criticise the behaviour of past political rulers, including President Musharraf's inappropriate eve-of-election televised address to the nation.

Televised current affairs programmes appeared more balanced and a special Election Hour programme in which the main political parties were allocated equal time to discuss their manifestos was a commendable development. Newspapers and magazines in general exhibited a diversity of views, with forthright and varied comment, analysis and editorials. Political parties' activities as well as the actions of the government were given extensive coverage in the print media.

#### 5. Procedures for the registration of voters

The accuracy of the voters' register was in doubt prior to the elections. At a significant number of polling stations visited by our observers, some voters were turned away because their names could not be found on the register. This could either have been due to the



omission of names from the voters' register or the fact that voters may have gone to the wrong polling stations. Additionally, as the current electoral system is based on a joint electorate, there was no reason why the Ahmadis should have been on a separate voters' list.

Stakeholders also expressed serious concerns regarding the availability of the ID card necessary to vote. The EU EOM observers reported a few attempts to vote without an ID card, or with a photocopy of one. However, NADRA officials informed our observers that massive numbers of ID cards were never issued, in particular in the NWFP. This could have contributed to the low voter turnout.

#### 6. Any other issue concerning the essential freedom and fairness of the election

Under this point we made some hard hitting observations. A fundamental prerequisite for a democratic election is that it should be held in a conducive legal and political environment aimed at motivating voters and producing fair results. The EUEOM therefore welcomed some elements of the new legal framework, namely the reduction of voters' age from 21 to 18 years, the reserved seats for women in the National and Provincial Assemblies and the introduction of a joint electorate.

However, other aspects of the then recently promulgated Legal Framework Order:

- Appeared to weaken the National and Provincial Assemblies and leading to the concentration of power in the hands of a single individual, who could dismiss elected governments.
- Institutionalised the role of the military in the governance of the country through the National Security Council, which could subordinate civilian governments to military control.
- Overstepped the limits set by the Judgement of the Supreme Court (12<sup>th</sup> May 2000), in that it altered the "salient features of the 1973 Constitution" from a parliamentary one to a presidential one.
- Introduced new qualification criteria for the nomination of candidates, some of which are not in accordance with international standards or are clearly targeting specific prominent politicians.

In particular, the requirement for candidates to have BA degrees deprived some 96% of Pakistan's citizens of the right to run for office and dilutes the representative nature of the country's democracy (Article 21, Universal Declaration of Human Rights). The implementation of other criteria, notably the provision that loan defaulters and convicts could not contest the election, was marked by a lack of

uniformity. Lastly, there were many indications that the disqualification of prominent politicians from the elections came about as a result of a government strategy.

#### 7. The conduct of polling and counting of votes

The EU EOM reported that most polling stations that were visited had received all the necessary election material and opened on time. However, reports were also received that in a number of the visited polling stations the secrecy of the vote was compromised. Additionally, in some polling stations the staff only sporadically checked whether voters already had ink on their fingers prior to issuing them with a ballot paper. These shortcomings appeared to be nothing more than the consequence of inadequate training and administrative arrangements. The overall impression was that the training of staff seemed to have paid dividends. The EOM was impressed by the dedication and commitment of polling station staff in discharging their duties under what were often difficult conditions. However, it was apparent that there was a complete lack of voter education activities in the provinces.

In coming to an overall assessment of the 2002 election based on these seven criteria our team came to very clear conclusions. In particular, we concluded that any alleged abuse of power, whether for monetary gain or anything else, should be addressed by firm and impartial application of the rule of law, not by unjustified interference with electoral arrangements and the democratic process. Regrettably, in choosing the latter course, the Pakistan authorities had engaged in a course of action which inevitably resulted in serious flaws in the electoral process. Additionally, we pointed out that the restoration of democracy in Pakistan was fundamentally about the transfer of power from a military to a civilian administration. The powers that had been reserved to the President and the National Security Council, in our view, raised serious questions as to whether or not this would happen.

#### ***EU Election Observation teams***

Do EU EOM's contribute to the holding of genuine elections? I mentioned earlier that the deployment of election observation missions can contribute to enhancing public confidence in the electoral process; deter fraud, illegal abuses and intimidation; strengthen respect for human rights and also contribute to conflict prevention and conflict resolution. However, the effectiveness of any EOM in achieving these objectives will depend on a number of factors:

Firstly, it must be genuinely independent. Secondly, it must use a methodology that assesses an election based on universally recognised standards for democratic elections. Thirdly, it must observe the entirety of the electoral process. Fourthly, it must never tailor its

conclusions to suit the prevailing geopolitical wind or the credibility of future missions would be seriously undermined. Fifthly, the political entity that sent it (whether individual countries or groupings of EU or Asian or African countries or any international organisation) must demonstrate the political will to take action using political/economic sanctions at its disposal if an election is seriously undemocratic.

The need for “a clear political will to take action” if a host country engages in shameful undemocratic practices cannot be overstated. A failure to act serves only to encourage undemocratic regimes to continue to abuse human rights because they will have been given a clear message that their activities are being tolerated because a greater geopolitical interest is at stake. In such a scenario, it would have been better not to send an election observation mission in the first place as to do so cruelly gives false hope to those fighting for democracy in the offending country.

It should not be forgotten that the EU has the capacity to take action. There is a strong emphasis on human rights and democracy in the EC partnership and Co-operation agreements (e.g. Cotonou) and human rights clauses are included in all agreements with third countries. It is the existence of these powers that gives credibility to the role and therefore the importance of deploying EU EOM's. Otherwise the host country won't pay too much attention to its activities and its conclusions and a repetition of abuse of democratic rights is therefore likely to occur.

It was therefore a source of great disappointment to me when the European Parliament Foreign Affairs Committee caved in to pressure from the Council and Member State governments and approved the Third Generation Agreement with Pakistan, after blocking it for three years. It would seem that geopolitical considerations arising out of the Iraq war, particularly the fact that Pakistan was an ally of the UK-US, took precedence over continued human rights abuses including the arrest and subsequent 21 year sentence handed out to opposition leader, Javed Hashmi. The selling of nuclear secrets was also conveniently forgotten. If the European Parliament does not champion the cause of human rights, who will?

That is why defenders of human rights in affected countries must ensure that the EU uses these clauses to take appropriate action in defence of human rights and democracy where necessary. The EU must also recognise that a serious failure on its part to do so seriously undermines its political and moral authority on the world stage particularly at a time when its unique voice and influence is badly needed. ■

John Cushnahan was the Chief Observer of the European Election Observation Mission to Pakistan and also served in Sri Lanka during 2000-01 and 2004.

## An EU strategy for Burma/Myanmar?

by Harn Yawngwe

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It is difficult to talk about a European Union strategy for Burma/Myanmar when everything about the country is so politicised and polarised - be it HIV/AIDS, humanitarian aid, or drug eradication, not to mention sanctions or political engagement. A simple well-meaning action or statement can take on unintended complex consequences and draw intense criticism from all quarters. The United Nations Global Fund to combat HIV-AIDS, Tuberculosis, and Malaria in Myanmar has become the latest victim in this 'Burma war'. It is a battle where one is more likely to be killed by 'friendly' fire than by enemy fire. The issue of a European Union strategy for Burma/Myanmar is further complicated by the question of whether the strategy should be developed and implemented by the Commissioner for External Relations, or the EU High Commissioner for Foreign Policy, or the rotating EU Presidency, or the various EU Ministries of Foreign Affairs who more or less deal with Burma/Myanmar on a daily basis.

### *EU-Burma relations in review*

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The European Union's policy towards Burma/Myanmar has unfortunately been a reactive one rather than a carefully thought through strategy. This is sadly true of the Burmese democracy movement as a whole, as well as of the international community at large. The process for the EU is perhaps complicated by the need to reach a consensus amongst the 25 member nations.

When the Burmese military, then known as the State Law and Order Restoration Council (SLORC), seized power in 1988 killing thousands, the EU reacted by suspending all bilateral aid. When the SLORC in 1990 held general elections, lost by a landslide and decided to ignore the election results, the EU reacted by imposing an arms embargo and suspending defence co-operation in 1991. With hindsight, the withdrawing of military attachés from the EU embassies in Yangon is proving to be a key weakness in EU strategy.

But after the initial furore over the elections, Burma/Myanmar was again forgotten as EU companies joined others in the rush to invest in the new open 'frontier' economy. Then, in 1995, the spotlight was turned on the regime's forced labour practices by the democracy movement as a campaign against the SLORC's “Visit Myanmar Year” tourist campaign. This eventually led, in 1997, to the EU withdrawing General System of Preferences (GSP) trade privileges from Burma/Myanmar. This also led to the



International Labour Organisation (ILO) taking action against the Burmese regime in November 2000. The heightened awareness created by the GSP and 'slave' labour campaigns allowed the EU to adopt its first Common Position on Burma/Myanmar in October 1996. But while the tougher EU stance was appreciated by democracy advocates everywhere, the policy was out of sync with what was actually happening politically on the ground in Yangon.

In 1994, the SLORC had electrified the people of Burma by showing on state television, images without a soundtrack of democracy icon Daw Aung San Suu Kyi (ASSK) meeting with SLORC Chairman Sr-General Than Shwe and SLORC Secretary-1 Lieut-General Khin Nyunt. This was followed by her eventual release from house arrest in 1995. The situation was reversed towards the end of 1996 when ASSK's National League for Democracy (NLD) withdrew from the SLORC-sponsored National Convention. But in theory, the stronger EU position should have come when the SLORC-ASSK 'honeymoon' broke down. It, in fact, preceded it. From the SLORC point of view, it could perhaps be wrongly concluded that the military's 'weakness' during the 'honeymoon' period encouraged stronger measures against it. The EU Common Position was followed by an even stronger US position in 1997.

1997 was also the year that Burma/Myanmar's became a member of the Association of South East Asian Nations (ASEAN). Prior to that, the EU could afford to have any policy it wanted without affecting any of its interests. But the issue of Burma/Myanmar became a bone of contention between the EU and ASEAN and it affected their long-term relationship for many years. And when the EU Common Position was strengthened in October 1998, not much was added beyond widening the visa ban on Burmese officials.

In early 2000, the now renamed State Peace and Development Council (SPDC) launched a campaign to 'annihilate' both ASSK and the NLD. But by then, the EU no longer had any means left to influence the SPDC, and in April 2000, the Council had to take the mainly symbolic action of adding to the Common Position some restrictive measures against the regime. Realising its weakened position, the Council reiterated its desire to establish a meaningful political dialogue with the SPDC and indicated that the visa ban for the Burmese Foreign Minister might be waived where this would be in the interests of the EU. This in fact, contradicted the earlier position adopted nine years previously to downgrade official contacts. But the real difficulty was not having military attaches in situ since 1991. This meant that the EU had no real channels through which it could talk with the Burmese military.

Fortunately for all concerned, the SPDC backed off its campaign to 'annihilate' ASSK and the NLD, and

instead embarked in October 2000 on 'confidential talks' with ASSK. When the 'talks' with ASSK which were 'facilitated' by the UN Special Envoy for Burma, Ambassador Razali, began to break down in 2003, the EU Common Position was strengthened once again in April 2003. But as previously, it consisted only of an extension of the scope of existing sanctions. Some including the then British Foreign and Commonwealth Office Minister Mike O'Brien have speculated whether a relaxation of the EU position at that time might not have helped to soften the SPDC's position. But the die was probably already cast when the US refused to "certify" the SPDC's drug control efforts in February 2003.

