

## Integrating culture into the Europe-Asia relationship

by John Quigley

Building “mutual awareness” between Europe and Asia is an objective of the European Commission’s 2001 “Europe and Asia: A strategic framework for enhanced partnerships” paper. One of the best ways to improve mutual awareness must be through greater understanding of one another’s culture, language and history. Europe has programmes with third countries in Asia to promote inter-cultural dialogue but, too often, such initiatives are disparate and focussed on the larger countries.

At the end of their Presidency of the European Council, Luxembourg organised an Informal Ministers of Culture Meeting, on 27<sup>th</sup> June. Unfortunately, the meeting really only focussed on cultural issues and concerns within Europe and did not address links with third countries. This may be symptomatic of a preoccupation in the EU with internal matters including enlargement, the draft constitutional treaty and accession talks. Yet it should be precisely at this time that Europe is at its most outward looking. Commission President José Manuel Barroso has spoken of using cultural policy to enrich European identity and citizenship. Looking outward would reassure our Asian partners that Europe still works and may even offer some insight into European events. The dialogue between cultures and civilisations is, after all, meant to be two-way!

One example of this dialogue is the Asia-Europe Meeting (ASEM) process. European and South-East Asian Foreign Ministers, on 6<sup>th</sup>-7<sup>th</sup> May in Kyoto, adopted a Statement calling for the dialogue to be enhanced and to respect cultural diversity. The Ministers also referred to the second ASEM Conference on Cultures and Civilisations, which would take place in Paris in early June with the theme “Cultural diversity: Opportunities and challenges - ASEM’s long-term plan”. The Conference adopted an Action Plan calling for more dialogue and co-operation to help “avoid misunderstandings due to ideological,

## Inside this issue

### **EDITORIAL**

Integrating culture into the EU-Asia relationship	1
---	---

### **VIEWPOINT**

Making a success of Europe’s development policy	3
<i>by Gay Mitchell, MEP</i>	
EU ASAC: Small arms in Cambodia	4
<i>by David de Beer</i>	

### **EU-ASIA NEWS**

What development policy for the EU?	6
<i>by Ester Asín Martínez</i>	
First seminar on North Korea’s economy	8
<i>by Maryse Bourdin</i>	
Europe’s crisis and opportunity in trade relations	9
<i>by Malcolm Subhan</i>	
News from the EU Institutions	11
<i>by John Quigley</i>	

### **INSIDE ASIA**

Iran elects new President	17
<i>by Nader Alaghband</i>	
Sake Socialism in Mongolia	19
<i>by Glyn Ford, MEP</i>	
SCO Foreign Ministers meet in Astana	20
<i>by John Quigley</i>	

### **EIAS NEWS**

South Asia and the World Bank	21
<i>by Praful Patel</i>	
Summary Report	23
<i>by John Quigley</i>	
East Asia: The political and economic role of China	24
<i>by John Quigley</i>	
EIAS elects new Administrative Board	26
<i>by Dick Gupwell</i>	



economic and cultural differences". The meeting suggested that culture can be an important factor linking developed and developing countries both to foster diversity and international co-operation. The Asia-Europe Foundation (ASEF), an offshoot of ASEM, has established CulturE-ASEF - a cultural portal - to promote cultural awareness and information exchange.

Outside the ASEM regional framework, which on the Asian side comprises the member states of ASEAN with China, Japan and South Korea, European external co-operation in the cultural sphere is more country-focussed. Links with our three Asian strategic partners, India, China and Japan, are generally strong, in large part because culture receives backing from the political summits that take place on an annual basis. There seems to be a link between high-level political summits and the EU's willingness to forge deeper cultural links with individual countries. China wants to expand "China-EU cultural and people-to-people exchanges" and "promote cultural harmony" between East and West. Culture has been part of the EU-Japan Summit process for several years. The annual Action Plan agreed by both sides includes objectives in cultural relations. The Summit that took place on 2<sup>nd</sup> May reviewed the implementation of the Year of People-to-People Exchanges and committed the EU and Japan to launching a dialogue on youth co-operation in November 2005. As recently as November 2004, the EU-India summit adopted a Joint Declaration on Cultural Relations praising the level of interaction and pledging to include a chapter on cultural co-operation in the Action Plan for a Strategic Partnership.

However, outside these three countries, cultural relations are not so well developed. Unless and until ASEM becomes more representative of Asia generally then ASEM and its offshoot - ASEF - will not be sufficient to spread the dialogue between cultures and civilisations. There is nothing in South or Central Asia to compare with ASEM or ASEF. As a region, South Asia misses out on access to EU funding and cultural links because the regional grouping - the South Asian Association for Regional Co-operation (SAARC) - has been moribund for years and does not seem interested in building institutional links with the EU. In Central Asia, the most appropriate regional grouping, the Shanghai Co-operation Organisation (SCO) which includes four of the five traditional Central Asian Republics does not have links with the EU. The EU could take advantage of the SCO Charter which has cultural co-operation as one of its aims. And, following an Agreement in June 2004, the SCO now also permits international organisations to apply for observer status. The SCO even has a Secretariat which could co-ordinate with the European Commission.

The EU has programmes promoting democracy and human rights in Asia. Similar initiatives in the cultural

sphere could be launched relatively easily. It will be easier for some countries to latch on to cultural initiatives than try and sell rule of law and human rights principles to a sceptical domestic audience. Although it does not have the same pre-eminence as political or human rights principles, culture is an element in the Co-operation Agreements the EU signs with third countries. While the trade or political elements are considered essential, culture does not seem to be implemented in any effective way. The opportunity for a two-way interaction is being wasted.

One way to improve EU-Asia cultural relations is to start with the next generation. Schools and students represent an opportunity to expose young people to foreign cultures. Within the EU, students have been able to take advantage of the Erasmus Programme for higher education, to spend part of their studies in another EU Member State. In 2003, the European Commission extended this idea by launching Erasmus Mundus 2004-08, which will allow EU students study in third countries but also provide scholarships for third country nationals to study inside the EU. Europe has provided the framework for linking education and improving inter-cultural dialogue. Now, it is up to Asian countries to take advantage of the programme. There is significant funding available through separate 'Windows' for China, India, Thailand and Malaysia with a further window for 15 other Asian countries.

In the European Parliament, Miguel Portas is writing a report on "Integrating immigrants in Europe through schools". In the draft report, he talks of how European history and culture has been "shaped by the many overlapping and intertwined cultures embodied in the numerous peoples who have ..... left traces of their languages, traditions, religions and arts". He proposes that school-age immigrants should have the opportunity to study their native languages and culture, once they have made progress with their host country language. Making a success of such an initiative would provide Europe with a reservoir of goodwill ensuring continued contact between the host Member State and the country of origin.

Building cultural ties should be seen within the context of a long-term plan. The fruits of these closer links would be a legacy richly enjoyed. While economic and political concerns comprise the bulk of the EU-Asia relationship, it is cultural ties that will mean more to ordinary people. The Commissioner for Education, Training, Culture and Multilingualism, Ján Figel, has proposed that 2008 be a European Year of Inter-cultural Dialogue. This sounds like an excellent initiative. Yet it would benefit enormously with an external dimension to it. Europe's standing in the world would be improved immeasurably if EU leaders have the vision to extend its cultural programmes to all of Asia, equally. ■

## Making a success of Europe's development policy

by Gay Mitchell, MEP

In the European Parliament, the Committee on Development is particularly concerned at the Commission proposal to establish a single financing instrument for development co-operation and economic co-operation (DCECI). The DCECI would replace sixteen existing Regulations. In October 2004, Parliament appointed me as Rapporteur for this instrument.

The European Commission's proposals for a series of Regulations to rationalise the legislative instruments relating to external policy are broken down into geographical and thematic instruments, and additional elements.

Both Parliament and the Commission agree that the present structure of European Development Policy is in need of rationalisation, and Parliament should play its part in bringing about all necessary reforms, including any new instruments that may be required. However, if the draft Regulation currently proposed to establish a single instrument for development co-operation and economic co-operation (DCECI, or Umbrella Regulation) were to be adopted it would have far-reaching accountability and budgetary management consequences which cannot be accepted. Therefore, I recommended that Parliament reject the current proposal and the Development Committee of the Parliament, in an unprecedented show of unity, unanimously supported this recommendation in March of this year. I believe this is only the second time a proposed regulation has been rejected. The opinion of three other parliamentary committees also supported this position.

There are two main problems with the proposal:

Firstly, marginalisation of the role and the powers of Parliament (proposed procedures);

Secondly, merging together in an unnatural alliance two policy domains (economic co-operation and development co-operation) with quite distinct finalities and work methods, to the detriment of development co-operation.

The financial envelope does not earmark funds for specific policy objectives, and the only specific envelope mentioned is that corresponding to the EDF (European Development Fund), for ACP (African-Caribbean-Pacific) countries. Apart from this, the proposal allows for fungibility (interchangeability), so it is not possible to separate the financial allocation for development from that for other objectives, notably

economic policy objectives. These allocations are to be determined by "programming documents" over which Parliament would have no say. Parliament should be extremely concerned about the implications of such provisions.

The Commission claims that the proposed instruments are policy-driven. This may be the case for other proposals, but it is difficult to discern any single policy, either development or economic, behind the DCECI proposal. There is no mention of the existing development policy, as defined in the Development Policy Statement of November 2000. In addition, the November 2000 Statement is currently being revised, with the consultation process just closed in March of this year, therefore the new Statement can clearly not underpin this legislative proposal.

Commission sources claim that it is necessary to have an "economic and development instrument" to facilitate economic actions in developing countries. However, in 2001 they themselves proposed under the development legal base (Art. 179 TEC) a regulation for co-operation with Asia and Latin America which included provision for co-operation to "promote economic and trade co-operation, strengthen investment relations, and foster the integration of Asian and Latin American countries into the multilateral trading system and the implementation of WTO agreements". The Commission clearly considered then that the development legal base was appropriate for actions in the economic sphere in developing countries. However, even if the new Article 181A on economic co-operation is required for economic actions in developing countries, nothing would prevent the Commission from proposing separate instruments for developing and industrialised countries.

On the DCECI, a dialogue between the Parliament, Council and Commission has now commenced. I hope the Commission will now see the wisdom of amending this proposal.

In September 2005, the New York Summit to review the progress of the Millennium Development Goals will take place and outline what needs to be done in order to reach the targets by 2015.

At first glance, it appears that things have, on the whole improved. In the last decade, while the population of people living in developing countries rose from about 4 billion to 5 billion, the average *per capita* income rose by more than 21%. There are 130 million fewer people living in extreme poverty than a decade before. On the other hand, the spread of HIV/AIDS has been catastrophic, and over 20 million people have died since the first case of the disease in 1981. In addition, the positive figures tend to reflect huge progress in some regions, such as Asia, while



Sub-Saharan Africa has been left behind, with poverty rates actually rising in the last decade.

We are falling short of achieving the Millennium Development Goals. As Jeffrey Sachs, Director of the UN Millennium Project, states in his report of January of this year rather than strategies to “accelerate the progress towards the Goals”, countries need strategies to “achieve the Goals”. He recommends that the guiding element of this approach is that it works backwards from the MDG targets to focus on the policies and investment needed between 2005 and 2015. I fully agree with this approach. The developed world still has an overdue commitment to contribute 0.7% GNI in development aid (only four EU Member States have achieved this target so far since the commitment was made in 1970). Commissioner Michel has recently advocated an ‘interim’ target in 2010 of 0.5% for ‘old’ Member States, and 0.17% for the 10 new Member States. For example, the Irish Government is reported to be now setting a date of 2012 to meet the 0.7% commitment, this should not be watered down by the Commission's lack of ambition. Everyone agrees that progress has to be made, but do interim targets encourage progress, or do they actually diminish expectation that the long-term commitment has to be met?

In the area of development co-operation, the fight against poverty was the main objective of the Luxembourg presidency. As of July it will be the UK’s turn to take the responsibility of driving the development agenda in the EU forward over the next six months. In Tony Blair's handbook on the ‘Priorities for the UK Presidency of the Council’, he states that not just tackling, but achieving the MDG’s and the UN 0.7% target will be priorities. Similarly, the Global Call to Action against Poverty White Band event at the July Strasbourg session should be more than merely symbolic. It should be the expression of a public commitment by those who represent the citizens of the EU to adhere to the objectives of the campaign, which are: fair trade, debt cancellation, and increasing the quality and quantity of aid. The G8 meeting in Edinburgh in July and the events which are planned surrounding it should raise the level of awareness to the point where no one can claim that they are unaware about the poverty which still exists in the world.

To be aware of such suffering and fail to act should become shameful to the point where inaction becomes impossible. The task at hand is not easy, but entirely achievable. What better legacy could our generation leave than to eradicate poverty in the world? ■

Gay Mitchell (IRL-PPE-ED) is a member of the Development Committee and is a substitute member of the China Delegation. Mr Mitchell is a former Chairman of the Irish Parliament’s Committee on European Affairs.

## EU ASAC: Small Arms management in Cambodia

by David de Beer

When in 1999 the Cambodian Government requested assistance from the international community to continue the weapons collection and destruction campaign it had started in 1999, the European Union was able to react remarkably swiftly. In December 1998, a Joint Action had been adopted allowing for CFSP support to Small Arms and Light Weapons (SALW) projects. In co-operation with the EC Delegation in Thailand and the then TCO in Cambodia, a mission to conduct a feasibility study visited Cambodia in July 1999. This led to the Council of Ministers adopting a Decision in December 1999 authorising an EU SALW programme in Cambodia which became known as EU ASAC (European Union Assistance on curbing Small Arms and Light Weapons in Cambodia). In April 2000, EU ASAC, under the leadership of a leading international small arms specialist, Brig. Gen. (Ret’d.) Henny van der Graaf RNA, started operations in Phnom Penh.

### ***EU ASAC Operations***

Although the situation regarding SALW in Cambodia in 2000 was still very serious, with weapons left over from thirty years of war still in the hands of civilians and with almost non-existent management of military and police weapons, there were two auspicious signs for the first major EU field programme in SALW assistance. Firstly, EU ASAC was a response to a concrete request by the Cambodian Government to continue weapons collection and destruction activities started on the Government’s own initiative in 1998. Secondly the Government remained committed to getting to grips with the SALW problem in the country and EU ASAC could therefore operate as a programme giving “technical and financial assistance” to the Cambodian Government to allow it achieve its goals regarding SALW. When I took over as Project Manager in January 2002, the major components of the project were in place and functioning efficiently:

### ***The Arms Law***

A part-time international legal consultant had been employed to assist the Cambodian authorities to strengthen the legal framework covering the management, registration, ownership and use of weapons and explosives. It was realised that without strengthening this legal framework, long-term progress in weapons management would be difficult. The Cambodian Government used the drafting of the Arms Law to consolidate their desire for a ‘weapons free



society' where private ownership of weapons by civilians was forbidden. This far-reaching measure showed their commitment to getting to grips with the problem of illegal weapons possession. In October 2002, the draft Arms Law was sent to the National Assembly for debate but, due to extraneous internal political factors, was not debated on. In February 2005, it was once again submitted to the National Assembly and was finally approved on 16<sup>th</sup> April 2005.

### ***Voluntary Weapons Collection***

After feasibility studies in 2000, projects to stimulate the collection of illegal weapons from the civilian population were started in two provinces in May 2001. Through a process called 'Weapons for Development', villagers were encouraged to hand in their illegal weapons to the authorities and in exchange EU ASAC promised to provide development projects. Local NGOs were hired to undertake extensive public awareness campaigns in the target areas and the local police were given human rights training. In addition the police received equipment such as two-way radios, bicycles and motorcycles to improve their visibility and response times. Research had shown that improved police performance would lead villagers to hand in their weapons, as they would feel the police were providing additional security. Over a period of eighteen months approximately six thousand weapons were collected. In exchange, schools, health posts, water wells, roads and bridges were provided for the communities.

In 2002 and 2003, EU ASAC adapted its approach to develop a one year project cycle and to extend the outreach to additional provinces. Local NGOs were given the responsibility of holding public awareness sessions using specially designed EU ASAC information materials and videos. In both years water wells were provided when sufficient weapons were handed in, either by NGO's (2002) or the provincial rural development committees (2003). When funds permitted, police in the target areas received some radios and bicycles and were trained in human rights and police/community co-operation. The training followed a curriculum drawn up at the initiative of EU ASAC by a joint committee of the National Police Training Department and local human rights NGOs.

During 2003, it became clear that significantly fewer weapons were being collected, while surveys showed that the feeling of 'security' in the villages had increased dramatically. This led EU ASAC to take the major decision to end weapons collection activities at the end of 2003. It was decided, for a one-year bridging period in 2004, to train Commune Councils in weapons security. Commune Councils were created in Cambodia after elections in 2002. Local government trainers were trained by EU ASAC staff and they in turn trained Commune Councils in four provinces,

assisting them setting up reporting structures and initiating joint Police-Commune Council co-operation on security and weapons-related issues.

### ***Management of State-owned weapons***

Most of the weapons in Cambodia are State-owned and in the hands of the military and the police. In 2000, EU ASAC conducted a feasibility study to assess the problems caused by extremely inadequate storage facilities. It recommended a Weapons Registration and Safe Storage programme in which the SALW of the Ministry of Defence would be securely stored to acceptable international standards and registered in a centralised computer database. The Cambodian Army has six Military Regions and, in 2001, the first pilot project was successfully implemented in Military Region 2. Before the project began agreement was reached with the Military Commander as to how many weapons he required to be stored; surplus weapons were to be destroyed. By the end of 2005, all six military regions of the Army and the Royal *Gendarmerie* will have storage depots and their weapons will be registered in the database of the Ministry of Defence. The project has also led to tens of thousands of surplus weapons being earmarked for destruction.

### ***Flames of Peace ceremonies***

In 1999 and 2000 the Cambodian Government crushed some 36,000 weapons with a bulldozer. In 2001 EU ASAC revived the destruction ceremonies, but uses 'Flames of Peace' rather than crushing. In colourful public ceremonies with thousands of spectators, weapons are piled on a large pyre on a base of wood and charcoal. When set alight the pyre burns for up to seventy-two hours and the melted remains of the weapons are then nothing but scrap metal. From January 2001 to June 2005 EU ASAC has given financial and technical assistance for thirty-three Flames of Peace ceremonies. As of June 2005, 158,490 weapons have been destroyed in Cambodia; EU ASAC has helped to destroy some 70% of these.

### ***Public awareness***

Each year EU ASAC has supported a wide variety of public awareness campaigns on SALW thereby playing major role in informing the people of Cambodia of the dangers of illegal weapons possession.

### ***EU funding and other donors***

The EU has shown its commitment to the project by allocating a total of €7,876,000 out of the CFSP budget between 2000 and 2005 (average €1,312,666 per year). EU ASAC will require an additional amount of approximately €600,000 for its planned work in 2006.

Extra bilateral funding by EU Member States has come from The Netherlands (€363,024 for Weapons for Development and €500,000 for Military Weapons Registration & Safe Storage), Germany (US\$200,000 through GTZ for police training and support) and the United Kingdom (US\$96,000 for police training and support and US\$20,000 for a Police Code of Conduct). Other countries to support the project have been Japan (US\$137,000 for Weapons for Development) and Canada (CA\$40,800 for Security Sector Reform). In addition, two German agencies (GTZ and DED) supported the local disarmament NGO in its educational work in one province thereby complementing the work EU ASAC was doing regarding voluntary weapons collection and Commune Council training.

### ***Current status and the future***

---

EU ASAC has almost achieved the major goals envisaged when it started over five years ago. With nearly all the SALW of the Army and the *Gendarmerie* registered and securely stored, it is planned that the weapons of the Air Force and the Navy will follow in the first half of 2006. After this EU ASAC will close, leaving Cambodia with significantly fewer SALW problems than in 1999. Weapons of war such as AK-47's are now only sporadically used in domestic violence and armed robberies; military weapons are under secure management; illegal possession of weapons by civilians has dropped dramatically and the legal framework on weapons security has been strengthened. SALW no longer pose a major threat to the stability of post-war Cambodia.

### ***Successes***

---

The success of EU ASAC lies in its multi-faceted, integrated approach with each project component being led by an expert capable of maintaining good relations with the governing structures at all levels. A similar approach can easily be adapted to the requirements of SALW problems in other countries; for example some Japanese SALW interventions are being based on EU ASAC's model. Internationally EU ASAC is recognised as being a successful SALW field project and its high degree of visibility – both internationally and inside Cambodia – has underscored the EU's commitment to SALW disarmament. The lessons learned from the EU ASAC project should allow for continuing effective support by the EU to SALW projects in other parts of the world. ■

Mr David de Beer has been Special Adviser to the European Commission and Project Manager of EU ASAC since January 2002.

## What development policy for the European Union?

by Ester Asín Martínez

---

The year 2005 is seen as a crucial year for international solidarity. First, in September, the international community will be looking into the progress made on the Millennium Development Goals (MDG). Looking at the European Union level, the European Commission presented three Communications on 12<sup>th</sup> April with the objective of accelerating progress in reaching the MDG. These proposals deal particularly with the volume and the effectiveness of aid, new targets to be reached for Official Development Assistance (ODA), the coherence of the Union's development policies and priority to be given to Africa.

In addition, since 2004, negotiations and discussions have started on European level on the definition of new instruments for external relations and budget allocations, in the context of the future Financial Perspectives 2007-2013. Finally, the Commission launched a consultation on the review of the Development Policy Statement adopted in 2000 by the Commission and the Council. This Declaration defines the framework, the main objectives and the priority sectors of the Community Development Policy.

The time is right for the EU to clarify the role it wants to play in the world. Last year saw crucial changes in the Union's institutions (renewed and enlarged European Parliament and European Commission, newly agreed Constitutional Treaty), and the renewed EU will have to define its position in relation to important events taking place in 2005, including the review of the Millennium Development Goals, the WTO Ministerial meeting in Hong Kong, and the 10<sup>th</sup> anniversaries of both the 1995 Beijing UN Conference on women and the Copenhagen World Summit for Social Development. As the European Union embarks on its ambitions to be a global force for change, it is an appropriate moment to review the declaration on EU development policy endorsed by the Council and the Commission in 2000.

Following 11<sup>th</sup> September 2001, the current international security context has tended to lead the European Union to redefine its foreign policy in a restrictive way that would give prominence to the security elements of its external actions. However, the EU needs to remain true to its position as principal provider of development assistance with a role that is in line with its founding values. The EU has the opportunity to make a strong claim on what it can offer to people living in absolute poverty all around the world through fair, coherent and sustainable development policies, but only if the aims and



objectives of its relations with developing countries are transparently clear. For CONCORD, the following elements must be included in the future EU Development Policy:

1. A multi dimensional approach to fight the root causes of poverty and a policy for all developing countries.

The citizens of many developing countries experience frequent violations of their basic human, economic, social and cultural rights, and constant threats to their environmental sustainability. In addition, women continue to bear a disproportionate burden of poverty. Addressing these issues is fundamental to any strategy that seeks the eradication of poverty in the world. It is therefore vital for EU development policy to recognise a multidimensional and human rights-based approach to the fight against the root causes of poverty. It should promote a model of society in which women are equal and in which they can actively contribute and participate. Human rights, including social, economical and cultural ones must be respected, and the environment protected. The reviewed Development Policy Statement should cover the EU's co-operation with all developing countries in Africa, Asia, Latin America, the Caribbean, the Caucasus, the Mediterranean and the Pacific region, applying to all regulations concerned.

2. Confirming poverty eradication as the overarching objective of EU development policy

The reviewed statement should have the eradication of poverty and the fight against the root causes of poverty, through the attainment of the MDG's (as a first step), as an overarching objective. This would also imply that, in the framework of the Financial Perspectives and the future instrument of the EU external action, a single instrument for development co-operation should be prepared. Regrettably, the Commission has proposed a series of instruments in the area of external actions that fail collectively to give visibility and coherence to the EU's stated development ambitions. The draft Regulation intended to govern development co-operation is not focused on development activities or on developing countries but instead suggests a limitless number of measures that fall within the scope of the regulation. The development co-operation instrument would aim to implement the EU's objectives in relation to the fight against poverty and the attainment of the MDG's and would be focused on developing countries.

There is no obvious link between the Commission's proposed review of the EU Development Policy statement and the debate surrounding the new financial perspectives. This is in direct contradiction with the need for coherence as laid out in the EU Treaties as well as in numerous Commission policy statements.

### 3. Policy Coherence for Development

What the EU gives with one hand, it should not take away with the other. This entails ensuring that the EU pursues policies that support and do not undermine specific efforts it is making to help and sustain the development process. The new Development Policy Statement should ensure that the strong legal basis for policy coherence in the EU Treaties is translated into concrete mechanisms for implementation and follow-up.

The EU and developed countries should make their policies (especially trade, agriculture, development and finances) coherent with their international commitments of supporting development and poverty eradication. A clear front-loaded schedule for pro-development and pro-poverty reduction alternatives to the current trade policy should be set up. The reviewed development policy statement should enable the EU to press for a renewed commitment for a genuine development agenda in trade and agriculture policies. This should allow the EU to address the negative side-effects of trade agreements, particularly as they affect women and the less empowered within society. The Union should oppose the use of bilateral and regional trade agreements that force sweeping liberalisation measures in exchange for limited market access. The Economic Partnership Agreement (EPA) negotiations with ACP countries should not be based on reciprocity, but on development benchmarks, demonstrating that the aim of the negotiations is not free trade as such, but the eradication of poverty and sustainable development).

Development and Security can and should complement and reinforce each other but the reviewed statement should make very clear that funds allocated to long term development co-operation to developing countries **must not** be re-allocated to short term security priorities, neither should security concerns lead to increased political conditionality. If the MDG's are to be achieved, poverty, as one of the main root causes of conflicts in the world, needs to be tackled through development co-operation.

4. The principles of partnership, ownership and participation of the civil society in development policy should be reinforced.

These principles should apply to all developing countries. The EU and its Delegations should reinforce the participation of all actors in the partner countries in setting priorities, implementation and monitoring, and in particular NGO's which are involved in delivering aid to the population or advancing human rights, democracy and the rule of law in the partner country. In addition to their role as development actors, European civil society organisations in partnership with their counterparts in developing countries play an



important role in monitoring EU development policy and its implementation, in advocacy and in development awareness.

In this context, European development NGO's occupy a very specific position among global and EU civil society organisations, with which they have strong links and establish alliances. European NGO's are able to connect the concerns, struggles and political messages of citizens and organisations in developing countries with those of civil society in the Union. In the EU, NGO's ensure that citizens, through public awareness and development education, are well informed on the links and impact of European and global policies in poor countries. They also provide citizens with opportunities to mobilise and act in favour of international solidarity. They play as well an important role in advocacy, monitoring EU's policy-making and its implementation. European NGO actions in developing countries tend not only to cover the needs of the most vulnerable social groups. They also contribute to the emergence and consolidation of local civil society organisations, through technical, financial or political support. These organisations are increasingly able to claim the political, economic, social and cultural rights of those marginalised groups.

At the January World Social Forum, in Porto Alegre, over one thousand NGO's launched a Global Call to Action against Poverty (GCAP), calling on the citizens of the planet to mobilise and make 2005 the year in which the international community takes action and makes a real difference in the fight against inequality and poverty in the world.