The EU position on Burma/Myanmar took a strange turn in 2004. Until ASEAN, Burma/Myanmar was a side issue and was becoming an irritant. But with the expansion of the EU, the expansion of the Asia Europe Meeting (ASEM) became a crucial issue and the inclusion of Burma/Myanmar became the centre of the dispute. In a bid to influence ASEAN, the EU threatened to boycott ASEM if Burma/Myanmar was included, and in April 2004, the EU Common Position on Burma/Myanmar was extended by the Council. But when ASEAN called their bluff, the EU had to agree to Burma/Myanmar participating in the ASEM Summit, though on a level below that of Head of State or Government. As a face-saving mechanism, the EU also decided that further sanctions against the military regime would be implemented if it failed to meet certain conditions including the release of ASSK. The Council in October 2004 revised the Common Position and further tightened sanctions on the SPDC.

While the EU Common Position was renewed in April 2005, no changes were introduced. With the ASEM debacle in 2004 and the recent tension with ASEAN over Burma/Myanmar's chairmanship in 2006, it is becoming increasingly clear that the EU can no longer take its Burma/Myanmar policy for granted or act in an ad hoc fashion every time a new issue arises. While EU exports to Burma/Myanmar are negligible, totalling €54 million in 2003, and imports from Burma/Myanmar totalled only €388 million, Burma/Myanmar is becoming a major obstacle in the EU's relationship with ASEAN and its east Asian partners - namely China, Japan and South Korea. The socio-economic conditions in Burma/Myanmar are also worrying. There is a high risk of instability. Former Commissioner Chris Patten has stated that we could be witnessing the development of a failed state in Burma/Myanmar.

What then should the EU do? As mentioned at the beginning, this is a very dangerous field to be wandering in. Newly-appointed Commissioner for External Relations Ferrero-Waldner had a taste of this when the European Commission in early 2005 appointed an 'academic' to write a report on Burma



recommending options for the EU. The British Government is currently in the midst of another firestorm because it is hosting an 'academic brainstorming' session on Burma/Myanmar and did not invite all those who thought they should be included.

## **Recommendations**

First, the EU nations need to agree that the issue of Burma/Myanmar is no longer just an internal affair concerning democracy and human rights. They need to agree that Burma/Myanmar has been a key obstacle in developing better EU relations with ASEAN, and it is becoming an obstacle in developing better EU relations with East Asia. It could also become an obstacle in developing better EU relations with the rest of Asia. In this context, Burma/Myanmar is an obstacle in developing regional trading blocs in a multi-polar world which is the EU vision. In addition, the EU nations need to agree that Burma/Myanmar is potentially a destabilising regional factor given its internal instability.

Second, the EU as a whole needs to decide what are its key interests in Burma/Myanmar separate and perhaps distinct from those of Burmese democracy advocates. Are these political - democracy and human rights; strategic; economic; or humanitarian?

Third, the EU needs to decide on who or what agency within the EU should have the primary responsibility for dealing with the issue of Burma/Myanmar.

Fourth, the EU needs to develop a strategic plan to ensure that its primary interests in Burma/Myanmar are served, recognising that it may not have sufficient credibility or political clout with the Burmese generals to achieve its objectives.

The EU needs to move away from the sanctions debate. Whether sanctions work or not, is not a relevant topic. The EU need to look at the issue from a different perspective and identify its key interests:

It is clear that the generals in Burma/Myanmar will not give up power regardless of whether or not there are sanctions. Sanctions like the US ban on imports have clearly hurt the textile industry in Burma/Myanmar. But the Burmese generals intend to survive, no matter what or whom is affected by the sanctions. To them, their own survival and the survival of the 'tatmadaw' is synonymous with the survival of the nation. The problem is that the generals can continue to survive for a long time, whereas, the reality is that the nation as a whole may not survive. The country may disintegrate because of the social and economic strains, and the vacuum created could be filled by one or more of the neighbouring countries. If left uncontrolled, an HIV-AIDS epidemic could wipe out future generations. The question for the EU is, how can the disintegration of

Burma/Myanmar and instability in the region be avoided? Can the generals be convinced of the need to change in order to 'save' the nation? What would convince them? How can they be approached? Who should approach them? When would be a good time to do so?

It is also equally clear that while the EU sees the Burma/Myanmar issue as one of democracy and human rights versus authoritarian military rule, Burma/Myanmar's neighbours in ASEAN and China, see it in a different light. They see it as an issue of western /north /superpower nations trying to impose their will on smaller weaker nations. If this perception is not changed, neither the EU nor the United Nations will get much support from ASEAN or China in spite of their concern for what is developing into a regional problem.

If the Burma/Myanmar issue is really an issue about democracy and human rights versus military rule, should the EU concentrate on helping the people of Burma resolve their own problems rather than focus on sanctions or EU or international action to solve the problem? How can the EU help to convince other nations to work together to bring about change in Burma? The EU needs to explore in greater depth to what extent it can work with the people of Burma/Myanmar including the military, and its neighbours to bring about the desired change that will serve both the interests of the EU and that of Burma/Myanmar. However, whatever the EU does, it can no longer afford to continue to manage the Burma/Myanmar issue on an *ad hoc* basis. ■

Harn Yawngwe is the Director of the Euro-Burma Office in Brussels. Established in 1997 to help the Burmese democracy movement prepare for a peaceful transition to democracy after four decades of military rule, the Office was a joint project of the European Commission, the European Parliament and the Friedrich-Ebert-Stiftung.

The Euro-Burma Office manages the National Reconciliation Programme for Burma and in 2005, received funding from the Peacebuilding Fund of the Canadian International Development Agency, the Danish International Development Agency, the Friedrich-Ebert-Stiftung, the Royal Norwegian Ministry of Foreign Affairs and the Irish Catholic development agency.



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# Peace for Aceh and the role of the European Union

by Gunaryadi

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Throughout its history Aceh (Nanggroe Aceh Darussalam) has interacted with the outside world since its early construction. Its strategic geopolitics and rich natural resources lured foreign powers eager to make the most of its wealth. It remained rich naturally. Since the second half of 1960's Aceh has been one of the most attractive provinces in Indonesia for foreign investors. Under its soil, Aceh harbours Indonesia's largest deposit of liquid natural gas. Yet, the mainstreams Acehnese are pious Muslims, patriotic and completely independent people.

Starting from a small kingdom in early 9<sup>th</sup> Century in Peureulak, the area at the tip of Sumatra grew into a dominant power around the Malacca Straits respectively under the Pasai dan Aceh Darussalam sultanates that reached its pinnacle in early 17<sup>th</sup> Century. In fact, a century earlier, the Western powers had resumed to take control across the spice-rich archipelago. In 1824, Britain and the Netherlands adopted the London Treaty settling the hand-over of Sumatra to the Dutch and, in return, the Netherlands conceded their settlements in India to the British and abandoned its claims over Singapore. In that Treaty, the sovereignty of Aceh was guaranteed. However, this latter assurance was stripped off after the Sumatra Treaty signed by the Netherlands and Britain in 1871, which allowed the invasion of Aceh Darussalam in 1873. But the Acehnese resolutely resisted the Dutch and it was the longest war ever waged to expand the territory of Dutch East Indies (Indonesia), which cost more than 10,000 lives. Some historians assumed the war ended in 1903 but some believed it faded in 1942 when the Dutch East Indies was conquered by the Japanese. Resistance against the Japanese also broke out in 1942 and 1944.

Immediately after Indonesia was proclaimed independent on 17<sup>th</sup> August 1945, Aceh's prominent *ulama* (Muslim clerics) called the Acehnese to assist in defending the new Republic. As proof of their allegiance, in 1946 the Acehnese contributed cash to subsidise the operations of Indonesian government. Three years later the Acehnese donated two aeroplanes to the infant nation. In the 1950's, there were scattered disturbances in the province against the central government and Aceh was eventually granted a status of 'special territory' in 1959. This however proved unsuccessful to totally pacify the province. The aspiration to have an independent State recaptured momentum and, in 1976, a faction emerged as the Free Aceh Merdeka (GAM) movement. Military and police installations were attacked recurrently and the central

government responded harshly and placed the province in a Military Operation Zone in 1989, which was lifted in 1998. After a period of cessation, hostilities returned and Indonesia put Aceh under Military Emergency status on 19<sup>th</sup> May 2003, dropped to Civil Emergency on 19<sup>th</sup> May 2004 and extended on 19<sup>th</sup> November 2004 and replaced with Civil Order status from 18<sup>th</sup> May 2005. The conflict has claimed about 15,000 lives, impeded economic growth and civilian law enforcement, hampered education and socio-cultural development, caused sizeable human displacement and widespread violence.

In most cases, the vicious-cycle of violence in Aceh therefore has been initiated by external powers. Historically, the basic principle of the Acehnese struggle has been the pursuit for justice, liberty and their fundamental rights.

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## **The Helsinki Process**

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After the fifth round, the Helsinki peace talks between Indonesian and GAM delegation finally accorded a Memorandum of Understanding for peaceful settlements in Aceh. Officially signed on 15<sup>th</sup> August 2005, the agreement does not only revive the hope to bring peace to Aceh but also was—as voiced by the Vice President Jusuf Kalla—a special present for the 60<sup>th</sup> anniversary of Indonesian independence.

The negotiations in Helsinki progressed slowly and a setback struck when the GAM delegation demanded - after previously agreeing to call off their pursuit of a separate State - an opportunity for the Acehnese to participate in politics by way of creating local political parties in the province. The complexity of efforts to resolve this issue led the Indonesian delegation to call upon Jusuf Kalla, who later agreed to try and word a text that could ward off any 'blocking' in the Parliament. On 9<sup>th</sup> August, the legislators endorsed the agreement with some amendments. They also planned to set up a commission to oversee the deployment of foreign observers.

Concerns about the Helsinki Process were understandable, in light of East-Timor's independence trauma and the fear of the issue's internationalisation. There was some speculation that the GAM might use the cessation of hostilities to consolidate their position or otherwise might be unable to control its armed factions on the ground. The process and actual points of agreement were not immediately transparent by 15<sup>th</sup> August and the negotiations continued on foreign soil, offering a policy to grant amnesty to former guerrillas and an exceptional 'integration fund'. Both measures led to jealousy from the sides of non-GAM victims and were commented upon by foreign observers. All of these factors become mixed with the substantially political moves of the opposition nationalists. For some



tie to come, debates are expected to continue in the Parliament and via a range of specific meetings.

Nevertheless, Indonesian President Susilo Bambang Yudhoyono readily welcomed the accord and encouraged Indonesians to be proud of the achievement. Meanwhile, Foreign Minister Hassan Wirajuda hoped the agreement would grow into a true peace. The Helsinki Agreement in fact represents the beginning of a protracted process and remains vulnerable to future developments. Ensuring a consistent implementation may turn out to be even harder than concluding the actual agreement, as 'dirty hands' that used to 'fish in trouble waters' might be discontented if peace were really achieved. However, the initiative facilitated by the Crisis Management Initiative (CMI), led by the former Finnish President Martti Ahtisaari has shown a very evocative progress.

In the *Era Reformasi* the Helsinki Process is the third serious attempt involving international mediators to end the hostilities. Previously the negotiations were facilitated by the Centre for Humanitarian Dialogue (HDC) that brought in the 'Joint Understanding on Humanitarian Pause for Aceh' of 12<sup>th</sup> May 2000, followed by the 'Cessation of Hostilities Agreement' of 9<sup>th</sup> December 2002. Both accords eventually failed. Right at the end of December 2004, Aceh was hit by the devastating *tsunami*. The catastrophic number of victims, the magnitude of the destruction and the efforts to evacuate victims and rebuild Aceh highlight the obvious need for peace and security. Hostilities were immediately reduced in order to offer safe passage for national and international humanitarian operations. The CMI and Mr Ahtisaari saw this as a 'window of opportunity.'

Unlike the HDC initiatives, the CMI venture enjoyed full support from the European Union, both in legal and financial terms. CMI efforts finds its basis in the *Council Regulation No. 381/2001* establishing the *Rapid Reaction Mechanism (RRM)*. The initiative itself falls within the *RRM Policy Advice and Mediation Facility Decision 2002-04*. Some EU Member States will dispatch representatives to be part of the Aceh Monitoring Mission together with teams from ASEAN to observe the implementation of the Agreement in the field. This raises several questions: Why are the CMI and EU taking a more proactive stance in the Aceh peace deal now? What are the implications on the *status quo* of the regional geopolitics?

## ***EU Roles and Engagement***

Over the previous several decades, the EU has envisaged that Asia would emerge as a world economy at some stage in the 21<sup>st</sup> Century. The World Bank estimated by 2000 that about half of the global economic growth originated from East and South-East Asia alone. To maintain its position as a global player -

particularly in economics - Asia for the EU is not only strategic but also indispensable.

Within the above framework, the EU regards Indonesia as one of the most important players in the region. Relations with Indonesia have been arranged through the EC-ASEAN Co-operation Agreement of 1980, and 'Indonesia-Country Strategy Paper 2002-2006.' The latter document contained no specific reference on helping Indonesia to search for peaceful settlements in the conflict regions in the country. Yet, indirectly, the initiative falls within various CFSP statements and the Strategy Paper's programmes towards supporting Indonesia's territorial integrity, good governance, local democracy and the management of natural resources. In this discourse, the motive behind the EU proactive approach supporting the Helsinki Process can be seen in the lens that the EU is acting consistently with this policy.

Nonetheless, from the political and strategic perspective, the EU's motives can not be seen merely as a manoeuvre to assist the humanitarian operations that had been conducted by the United States and other countries in Aceh. The EU wanted to show its commitment to the idea that conflicts could be solved through diplomacy and its strong aspiration to get closer to Asia, in this case, Indonesia. Besides, the chance that the process could lead to a viable peace settlement seemed greater after the *tsunami*. From this perspective, the EU strategy through the Helsinki Process could be also viewed as an antidote to the current US foreign policy approach. Seeing the experience in Bosnia, Macedonia and the Democratic Republic of Congo, where European forces were deployed more as peacekeeping agents, not in the sense of occupying forces. However, even from the *realpolitik* standpoint, it is premature to suggest the Union's quest toward Asia as a move to tease apart the US hegemony in Asia-Pacific.

The EU initiative and engagement should not overlook the history and sensitivity of Indonesian nationalism. In the field, the impartiality and practice of the EU-ASEAN monitoring teams should be observed in order to prevent any backlash. The initiative's eventual possible success may boost both the EU's image in Indonesia and serve to improve Indonesia-EU relations. It will be a noteworthy model for the European Union if it can consider getting involved in mediation to calm other spots of separatism, such as, the Moluccas and Papua. Like it or not, the EU-backed initiative fleshed out in the Helsinki Process creates a second chance to stop bloodshed and to nurture progress and prosperity in Aceh. ■

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## The EU-China textile and clothing battle rages on

by Malcolm Subhan

It is now 30 years since China established diplomatic relations with the European Union (EU). And yet the 30<sup>th</sup> anniversary of EU-China relations will not be remembered for the launch of a new strategic dialogue at the 8<sup>th</sup> EU-China summit in Beijing in September; it will be remembered as the year in which the EU and China engaged in a bitter dispute over Chinese clothing exports to the EU. Worse, the dispute would never have taken place, but for the EU's uncritical defence of its textile and clothing industry over a 30-year period.

The fact is that EU-China relations are dictated by events and driven by rhetoric, when they should be driven by foresight, if not vision. The EU's policy as regards imports of textiles and clothing from developing countries is a sterling example of this. The surge in Chinese garment exports to the EU, following the final elimination of the old MFA-inspired quotas on 1<sup>st</sup> January 2005, was not only inevitable; the EU's implementation of the 1994 Uruguay Round Agreement on Textiles and Clothing made it inevitable.

When the surge took place, the European textile and clothing industry shouted "Wolf!" and the usual assortment of politicians, including MEPs, lobbyists, and trade union representatives, jumped to its support. If the industry's spokespeople are to be believed, the very future of the industry, which has an annual turnover of more than €200bn, is threatened by a flood of sweaters, trousers and bras – not forgetting flax yarn – from China. Here is Filiep Libeert, President of the textile and clothing industry's Brussels-based pressure group, Euratex, commenting on Trade Commissioner Peter Mandelson's proposal, to allow the said garments into the EU market (after payment of relatively high tariffs, a point conveniently overlooked):

Europe's textile and clothing industry will again be the major victim of the free gifts bestowed upon China, since there is little or no likelihood of compensation being found for them in the ongoing negotiations with the Chinese authorities. And here is Caroline Lucas, MEP, author of a European Parliament report on prospects for trade relations between the EU and China, accusing those who refuse to join her, of "denial".

Those who believe that Chinese competition presents no threat to Europe, since we can give up what's left of our older manufacturing base and concentrate instead on knowledge-intensive industries, appear to be in denial...Almost 20% of China's exports are already classified as high-tech and, with two million graduates

a year, there is every reason to believe that this percentage will grow.

Of course, the Indian weavers who lost their jobs when the British *raj* began exporting cheap, mill-made fabrics from Manchester to India were offered no compensation; at best they could help cultivate the cotton (and jute) which provided the raw materials for Britain's industrialisation. And it is the Greens MEP who seems to be in denial of what is becoming increasingly evident – that Europe and European companies *do not have a monopoly* of the skills and knowledge needed to get ahead in the 21<sup>st</sup> Century. China's two million graduates, and its growing share of world trade in not only cotton trousers but also computers, are proof of this.

To protect companies in any area of economic activity, through tariffs and quotas, for example, is to be on the losing side. Even an Indian company knows this: the Bangalore-based Infosys, which has emerged as a world leader in software development in the 25 years since it was set up, is busy re-inventing itself in order to keep ahead of the competition (in much the same way as an old-established American company which once made hand-cranked adding machines and, later, punch cards – IBM).

Truth to tell, the EU clothing industry in particular has simply refused to acknowledge the industrial revolution sweeping large parts of Asia, probably in the sound belief that EU governments will bail it out, as they have been doing for the last 30 years. But the present Trade Commissioner, Peter Mandelson, seems determined to meet the Chinese challenge head on. Here he is, re-stating the obvious just before leaving for Beijing and a fresh round of negotiations in early September. It remains my firm position that immediate action should be taken to unblock imports from China held in customs. This will be in Europe's interest. Every day that they are held costs money for business and Member States. It is unfair to penalise importers in this way.

With these words the EU's chief trade negotiator has broken with the past, and with the policy that his predecessors have followed since quotas were first imposed on the textile and clothing exports of India and Hong Kong in the early 1960s, in the framework of the Long-Term Arrangement on cotton textiles. Attempts by importers and the retail trade to safeguard their interests have been regularly brushed aside by successive EU trade commissioners in Brussels, until now. Peter Mandelson has defended EU importers and retailers against charges of bad faith, and pointed to the need to defend their interests as well as those of European consumers.

There are a number of reasons for Peter Mandelson's determination to move away from an unquestioning



defence of the interests of the EU's textile and clothing industry. His predecessor, Pascal Lamy, would have handled the situation created by the surge in Chinese exports more skilfully, but at the expense of closer relations with China. Mandelson, however, is alert to China's growing importance to the global economy, and its political clout on the world stage. China, after all, is one of the very few countries that has stood up to the world's remaining superpower. He clearly does not want to allow some 70m pieces of clothing to stand in the way of close, cordial and comprehensive relations between the EU and China.

Especially as many of those items were ordered by European clothing manufacturers themselves. Italian companies, for example, accounted for over 16m of the pullovers, trousers and blouses held up at EU ports, and French companies for another 7m. The fact is that European manufacturers have known for years that in order to compete effectively with producers in such low-wage countries as China, India and Bangladesh they must reduce their prices. The best way to do this is to offer European wholesalers and retailers a mix of their own high-cost products and the much cheaper imports from Asia.

The European textile and clothing industry had little choice in the matter, once its best customers – European department and chain stores – had begun to place orders directly in low-wage countries like China and India. Several of the major producers even set up their own pressure group, the European Large Textile and Clothing companies (ELTAC) in Brussels, in competition with the existing EU-wide pressure group, Comitextil. The two eventually came together to form Euratex, which now has the difficult task of reconciling the conflicting interests of 170,000 small and very small textile and clothing manufacturers with those of a small number of giants.

It is unclear, as this is being written, whether the EU's new Trade Commissioner will succeed in breaking with the past and taking EU-China relations into the 21<sup>st</sup> century. The EU Member States remain divided. Countries whose clothing industry read the signs of the times correctly support Mandelson; they include the UK, Germany, the Netherlands and the Scandinavian countries. France and Italy are among the countries that may yet moderate their stand. Some of the new Member States, such as Poland, Slovakia and the Czech Republic, will continue to hold out: they have benefited from the moves by German manufacturers in particular to transfer production to them.

It is both short-sighted and absurd of the world's largest and richest economic entity to let its relations with an emerging power like China be driven by a so-called surplus of pullovers and bras. For a start, it could shed some of its 19<sup>th</sup> Century arrogance, reflected in such key aims of EU policy as "to support China's

transition to an open society, based upon the rule of law and respect for human rights," and "to encourage the integration of China in the world economy...and (support) the process of economic and social reform". It is difficult to see how blocking Chinese exports to the EU can help with its economic reforms.

The European Commission could make a fresh start by breaking down the "Chinese" walls that separate its various Directorate-Generals – external relations, single market, trade, environment, energy, science and technology – in their relations with China and India. In June, just days after Peter Mandelson concluded a Memorandum of Understanding with the Chinese over the blocked shipments, the Commissioner for Science and Research, Janez Potocnik, came out with some home truths.

Speaking at the meeting of the High Level Group on Textiles, set up only the year before, he declared: The European textile and clothing industry is facing tough challenges...It is only by meeting these challenges head on that the textile and clothing sector will be able to improve its present position in the global marketplace...the way forward for the sector is through transforming (it) from a resource intensive to a knowledge intensive, highly innovative sector with high added value products and services.

Brave words but 30 years too late; the Asian textile industry, especially in China, is already following the path chalked out by the Commissioner for Science and Research. After all, development economists agreed half a century ago that developing countries had an obvious comparative advantage in textiles and clothing, which they should be encouraged to develop. And yet, 35 years after the EU first introduced its Generalised System of Preferences (GSP) scheme, to help developing countries industrialise, the scheme still treats textiles and clothing as highly sensitive products.