The GCAP is a world-wide alliance committed to pushing world leaders to live up to their promises, and to fulfil their commitments for fair trading relations, in particular within the World Trade Organisation (WTO), for debt cancellation, for a real increase in the volume and quality of official development aid, and for national government policies on eliminating poverty that are democratic, transparent and monitored by citizens. The alliance includes international and European NGO's, as well as trade unions, faith groups and grassroots movements active in over 80 countries across the world.

This year should lead to a renewal of the EU commitment in favour of solidarity and human development, the fight against the rooted causes of poverty and promotion of human rights. It should also be an opportunity for a transparent and democratic debate on current and future aid programmes and European policies that have an impact on populations excluded from development and global growth. ■

Ms Ester Asín Martínez is EU Policy Officer with CONCORD, the European NGO Confederation for Relief and Development.

## Seminar on North Korea's economy, for French business

by Maryse Bourdin

Over the last few years, the Democratic People's Republic of Korea (DPRK) has entered a phase of transition toward a more market-oriented economy. Though changes may seem hardly visible, especially to non-Asian eyes, North Korea has embarked upon a programme of reforms designed to alleviate its economic hardships. Slowly but surely, its economy is opening up to the world, and the mere idea of having foreign entities investing in the country or transferring their know-how is no longer taboo.

For the first time, a seminar designed to promote economic and industrial co-operation between French enterprises and their North Korean counterparts recently took place in Paris. This event, which was held on 24<sup>th</sup> May, was organised by the Chamber of Commerce and Industry of Paris, with the support of the General Delegation of the Democratic People's Republic of Korea (DPRK) in France and the European Union-Korea Industrial Co-operation Agency (EUKICA), the liaison office for Europe of the European Union Chamber of Commerce in Korea (EUCCK).

During a comprehensive presentation, Mr Rim Thae Dok, Vice-Minister for the Ministry of Foreign Trade of the DPRK, gave a review of the economy of his country, its external trade as well as its policy regarding foreign investment. Mr Rim first listed all sectors in which the DPRK permits foreign direct investment (FDI), including industry, agriculture, construction, transportation, communications, science and technology and finance. He indicated that North Korean authorities particularly encourage FDI in all projects involving high-tech, development of resources, infrastructure construction, scientific research and technical innovation. According to Article 2 (37) of the Socialist Constitution of the DPRK, he recalled, "the State encourages [North Korean] agencies, enterprises and organisations to have business, equity and contractual joint ventures with corporations or individuals of foreign countries and to establish and run different kinds of business with them in a Special Economic Zone".

Although no such convention exists yet between the DPRK and France, the Vice-Minister stressed that bilateral agreements designed to encourage and protect investments have already been signed between North Korea and some of its partners, such as China, Russia, Denmark, Switzerland, Italy as well as various South-East Asian countries. Mr Rim also explained the taxation system applying to foreign invested



businesses. While the basic tax rate on ordinary foreign invested businesses amounts to 25% of taxable profit, he said, this rate does not exceed 10% in the case of priority sectors. Other incomes, coming from dividends, interest, rent, royalties, shall be taxable at the rate of 20%. Export goods and goods sold inside the DPRK are not subject to turnover tax. He then detailed the procedure of application and registration for foreign companies willing to conduct business in North Korea. Once the foreign entity has signed a contract with a local partner, the Central Trade Guiding Agency of the DPRK notifies its decision either to approve or reject the project to the concerned parties within a timeframe of 50 days, he said.

The DPRK official summarised the often underestimated advantages of 22.5m people, located just next to such giant markets as China, Russia and Japan, has to offer to would-be investors, stressing that 600 million consumers are found within the radius of 100km, and no less than 1,5 billion within the radius of 2,000km. The DPRK, he said, has a good infrastructure in terms of transportation and communications. The system supply for electricity is well regulated, communications are good, all cities, towns and counties are connected one to another by road and railway, highways run through main cities and provinces, and main ports are open for trade with other countries. Office and land rent is cheap.

Last but not least, the cost of labour is notably low in the DPRK. Mr Rim stressed that the average salary ranges from US\$80-120 per month for a 48-hour working week. North Koreans work 6 days a week, 8 hours a day, thus exceeding neighbouring economies, an argument which could prove convincing at a time when business owners are forced by the fierce competition induced by globalisation to lower their production costs at all means. Reviewing the advantages his country has to offer to foreign investors, Mr Rim also cited the stability of the political situation and the abundance of untapped natural resources.

The Vice-Minister's speech was followed by a series of one-to-one meetings between French businessmen, members of the North Korean delegation and Mr Jean-Jacques Grauhar, President of EUKICA. Apart from Mr Rim, the North Korean delegation consisted of Mr Pak Jong Ung, in charge of Europe at the International Chamber of Commerce of the DPRK, Mr Hong Myong Su, Commercial Counsellor and General Delegate of the DPRK in France, and Mr Kim Chol, Commercial Secretary of the DPRK General Delegation in France. The French companies taking part in the seminar represented various economic sectors including transportation, energy, the metallurgical industry, construction and clothing. ■

Ms Maryse Bourdin is Public Relations Manager for EUKICA.

## Europe's crisis and opportunity in trade relations

by Malcolm Subhan

The origins of the deep crisis now shaking the European Union lie in the distant past. The process of European integration was launched in 1951 with the aim of bringing about "a broader and deeper community among peoples long divided by bloody conflicts". This was to be achieved "through the establishment of common bases for economic development," as stated in the Treaty setting up the Steel and Coal Community. With the Treaty of Rome, the six founding members of what is now the 25-nation European Union declared the "essential objective of their efforts" to be "the constant improvement of the living and working conditions of their peoples".

The goal of "an ever closer union among the peoples of Europe" has been driven by economics. The 1950's saw a steady rise in living standards as Europe rebuilt its shattered economies; they paved the way to the Golden Sixties – which ended in an economic downturn, made worse by the first oil crisis in the early 1970s. For the last 20 years, the French unemployment rate has oscillated between 8-10%. Today, 21% of young people in France are jobless, five years after finishing their studies, and one million French children are living below the poverty line.

Not surprisingly, perhaps, 31% of those who voted No in the referendum in France did so from fears of the Constitution's "negative effects on the employment situation," while 26% voted No because "the economic situation is too weak" and "there is too much unemployment," according to a Gallup Europe poll conducted during the two days following the referendum. Another poll conducted on behalf of the European Commission in May concluded that Europeans view the lack of jobs or economic growth as the most important issue facing them today. Italy's Minister for European Affairs, Giorgio La Malfa, advised EU leaders to "tackle the root causes of popular dissatisfaction – in a word, the economy".

Europe's leaders have a difficult task ahead of them. Economic growth this year in the three countries which account for around half of the EU's total output has been put at 1.4% for France, 1.2% for Germany and -0.6% for Italy. The plain fact is that the EU's leaders have been shirking their responsibilities to their voters for almost three decades. Take that key feature of the EU, which Tony Blair has made into his rallying cry for economic reform, the common agricultural policy (CAP).



The first attempt to reform the CAP was made by its chief architect. But the EEC's political leaders shot down the Mansholt Plan, which sought to persuade small farmers, who were in the majority, to leave the land by means of what could be termed a golden handshake. It was clear that the number of farmers would fall in any case. Britain's entry negotiations provided a fresh opportunity to reform the CAP through the adoption of the UK system of deficiency payments to farmers by the Treasury – and simultaneously open up the EEC market to agricultural imports from around the world. Ironically, CAP reform may now include some form of deficiency payments. "A partial re-nationalisation (of the CAP) is the path to follow," according to the French newspaper, *Le Monde*.

Another EEC industry which was hugely fragmented – and therefore highly protectionist – was the textile and clothing industry. A report by a Dutch economist was quietly shelved and the industry offered protection from Asian competition through a series of restrictive international measures, starting with the Long-Term Arrangement in cotton textiles, concluded in the early 1960s as a temporary measure, designed to give the European industry breathing space. The industry also made sure that the 1994 WTO Agreement on Textiles and Clothing, which provided for the phased elimination of import quotas introduced under the 1972 Multifibres Arrangement (MFA), was implemented in such a way that the imports of the most "sensitive" items were not liberalised until this January.

Despite European fears of a rising tide of cheap garments from Asia, the EEC supported demands by developing countries for help with their industrialisation. It was generally agreed that helping developing countries would raise their living standards more quickly and effectively than financial aid. The EEC operated a number of programmes aimed at encouraging imports from developing countries, including Asian countries. EEC ministers attended the launch of the UN Conference on Trade and Development (UNCTAD) in Geneva in 1964. The EEC even led the way in implementing developing country demands for a generalised system of preferences (GSP), which was formally accepted by UNCTAD II in New Delhi in 1968.

Here, again, protectionist forces won the day. The GSP scheme sought by developing countries would grant them duty-free and quota-free entry for all their exports – of agricultural products as well as semi-manufactured and manufactured products. The scheme which the EEC introduced in 1971 fell far short of this. Products of export interest to developing countries were classified as semi-sensitive or sensitive. A high proportion of the latter were granted preferential but not duty-free, and in the case of textiles and clothing in particular, quota-free access. Many developing

countries could not meet the rules of origin. At the same time programmes to help developing countries with their exports were shut down.

Fortress Europe, in short, has existed from the very beginning, certainly as regards imports from developing countries. What is more, many of the EU's political leaders seem determined to defend the protectionist policies they inherited. The least developed countries today enjoy duty-free and quota-free entry under Pascal Lamy's "Everything But Arms" initiative; but they have had to wait 30 years. Following the 26<sup>th</sup> December *tsunami* that hit a number of Indian Ocean countries, the EU decided to add some 300 additional products, mainly from the agricultural and fishery sector, to the GSP. Hopes that this would come about on 1<sup>st</sup> April never materialised, because of sharp differences among EU countries over the question of whether Indian exports of both textiles and clothing should be granted GSP treatment under the revised GSP scheme. Indian textiles will remain excluded, but the scheme itself will not come into operation until 1<sup>st</sup> January 2006.

Hopes that import quotas on textiles and clothing had vanished as from this January proved short-lived. Under pressure from a number of countries, led by France, the EU introduced quotas on 10 Chinese textile and clothing products on 10<sup>th</sup> June. China was singled out because the terms on which it acceded to the WTO made recourse to the more time-consuming and stricter anti-dumping regulation unnecessary. However, now that Chinese exports have been satisfactorily dealt with, the European textile lobby, Euratex, believes it is time to look into exports from that other Asian country that it had identified as a threat – India.

The determined efforts of European leaders to protect jobs, especially those felt to be under threat from Asian exporters, has only delayed the economic reforms which the EU must carry out in order to meet the challenge of economic globalisation. Worse, protectionism appears to be on the rise; it is, after all, the safest, least demanding response to the emergence of India and China as dramatic, dynamic competitors.

"We have seen nothing like the rise of China and Asia since the emergence of the United States as a great industrial power," the EU's Trade Commissioner, Peter Mandelson, declared at a Reuters Newsmakers Event in London in June. "The populist response," he went on, "is to demand protectionism, (which) would protect jobs for a short time, but cause lower living standards and higher unemployment in the longer term". It was time to replace "the old European social model, built around the protection of existing jobs rather than the creation of new jobs," with "a new political vision for Europe that brings together competitiveness, modernity and innovation with a new response to social challenges and adjustments". Better late than never. ■

## ***Political Relations***

---

### *Iran*

Meeting in Brussels on 16<sup>th</sup>-17<sup>th</sup> June, the European Summit of Heads of State and Government of the 25 nations adopted Conclusions on Iran. The statement establishes several conditions for developing EU-Iran political and trade links including the “total suspension” of uranium enrichment and reprocessing leading to a long-term agreement. Such an agreement should specify that Iran’s nuclear programme is “exclusively peaceful”. Other EU priorities include “the fight against terrorism, human rights and the Middle East peace process”. In return, Europe is offering to resume negotiations on a Trade and Co-operation Agreement, a Political Agreement and to examine “ways of further developing political and economic co-operation” with Iran if the terms of the Paris Agreement of November 2004 are respected.

In that Agreement, Iran pledged to co-operate with the International Atomic Energy Agency (IAEA) and declared that it was not seeking to acquire nuclear weapons. In return, the EU promised to support Iran’s bid to join the World Trade Organisation. EU-Iran relations were also mentioned in the EU-USA Summit which took place in Washington on Monday 20<sup>th</sup> June. The Administration of George W Bush offered “full support” to EU efforts to find a diplomatic solution to the nuclear issue but also mentioned the proliferation implications of the Iranian programme, a topic not addressed by EU Foreign Ministers.

### *Afghanistan*

On 23<sup>rd</sup> May, the European Commission agreed to send an EU Election Observation Mission to Afghanistan to monitor the parliamentary and provincial elections, scheduled for September. In common with previous EU missions, the team going to Afghanistan will be headed by a member of the European Parliament, Ms Emma Bonino, an Italian and a member of the Liberal Group. The Mission will send a mixture of short and long-term observers, beginning in July, to monitor the preparations for the elections being made by the government and to follow the actual campaign period. The cost of the Mission is estimated to be €4m with the European Commission financing the Afghan Parliament with another €3m and the government’s preparations with €8.5m. The EOM would be a higher profile mission than the Democracy and Election Support Mission that the Commission sent in 2004 to monitor the Presidential election.

### *Nepal*

The Luxembourg Presidency of the European Council issued a Declaration, on 13<sup>th</sup> May, on the “Announcement by the political parties in Nepal of the

achievement of a joint position”. The joint position of seven parties, from across the political spectrum, comes as a response to the ‘royal coup’ on 1<sup>st</sup> February, when King Gyanendra took over the running of the country and imprisoned some of the political leaders. Since the introduction of multi-party democracy in 1990, Nepal has been beset by various problems including political fecklessness, corruption and a Maoist-style rebellion.

The Joint Position was published on 8<sup>th</sup> May by representatives of the seven main political parties in Nepal who state that the Declaration is one step towards restoring “full democracy, the rights of the people and to move the system in a positive and peaceful direction”. Acknowledging their failure to deal with corruption and the Maoist violence, the parties “accept our shortcomings” and pledged not to repeat them. To this end, the parties demand that the Parliament must be reconvened, representatives of the Maoists should be brought into political life and the army should be responsible to the parliament rather than the King. A general election would be held “in due time” with the “help of national and international organisations”.

The EU Declaration welcomes the Joint Position as a possible basis for dialogue between the political parties and the King and the EU calls on both sides to “show flexibility” in reviving the democratic process. In contrast to statements on other countries with active conflicts, the Declaration does not make any reference to considerations of Nepal’s violation of Article 1 of the EU-Nepal Trade and Co-operation Agreement, which refers to respect for human rights.

### *Kyrgyzstan*

The European Parliament adopted a Resolution on the situation in Kyrgyzstan and Central Asia, on 12<sup>th</sup> May. The Resolution appraises the situation in Kyrgyzstan after the fall of the regime of former President Askar Akayev, who resigned on 4<sup>th</sup> April amid massive peaceful protests. One week later, a new Parliament was inaugurated and declared that new Presidential elections would take place in July. The EU has signed a Partnership and Co-operation Agreement with Kyrgyzstan under which the government pledges to respect the rule of law, human rights and the democratic process. Parliament’s Resolution addresses both the implications for EU-Kyrgyzstan relations and makes a series of recommendations to the government for domestic policy.

At the EU level, Parliament suggests that the European Commission and Council of Ministers should co-operate with the Organisation for Security and Co-operation in Europe (OSCE) to help prepare for the July election but stops short of recommending that the EU should send its own election observation mission.



The Resolution also suggests that the EU should strengthen the Partnership Agreement promising “enhanced relations” in return for new “democratic and economic benchmarks”. The current Commission Strategy for Central Asia is due to expire in 2006. To replace this, Parliament is calling for a Common Strategy from both the Council and Commission towards Central Asia that would provide funding for better “democracy programmes”, strengthening civil society and institution building. All Central Asian Republics should be brought under the European Initiative for Democracy and Human Rights (EIDHR).

The Resolution makes a series of proposals for the new Kyrgyz government including stating that the electoral process in Kyrgyzstan would be a “test case” for “necessary democratic changes and institutional and economic reforms” across Central Asia. The Kyrgyz government should begin a policy of dialogue and national reconciliation, basing its democracy on a multi-party system including a process of constitutional reform. This would also mean maintaining good relations with minorities in the country.

#### *Burma*

On 12<sup>th</sup> May, the European Parliament adopted a Resolution, by urgency procedure, on human rights in Burma addressing events taking place inside Burma and the overall context of EU-Burma relations at the official level. Fifteen years after the 1990 general election, the junta is no closer to acknowledging the National League for Democracy (NLD) as the legitimate voice of the Burmese people. Referring to developments taking place inside Burma, the Resolution condemns the junta’s ethnic cleansing campaign, the use of chemical weapons by the military and the bomb attacks that took place in Rangoon, in early May, killing 11 civilians (in mid-June, the UK Foreign Office stated that 23 people had died). The junta blamed the attacks on a combination of ethnic groups and political activists although it is much more likely to have been dissident elements from within the military.

With respect to EU-Burma relations, the Resolution calls for a re-assessment of the European Commission’s role in guiding official contact, particularly in light of the Burma Day seminar, held on 5<sup>th</sup> April. A report presented to the meeting recommended that the EU should begin to engage with the junta and consider boosting the level of development co-operation spending. The Commission’s role is criticised in terms of the absence of a comprehensive EU strategy on Burma. Parliament suggests that the EU should amend its Common Position to preclude any EU participation in ASEAN meetings with Burma as the chair, until such time as the junta begins to abide by the conditions for political relations set out in the ASEM Foreign Ministers’

Meeting in April 2004. The Resolution urges that the current policy of only providing humanitarian aid to Burma should be maintained and that the EU should encourage the World Bank, the Asian Development Bank any other international financial institution where EU Member States are represented. The crisis in Burma was also discussed at the seventh Asia-Europe Meeting (ASEM) of Foreign Ministers that took place in Japan, on 6<sup>th</sup>-7<sup>th</sup> May. The meeting did not recommend any intervention by either the EU or ASEAN in Burma but suggested that the government allow the UN Special Representative to enter the country as part of the “development of the democratisation process”.

#### *ASEM Foreign Ministers*

On 6<sup>th</sup>-7<sup>th</sup> May, the seventh Foreign Ministers’ Meeting of the Asia-Europe Meeting (ASEM) took place in Kyoto, Japan. Ministers discussed a range of regional and multilateral concerns. Concerning multilateral issues, the meeting noted that the United Nations must play a central role as part of the rule-based international order and as a forum to tackle new global challenges and threats. Regarding reforming the UN, the meeting noted that both the General Assembly and the Security Council would need to change and although ASEM welcomed Kofi Annan’s report ‘In larger freedom’, the meeting did not clearly endorse reform of the UN Commission on Human Rights. The discussions on multilateralism also included an exchange of views on the development of regional integration in East Asia, in particular, an emerging East Asian Community (EAC) and prospects for the first East Asia Summit.

In 2006, Finland will host the next ASEM Summit of heads of state and government, the sixth since ASEM was founded. In preparation for the Summit, the Foreign Ministers discussed the future role of ASEM, in terms of the efficiency of its mechanisms, the areas of co-operation and the future membership of ASEM. At the moment, Finland and Japan are preparing a report into the first 10 years of ASEM. The Foreign Ministers recommended that a Virtual Secretariat should be established before ASEM-6, that “substantive policy discussions” should take place at the level of Senior Officials Meetings (SOM) and that there be better co-ordination between the rotating chairs of Summits. In terms of the future enlargement of ASEM, Foreign Ministers reiterated that ASEM is an “open and evolutionary process”. At the last EU-India Summit, New Delhi indicated that it wished to join ASEM.

#### *EU-Japan Summit*

The fourteenth EU-Japan Summit took place in Luxembourg, on 2<sup>nd</sup> May, with the participation of Prime Minister Junichiro Koizumi. The Summit



discussed issues including relations with China - including Japan's opposition to the lifting of the EU arms embargo - Iran, North Korea, Russia and Afghanistan. Japan, as a strategic partner of the EU, has yet to ratify the Covenant establishing the International Criminal Court (ICC). At the Summit, Europe called on Japan to ratify the Rome Statute as a means to ending the culture of impunity for "serious crimes of international concern". The Summit set fifteen targets for the next EU-Japan Summit, which is scheduled to take place in 2006 in Japan. The targets include, *inter alia*, pursuing a strategic dialogue on East Asia's security environment, promoting industrial co-operation, customs co-operation and follow up the recommendations of the Business Dialogue Round Table, due to be presented in July.

### *Uzbekistan*

In May and June, EU Foreign Ministers, meeting in the External Relations Council in both Brussels and Luxembourg, adopted several strongly worded Conclusions on the EU's relations with Uzbekistan, addressing the aftermath of the deaths in Andijan. The Conclusions demonstrate the broad range of instruments that the EU possesses in dealing with third countries in common foreign and security policy matters. Expressing "profound concern" the External Relations Council referred to the appalling loss of life and "strongly condemned the "reported excessive, disproportionate and indiscriminate" use of force by the security forces. Should the Uzbek authorities fail to allow a UN-sponsored "independent international inquiry" into the events in Andijan, then the EU is threatening "further steps". By mid-June, EU Foreign Ministers were prepared to issue a deadline of the end of June, for the Uzbek authorities to take action.

The Conclusions referred to the 1999 EU-Uzbekistan Partnership and Co-operation Agreement which includes commitments by both sides to respect human rights and the rule of law. Where demonstrable violations of these conditions are identified, the EU can suspend the Agreement. In June, the Uzbek government refused a visa for Javier Solana's Personal Representative on Human Rights in the CFSP, Michael Matthiessen, to visit Andijan. In Luxembourg, on 13<sup>th</sup> June, the Council reminded Uzbekistan that it is bound by the commitments on human rights in the Partnership Agreement and indicated that a "partial suspension" of the Agreement could be invoked. On 9<sup>th</sup> June, the European Parliament adopted a Resolution on Uzbekistan. Other than acknowledging that Uzbekistan was "failing to meet even the most basic obligations" under the Agreement, Parliament did not suggest any possible implications for Uzbekistan in its relations with the EU for refusing to permit an international inquiry or stop the persecution of refugees on the Uzbek-Kyrgyzstan border.

## **Trade Relations**

### *Drugs in Central Asia*

At a meeting in Brussels, on 21<sup>st</sup> June, the Italian Ministry of Foreign Affairs presented an interim report, adopted on 7<sup>th</sup> June, on the drugs production and trafficking situation in Central Asia. There are two main problems with drugs in Central Asia namely the flow of drugs out of Afghanistan through Central Asian Republics into Europe and Russia and, secondly, the flow of precursors or ingredients into Afghanistan. The traditional drug route out of Afghanistan through Iran and Pakistan has been eclipsed by routes through Central Asia. The Italian Foreign Ministry report identified deficiencies in these countries at national and regional level including lack of co-ordination, training, legislation, corruption and political tensions as some obstacles to halting the flow of drugs. It also does not help that several of the Republics are not served by full-time EU diplomats.

In 2002, the EU adopted an Action Plan on drugs in central Asia, which is operated by the European Commission, with a general emphasis on stemming the flow of drugs to the EU. The Commission is also responsible for co-ordinating with other international bodies or groupings including the Border Management in Central Asia Programme and the Central Asia Drug Action Programme, which is operated by the UN Development Programme. Regionally, the Economic Co-operation Organisation (ECO), which comprises the Republics, Afghanistan, Iran, Pakistan and Turkey, have established a Drug Control Co-ordination Unit. The Unit brings together the national drug agencies for training and is a network for tackling drug demand. One of the issues identified in the Italian report is the rise in HIV/AIDS in Central Asia related to intravenous drug use. Describing the situation as "alarming", the report suggests that this accounts for between 60-90% of new HIV/AIDS cases.

### *Intellectual Property Rights*

The European Commission published a "Strategy for the enforcement of intellectual property rights (IPR) in third countries" on 26<sup>th</sup> May. The Strategy does not specifically name individual countries but there are several references to China, Japan and the member states of ASEAN. The Commission proposes identifying countries under one of three headings including source countries, transit countries or target countries. A source country is defined as one where the production of pirated and counterfeit goods reaches worrying dimensions. A transit country acts as a hub for such goods and may hide the true place of origin highlighting a low level of enforcement. A target country is one of final destination. The Strategy points out that intellectual property rights violations affect not just the West but, increasingly, developing and least

developed countries. Currently, the EU can take action against countries suspected of IPR violations through the Agreement on Trade-related Aspects of IPR (TRIPS) and through the various bilateral or regional Agreements signed between the European Community and third countries. The Strategy recommends that these clauses should be more carefully monitored and implemented for problem States and that future Agreements should have “more operational” enforcement clauses. The EU would be prepared to offer technical assistance to developing and least-developed countries. The Strategy suggests that the EU should include references to improved enforcement in third countries through political dialogue. The paper gives the example of the EU-China Summit process which, in 2003, agreed to launch an annual Dialogue on Intellectual Property. Equally, the EU-Japan Summit agreed to launch a Joint Initiative for IPR Enforcement in Asia with an annual work plan to monitor Asian countries, co-ordinate technical assistance and strengthen enforcement measures.

#### *Avian influenza in North Korea*

Following an outbreak of avian influenza in the Democratic People’s Republic of Korea, the European Commission adopted a Decision, on 18<sup>th</sup> May, amending for the fifth time Decision EC/122/2004 concerning certain protective measures in relation to avian influenza in North Korea. The 2004 Decision implemented protection measures in the EU for animal and public health relating to the import of bird and feathers from third countries. As a member of the World Organisation for Animal Health (OIE), which is based in Paris, North Korea announced that an outbreak of avian influenza had occurred. The Commission Decision suspends imports from North Korea of birds other than poultry and of unprocessed feathers. North Korea joins a list of Asian countries including Cambodia, China, Hong Kong, Indonesia, Laos, Malaysia, Pakistan, Thailand and Vietnam that are also subject to restrictions. The OIE operates in association with the UN Food and Agricultural Organisation (FAO) and, in 2004, signed a co-operation agreement with the European Commission.

## **Security and Defence**

#### *GAERC and Ministers of Defence*

The General Affairs and External Relations Council (GAERC), in association with the Ministers of Defence, met in Brussels, on 23<sup>rd</sup> May, to discuss developments in the European Security and Defence Policy (ESDP) and, most notably, to agree on negotiating directives on concluding Agreements with third countries on the status of forces for EU military crisis management operations. Also agreed at the meeting was a statement on Europe’s ‘rapid response’ capability comprising a series of recommendations on

“accelerated decision making and planning” for rapid response operations. This includes being able to launch a military operation within five days of the appropriate political decision. The Luxembourg Minister of Defence, Mr Luc Frieden, said, on 23<sup>rd</sup> May, that the EU would conduct an administrative exercise to see if the correct procedures were in place to allow the Council to operate at such a level. Javier Solana, the High Representative for CFSP, said that the success of the EU to attain this kind of capability has important implications for Europe’s credibility abroad and the effectiveness of the operations it might wish to launch.