The EU's intellectual powerhouse, the DG for External Relations, could begin work on a global approach to the emerging Asian giants. The Summit with China was followed, two days later, by the Summit with India. And yet, the two events were handled as if they were taking place on different planets. The EU has common interests and challenges in its relations with China and India. However, rather than focusing exclusively on its bilateral relations with each of them, it could make a start in using their common interests to fashion a triangular relationship.

Given the EU's limited political clout, the relationship would have to be based on shared economic interests and concerns, stretching from textiles to energy to space. The EU could begin shaping an energy-based policy involving the countries of Central Asia also. Looking even further ahead, it could develop a genuine EurAsian policy by allowing Turkey to join the EU! ■

## **Asylum & Immigration, Justice & Home Affairs**

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### *Refugees from Tajikistan*

On 18<sup>th</sup> August, Britain, as President in Office of the European Council, adopted a Declaration on Turkmenistan-Tajik refugees. The government in Turkmenistan, led by President-for-life, Mr Saparmurat Niyazov, granted citizenship to an estimated 14,000 refugees from Tajikistan, who had been granted asylum in Turkmenistan following a civil war between 1992-97. Many of the refugees from Tajikistan are ethnic Turkmen and have been granted permanent residence, following the decision by the Cabinet of Ministers on 4<sup>th</sup> August. The refugee population has been in receipt of United Nations relief and development assistance to facilitate their integration into the local communities since 1995. With a country population of approximately five million, the refugees make up a sizeable minority. The EU Declaration calls the granting of citizenship a “positive move and calls on the Turkmen government to build upon the decision by implementing its commitments to human rights in international agreements.

### *Illegal Immigration Annual Report*

The European Commission adopted a Communication, on 28<sup>th</sup> July, on the “monitoring and evaluation mechanism of third countries in the field of the fight against illegal immigration”. In 2003, the European Council tasked the European Commission with monitoring the migratory situation *vis-à-vis* third countries, assessing their administrative and institutional capabilities to manage asylum and migration and examine what measures they have taken to tackle illegal migration. The Commission presented the first such assessment in a pilot Annual Report, for the year 2004, covering eight different countries, including China. The other countries include Albania, Libya, Morocco, Russia, Serbia, Tunisia and the Ukraine.

The Annual Report contains the Commission’s analysis of each country’s operations and a series of political recommendations for future action. With regard to China, the Report noted that discussions take place throughout the year on a political and technical basis. Negotiations on migration started, in particular, after the deaths of illegal immigrants at the Dover ferry port in the United Kingdom in 2000. Since then, the EU and China have conducted an annual consultation on trafficking and illegal migration. A funded project to help China tackle illegal migration was proposed in 2002 but was not launched after objections from the Chinese side. However, since then, discussions on a Re-admission Agreement have taken place.

The Report makes a series of recommendations for EU-China talks on migration management, both legal and illegal. The Commission proposes that the EU should have a “genuine discussion” with China on two-way migratory flows to take account of, for example, the increasing numbers of students and professionals being exchanged. The Commission suggests that Beijing should take illegal migration more seriously by taking advantage of the expertise offered by the EU and its Member States. This could take place through the AENEAS Programme, which was launched in March 2004 to provide financial and technical assistance to third countries on migration and asylum issues.

The Report also makes several “political” assessments of the level of co-operation provided by a third country in fighting illegal migration and offers some recommendations for future action. The Report concludes that the performance of third countries is mixed and that there is a lack of reliable information both on migration flows and migration management practices. Responding to a Council of Ministers request to extend the remit of future Reports to cover, *inter alia*, Hong Kong, Macau, Pakistan and Sri Lanka, the Commission states that Pakistan could be included immediately, Hong Kong and Macau at some future stage and Sri Lanka once the impact of the December 2004 *tsunami* has been fully measured for migratory flows.

## **Political Relations**

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### *Cambodia*

The Presidency of the European Council adopted a Declaration, on 19<sup>th</sup> August, on the trial of Sam Rainsy Party members in Cambodia. Calling attention to the faltering political and civil rights development in Cambodia, the Declaration highlights the trial of two members of the Sam Rainsy Party, the main opposition party, and the sentence they received for a series of charges. Mr Cheam Channy was charged with recruiting a private army and received a sentence of seven years, in a military court judgement on 9<sup>th</sup> August. An accomplice, Mr Khom Piseth, was charged with fraud and although he was tried *in absentia*, received a sentence of five years. He is currently in Norway, where he has been granted political asylum. The EU Declaration expresses “regret” at the conduct of the trial, calling the military tribunal’s methods “seriously flawed” and detrimental to the defendants’ rights. Speaking more generally, the Declaration also addresses the absence of an effective judiciary in Cambodia, the politicisation of both the armed forces and the judiciary and the poor political environment, whereby opposition political parties are subjected to intimidation and harassment.



## *Iran's nuclear programme*

The British government, representing the Presidency of the European Council, adopted a Declaration, on 17<sup>th</sup> August, on Iran's unilateral resumption of activity at the uranium conversion facility at Esfahan. The Declaration expresses the EU's "deep concern" at the renewed nuclear reprocessing activities and links further dialogue between the EU and Iran to a full suspension of "conversion activities". Britain's Foreign Office issued a statement saying that restarting the Esfahan facility would be an "unnecessary and damaging step" for Iran. The EU statement offers Iran a choice of adhering to the Paris Agreement, signed in November 2004, and benefiting from a continued EU relationship or refusing to suspend conversion and risk losing the prospect of improved relations, which would include a Trade and Co-operation Agreement and assistance with Iran's application for membership of the World Trade Organisation.

According to the EU, Tehran has a record of "breaching safeguard obligations" and has failed to co-operate with the UN body which administers co-operation in the nuclear field - the International Atomic Energy Agency (IAEA). The breaches and failure have occurred "over a long period of time" and, thus, Iran should comply with the requirements outlined in the Paris Agreement in order to offer "essential confidence building measures". While Iran would have the right to pursue a "proliferation-proof" civilian nuclear programme this could only be within the context of an "overall agreement" towards an improved relationship.

In contrast, Iran declared that the EU had violated the terms of the November 2004 Paris Agreement by not producing detailed proposals on "economic, technological and nuclear co-operation" coupled with "firm commitments on security issues". In a letter to the IAEA, on 1<sup>st</sup> August, Iran said despite thorough inspections, there had not been any evidence of a military nuclear programme and that Iran's "voluntary confidence building measures" had not been reciprocated. This was despite the fact that the EU3 had acknowledged Iran's right to a civilian nuclear programme, under the Non-Proliferation Treaty (NPT).

The letter also accused the EU side of wanting "prolonged and fruitless negotiations". The EU3 response said there would be "detailed ideas for a long-term agreement" by early August but that Iran's step would seem to threaten the proposed dialogue. Further talks, which had been scheduled for 31<sup>st</sup> August, were then suspended by the EU3 and an emergency meeting of the IAEA Board of Governors, on 11<sup>th</sup> August, gave Iran a deadline of 3<sup>rd</sup> September for resuming full suspension of activities at Esfahan.

## *Annual Report on Macau*

The European Commission adopted the fifth Annual Report, since 2001, on the Special Administrative Region (SAR) of Macau, covering the year 2004. The first Report was published in July 2001 and covered the year 2000, following the handover of Macau to China in November 1999. The fifth Report covers domestic events, Macau's relations with China and the region and, lastly, Macau's relations with the EU in a decidedly neutral tone in contrast to previous reports and in stark contrast to the position of the European Parliament. For the first time, the Report has been split into a two-page Report and a separate Commission Staff Working Paper.

In 2004, the most important domestic events included the election, for second time, of Edmund Ho as Chief Executive, for a further five-year term. Mr Ho has served as Chief Executive since December 1999, when his election was endorsed by the then President of China, Jiang Zemin. Mr Ho was elected by 296 members of the 300 seat Election Committee, following changes to the legislation governing how the Committee is appointed. The other main political issue in 2004 related to attempts by the government to draft a national security law, based upon Article 23 of the Basic Law. The Commission indicated that it would closely follow the planned public consultation of the draft legislation.

The Report details Macau's interaction with mainland China during 2004 including the arrival of President Hu Jintao in December to inaugurate Chief Executive Ho for a second term. In June, Macau, Hong Kong and nine Chinese provinces signed a Framework Agreement on Regional Co-operation on the Pan-Pearl River Delta. The Agreement covers co-operation in energy, investment, infrastructure, tourism, health and agriculture. Mostly due to Macau's thriving gambling industry, the number of tourists arriving from the mainland rose 40% to 16.5m in 2004. The Closer Economic Partnership Agreement (CEPA) between Macau and China entered into force in January 2004 offering tariff-free entry for specific goods and services from Macau.

Relations between Macau and the European Union follow both a political line and matters of a technical nature. The EU-Macau Joint Committee meets under the remit of the Trade and Co-operation Agreement, which was signed in December 1992. The tenth meeting of the Committee took place in March 2004, to examine ways to promote trade links and co-operation. After the meeting, Pascal Lamy, then Commissioner for Trade, visited Macau and met with the Chief Executive, Edmund Ho. In September, the first meeting of the EU-Macau Re-admission Committee took place to discuss the implementation of the 2003 Agreement



on the re-admission of those residing without permission.

#### *UN General Assembly*

The Council of Ministers adopted a list of EU priorities for the 60<sup>th</sup> Session of the UN General Assembly, on 22<sup>nd</sup> July by written procedure. The EU reaffirmed that “effective multilateralism” is a central element in its external action policies and that a strengthened and more effective United Nations will be able to deal with the challenges the international community faces in the 21<sup>st</sup> Century. These threats include attacks on international “peace security and development”.

On human rights, the EU supports the proposal by UN Secretary General, Kofi Annan, that the UN should abolish the largely ineffective Commission on Human Rights (UNCHR) and replace it with a “Human Rights Council”. Mr Annan had proposed that this new Council would have a status similar to the UN Security Council, in an attempt to make its work more effective. For the EU, proposals to promote human rights, the rule of law and democracy, should have greater prominence in the considerations of the General Assembly.

The EU priority list also suggests that the General Assembly (GA) itself should be reformed. The Council of Ministers state that the “revitalisation of the Assembly” should be a key element of the wider UN reform process. For the EU, this would mean reducing the number of GA committees and that after the September Summit the GA should not simply “return to business as usual”.

The Summit will take place on 14<sup>th</sup>-16<sup>th</sup> September with Heads of State and Government seeking to review progress towards meeting the Millennium Development Goals, that were agreed in 2000. The EU is calling for an “ambitious and balanced” outcome to the review of the 2000 Declaration. The EU restates its re-ordered commitment to reach a level of collective spending on official development assistance of 0.56% of Gross National Income by 2010, rising to 0.7% by 2015, when the majority of the Millennium Declaration targets are due. To reach this level of spending, which has been criticised as lacking in ambition by development NGO’s, the EU will examine “better financing for development” including pursuing options through “innovative mechanisms”. Half of this increase in development assistance is scheduled to be spent in Africa.

#### *Kazakhstan Co-operation Council*

The EU and the Republic of Kazakhstan met in Brussels, on 19<sup>th</sup> July, for the seventh Co-operation Council meeting that takes place within the context of the 1999 Partnership and Co-operation Agreement. The

meeting discussed a range of bilateral issues and Kazakhstan’s role in the Central Asia region. The Joint Statement issued at the end of the meeting linked progress in political, economic and trade links to the Co-operation Agreement. The sixth meeting, in July 2004, also stressed the link between the potential for better EU-Kazakhstan relations with progress in political, economic and trade reforms. The Agreement refers to respect for human rights, democracy and the rule of law. According to the EU, the Co-operation Council meeting concluded that Kazakhstan should make greater efforts to comply with international norms and standards, including the conduct of elections, the role of the media and the operation of political parties. Kazakhstan is due to have Presidential elections on 4<sup>th</sup> December. The EU pledged to assist Kazakhstan in its application for membership of the World Trade Organisation (WTO). Of the five traditional Central Asian Republics, only Kyrgyzstan is a WTO member. The press release from the EU Council of Ministers also referred to the value of regional co-operation. Kazakhstan is a member of the Shanghai Co-operation Organisation, for example. The EU has also started a dialogue with the five Republics, holding a first meeting in Bishkek, Kyrgyzstan, in December 2004 and a second, in Brussels, in June. For the EU, regional and inter-regional co-operation initiatives are valuable as a means to promote conflict prevention and to develop economic co-operation.

#### *Human rights in Burma*

In early July, during the European Parliament plenary session, Simon Coveney (PPE-ED-IRL) raised the issue of respect for human rights in Burma, with reference to abuses in Shan State, with the Council of the EU. Referring to the “severe abuses” taking place in Shan State and a significant rise in attacks, Coveney asked what action the EU was prepared to undertake to convince the Burmese junta to end the “brutality” and what aid could be provided to the government of Thailand to provide fleeing refugees with protection and assistance. Speaking on behalf of the British government, who assumed the Presidency of the European Council on 1<sup>st</sup> July, Douglas Alexander, Minister for Europe, Foreign and Commonwealth Office, said that the EU had expressed concern at the human rights abuses at a series of meetings with Burmese officials including the Foreign Minister.

Mr Alexander said EU policy towards Burma is to “promote human rights, democratisation and sustainable development”. This could be achieved through dialogue between the National League for Democracy and the State Peace and Development Council. The Minister called on Burma’s Asian neighbours to take greater responsibility for tackling the human rights abuses. The failure of many Asian countries to support United Nations Resolutions condemning Burma was a “matter of disappointment”



to the EU, he said. A European Commission reply to the same question said that the EU remains deeply concerned about the political and human rights situation in Burma and that despite EU efforts “the situation has not improved so far”. The clashes between the Burmese authorities and the Shan State National Army were described as “worrying”. Burmese refugees in Thailand, who number approximately 150,000, receive EU humanitarian aid in the form of food, health and education assistance. The Commission reply states that the situation on the Thai-Burma border is “unsustainable in the long run” and that the EU is pressing for the admission of the refugees in the local labour market.

#### *EU-East Asia relations*

The European Parliament adopted a Resolution, by the urgency procedure on 7<sup>th</sup> July, on relations between the EU, China and Taiwan with reference to security in the Far East. Recognising that peace and security in East Asia “are increasingly vital” for the EU in light of Europe’s economic and trade relationship there, Parliament addressed a wide range of issues in East Asia that have the potential to destabilise the region. The Resolution establishes some basic principles for peace and stability in East Asia including multi-party democracy, the rule of law and respect for human rights. The Resolution refers mainly to the tensions between China and Taiwan but also includes Japan, North Korea, Tibet, Russia and South Korea.

The Resolution takes a strong line against recent Chinese actions including the adoption of the so-called ‘anti-secession’ law, calls for a boycott of Japanese goods and the positioning of ever-greater numbers of missiles across the Taiwan strait. Noting the “fragile security balance in the Far East”, the Resolution outlines a series of actions to be undertaken by the EU and by the countries of East Asia, in order to support peace and stability. Parliament recommends that the EU should maintain the arms embargo in place against China for two main reasons. Firstly, until China makes greater progress with human rights and. Secondly, until the EU adopts a legally binding Code of Conduct on arms exports. With regard to North Korea, the EU should offer financial support for heavy fuel oil deliveries, continue to participate in the Korean Peninsula Energy Development Organisation (KEDO) and seek “full EU participation” in the six party talks, which are aimed at ending the nuclear crisis in North Korea.

The counties of East Asia are urged to undertake a series of actions to support peace and stability built around the principles of multi-party democracy, the rule of law and “compliance” with universal human rights. The Resolution suggests that China and Taiwan should resume dialogue on a political basis for cross-strait relations - the EU’s ‘one-China’ policy is not

explicitly mentioned. China should “ratify promptly” the International Covenant on Civil and Political Rights. The first session of the fourth round of talks between representatives of the Dalai Lama and China took place in late June and early July. The Resolution states that the talks should continue but does not specify any possible outcomes or objectives.

## **Trade Relations**

### *Trade measures against non-WTO members*

The European Commission adopted a proposal for a Council Regulation, on 29<sup>th</sup> August, concerning a balancing mechanism applicable to imports from certain countries not members of the European Community. The proposal would offer the EU a legal framework to apply trade defence measures against imports from third countries that are either not members of the World Trade Organisation (WTO). Where a third country has applied to join the WTO, the proposal would not apply if the country adopts legislation to eliminating trade distorting measures, within five years. This proposal could effect countries, *inter alia*, including Afghanistan, Bhutan, Iran, Kazakhstan, Laos, Uzbekistan or Vietnam.

The Commission proposal would tackle third countries’ “artificial pricing practices” which may mean any pricing or export tax that would convey an “unfair competitive advantage”. It is suggested that the governments of non-WTO member countries or their state-controlled enterprises are the main culprits. If adopted, the proposal would grant the Commission the right to apply duties on such imports into the EU or to accept undertakings from third country government or company on future pricing behaviour. The proposal would affect products including, *inter alia*, ethylene, propene, benzene, styrene, acyclic ethers and poly(vinyl chloride).

### *Avian influenza in Asia*

The European Commission adopted a Commission Decision, on 18<sup>th</sup> August, amending for the sixth time Decision EC/122/2004 concerning certain protection measures in relations to avian influenza in certain Asian countries. EU Member States are allowed to import birds and unprocessed feathers from third countries that are members of the World Organisation for Animal Health (OIE). One of the requirements of membership of the OIE is to report outbreaks of avian disease. Kazakhstan alerted the OIE to an outbreak of avian influenza, after Russia reported an outbreak in early August. The Decision suspends imports from both countries of both birds and unprocessed feathers as a “precautionary measure”. Several East Asian and South-East Asian countries are also on the list of countries that are not allowed to export to the EU currently including Cambodia, China, Hong Kong,



Indonesia, Laos, Malaysia, North Korea, Thailand and Vietnam. One South Asian country - Pakistan - features on the list. The timeframe for the suspended imports is open.

#### *Polyester staple fibres from China, Saudi Arabia*

On 9<sup>th</sup> August, the Council adopted a Council Regulation EC/1333/2005 amending Regulation EC/428/2005 imposing definitive anti-dumping duties on imports of polyester staple fibres originating in the People's Republic of China and Saudi Arabia. In March, the Council adopted a Regulation establishing anti-dumping duties against companies in China, Saudi Arabia and South Korea while terminating proceedings against Taiwan. Subsequently, a Saudi company - Saudi Basic Industries Corporation - contacted the European Commission to offer an undertaking that their exports to the EU would not be provided at a level that would constitute dumped prices. The new Regulation establishes a provision that specific named companies may be exempt from dumping duties where they comply with European Commission requirements and present a 'commercial invoice' to Member State customs authorities.

#### *Imports from China, Kazakhstan*

On 4<sup>th</sup> August, the European Commission adopted a Commission Regulation EC/1289/2005 initiating an investigation into the possible circumvention of anti-dumping measures imposed by Council Regulation EC/408/2002 on imports of certain zinc oxides originating in the People's Republic of China. The European Association representing the metals industry - EuroMetaux - called on the Commission in June 2005 to launch an investigation into the alleged circumvention of anti-dumping measures in place against Chinese exports to the EU of goods being consigned through Kazakhstan. After the EU imposed duties on Chinese exports, exports from China began to fall and, in turn, to rise from Kazakhstan, according to EuroMetaux. It is suggested that exports from Kazakhstan are being dumped in the EU in terms of quantity and price. As part of the investigation, the Commission is giving relevant exporters or producers 15 days to request documentation from the EU and 25 days in which to submit their replies. If the claims of EuroMetaux are upheld by the investigation, exports from Kazakhstan to the EU would become subject to anti-dumping duties.

#### *Kimberley process and Indonesia*

The European Commission adopted a Commission Regulation EC/1285/2005, on 3<sup>rd</sup> August, amending Council Regulation EC/2368/2002 implementing the Kimberley Process certification scheme for the international trade in rough diamonds. The certification scheme was launched in 2001 to tackle the trade in

conflict diamonds largely emerging from Africa. Although the scheme is voluntary, the participating countries, which include producer and trading States, account for 99.8% of the worldwide diamond trade. Following an application in June, Indonesia was granted membership of the Kimberley Process on 1<sup>st</sup> August following a decision of the Chair of the group, which is currently held by Russia. As part of its membership, Indonesia undertakes to adopt legislation establishing an export system for its diamond trade. Other countries in Asia participating in the certification process include China, Hong Kong, India, Japan, Laos, Malaysia, Singapore, South Korea, Sri Lanka, Taiwan, Thailand and Vietnam. Discussions on the possible admission of Bangladesh are ongoing.

#### *Food imports from China*

The European Commission adopted a Commission Decision, on 22<sup>nd</sup> July, amending Decision EC/994/2002 concerning certain protection measures with regard to products of animal origin imported from China. A January 2002 Decision banned the import of certain food products from China after residues of veterinary medicines damaging to human health were found in the food. That Decision was amended in December 2002 after the Chinese authorities changed the system of the regulation of veterinary medicines. Following an Opinion from the EU "Standing Committee on the Food Chain and Animal Health", the Commission wants to permit imports of pet-food from China. The new Decision will allow China to export certain fishery products, gelatine and pet-food to the EU without a "chemical test" to determine whether the products pose a danger to human health. Other products, including aquaculture fishery products, shrimps, rabbit meat, honey and royal jelly can be exported provided they are accompanied by a certificate indicating they comply with EU health standards.

## ***Security and Defence***

#### *Nuclear Security and WMD*

On 18<sup>th</sup> July, the Council adopted a Joint Action on support for IAEA activities in the areas of nuclear security and verification, within the framework of the implementation of the EU Strategy against Proliferation of Weapons of Mass Destruction. The European Council adopted the EU Strategy in December 2003 to tackle proliferation concerns both within the EU and in third countries. The Joint Action will fund four projects through the International Atomic Energy Agency (IAEA), which is based in Vienna, Austria, a United Nations body to promote the safe and peaceful use of nuclear technology. The European Commission will negotiate a Financial Framework Agreement with the IAEA with a value of



€3.914m which will be available for a period of 15 months.