At the core of Europe’s planned rapid response is the idea of ‘battlegroups’, a battalion-sized unit. Each battlegroup should be able to perform a 30 day mission, extendable to 120 days, if needed. At a conference on 11<sup>th</sup> May, several EU Member States committed themselves to providing troops to a series of battlegroups, either solely or in conjunction with other Member States. To date, more than 13 such battlegroups have been pledged, with the goal of being full operational by 2007. The EU aims to be able to run two rapid response operations, each involving one battlegroup, and to launch two operations almost simultaneously. Following an initiative of the Spanish government, through Defence Minister José Bono Martínez, proposed that the Headline Goal of 2010, which seeks to provide the EU with a full range of options to meet threats identified in the EU Security Strategy by the year 2010, should include a ‘maritime dimension’. The Luxembourg Presidency also drew up a paper on the issue and although the issue did not feature in the Conclusions adopted at the end of the GAERC meeting, it is suggested that many Member States are interested in adding this capability.

#### *EU Military Staff*

The Competitiveness Council, on 10<sup>th</sup> May, adopted a Decision on the functions and role of the EU Military Staff (EUMS). The EUMS was established in January 2001 to provide military expertise and to support EU-led military crisis management operations. The military expertise includes early warning functions, situation assessment and strategic planning. The May Decision amends the 2001 Decision to take account of the recommendation of the Political and Security Committee, the meeting of Member State Ambassadors in Brussels, to allow the EUMS be used for a joint civil-military action, which is not led by one particular Member State.

Granting the EUMS autonomy in this regard is a major step forward for EU-level military action. Previously, the EUMS only served to reinforce the national headquarters that had been designated as leading an EU operation. Under the new terms of reference, the EUMS will be able to run an autonomous EU operation, under the guidance of the Council of



Ministers. To date, EU-led military actions have only taken place in the Balkans and in Africa. However, third countries are allowed to contribute military capabilities to EU operations, through the EU Military Staff. The EUMS also has a key role in co-ordinating with NATO.

## ***External Assistance and Development***

### *Sri Lanka -LTTE Agreement*

As part of their negotiations in the long-running peace process, the government of Sri Lanka and the Liberation Tigers of Tamil Eelam (LTTE) signed an Agreement, on 24<sup>th</sup> June, creating a post-*tsunami* operational management structure (P-TOMS). The Agreement basically establishes a *tsunami* relief council, made up of committees of representatives of the government and the LTTE at district and regional level to provide rehabilitation and reconstruction measures to the affected areas under LTTE control, mainly the Northern and Eastern provinces of Sri Lanka. The Agreement was negotiated through the Norwegian government. On 27<sup>th</sup> June, the Luxembourg Presidency of the Council issued a Declaration called the Agreement a “very positive and constructive step” for post-*tsunami* reconstruction and commending the involvement of the Muslim community. The Declaration sees a role for the EU in establishing the relief council and its operation. This would include committing “substantial resources” to the *tsunami* fund to finance reconstruction projects.

### *HIV/AIDS and Central Asia*

The Health Council, on 3<sup>rd</sup> June, adopted Conclusions on combating HIV/AIDS. Although the statement mainly refers to measures to be undertaken inside the European Union, the Conclusions also refer to “neighbouring countries” and “Central Asia”. EU Health Ministers announced measures to help combat HIV/AIDS in light of a conference held in Dublin, in February 2004, which issued a Declaration on “Partnership to fight HIV/AIDS in Europe and Central Asia”. The Declaration is concerned with improving the capacity of the EU to fight the spread of HIV/AIDS within the EU, in accession countries, candidate countries and neighbouring countries. The Conclusions also foresee that the EU would be able to support international organisations active in combating diseases, including the United Nations AIDS body and by involving civil society.

Within the EU, health matters are primarily the responsibility of the Member States. The Health Ministers stated that there must however be a role for European-wide and global action. Action on HIV/AIDS for outside the EU would be undertaken through development co-operation policy. This would come under the responsibility of the European

Commission. Rather than proposing any new financial instrument, the Conclusions state that existing programmes could be used by expanding their remit. Measures that could be undertaken include exchange of best practice, information, promoting research, education and improving health care systems.

### *Humanitarian Aid*

*North Korea:* The European Commission adopted a Decision, on 30<sup>th</sup> May, granting €3m in humanitarian aid to North Korea for food aid for women and children. Following an EU mission to North Korea in April, made up of representatives of the humanitarian aid office ECHO and the External Relations Directorate General, the EU received an undertaking from the Korean authorities to permit technical assistance towards the implementation of European-funded projects. This would include being able to undertake needs assessment missions, access to the general population and evaluation of the aid delivered.

In April, the World Food Programme (WFP) announced that unless new food donations arrived, it would have to begin closing its food factories by June. With low levels of crop cultivation and poor yields, due largely to the government-run production and distribution system, it was estimated that for 2005, there would be a shortfall in cereal production of 0.9m tonnes. Recently, according to the European Commission, prices for rice and maize have risen by 500%. The Decision granting €3m will support food for 1.4m children and some 300,000 pregnant or nursing mothers over a period of six months. The aid will be delivered through the United Nations and the WFP.

*Sri Lanka & India:* The European Commission, on 19<sup>th</sup> May, granted €2m in aid to people displaced by the conflict in Sri Lanka and for the Tamil refugees living in Tamil Nadu, India. The EU estimates that there are some 360,00 internally displaced people in Sri Lanka, down from 800,000 several years ago, and some 60,000 refugees from the Jaffna peninsula living in Tamil Nadu, down from around 100,000. The Commission Decision will fund programmes to help 200,000 returnees with shelter to improve their accommodation, water and sanitation projects and psycho-social counselling. Heavily mined areas still exist although the number of victims is reducing steadily. The Decision will also target the 60,000 refugees currently in Tamil Nadu, providing food and health care to the population of the camps but mainly towards pregnant women and children under five years. The EU is the only international donor to the camps, although the State government does provide a small monthly allowance and subsidises the price of rice. The funding will be spent over a period of 14 months through the Red Cross and the UN. A Danish relief agency, DanChurch Aid, will focus on the refugees in Tamil Nadu.

*Tajikistan:* The European Commission adopted a Decision, on 12<sup>th</sup> May, on assistance to vulnerable groups in Tajikistan. The Decision provides €6m in aid to vulnerable groups combining two main elements, firstly, direct food and medical aid and, secondly, improving the technical assistance capacity for training and awareness. The food is directed towards 30,000 people including malnourished and severely malnourished children, with 2500 rural household ready to participate in cash-for-work projects. For health and sanitation, the aid will reach 200,000 people for the construction or rehabilitation of water and sanitation systems. It is suggested that the incidence of some diseases, including malaria, are approaching “epidemic levels”. Education and training projects for the civilian population and medical staff would include “capacity building for local community structures”. The funding is available for a period of 18 months with €5.75m being spent on humanitarian aid and €250,000 on technical assistance projects.

#### *Tsunami Action Plan*

The External Relations Council debated a report, prepared by Luxembourg, on the nature of the EU follow-up to the *Tsunami* Action Plan, which was agreed in January. The Foreign Ministers, on 23<sup>rd</sup>-24<sup>th</sup> May, debated two main issues, the nature of activities under way in Asia and a more general discussion on establishing an EU rapid response capacity to natural disasters or a civil protection mechanism. Following the initial reaction of the EU in January, the European Commission proposed €350m in assistance for the affected regions, made up of €170m in 2005 and €180m in 2006. This is divided into €323m for reconstruction in Indonesia, Sri Lanka and the Maldives, €12m for the EU Rapid Reaction Mechanism for coastal restoration projects and €15m for the Asia Pro Eco programme that offers funding for environmental projects. The initial proposal that up to €1bn be available through the European Investment Bank (EIB), through a concessional finance facility, was not followed through, although the European Commission is due to publish a proposal that would amend the mandate of the EIB to provide loans at favourable terms. By September, the Commission is due to publish a “detailed survey” of the implementation of EU and Member States financial commitments.

The Luxembourg Presidency report refers to efforts to improve political dialogue between the EU and Asia but, given the range of countries affected, this progress has been mixed. For South-East Asia, the EU can turn to the Association of South-East Asian Nations (ASEAN) but for those countries affected in South Asia, the EU is dealing with the governments on an individual basis. Regarding Indonesia, the report stipulates that if the peace process in Aceh makes

progress then there may be a role of the EU as part of an international monitoring mission.

The second element to the report, how the EU is improving its response capacity and planning facilities, addresses both existing mechanisms and developing possible new instruments. Once again, the idea of creating a “European Voluntary Humanitarian Aid Corps” was raised. In terms of military resources, the report suggests there could be a role for co-ordination, transport and information capabilities. This would mean that planning and scenario training would have to be undertaken at EU level for both man-made and natural disasters.

#### *Tsunami Flexibility Instrument*

Published in May, the European Commission adopted a proposal for a European Parliament and Council Decision on the mobilisation of the Flexibility Instrument in favour of rehabilitation and reconstruction assistance to the *tsunami*-affected countries. Contrary to the expectations of the Asian government concerned, only part of the aid will be “new money”, with a sizeable proportion in fact being redirected from existing budget commitments. The proposal for a Decision seeks to extract €98m from the Flexibility Instrument to help finance part of the planned *tsunami*-aid budget. Overall, the European Commission has proposed allocating aid to Indonesia, Sri Lanka and the Maldives, providing funding of €170m for 2005 and €180m for 2006. The Flexibility Instrument is an emergency fund containing €200m on an annual basis, which can be drawn down with the agreement of both the Council of Ministers and the European Parliament. The Instrument can only be accessed if money can not be re-allocated from other budget lines.

While the provision of €98m in “new money” is to be welcomed, the proposal for a Decision masks a more serious situation for existing budget commitments. For 2005, the Commission has proposed that the €170m will be comprised of €98m from the Flexibility Instrument, €60m from the Asia budget and €12m from the Rapid Reaction Mechanism. From the Asia budget, €15m is being taken from an existing Asia-wide development programme - Asia Pro Eco - which was originally designed to promote environmental awareness and best practice between Europe and Asia, will now be redefined to “assist the reconstruction of civil and public infrastructures”. This would seem to call into question the very survival of Asia Pro Eco as an independent programme and there are question marks over the availability of funding for 2006. The funding provided under the Rapid Reaction Mechanism will be divided up into €7m for Indonesia, €4m for Sri Lanka and €1m for the Maldives. ■

## Iran elects new President: Domestic and foreign policy implications

by Nader Alaghband

---

After the first round of voting in Iran's elections, which had seen no candidate win over 25% of the popular vote, Iranian and Western commentators were surprised by the strong showing by Mahmoud Ahmadinejad, the Mayor of Tehran, and a relatively unknown quantity outside Iran. Amid fierce campaigning and substantial press interest, Iran's electorate went to the polls for a second round run-off between Akbar Hashemi Rafsanjani, a pragmatic conservative widely seen as the candidate of the political and social elite, and Mr Ahmadinejad, a socially conservative candidate who championed the interests of Iranians on lower incomes. Certainly very few in the West would have predicted the outcome of the second round, in which, with approximately 60% voter participation, Mr Ahmadinejad won a relative landslide, accumulating 17 million votes to Mr Rafsanjani's 9.8 million.

The failure to predict the outcome of the election potentially exposes a serious flaw in the way that the West perceives the political will of the Iranian people. Amid claims of vote-rigging and ballot stuffing - not only by Western critics, but also by Mr Rafsanjani and individuals within the Iranian Interior Ministry - and bearing in mind that a significant number of Reformists may have boycotted the election, it is not clear how closely the result reflects the will of the population as a whole. Nevertheless, assuming the validity of the result for the sake of argument, the election, and the margin of Mr Ahmadinejad's victory in the second round, demonstrates one fact clearly: that the Iranian people view the established political elite with distrust. Significantly, it is the views of that political elite that have held the spotlight in the West's perception of the Iranian people's aspirations. Backstage, the pressing concern of the majority is economic wellbeing, and Mr Ahmadinejad's campaign succeeded because it recognised this fact.

During his campaign, Mr Ahmadinejad portrayed himself as a modest man and a champion of the poor, bringing to the fore the stark contrast between himself and the free-marketeering candidate-of-the-rich, former President Rafsanjani. His campaigning style saw him attend election rallies wearing street cleaners' clothes and pre-election advertising underscored his man-of-the-people approach still further, showing his modest home and his Iranian-made car in contrast to the palatial living of Mr Rafsanjani. Given the increasing disparities between rich and poor, and given an unemployment rate of at least 11%, this contrast

resonated strongly with the economically disenfranchised majority.

In terms of the presentation of policy rather than personality, Mr Ahmadinejad's agenda made it clear that he favoured a return to the core values of the Islamic Revolution and that the administration of President Khatami had gone too far with its agenda for social reform. During his time as Mayor of Tehran, he instigated some fairly hard-line policies. The standard examples given are of his request that male employees of the City wear beards and long sleeved shirts and of his removal of an advertising campaign featuring English footballer David Beckham. It is unclear whether he would continue to pursue such policies during his presidency. He advocated a 're-nationalisation' of Iran's oil assets, which, he claimed, had been plundered by a well connected elite and their associates at the expense of the people. Again, it is not clear whether, and if so, how he would pursue this policy once in government.

He was the only one of the significant candidates who did not openly advocate a conciliatory, or at least non-confrontational, approach to interactions with the West. His stance in respect of Iran's right to develop its nuclear technology was, like all candidates, uncompromising and indicative of a widespread support among the populace for a nuclear programme.

Mr Rafsanjani's manifesto concentrated more on values such as human rights and democracy, and was received with some degree of scepticism from an electorate who had seen no evidence of these preferences in Mr Rafsanjani's earlier Presidency. Reform under Mr Rafsanjani would have followed the 'Chinese Model' rather than the direct political reform advocated by the Reformist bloc. Mr Rafsanjani presented himself as a man who would be powerful enough to effectuate change both domestically and in respect of Iran's relations with the international community. Commentators suggest that his regal attitude compounded his unpopularity with substantial segments of the electorate and that his association with successive governments that had failed to meet the expectations of the electorate contrasted starkly with Mr Ahmadinejad track record in public office.