The four IAEA projects include helping government to strengthen protection for the use, storage and transport of nuclear materials; strengthening non-nuclear facilities with radioactive materials; improving government's ability to tackle illicit trafficking; and, lastly, improving legislative measures in third countries. Not all the same countries will benefit from each project. The EU envisages that, *inter alia*, Central Asian countries will receive funding for the project on nuclear safety. The EU will adopt a series of "political priorities" which will identify the countries to benefit from the project on developing national legislation. Each project can be 100% financed by the IAEA through the EU financial commitment.

#### *Landmines and munitions*

The European Parliament adopted a Resolution, by urgency procedure, on a "mine free world", on 7<sup>th</sup> July. The Resolution suggests that the European Union should make humanitarian aid to third countries not party to the Convention conditional upon a "proven political will of the recipient country to move towards accession". For the period 2005-07, the EU has adopted a Mine Action Strategy with €140m in funding to tackle the destruction of anti-personnel landmine stockpiles and facilitate the socio-economic integration of mine victims. It is estimated that some 15-20,000 people annually suffer from mine explosions. This has enormous effects in terms of economic development, post-conflict reconstruction, and repatriation of refugees, apart from the long-term threat to human security.

The Resolution refers to the September 1997 Convention on the Prohibition of Use and Destruction of Anti-personnel Mines, which gives acceding States 10 years to destroy all mines in their possession. As most conflicts today take place within States or between non-State actors, Parliament suggests that the work of specialised Non-governmental Organisation (NGO's) should be supported "politically and diplomatically" by States. The provisions of the Convention should be included in the EU's development co-operation programmes with third countries, Parliament says, and the EU should offer "special incentives" to third countries to accede to and comply with the terms of the Convention. One element of this would be to increase funding for de-mining operations, destruction of stockpiles, education projects on mine risks and the rehabilitation of mine victims. In the Resolution, China is referred to specifically and is asked to destroy its "colossal stockpile" and to re-consider its programme of mine production.

Finland is the only EU Member State not to have signed or ratified the Convention. Poland, Latvia and

Estonia are in varying stages of ratification or accession. In Asia, the list of countries that have not signed up to the 1997 Convention includes Burma, China, India, Iran, Kazakhstan, North Korea, South Korea, Kyrgyzstan, Laos, Mongolia, Nepal, Pakistan, Singapore, Sri Lanka, Uzbekistan and Vietnam.

## **External Assistance and Development**

### *Humanitarian Aid*

*East Timor:* The European Commission, on 5<sup>th</sup> August, adopted a Decision granting humanitarian aid to the people of East Timor affected by malnutrition. After successive crop failures arising out of the drought that affected East Timor in 2002 and 2003, the country has suffered structural food shortages leading to severe malnutrition in some rural areas. The Commission Decision grants €2.5m in aid targeting an estimated 20,000 pregnant or lactating mothers, 10,000 children under five years, food security for 50,000 people and water and sanitation projects for the affected areas. The Decision warns that if the next agricultural season suffers from a drought during October-November then further large-scale humanitarian aid would be needed. The East Timorese Ministry of Health is criticised for its slow administrative procedures in facilitating projects. EU aid could be distributed through CARE Austria, the Red Cross, Concern and Oxfam over a period of 15 months.

*Central Asia:* As part of the third Disaster Preparedness ECHO (DIPECHO) Action Plan for Central Asia, the European Commission, on 27<sup>th</sup> July, adopted a Decision granting €3.5m in humanitarian aid to the five countries of the region. The first Action Plan, adopted in 2003, consisted of €3m and the second Plan from 2004 granted €2.5m in aid to operate disaster preparedness and prevention projects tackling floods, earthquakes, landslides and drought through small-scale infrastructure works and planning. In particular, Tajikistan is considered a high priority for disaster with Uzbekistan a medium risk and Kyrgyzstan, Kazakhstan and Turkmenistan all considered to be low priority. The EU aid office considers the last two countries to be adequately prepared to respond to natural disasters without the immediate need for external assistance.

The third Action Plan will focus on the entire area of Tajikistan, nine districts of Uzbekistan and four districts of Kyrgyzstan through capacity building and training, early warning systems and the development of disaster management projects. The Plan aims to help an estimated 1.7m people across the region. The EU has identified Christian Aid UK, Oxfam, the World Health Organisation and the Red Cross as potential partners in spending the aid. The funding will be available for 18 months.



*Papua New Guinea:* Also on 27<sup>th</sup> July, the European Commission adopted an Emergency Decision granting €0.2m in humanitarian aid to the victims of volcanic eruptions in Papua New Guinea. Volcanic activity on Manam Island and on New Britain Island have affected an estimated 15,000 people, probably leading to the abandonment of the settlements on Manam, in particular. The aid will provide shelter facilities, water and sanitation supplies and training for local officials on disaster preparedness targeting some 10,000 internally displaced people from Manam now on the mainland and some 4500 people from New Britain Island. The provision of aid follows a request from the Federation of Red Cross and Red Crescent Societies (IFRC) for assistance for the next six months. The funding will come from the European Development Fund, in light of Papua New Guinea's membership of the Africa, Caribbean and Pacific (ACP) group of nations.

*Philippines, Pakistan:* The European Commission adopted a Decision, on 22<sup>nd</sup> July, for support to humanitarian operations providing protection to victims of armed conflicts and other situations of violence in the Philippines and Pakistan. The Decision also covers the Central African Republic, the Republic of Congo, Rwanda and Azerbaijan. Over a period of 15 months, ECHO will spend €4m through the International Committee of the Red Cross (ICRC) offering assistance to victims of armed conflict, in particular, resident of displaced civilians, citizens deprived of their freedom and people separated from their relatives. A breakdown of spending per country is not available. The Commission Decision was made in response to the ICRC's emergency appeal for 2005 for armed conflict or post-conflict situations.

*Afghanistan:* Also on 22<sup>nd</sup> July, the European Commission adopted a Decision granting €9.2m in aid for victims of the Afghanistan crisis and natural disasters in Afghanistan, Pakistan and Iran. Although Afghanistan receives funding for reconstruction and rehabilitation operations, the rising number of returning refugees and the ongoing issue of internally displaced persons (IDP's) means that humanitarian aid is still needed both for those categories and also for the local communities that can be faced with significant food burdens.

The EU aid will finance drinking water, shelter kits, sanitation and hygiene education projects, in rural and urban areas, for approximately 1m people. The Commission Decision notes that large parts of the South of Afghanistan and the South-East are 'off limits' to aid agencies, with 24 aid workers killed in 2004. The aid will be committed to Afghanistan over a period of 18 months through aid and development NGO's, possibly including the Red Cross, Caritas, Trócaire and Save the Children. Just over €0.5m of the funding will be spent on "technical assistance

capacities", both to be able to assess aid needs and to monitor the implementation of projects.

#### *EBRD in Mongolia*

The European Commission adopted a proposal for a Council Decision, on 28<sup>th</sup> July, on an amendment to the Agreement establishing the European Bank of Reconstruction and Development (EBRD) enabling the EBRD to finance operations in Mongolia. Mongolia's links to the EBRD date back to May 2000, when the Board of Governors adopted a Resolution granting membership of the Bank. Membership took effect in October 2000 and, from 2001, the EBRD began providing technical assistance through the Mongolia Co-operation Fund. This aid is designed to help Mongolia make the transition from a planned economy to a market style system and to promote the development of the private sector. Subsequently, in July 2003, Mongolia requested that in addition to technical assistance, the country should be eligible to receive project financing in the so-called 'country of operation' status. In January 2004, the EBRD Board of Governors adopted a Resolution agreeing to the request. Granting the request means that the 'Agreement establishing the EBRD' has to be amended. The Commission proposal provides the legal framework for the European Community to amend its internal procedures to take account of the EBRD Resolution. The amendment stipulates that third countries must be committed to "applying the principles of multi-party democracy, pluralism and market economics". The Commission proposal is technical in nature and does not suggest specific examples of projects that might receive funding.

#### *Illegal trade in timber*

The European Parliament, on 7<sup>th</sup> July, adopted a Resolution on "speeding up the implementation of the EU Action Plan on Forest Law Enforcement, Governance and Trade (FLEGT)". FLEGT is a World Bank initiative tackling the trade in illegally harvested timber and promoting the sustainable use of forests. The trade in timber in Asia is mainly concentrated in South-East Asia. The EU and its Member States have supported regional initiatives in Asia and Africa including, for example, the Asia Forest Law Enforcement and Governance Process. In 2003, the European Commission proposed an Action Plan for the EU to support such initiatives and build upon the East Asia Ministerial Conference which took place in Bali, Indonesia, in September 2001, and adopted a Declaration on forest law enforcement and governance. Countries with major timber industries include Burma, Cambodia, China and Indonesia.

The Parliament's Resolution condemns a long series of European Commission inaction on the FLEGT initiative. Citing the "extraordinary slow progress" in



implementing the FLEGT EU Action Plan, the Resolution expresses regret that the Commission has not delivered more, including a study on possible legislative options open to the EU to ban imports of suspect timber. A network, at EU level, to co-ordinate the exchange of information has not been established. Parliament also expressed its concern that the Commission had made a proposal that it should be able to conclude Partnership Agreements with third countries on FLEGT under Article 133 of the Treaty, which relates to the common commercial market for the EU rather than under a development co-operation instrument or the protection of the environment.

The Resolution calls on the Commission to implement the provisions of the EU Action Plan “without further delay” including adopting a proposal for legislation to ban imports of illegally sourced timber and establishing a network to allow customs, administrative and judicial authorities exchange information on illegal timber trading. Parliament recommends that where Partnership Agreements are signed between the EU and third countries that they should include a clear timeframe for action in tackling forest governance issues and poverty alleviation. The Resolution also suggests that forest management concerns should, in future, be included in Country Strategy Papers, the framework documents which regulates EU co-operation with third countries.

#### *Ending poverty: EU development policy*

On 6<sup>th</sup> July, the European Parliament adopted a Resolution on a “global call to action: making poverty history”. Ahead of the September conference in New York, which will assess progress towards meeting the Millennium Development Goals, and the meeting in Hong Kong in December of the World Trade Organisation, Parliament adopted a Resolution saying that the final four months of 2005 represents an “historic opportunity” for the EU to “demonstrate leadership on development issues”. Action is needed on the quantity of aid, the quality of aid, making trade fair and ending the debt burden, the Resolution states. Parliament’s main focus in the Resolution is on Africa and, in particular, sub-Saharan Africa.

Nevertheless, some principles for EU development do emerge from the Resolution and are useful for highlighting Parliament’s position on the role of development policy in EU external relations policy. While greater EU spending on development co-operation would be important for meeting the Millennium Development Goals (MDG’s), developing countries themselves must establish “accountable and transparent institutions”, promote “compliance with human rights” and “gender equality”, adopt recognised “trade and investment rules” and ensure that the country is at peace. Parliament also lays emphasis on tackling “women and girls” specific development

problems, the “critical” role of civil society organisations and the importance of “innovative and additional sources of finance” to fund the MDG’s.

In the absence of any specific reference to Asia, it seems Asian developing countries, including least-developed countries, would be most likely to benefit from improved market access to the EU for goods and services. The Resolution calls on the EU to increase market access for industrial goods, agricultural produce and services from developing countries. This means establishing a timetable for removing agricultural export support and providing special and differential treatment for developing countries. To maximise their ability to export to the EU, developing countries should receive more trade-related technical assistance, to help small and medium sized enterprises comply with international “social, labour, environmental and health standards”. EU governments are urged to improve the coherence of policies including trade, environment, agriculture and migration”.

#### *EC lending to developing countries*

On 7<sup>th</sup> July, the European Parliament adopted a Resolution on the “impact of European Community lending to developing countries”. The Resolution is based upon the Report by Gabriele Zimmer (D-GUE/NGL) for the Committee on Development Co-operation.

European Community lending to developing countries takes place, in part, through the European Investment Bank (EIB), which was established originally to provide long-term financing for projects inside the EU. Over time, the Bank acquired mandates to lend for projects and co-operation in third countries, specifically Africa but including Asia and Latin America, albeit to a much lesser level. The EU is currently reviewing these external mandates, in light of the requirement that the lending must demonstrate some commercial benefit to the EU, as opposed to a development co-operation thrust *per se*.

The Resolution suggests that some of the operational considerations of the EIB in lending to Africa should be extended to other developing countries. This would mean increasing the level of funding available for Asia, to adopt a more development policy mandate as opposed to external economic aid policies and to give priority to “economically weaker countries”. The EIB should consider extending its proposal to establish a fund for projects after a natural disaster to include “region-specific construction aid” that could include Asia. The Resolution recommends that the European Commission should send a report to parliament, in September 2005, on the state of negotiations on the revision of the lending mandates. ■

*John Quigley*

## NATO Parliamentary Assembly Committee visits China

by Dr Paul J. Cook

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The NATO Parliamentary Assembly is an institution dedicated to engaging European and North American legislators in deliberations on a wide variety of security, economic and political issues of transatlantic concern. For years, the work of the Assembly has very much focused on the Euro-Atlantic region. But, in the wake both of the Cold War's passing and the attacks of 11<sup>th</sup> September 2001, this parliamentary organisation has significantly broadened the scope of its work. The Assembly's Economic and Security Committee, for example, has recognised that China's economic emergence has a range of implications for trans-Atlantic commercial and monetary relations. As China itself is assuming an ever more important strategic profile, and at a moment when a deeper NATO-Chinese dialogue seems to make sense, Committee members over the course of 2004 decided to explore the implications of China's economic emergence in a strategic research Report.

To generate information for that Report, 26 members of the Committee, led by the Dutch MP Jos van Gennip and the British MP, Hugh Bayley, travelled to Beijing and Shanghai, from 4<sup>th</sup>-8<sup>th</sup> July. During this first-ever NATO PA delegation visit to mainland China, committee members met senior Chinese government officials, central bankers, leading members of the National People's Assembly and the Shanghai Municipal People's Congress as well as representatives of the World Bank and the International Monetary Fund, and faculty and students of the East China Normal University.

The delegation arrived in China with several objectives. Firstly, to generate information for the Report the Committee is writing on the economic implications of an emerging China. The first draft of that Report is ready and will be revised this Autumn based, in part, on the findings of the mission. Secondly, to initiate a dialogue with those shaping China's profound economic and social transformation. Thirdly, to identify new issues for further study.

Several key themes emerged over the course of the week. Firstly, Chinese authorities strongly asserted that with an economy that is increasingly integrated in the global chain of production, and given persistent domestic development challenges, they are compelled to adopt a foreign policy premised on securing international stability and order through multilateral channels.

Accordingly, government officials informed the delegation that China seeks co-operative and friendly relations with the West and with all of its neighbours. The Vice Chairman of the Foreign Affairs Committee, Wang Yingfan, spoke positively of the informal dialogue that is just beginning between China and NATO, while Mr Zhang Yesui, the Vice Foreign Minister acknowledged that NATO had contributed to regional stability in Afghanistan and Central Asian region. He also suggested that his country welcomes NATO's vital contribution to peacekeeping and stands ready for further exchanges on major security issues. Mr Yingfan echoed this, noting as well that China now supports the provisional government in Iraq even though it opposed the war.

Over the course of the week, the delegation also addressed more contentious matters, including: Taiwan, human rights and democracy related issues, China's surging appetite for energy, and an array of trade and monetary matters.

The Taiwanese question was taken up at several junctures. Officials were at pains to stress that nobody in China wants current tensions over Taiwan's status to spark a military conflagration. Yet, they also indicated that no Chinese leader would ever be forgiven were he or she to concede to a fully sovereign Taiwan. In that sense, there appears to be a bottom line at which point the Chinese government would "pay the price for our integrity- including the resort to non-peaceful means" in the words of Wang Yingfan. China's leaders apparently hope to avoid getting to that point. In conversations with the delegation, authorities stressed that China and Taiwan enjoy close commercial ties and that some 300,000 Taiwanese have easily integrated themselves into the urban life of Shanghai alone.

On matters pertaining to democracy, non-Chinese speakers told the delegation that the State has clearly accorded the Chinese people far greater liberties than they have ever enjoyed under Communist rule. The country's economic take-off, they believe, would not have been possible without this fundamental shift. Yet, there are clearly demarcated red lines. The most apparent of these is that challenges to the Communist Party's political hegemony will not be brooked. The party itself is in the midst of important change, with membership soaring to some 70 million people. The CPC is reaching out to new social groups like China's emerging business elite, many of whom are joining the party purely for practical economic reasons. The dilemma for the party, however, is that this recruitment drive will bring greater diversity within its ranks at a time when society itself is growing more plural. Lanxin Xiang Director of the Euro-Asian Center at East China Normal University in Shanghai suggested that this growing "pluralisation" is indeed welcome. He observed as well that pushing too hard for the rapid adoption of western democratic norms could prove



counterproductive and indeed provoke reaction in China that could set back the country's liberalisation.

Chinese-Japanese relations were also broached at several points. The old framework for this relationship is no longer valid; whereas China long depended on Japan, today the Japanese economy is ever more tightly bound to developments in China. This does not sit well in Tokyo, according to Professor Xiang. Chinese authorities and their public have been outraged that Japanese leaders have insisted on honouring the war dead at the Yasukuni Shrine, where the remains of many convicted war criminals, including Hideki Tojo, lie. Early this year, the publication of a revisionist historical textbook sparked public outrage and anti-Japanese riots in China, suggesting how sensitive matters related to Japan's occupation of China remain. The delegation learned that a panel of Japanese and Chinese historians is being formed and could help settle the issue through careful consideration of the facts. This type of dialogue might help keep history out of the hands of those tempted to misuse it. The delegation learned that the very different rituals of remembrance embraced by each society perhaps have exacerbated the problem.

On the energy front, officials seemed to downplay widely discussed energy bottlenecks. But the view of non-government speakers who met the Committee was that meeting China's energy needs has become a core challenge for a leadership that once understood oil and gas supplies as nearly limitless. The sudden sense of limitations is consequently strongly conditioning China's international posture. One academic, however, challenged the widely held view in the United States that China aspires to develop a blue water navy capable of checking the American navy's implicit capacity to choke off China's energy supplies. China, he said, simply lacks the resources and technology to do so. He did admit, however, that China was moving from a "brown water" fleet dedicated to coastal defence to a "yellow water" fleet capable of operating in the South China Sea.

In Beijing and Shanghai, the delegation witnessed for itself the consequences of exploding demand for automobiles: gridlock and stultifying smog. These are of great concern to both central and municipal authorities, and the government is signalling its determination to help tackle the problem of global warming- an issue that China's President Hu Jintao raised at the July G-8 Meeting

Finally, on the trade and monetary fronts, one World Bank economist told the delegation that China has essentially become the world's assembly platform. It is highly productive and has an abundant, low cost and hard working labour force. There are an astounding 200 million itinerant labourers in China who have, by virtue of their mobility, skills and flexibility, exercised

enormous discipline over labour markets, although wages are ineluctably rising in some coastal regions, including Shanghai. At the same time, China's accession to the WTO is imposing new obligations on China to meet international commercial standards, while obliging the rest of the world to accept Chinese imports. Problems on both fronts were acknowledged. One university economist also suggested that China's exports will never be sufficient to raise all of China's population out of poverty, and that is why internal market development and effort to bolster higher domestic demand are also essential.

At the same time, officials from the Central Bank denied that the Renminbi's link to the dollar was the source of China's ever-larger trade surpluses and gave no indication that they were prepared to re-value the currency over the short term. Of course, the Renminbi-Dollar peg was subsequently broken and the currency is now valued against a basket of currencies including the Euro. In any case, the Chinese remain concerned that to devalue significantly at this juncture would destabilise its not all-together sturdy financial architecture. An American official in Beijing, however, told the delegation that the US government will continue to push for a revaluation and made no comment on a question about the consequence for the US economy of reduced Chinese lending to the US that a sharp Renminbi appreciation would imply.

It became very clear to the NATO parliamentarians over the course of the week that China has become "systemically important". It is increasingly a price maker in world commodity and goods markets. Its booming trade surplus, rapidly expanding GDP, rising investment levels and the apparent capacity of its markets to pull millions out of poverty all suggest that China's relative economic and diplomatic weight will only increase over time. China is not democratic; yet it is growing more plural. There is a clear potential for it to evolve into a more open and liberal society, but there are real risks that it will not. For all these reasons the Assembly's Economics and Security Committee will continue to track events in China over the coming year and hopes to visit the interior of the country at some point in the near future. ■

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# Afghan refugee return: Greater commitment needed

by John Quigley

The governments of Afghanistan and Pakistan, with the United Nations High Commission for Refugees (UNHCR), have agreed to extend the period for the voluntary return of Afghan refugees from Pakistan from March 2006 until December 2006. Meeting in the Tripartite Commission, on 29<sup>th</sup> August, the UN and the two governments decided to extend the timeframe for the repatriation of an estimated 3m Afghan refugees still based inside Pakistan. The authorities in Islamabad were eager to close several camps near the Afghan border, ahead of Afghanistan's parliamentary and local elections, which are scheduled for mid-September.

The Tripartite Commission was established in March 2003 to apply international standards to the return of refugees from neighbouring countries, to prioritise return on a voluntary basis and to promote their integration into Afghan society. The meeting in Kabul on 29<sup>th</sup> August agreed to Pakistan's request for a new census to take place in 2006, with precise details to be worked out in conjunction with the UNHCR by the end of September. The two governments also decided to establish a sub-committee to deal with the issues of camp closures in Pakistan and adequate international assistance to ensure proper re-integration, once the refugees actually get home.

Pakistan had confirmed in early August that it wanted to close the refugee camps in the Federally Administered Tribal Areas, which borders Afghanistan, allowing the refugees to either return to Afghanistan or relocate to other camps in Pakistan. Closing the camps for "security reasons", which house some 105,000 refugees, Pakistan said that the FATA was vulnerable to clashes between the Pakistani Army and remnants of those still fighting in Afghanistan. Pakistan is also keen to consolidate the falling number of Afghan refugees in the country into fewer camps.

The return of Afghans from Europe took a new twist in late July after a meeting of the Ministers for Home Affairs of the G5 countries (France, Germany, Spain, Italy and the UK) in Evian, France, on 4<sup>th</sup>-5<sup>th</sup> July 2005. The Ministers agreed to organise common return flights for forcibly expelling illegal immigrants and failed asylum seekers. Reflecting the lack of commitment to a common European approach, the Ministers had to agree to "exchange experience" of their bilateral re-admission agreements with third countries. Subsequently, on 27<sup>th</sup> July, the UK and France organised a common flight to expel 40 Afghans. The flight was severely criticised by human rights groups both for the treatment of the Afghans

inside the EU and for sending them back to an insecure country.