And what of the other candidates? Despite the obvious deficiency resulting from the disqualification of the vast majority of candidates by the Guardian Council, the spectrum of views presented in the first round of the election was quite broad. The more radical in the Reformist camp were represented by Mehdi Karroubi, leader of the Rohayooone Mobaress, while the mainstream Reformist candidate, Mostafa Moin was the representative of the Mosharekat movement which has coalesced around current President Mohammad Khatami. At the other end of the political spectrum, Ali Larijani, the former head of the state broadcaster,



represented an 'old' right coalition, broadly similar to Mr Ahmadinejad whose campaign was in turn supported by powerful conservatives who, it is alleged, used their network of mosques and influence in the Revolutionary Guard to mobilise voters in favour of Mr Ahmadinejad.

A centrist view was articulated by Mohammad Qalibaf, a former police chief and Revolutionary Guard, whose glitzy campaign targeted the youth vote. It eschewed images of religiosity in favour of nationalist symbols such as the Iranian football team and the national airline, and was ultimately compromised at the ballot box by the alienation of the conservative Basijj movement, which had been expected to support him. The main beneficiary of this alienation was Mr Ahmadinejad, whose nationalist message was couched in more socially conservative terms and which targeted more directly the economic concerns of Iran's impoverished majority.

Mr Ahmadinejad's victory at the polls is a clear indication that the Iranian electorate's priority is domestic, and it is probable that Mr Ahmadinejad's role in international affairs will be fairly limited. The international face of Iran will continue to be dominated by individuals who receive direction from the Supreme Leader, and in this sense, the international community should not expect dramatic foreign policy shifts. Of course, Mr Ahmadinejad, a less seasoned participant in international affairs and a politician with a popular mandate to defend Iran's right to develop a peaceful nuclear capability, will certainly present the Iranian position in a less nuanced manner than his predecessors.

This, coupled with the unwillingness of the current US administration to compromise, may have policy implications for the EU, and particularly for those countries currently engaged in negotiations with Iran on the nuclear issue. The EU should take into account new constraints on its negotiating partners by gauging early on whether policy continues to be set by Mr Khamenei's office and whether Mr Ahmadinejad's election has any significant impact on the substance (rather than the style) of negotiations. If Iran continues with self-imposed moratorium on enrichment pending the outcome of negotiations, the EU, and particularly the UK, France and Germany (EU3) would be well advised to internationalise negotiations as far as possible. If Iran believes that it can count on the support of China and Russia at the UN Security Council, its brinkmanship will likely continue, pending a change of government in the US or the completion of a covert enrichment programme.

Denied this cover in the Security Council, Tehran, concerned first and foremost with its own survival, will not act in a manner that would compromise the regime's safety. The US will be keen not to be seen to

be at fault should the negotiations fail and is not, given that it is militarily overextended in Iraq, in a position of strength to dictate next steps. As a result, the EU can expect to receive at least grudging support from Washington for as long as Tehran remains at the negotiating table.

The EU should leverage the circumstances motivating both parties to stay at the negotiating table. It should concentrate on brokering constructive dialogue and maintaining international unity. The EU should continue to offer incentives to Iran in exchange for objective guarantees that it will not pursue nuclear weapons. Negotiations could initially focus on the sale of a European-spec nuclear facility with controls being placed on sensitive parts of the nuclear cycle. This would enable both sides to present a positive outcome to their electorates: Iran would be able to point to a new, cutting edge nuclear facility and access to higher technology than the current relationship with Russia gives, and the EU3 would be able to point to the successful control of the fuel cycle and resulting guarantees about enrichment for use in nuclear weapons. The US would have to acquiesce to such an agreement in order to avoid being marginalised.

The EU should follow a similar incentive-based approach to addressing human rights and democratisation issues. Recognising the economic imperatives that concern many Iranians, and also the domestic nature of Mr Ahmadinejad's brief, the EU should incorporate talks on Iran's entry into the World Trade Organisation into a mechanism that brings greater transparency into Iran's economic markets and related political bodies. This approach should also engage with Mr Ahmadinejad's domestic policy, where one of his primary election platforms was to implement such reforms and reduce corruption. The EU should endeavour to channel its reform agenda, including pressing for increased human rights, greater freedom for the press and the strengthening of democratic checks and balances, through a mechanism that allows Iran to enjoy real economic rewards.

The first few weeks and months of Mr Ahmadinejad's presidency, which begins in August, will clarify the question of whether he intends to pursue a pragmatic or ideological approach to domestic and international affairs. It is likely that as Mr Ahmadinejad's experience of international affairs increases, so too will his pragmatism, but it remains to be seen whether his approach to the social freedoms that have been attained over the last eight years will be subject to the same trend. ■

Mr Nader Alaghband is an Associate with the Civility Programme, which looks at civil society development and reform in the Middle East. The Programme is operated through the Foreign Policy Centre, London. Mr Alaghband writes here in a personal capacity.



# Sake Socialism in Mongolia

by Glyn Ford, MEP

The Socialist Internationalist (SI) Asia-Pacific Committee met, for the first time in Ulaanbaatar, the capital of Mongolia, at the invitation of the Mongolian People's Revolutionary Party (MPRP). The MPRP, originally an old Communist Party formally abandoned Marxist-Leninism in 1990 and have, ever since, been evolving into a traditional social democratic party. The party leader and host to the SI meeting, former Prime Minister Nambar Enkhbayar, recently won the Presidential elections with 53% of the vote in a four-way race, partly reflecting the people's satisfaction with Mongolia's impressive economic growth rate of above 10%.

The SI conference focused on the themes of peace and security, the growth of democracy alongside the growth of "communalism" and globalisation, with Asian representatives from socialist movements in Japan, the Philippines, India, Nepal and Mongolia. Aside from the China-Taiwan stand-off and the urgent need to kick-start the "Six Party Talks" to resolve the ongoing crisis on the Korean Peninsula, Japan's current tensions with its neighbours China, South Korea and North Korea were central. The provocative visits by Prime Minister Koizumi to the Yasukuni Shrine, to honour Japanese war dead, continue to sour relations alongside a trio of territorial disputes with China-Taiwan, South Korea and Russia.

The leader of the Japanese Social Democratic Party, Mizuho Fukushima, explained her Party's opposition to current attempts to amend the Japanese Constitution and abandon Article 9 that expressly forbids Japan from engaging in war. In reality it has been eroded away to the point of hypocrisy with Japan now possessing one of the world's largest military budgets, spending US\$45bn *per annum* compared, for example, with North Korea's US\$2bn. Constitutional revision will remove the final excuse and barrier limiting Japan's freedom of action and in the current climate will fuel fears of resurgent Japanese militarism.

Already Japan's interest in the deployment of US Theatre Missile Defence technologies, in light of North Korea's assumed acquisition of nuclear weapons, threatens to destabilise regional security and fuel a regional arms race as China, North and South Korea are forced to respond. The Conference's final statement came out in opposition to the revision of Article 9.

There was a recognition by participants that globalisation was a process driven by history and economics. Socialists and Social-Democrats have a responsibility not to oppose blindly but rather to shape a more positive version where progressive forces unite

to tackle, for example, the climate change agenda, to promote UN reform of both the Security Council and General Assembly and to create a political architecture reflecting the new economic and political realities of the 21<sup>st</sup> Century.

The Asia region is prey to growing series of Maoist insurgencies in Nepal, India and the Philippines. In Nepal, the Maoists still support the "cultural revolution" and the policies of the "Gang of Four" and advocate a one-party State. Yet the King and the Army have been promoting a reign of terror that is driving peasants by the thousand into the hands of Maoists. Military aid to Nepal must be stopped. Yet in India, there are more districts affected by Maoists than in Nepal. While in the Philippines there are 30,000 armed Maoists from the Philippines Communist Party who are now targeting, through threats and assassination, the leadership of the progressive organisations. Meanwhile, the Government has lost all credibility with a rampant corruption and nepotism raising the spectre of a collapse back from democracy to a new authoritarian military junta.

Ethnic tensions increasingly bedevil Asia. In India, the economic agenda has been sacrificed to "identity fundamentalists" who have rewritten history to promote an India based upon Hindu fundamentalism. The Bharatiya Janata Party (BJP) sees the Aryans not as newcomers who immigrated to India fifteen hundred years ago but promotes them as indigenous "children of the soil" thus making the rest of India's communities, and in particular the 150 million Muslims, interlopers with all that entails.

In Fiji, an anti-Indian communalism threatens the restoration of democracy and the rule of law. The SI plans to establish a Working Party on strengthening South Pacific Democracies. Aceh, despite the *tsunami*, still remains tense, while in Papua, both Papua New Guinea and the Indonesian province of West Papua have their continuing ethnic conflicts. Burma's mysterious recent bombings may also be a product of ethnic conflict. The National League for Democracy's leader, Aung San Suu Kyi, remains incarcerated.

The Japanese Social Democratic Party will organise an International Conference at the beginning of August to commemorate the anniversary of the bombing of Hiroshima, while the MPRP wants to organise a summit of all political parties in the region. Both of these, in different ways, will rightly look to the past, but most vitally they must be used to simultaneously address today's problems with today's solutions and not merely employ yesterday's problems and yesterday's answers. ■

Glyn Ford MEP (Labour, South-West England) attended the SI Asia-Pacific Committee in Ulaanbaatar on behalf of the Party of European Socialists.



## SCO Foreign Ministers meet in Astana

by John Quigley

The foreign ministers of the six Shanghai Co-operation Organisation (SCO) members met in Astana, Kazakhstan, on 4<sup>th</sup> June, to discuss recent events in the region and to prepare for the forthcoming Heads of State Summit. In a demonstration of the SCO's growing influence in the region, the foreign ministers agreed to recommend that India, Iran and Pakistan should be granted 'observer status' to the SCO. The Summit is due to take place in Astana in July.

The meeting of the six foreign ministers from China, Russia, Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan, with Mongolia present as an observer, discussed a range of political and security issues from the Central Asia region including the events that took place in Andijan in eastern Uzbekistan. Although the statement from the end of the meeting did not refer to Andijan specifically, Russia's Foreign Minister, Sergey Lavrov, did say that the Parliamentary Commission, established by the Uzbek authorities to investigate the deaths, should work "promptly, efficiently and transparently".

Apart from discussions on political and economic matters in the region, the foreign ministers reached agreement on a series of issues related to the internal workings of the SCO and some new policy areas. This includes undertaking to send SCO election observation missions to presidential and parliamentary elections that take place in the six member states. The SCO Secretariat, headed by Secretary General Zhang Deguang, a former vice-foreign minister of China, has been tasked with preparing a policy paper on the nature and objectives of such missions. The Secretariat is currently working on two new initiatives, to establish a Business Council and to set up a Development Fund. Both of these are a response to the Long-term Programme of Multilateral Trade and Economic Co-operation, which the SCO adopted in 2003.

The Shanghai Six are also busy building links with other countries and regional groupings, in part to improve the group's "international prestige". The foreign ministers agreed to recommend to the forthcoming July summit that Iran, India and Pakistan should be granted observer status. They will join Mongolia, who became an observer to the SCO during the last Heads of State Summit, in June 2004, which took place in Uzbekistan. Hamid Karzai, as head of the interim Afghan government participated as a 'guest'. Turkey has also expressed an interest in attending SCO meetings as an observer. Such is the demand for participation that, in Tashkent in 2004, the SCO

adopted a "Regulation on the status of observers" which permits both countries and international organisations to apply. The Regulation stipulates in detail the rights and responsibilities of any observer. In January, Russian President Vladimir Putin said he was very surprised that Turkey wished to participate but, nevertheless, the request should be taken as a "very positive signal".

In terms of developing ties with other organisations and regional groupings, the meeting of foreign ministers in Astana advocated establishing a formal link with the United Nations and making progress with implementing any co-operation agreements already signed. In April, the SCO and the Association of South-East Asian Nations (ASEAN) signed a Memorandum of Understanding to promote co-operation between the two Secretariats. At a meeting in Jakarta, the Secretary General of ASEAN, Ong Keng Yong, and Zhang Deguang agreed to co-operate "initially" on a wide range of areas including counter-terrorism, drugs trafficking, arms smuggling, money laundering and human trafficking as "priority areas". The Memorandum also refers to sectoral co-operation including economic links, tourism, the environment, social development and energy.

The six member states agree a budget for SCO on an annual basis. In Astana, Sergey Lavrov seemed to suggest that the budget should be increased in order to help the Secretariat maintain control over the developments the Ministers and Heads of State are undertaking. The Secretariat is estimated to operate on less than US\$4m annually which includes funding for the SCO Regional Anti-Terrorism Centre. The States make contributions to the budget according to a fixed principle with 24% each from China and Russia, 21% from Kazakhstan, 15% from Uzbekistan, 10% from Kyrgyzstan and 6% from Tajikistan. Observers only bear the cost of their participation and any translation or interpretation they require.

Russia may be keen to temper Chinese influence in Central Asia by bringing India and other countries into the meetings of the SCO. However, matching the US\$900m in soft loans Beijing extended to the four SCO-member Central Asian Republics in 2004, would be hard for either New Delhi or Moscow. With enormous energy demands at home, China is keen to exploit all potential sources of supply. There are signs that the main players in the Organisation are trying to move the SCO beyond the original and dated goal of tackling "terrorism, separatism and extremism" and towards "practical actions". The July Heads of State Summit will offer an opportunity to provide fresh political impetus to the group to move past a period of setting up structures and making declarations and towards concrete action. The Summit will be followed by a Council of Heads of Government in Moscow in the Autumn. ■

## South Asia and the World Bank

by Praful Patel

---

Just five years ago, little global attention was paid to South Asia outside reports of intermittent natural disasters, ongoing conflicts and an alarming nuclear focus. South Asia was not a go-to region. Now South Asia is on the map. Sadly, it was largely conflict that alerted the world: the war in Afghanistan and a spike in tensions between India and Pakistan in 2002.