At the end of August, the European Union's programme for returning Afghans - Return, Reception and Re-integration of Afghan Nationals (RANA) - was due to close. The project, operated through the International Organisation on Migration (IOM), was launched in 2003 with a budget of €7m to facilitate the return of up to 5000 Afghans and to build reception facilities in Afghanistan. The uptake has been unimpressive with fewer than 2000 returnees. A similar project, the Return of Qualified Afghans (RQA), which closed at the end of June, has been equally under-performing. The RQA started in December 2002 with a budget of €3.6m, although fewer than 200 Afghans choose to leave the EU to return home. In July, a UN High Commission for Refugees (UNHCR) project on capacity building for Afghan government ministries also closed.

A recent review of the EU's November 2002 Afghan Return Plan concluded that the security situation in the country was a "serious obstacle" to any substantial return and this was why EU Member States "refrained from implementing forced returns". The review states that the national return policies of some EU Member States prevented the emergence of the EU-level Plan as a successful instrument.

The increasing numbers of returnees from neighbouring countries places an ever-greater pressure on rural communities and on resources including water and land. Insecurity in many parts of the country hampers the ability of international aid agencies to deliver humanitarian assistance and reconstruction projects. The EU has provided humanitarian and reconstruction aid, most recently in late July. The European Community Humanitarian Aid Office (ECHO) granted €9.2m in assistance, mainly for returning refugees and internally displaced people saying that despite the deleterious security situation, aid to returnees in the absence of State-level services, is essential to prevent a future humanitarian disaster.

The number of Afghan refugees remaining in both Pakistan and Iran is estimated to be below 4m. Since the fall of the Taliban, in late 2001, some 3.5m refugees have returned to Afghanistan, creating a significant burden on the State and the local host communities. Of the 3.5m, some 2.5m have returned home since 2002 with some form of assistance from the UNHCR. Refugees returned to Afghanistan in 2004 at the rate of 376,000 from Pakistan and 370,000 from Iran. Over the course of 2005, the United Nations High Commission for Refugees (UNHCR) expects that a further 300,000 will leave Pakistan and approximately 400,000 from Iran. Generally, returning refugees go to the capital Kabul or to the eastern provinces of Khost, Nangarhar or Paktya. ■



## SCO Summit tackles security in Central Asia

by John Quigley

At a meeting in Astana, Kazakhstan, the Heads of State of the six member regional group for Central Asia - the Shanghai Co-operation Organisation (SCO) - took a series of decisions enhancing the institutional structure of the group and promoting further regional co-operation. The Summit, on 5<sup>th</sup> July, stressed the need for some consolidation of the policy areas of the SCO and, in a boost to the profile of the group, ratified the participation of India, Iran and Pakistan as new Observers.

Since the emergence of the Shanghai Six - China, Russia, Kazakhstan, Kyrgyzstan, Uzbekistan and Tajikistan - in June 2001, the SCO has emphasised terrorism, separatism and extremism as three common threats facing all Member States. With the other leaders, President Vladimir Putin and President Hu Jintao said the Astana Summit confirms these issues as serious concerns to the group but also stressed the need for greater multilateral co-operation in Central Asia and for building links with international organisations and individual countries. This multilateral co-operation is based upon "non-intervention in the internal affairs of sovereign States".

The Summit Declaration said the two main permanent bodies, the Secretariat and the Regional Anti-Terrorism Structure (RATS), were emerging as "effective collective instruments". The 2006 Summit is scheduled to hear proposals for strengthening the role of the Secretariat, which is based in Beijing, and a committee of permanent representatives of the Member States is to be established to help organise the counter-terrorism work. This would include "harmonising national legislation on security" and joint planning and conduct of anti-terrorist operations. SCO leaders said that the security of Central Asia would depend on appropriate economic development with close co-operation between the diplomatic, law enforcement, military and intelligence departments of the Member States. This co-operation should establish a "new concept of security" based upon mutual trust, benefit and equality.

The most controversial result of the Summit was the call for the members of the international coalition fighting in Afghanistan to indicate when they planned to remove their military forces from Central Asia. Coalition members should "set a final timeline for their temporary use" of bases in SCO Member States. As a political matter, the issue was pushed through the SCO meeting by China but took on a life of its own thereafter. Uzbekistan seemed keen to embarrass the United States after sustained US criticism of their

human rights record, especially after the killings in Andijan in May. Kyrgyzstan, the other Central Asian Republic with a US military presence, democratically elected a new President on 10<sup>th</sup> July who used the election platform to call for a withdrawal of US forces. The Summit statement brought about an impressive US diplomatic response.

Speaking in Beijing, on 10<sup>th</sup> July, US National Security Advisor, Condoleezza Rice, appeared to rule out any troop withdrawal saying that the country most in need of US help in the region, Afghanistan, had in fact asked America to remain. "A sovereign country, Afghanistan, has said that the United States should stay in Afghanistan", she said. Towards the end of July, US Secretary of Defence, Donald Rumsfeld, travelled to Kyrgyzstan and Tajikistan, which grants the US over-flight rights, saying that both countries were "very helpful in the war on terrorism". In a press statement, Rumsfeld seemed to indicate that the individual views of the countries, on a continued US military presence, might be other than that stated in the Summit Declaration. He left both countries after confirming a continued US presence and suggested that further areas of co-operation would include regional counter-terrorism operations and combating drug trafficking.

The demand for a timeframe for a withdrawal of US forces from the region, while leaving Russian bases intact, could be indicative of a greater sense of unease in the SCO, between the two larger members - China and Russia - and the remaining four States. Certainly there is bilateral tension between Uzbekistan and Kyrgyzstan, after the latter gave temporary asylum to those fleeing Uzbek repression, following the slaughter in Andijan. The four might also not have been impressed with the deployment of Russian and Chinese troops in a first-ever joint military exercise in mid-August. No announcement was made during the SCO Summit but in a Joint Statement on the International Order in the 21<sup>st</sup> Century issued in Moscow, by Chinese President Hu Jintao and Russian President Vladimir Putin, the two leaders said that security co-operation mechanisms are of fundamental significance.

In the aftermath of the Summit in Astana, China takes over the chairmanship of the group and will lead the six Member States into the fifth anniversary of the SCO in 2006. The military and security tensions in the SCO between China and Russia on the one hand, and the attempts by the two large States to dominate the smaller members on the other hand, will continue to simmer below the surface. The preference of the EU to enter dialogue with the five Central Asian Republics by themselves is also a setback for SCO efforts to court international respectability. The SCO will next meet in Moscow at head of government level this Autumn to discuss an Action Plan to implement a programme of multilateral trade and economic co-operation between the six States, which is now two years old. ■

## Regional co-operation and EU-Asia relations

by Dr Sebastian Bersick

The 4<sup>th</sup> International Convention of Asia Scholars (ICAS) bringing together more than 1200 participants from 52 American, Arabian, Asian and European countries, met in Shanghai between 20<sup>th</sup>-24<sup>th</sup> August. The Convention had institutional and individual panels on topics dealing with, *inter alia*, politics, economics, history, media, literature, identity, religion, knowledge and society. Sponsored by the European Alliance of Asian Studies, of which the European Institute for Asian Studies (EIAS) is a member, an institutional panel on 'Multi-regionalism and Asian-European Affairs' was convened and chaired by this author.

This panel focused on the institutionalisation of intra-regional and inter-regional co-operation in the international system and, in particular, on the Asia-Europe Meeting (ASEM) process. It brought together experts from Europe, North and South America. The panellists analysed the EU's impact on the financial architecture in East Asia (Michael Postert, University of Newcastle upon Tyne, UK), the changing foreign policy between the EU and China in the area of trade and political economy (Dr Marc Lanteigne, McGill University, Montreal), China's relations with Latin America (Dr Marisela Connelly, El Colegio de Mexico, Mexico City) and India's foreign policy in regard to closer regional co-operation (Dr. Christian Wagner, German Institute for International and Security Affairs, Berlin). All four papers provided empirical examples of the politics of inter-regional relations, focusing both on the intra-regional and inter-regional level of co-operation.

In his paper on 'ASEM as a gateway to East Asia. EU style economic integration?' Michael Postert argued that the varying positions of East Asian actors towards their financial architecture can be traced back to the financial crisis of 1997-98. The support extended to the affected States in the region was "not altruistic". Moreover, the financial architecture of the Asian region is a cornerstone of competing political agendas: integration into the International Monetary Fund (IMF) global regime versus a more autonomous Asian regime with a far more loose connection to the IMF. Yet, in recent years, due to a successful monetary integration in the EU and adoption of the Euro, a more balanced and self-assertive approach towards monetary and economic policy in East Asia has emerged. The process of inter-regional co-operation leads to a "more autonomous policy approach" in the field of economic and financial integration. Postert concluded that "East Asia further shapes its profile" through interaction with the EU and other key actors.

Marc Lanteigne's analysis of 'ASEM and the China-EU Relationship' contends that the EU has played a much larger role in Chinese foreign policy over the past decade, in the economic sphere and also in the political and strategic realms. However, before stronger cross-regional ties can be created, the many issues which divide the two actors will need to be addressed. Lanteigne argues that the question of whether Europe will be able to continue working towards a more unified foreign and strategic policy after setbacks of the past Spring will also greatly affect ASEM's future direction. China will be a "necessary partner" in determining how best to develop a greater ASEM identity. At the same time, the country will be an indispensable partner in allowing the organisation to address better modern economic and security concerns.

Marisela Connelly discussed 'China and Latin America relations'. The period between 1990-2004 witnessed a growth in diplomatic contacts between China and Latin American countries. Since 2004, China and Latin America have seen soaring trade levels and economic co-operation. Latin American countries have "ambivalent perceptions of China" seeing China as an example to follow, in economic terms, but also fearing China's negative influence on South American countries economies. Connelly concluded that the line which China has pursued in Latin America is in full accordance with the principal goal of China's foreign policy, keeping command of its strategic opportunities and maintaining economic development until 2020. However, not all countries of South America have been able to take advantage of the opportunities which China's need for raw materials presents. Mexico, for instance, has suffered from the competition of Chinese products not only in its own domestic markets but also in third-country markets.

Christian Wagner analysed 'India's new quest for intra- and inter-regional politics'. India and South Asia only play "a marginal role" in the present debate about the extension of regional co-operation in Asia and the growing political importance of inter-regionalism between Europe and Asia. India's present marginal position in this process is a consequence of the country's foreign policy during the 1970-80's when regional collaboration in South Asia was just beginning and economic reforms were still in a nascent phase.

It was only after the liberalisation of 1991 that India's interest to participate in regional groupings became a new focus of her foreign policy. Since the 1990's, India has intensified her co-operation with regional organisations in South-East Asia, has been active in establishing regional organisations in the Indian Ocean and has started her own dialogue with the EU. This development, Wagner concluded, is underlined by India's observer status in the Shanghai Co-operation Organisation (SCO) and New Delhi's participation at the East Asia Summit in December this year. ■