But something else, something important, was happening in at the same time. Domestic reforms and external assistance have been producing average growth rates of over 6% for the past decade. And now when we think of South Asia, more specifically of India, we see the stirrings of a world player. We see India and Pakistan reaching tentatively for a relationship beyond the political straitjacket of the past. We see mushrooming bilateral trade agreements and at least the architecture of a regional free trade area. For the first time we, at the World Bank, are challenged to think about the dynamic potential of South Asia as a region; we are challenged to identify intra-regional synergies where previously there was simply a list of very separate countries.

I recall my first visit to South Asia as World Bank vice president for the region about 18 months back. What struck me most was that Bangkok and Dubai were the necessary hubs for one to get around inside South Asia. That is changing now and the new challenge is creating the infrastructure to keep up and deepening the reforms that will ensure sound macroeconomic performance. Analysts place India's economy at number three in the world after China and the US in the next 30 years, influencing global growth, the flow of capital and the decisions global companies will make about where to be invested and involved.

It all sounds upbeat and exciting and indeed it is but let me take you too to a different South Asia which co-exists with the one I've just described. On one of my early visits to the region I spent a week in Gujarat with a family of salt workers. My host was Bhavnaben, and I introduce you to her as the representative face of the other India, indeed the other South Asia where at least two-thirds of the workforce is dependent on rural activities. The stalwart mother of a family of five, Bhavnaben toils day in day out at her salt pan, her concerns as simple as water and *roti* for the family meal. I returned to visit her earlier this year. She had expanded her work to two pans and doubled the volume of salt produced. Good news, one would think. But she was still reliant on a middleman to deliver water and this is the shocking arithmetic of her life.

Because she now has two salt pans, the water vendor charges her double for the same amount of water he delivered before when she had one pan. Double for the same amount. The arithmetic of the poverty trap. I simply cannot think of a sharper illustration of the development challenge we face in South Asia. A challenge comprising both the extraordinary energy of the people of South Asia to make a better life – and what they are up against.

At the Bank we have articulated our strategy for South Asia around two pillars: one is growth which of course addresses my opening comments, the growing, dynamic South Asia. The other pillar is human development, which addresses the Bhavnaben challenge, if we may call it that. Naturally though these two strands are inextricably linked for if South Asia is to meet the promise of the scenario I began with, the millions of citizens excluded today must find their stake in that future. And for poverty reduction of this scale to be realised, sustained growth of at least 8% is going to be what it takes.

Still today an estimated 400m South Asians live on less than one dollar a day. Human deprivation runs deep. Child mortality in India has shown no let-up. Malnutrition is pervasive. The average teenage girl in Pakistan has had less than one year's schooling. And India alone will soon have more HIV/AIDS positive persons than any country in the world. In Afghanistan where 90% of the population live in rural areas, half that number do not have adequate calories each day.

The positive side of the recent rapid growth, even if it is not yet enough, is its measure of the dynamism that is so evident in the region. Indeed, in between the stark poverty trap I described and the new kids on India's fast track are a horde of South Asians who have taken their industry abroad. I do not mean here the number of fantastically successful South Asian entrepreneurs in the *diaspora* of the developed world but the taxi drivers, domestic workers, hotel staff and labourers, the majority of whom are in the Gulf countries. Recent World Bank research has found that Bangladesh, India, Pakistan and Sri Lanka are all among the world's top 20 receivers of remittances, with estimated receipts of US\$26 billion between them. Understanding these flows, supporting them with better banking systems and indeed better rights for workers in foreign countries, is a new challenge as they have become critical players in their nations' fight against poverty. Considering these numbers too against a measure like FDI to South Asia which is around US\$5 billion versus China's US\$59 billion is sobering.

Let me talk a little bit about the two pillars of our approach and how we understand them to be underpinned by cross-cutting themes which command attention. To increase economic growth, we focus on the binding constraints to private-sector-led growth in



the region. Foremost among these is infrastructure. Critical too is private sector development and the question “What does it take to do business in South Asia?” We have done investment climate surveys across the region. Taking into consideration all the things that stand in the way of business, we have calculated that India would add 2% to its growth rate by turning around the investment climates both nationally and sub-nationally. Between fast-lane India and the over 250m citizens who live below the official poverty line, there are wide disparities in incomes and opportunities, disparities between rural and urban areas, disparities within cities, disparities across regions.

In Sri Lanka, our investment climate study paid special attention to the rural areas where some 85% of the population lives. While Sri Lanka stands out among neighbouring countries for having cut red tape, we found that both rural and urban enterprises alike suffer poor quality infrastructure and limited access to finance. In Bangladesh, similar studies determined that growth could have been 7-10% had better economic policies been in place and the country ranks right at the bottom when measured for openness to foreign investment.

The other main strategic pillar of our approach is to strengthen human development. Here we focus broadly on outcomes such as child mortality and girls’ education. Many of you will be somewhat familiar with what we call the MDG’s, the Millennium Development Goals. Their usefulness lies in helping both the development community and developing countries focus on the outcomes of their efforts and their policy choices. In Bangladesh, the goal for gender equality in schools has already been reached and the country is on track to meet the reduction of the child mortality target. In Pakistan, where gender parity in schools is as dismal as in many Sub-Saharan African countries, the Bank’s education development policy loan to Punjab province in Pakistan is already showing results: last year, primary enrolment increased by 11%, previously it was 1.5% a year.

But these gains have to be seen in the wider context. South Asia’s human development indicators simply do not reflect its rapid GDP growth. Thirty five million children never enter primary school; another 12 million enter but fail to make 5<sup>th</sup> grade. Over 15 million children, half the worldwide total, die before their 5<sup>th</sup> birthday. And 200,000 women die of preventable pregnancy related causes. Despite reducing poverty by 7-10% during the nineties, over a quarter of India’s population still lives in poverty and the incidence of child malnutrition is double the average for sub-Saharan Africa. The numbers can be grinding so let me pause for a moment and bring the human dimension back to this. Remember Bhavnaben, her feet burned by the salt. All she really wants is reliable water. And a

school for her girls so that they will not follow her path. Earlier, I said we understood the growth and human development pillars of our strategy for development in South Asia to be underpinned by four cross-cutting themes. Let me list them and I think you will see what I mean. The themes we have named are: equity and inclusion; regional integration; improving public accountability (shorthand for governance or corruption if you like); and, HIV/AIDS.

I am particularly concerned about the first of these, equity and inclusion, as many segments of South Asian society are being left out of the growth process. Above I touched on the “two Indias”, the India fast track on which the young middle class graduate is connected to global opportunity while on the other, a young girl among 250m people misses school because it takes so long to fetch water every day. This same stark contrast is emerging in Pakistan. Inequality in Sri Lanka has increased sharply in the past decade during which you have the level of poverty in urban areas in the west of the country falling sharply and essentially no change in the situation of the rural poor over the last 12 years, no change in a country where the average GNP *per capita* is over US\$1,000.

In India, some of these discrepancies are at their sharpest between States and our recent strategy for engagement with India has specifically focused on lagging States like Orissa where we made our first development policy loan last September. Of course this strategy is not without risk as is our engagement with a country like Nepal. In this troubled kingdom we have remained engaged cautiously following the royal coup in February. Some donors are actively promoting the idea of holding back aid until a multiparty democracy is restored. And of course the intensified Maoist violence is making development activities more difficult. At the same time our recent Poverty Assessment and a progress report on the country’s poverty strategy show significant progress in poverty reduction and encouraging improvements in education, health, and other areas, even in the last two years.

A significant part of the recent progress in Nepal is likely to be the result of bold decentralisation measures taken by the government in education, health, and rural infrastructure. Basically, the system puts the communities in charge and turns them into their own development agents. Colleagues have described to me schools in the poor foothills of the Himalayas where parents are now an inextricable part of the administration, bringing both community equity and good governance to the process. Teachers are at school and teaching. My guess is that they dare not do otherwise. As we try to bring development back to the centre of policy discourse in Nepal, we do so believing rather strongly that continued development success, based on greater community empowerment, is likely to strengthen the foundation for peace and democracy.



The theme of regional integration I mentioned at the start and I acknowledge that this is early days in the Bank's involvement. We must also follow South Asia's lead on this as the turf is political by definition of the region's history. The theme of public accountability and governance is of course a natural one for us as far as we can bring better institutions and systems to bear in financial management. A Public Expenditure Review can be a sharp instrument for transparency and public accountability. But the reach of poor governance goes well beyond into areas of the political domain where we face some constraints. In Bangladesh, for example, we are preparing our country strategy jointly with DFID, the Asian Development Bank and the Japan Bank for International Co-operation. It seems to us logical to work closely with some bilateral partners who can address issues of political stability, violence and human rights abuses rather more sharply than we are able as a multilateral institution.

Bangladesh is a startling example of a case where governance is the real showstopper in development. Many of us speak with fascination about the Bangladesh paradox, a country where the incidence of poverty is second only to Afghanistan in the region but where human development indicators have shown dramatic improvements.

Our fourth cross-cutting theme is of course HIV/AIDS. In India the number of HIV-infected people already vies with South Africa for the number one spot. Of course many partners are engaged in the battle and we are challenged to bring our own competence to the table. In our dialogue with governments we put at centre place the longer-term effects which include the disastrous economic impacts. It is difficult work in a culturally challenging environment but we have projects in all countries now with the exception of Afghanistan and indeed in India our relationship on the HIV/AIDS front goes back to the early nineties when we help launch the national AIDS control organisation.

I have used our strategic formulation to shape a brief narrative of where we see South Asia and the role of the World Bank, however small but definitely committed, in this great part of the world. The challenges are tremendous. This region is where the fight against poverty will be won or lost and we do believe we can win it. There are 1.4bn people whose lives depend on that hope and who in turn bring their combined resource to the effort. When you think about it through that lens, there's no giving up. ■

Mr Praful Patel is Vice President, South Asia Region, World Bank. Below is a summary report, prepared by *EurAsia Bulletin*, of the rest of the talk in EIAS on 24<sup>th</sup> May. The meeting was chaired by Malcolm Subhan, Vice-Chairman, EIAS.

*Summary Report:* Professor (Emeritus) Sylvain Plasschaert, Catholic University of Leuven, as Discussant following Mr Patel's presentation (see above), said there was a tendency to compare the major economy of South Asia, India, with a major economy of East Asia, China. A World Bank study from the start of 2005 and a recent Deutsche Bank report claimed that in 20 years India might overtake China, as the most rapidly growing economy in Asia. In economic terms, South Asia is improving, with good rates of Gross National Product (GNP) growth in most countries. With more frequent dialogue between India and Pakistan, the political climate in South Asia is also largely improving, which can generate economic optimism.

The World Bank has followed two pillars of activity including a focus on growth and on human development. An internal World Bank study on how best to defeat poverty seemed to suggest that the Bank should give priority to infrastructure and human development spending. In micro-credit, the Grameen Bank experience in Bangladesh has proved successful but this is not replicated across the rest of South Asia. India has chosen to move away from the socialist model of development and has begun removing the obstacles to building a market economy particularly in the information technology sector. There is regional disparity in economic growth but analysts should focus on trade balances in conjunction with FDI levels. The growing trade links between India and China should hopefully demonstrate good prospects for the economic development of all of South Asia.

### **Questions and Comments**

Mr Maudud R. Safdar, Embassy of Bangladesh, noted that South Asia was the second fastest growing region in economic terms but that public accountability problems were severe with additional problems of governance and stability of political systems. He wondered what long term focus the World Bank had for the region in light of the fact that many of the problems of South Asia were so severe. The flows of foreign direct investment (FDI) were not as high as expected, despite long periods of growth in some countries. What would the Bank recommend for improving FDI levels, as such finance can be an important motor for growth.

Malcolm Subhan, Vice-Chairman, EIAS, suggested that little had changed in the 'development debate' over the last 40 years. The problem for developing countries remains access to trade. The EU's Generalised System of Preferences (GSP) remains selective despite the original idea of sweeping access to the EU market. Equally, the target of spending a particular amount of GNP has changed over the years, from 1% down to 0.7% with the balance meant to come from FDI. The human development index ranks

South Asia countries very low but the index does not take into account factors important to most people, such as religion. Bo Jonsson, ILO Consultant, recalled that when developing countries were asking for assistance in developing their infrastructures, the World Bank was focussed on promoting exports. He wondered what measures the Bank was taking to assess the situation in the garment industry in South Asia, following the liberalisation of EU import rules. Bangladesh, in particular, was said to be losing large numbers of jobs, which could have a major impact on poverty rates. Thankfully, the view that prevailed in the 1970's that trade unions were an impediment to development has changed. What is the view of the Bank about the role of trade unions in South Asia?

### ***The Speaker in Reply***

Mr Patel said in reply that the Bank took a pessimistic view of the situation in South Asia, welcoming the current rates of growth but acknowledging that there is significant potential for matters to get worse. The Bank assumes that current governance and political issues will remain and will plan its development assistance around these impediments. Nevertheless, the Bank is committed to increasing current levels of aid.

There could be some lessons for India in looking at China. China began steps to liberalise its economy in 1980, some 10 years before India. China used FDI and remittances from expatriate Chinese workers to fund infrastructure projects. A recent Bank report stated that 1.3m Nepalese living abroad sent home an estimated US\$1.4bn annually. This can be contrasted against the government's development budget of US\$1.6bn in 2003. The Operations Evaluation Department (OED) of the World Bank published an independent study some months ago recommending the approach of the Bank to focus on both growth and investment in social sectors, rather than concentrating on just one of these areas.

In development terms, some 40 years ago, the countries of East Asia including China, Malaysia and South Korea suffered extreme poverty, disease, illiteracy and child mortality. The World Bank sees its role in assisting families to overcome the daily life and death struggle of starvation. Thus, in Bangladesh, the Grameen Bank now lends some US\$1bn *per annum* to the poor without any collateral. Better access to Western markets is a must for developing countries. Over the last 10 years, the Bank has been happy to engage with trade unions as important stakeholders, particularly in the context of drawing up poverty reduction strategy papers (PRSP's). Regarding the garment industry, regulatory changes in Europe and the rise in exports from China do not currently seem to have caused massive job losses in South Asia. Mr Patel said he suspected that as barriers to open competition fall, the region will begin to benefit more equally. ■

## **East Asia: The political and economic role of China**

by John Quigley

The European Institute for Asian Studies (EIAS) and Nomisma conducted a two-day presentation workshop, in the presence of the European Commission with a select team of experts, on the interim results of the six-month study EIAS and Nomisma were awarded in January 2005. The study focuses on the "Economics and politics of East Asian co-operation and China's role in the process: Opportunities and challenges for the EU". Elements of the study consider the likely developments in the region in terms of the political, economic, security and socio-cultural implications and offers scenarios and recommendations that may serve to guide EU policy. The meeting, on 20<sup>th</sup> June, was chaired by Dr Willem van der Geest, Director, EIAS, and Dr Roberta Benini, Scientific Co-ordinator, Nomisma.

Through the presentations of the individual experts, the workshop heard that China has pursued economic reform and been successful while at the same time undertaking political reforms, even if these are not similar to Western standards. With many challenges to the Chinese system, three possible scenarios could be identified including a possible collapse, evolution towards democracy or gradual political reform, albeit Chinese style. It was suggested that given the nature of the likely changes in China in the coming decades, Europe's interest will be enormous. Addressing the role of the Association of South-East Asian Nations (ASEAN), an expert indicated that ASEAN's influence was weak and efforts to promote itself through an East Asian Economic Community could actually damage the traditional ASEAN-way. The rise of China eclipses ASEAN as Beijing begins to build free trade agreements and alliances in the region. The integration and experience of the EU could serve as an example to ASEAN which might wish to forge closer ties with Europe to counter growing Chinese influence.

In terms of North-East Asian integration, it was noted that this process is still in its infancy in political and economic terms. The absence of a direct China-Japan link hampers regional integration and affects the development of a proper security community. The possibility of military conflict in the region remains although the forthcoming East Asia Summit, in Malaysia in December, may help reduce some tensions but this would in no way equate with an EU-style integration process. It may be China that would welcome most a European role in East Asia security, in part as a counter-balance to the role of the United States. Developments in US-China relations were addressed by another expert who suggested that US

policy changed, with the new Bush Administration calling China a strategic competitor. Opinion in America divides relations with China into two strands namely the engagement strand and the threat strand. One of the longest running themes in US-China relations has been the Taiwan issue. In order to prevent a rift with Europe on the arms embargo issue, the USA is prepared to launch a strategic dialogue covering all of East Asia. America's dual policy of engagement and containment reflects the broad range of economic and security interests the US has both with China and in East Asia.

Addressing some of the social implications of China's rapid economic and demographic changes, one expert suggested that the inter-generation contract had changed with a decline in the ability of families to cope with caring for the elderly, children or sick members. Demographic factors improving longevity, the one-child policy and market-economy-style reforms leading to the loss of entitlements has begun to reinforce inequalities between different sectors of society and also been different regions. Where family members are forced to perform traditional roles, often their income-generation capability is severely reduced. If the government accepted the need to reform the social security system, there could be a role for the EU in providing technical assistance in such areas as labour policy, working time, gender issues and care facilities in the work place. Any such measures will have to be based on a broad social consensus involving the various stakeholders.

China's "Go West" policy of promoting economic development in Western regions may have been abandoned given its apparent lack of success, one expert told the workshop. In other regions, the ethos of maximising growth has served the government well, making possible rapid and sustained increases in gross domestic product (GDP) levels. However, it was not a perfect plan, with some threats to the stability of the government now emerging. Problems including pressure on land, water, energy, infrastructure and society do not have short-term solutions. The problem of absolute poverty has been replaced by the problem of relative poverty versus the prosperity of the few. China is preparing its 11<sup>th</sup> five-year plan for economic development. There could be a role for the EU in terms of the economic and social sectors and on issues of governance. Addressing East Asian economic integration, the workshop heard an expert describe a process of regionalisation rather than regionalism, whereby although there has been *de facto* economic integration, there has been little formal integration. Despite a plethora of initiatives, the progress towards greater integration is somewhat incoherent with no clear road-map in sight. This means that the prospect of regional institutional structures emerging is slight. The economic rise of China has provoked a wide range of formal and informal ties between countries in East

Asia. With no coherent structure likely to emerge, the EU will have to follow a multi-framework approach towards East Asia, talking to different groups and individual countries.

The EU has slowly begun to address issues related to energy security with a Green Paper and reference in the European Security Strategy but this approach has been inconsistent. The EU should see a rising dependence on oil over the next 20 years and, with depleted internal reserves, Europe will be ever more reliant upon links with third countries, many of whom are unstable regimes. China has emerged as the world's leading energy consumer, overtaking the United States in 2004. This will have important foreign policy considerations for China trying to secure agreements with third countries in competition with the West. In terms of developing China's science and technology sectors, an expert stated that China realises that it can no longer pursue growth through resource and labour intensive industries. Further economic growth will have to be found through capital and technology based investment and by encouraging spending on research and development, particularly through the higher education sector. There is no clear evidence that China is willing to become a leader in knowledge creation industries but there is significant latent potential.

One presentation examined issues surrounding Russia-China relations. Russia has important territorial and economic interests on its Asian side but has lost much influence on its Europe side, with the re-drawing of the geo-political map after 1990. China is developing an active interest in the countries of Eastern Europe both for market access and economic links. Russia-China trade growth has expanded at an annual rate of an estimated 20-35% in the last five years although the trade is focussed on only several items, including energy, wood and weapons. Russia is concerned that China may be encouraging migrants to move into Siberia in order to help secure ownership of energy supplies. The final presentation examined the role of socio-cultural links in the EU-East Asia relationship, with reference also to China. In 2003, the EU published its policy paper on China mentioning culture only twice whereas Beijing's paper on the EU mentions culture four times. Cultural links between civilisations demand a parity of esteem and a realisation that values one side takes for granted can not be immediately transposed onto the other side. While this does not mean that one side should accept a non-critical view, there must be an understanding that commitments will take time to deliver.

The final report of the study should be completed and presented to the European Commission in July. The meeting also benefited from the participation of a range of Council of Ministers officials and the Vice-Chairman of the European Parliament Delegation for Relations with China, Jean-Luc Dehaene. ■



# EIAS elects new Administrative Board

by Dick Gupwell

The European Institute for Asian Studies (EIAS) has a new Administrative Board - its fifth - elected at the Sixteenth Annual General Meeting, on 19<sup>th</sup> April, and will soon be moving its headquarters into new premises, even closer to the main European Union institutions. The new Board is a well-balanced blend of both experience and fresh blood, with five new Board members out of fourteen, while the academic component of the Board has also been considerably strengthened.

The Institute was set up in 1989, under Belgian law, as a non-profit-making association (*association sans but lucratif* or asbl), and its decision-making structure thus mirrors the provisions of the Belgian law governing asbl's. The ultimate authority, therefore, is the General Assembly of the *membres effectifs*, which convenes in its Annual General Meeting each April and which, every four years, elects a new Administrative Board. The Institute's First Administrative Board was composed of the ten Founder Members, who had been present at the Inaugural Meeting, which established the Institute on 10<sup>th</sup> July 1989. Thus, the first Board was in office from 1989 to 1993, the 2<sup>nd</sup> from 1993 to 1997, the 3<sup>rd</sup> from 1997 to 2001 and the 4<sup>th</sup> from 2001 to 2005.

The Administrative Board is under a statutory obligation to hold at least two meetings per year and, in fact, usually meets on a quarterly basis. It enjoys all decision-making authority, except that which is expressly reserved to the General Assembly, and lays down the main policy guidelines for the Institute to pursue. The Board also elects a number of Officers, namely the Chairman, the two Vice-Chairmen, the Secretary General and the Treasurer, who enjoy a two-year mandate. These Officers, together with the Institute's Director, then constitute the Executive Committee, which meets in between the meetings of the Administrative Board to discuss details of policy and to take any urgent decisions required. The Board also has two specialist committees, the Finance Committee and the Personnel Committee.

The following were elected, on 19<sup>th</sup> April, to be the Fifth Administrative Board: Dr David Camroux, Mr John Walls Cushman, Professor Ludo Cuyvers, Professor Gustaaf Geeraerts, Mr Dick Gupwell, Mr Bo Jonsson, Mrs Panicker Kamalan, Mr Gwyn Morgan, Dr Tazeen Murshid, Mr Richard Nobbs, Professor Sylvain Plasschaert, Professor Gérard Saunier, Mr Malcolm Subhan and Mr Eric Tourrès. On 2 May, the

new Administrative Board held its first meeting and re-elected the following Officers: Ludo Cuyvers as Chairman, Gwyn Morgan and Malcolm Subhan as Vice Chairmen, Dick Gupwell as Secretary General and Eric Tourrès as Treasurer. These Officers, along with the Institute's Director, Dr Willem van der Geest, will constitute the Institute's Executive Committee. In addition, Bo Jonsson was elected to sit on the Finance Committee (along with the Treasurer, Secretary General and Director), while Panicker Kamalan was elected to the Personnel Committee (along with the Chairman, the Secretary General and the Director).

## **Introducing the new Board**

Nine members of the Fourth Administrative Board have been re-elected (of whom there are now only three Founder Members of the Institute). First of these to have been re-elected is our Chairman, Ludo Cuyvers. Professor Cuyvers, a Belgian, has been a member of the Institute since 1993 and was a member of the 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards. He served as Vice-Chairman, from 1997 to 1999, and has been the Institute's Chairman since 1999. He is Professor of Economics at the University of Antwerp, and specialises in international economic affairs and economic developments in South-East Asia.

Our two Vice Chairmen are Gwyn Morgan and Malcolm Subhan. Gwyn Morgan, who is British, has been an Institute member since 1999 and was elected to the 3<sup>rd</sup> Administrative Board the same year. He has been a Vice Chairman, since 2000, and was re-elected to the 4<sup>th</sup> Administrative Board. A former Deputy General Secretary of the Labour Party, he became a European Commission Official in 1973. Latterly, he served as Head of Delegation in Bangkok and, subsequently, Head of the South-East Asia Unit of the Directorate General for External Relations, before taking retirement. Malcolm Subhan, a Founder Member, sat on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards and served as Treasurer from 1989 to 1993 and, again, from 1997 to 2001, when he was first elected as a Vice Chairman. An economist of Indian origin, he has been a Brussels-based journalist reporting on European developments to such publications as the Economic Times of India and the Far Eastern Economic Review for over thirty years. He now has Belgian nationality.

The two other Officers are Dick Gupwell, the Secretary General, and Eric Tourrès, the Treasurer. Dick Gupwell, who is British, is a Founder Member and served on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards. He was Secretary from 1989 to 1996, when this post was re-designated as Secretary General. He remained as Secretary General from 1996 to 2001, served as Treasurer from 2001 to 2003, and has again been Secretary General since 2003. A political analyst, he worked at the International Confederation of Free



Trade Unions (ICFTU), from 1972 to 1974, was an Administrator in the Secretariat General of the European Commission, from 1974 to 1976, and served as a Political Adviser in the Socialist Group of the European Parliament, from 1976 to 1996, where, among other responsibilities, he was Head of the Asia Unit. Eric Tourrès, who is French, joined the Institute in 1999. He was elected a member of the 4<sup>th</sup> Administrative Board and has been Treasurer since 2004. After working in the private sector, particularly in the agro-economic field in Africa, he spent eight years in the European Commission, both as Technical Officer for Asia and, then, as Desk Officer for Vietnam and Laos, in the Directorate General for External Relations. He has since returned to the private sector, where he specialises in public sector reform, particularly in Asia.

There are four other re-elected members. Panicker Kamalam is a Founder Member and has served on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards. She has also been a member of the Personnel Committee. She has worked for many years with the ICFTU, where she is presently dealing with Asian issues. She has Malaysian nationality. Gérard Saunier, who is French, has been a member of the Institute since 1990. He was elected to the 2<sup>nd</sup> Administrative Board in 1996 and was also a member of the 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards. He has been a professor of nuclear physics and also a specialist in solar energy. He was formerly Head of Energy Studies at the Asian Institute of Technology, in Bangkok, and has also served with the UN Economic and Social Commission for Asia and the Pacific, again in Bangkok. Currently, he is Director of the French government agency, ADEME, in Brussels. David Camroux, an Australian, joined the Institute in 2000 and was a member of the 4<sup>th</sup> Administrative Board. Since 2001, he has been the Director of the Asia-Europe Centre of the *Fondation Nationale des Sciences Politiques*, in Paris, a partner of EIAS in the European Alliance for Asian Studies. Richard Nobbs, who is British, has been a member of the Institute since 2003 and was elected to the Administrative Board the same year. He is a former Commission official, having been an Advisor in the Directorate General for Employment and Social Affairs.

Finally, there are the five new members. Tazeen Murshid first joined the Institute in 1998. She is currently teaching international politics at the *Université Libre de Bruxelles* and has both Bangladeshi and Dutch nationality. Sylvain Plasschaert, a Belgian, has been a member of the Institute since 1999. He is Emeritus Professor of the Universities of Louvain and Antwerp and specialises in economic developments in China and international taxation. Gustaaf Geeraerts, also Belgian, has been an Institute member since 2003. He is the Chair of International Relations at the *Vrije Universiteit van Brussel*, where he teaches on the theory of international

relations. John Walls Cushman, who is Irish, joined the Institute in 2005. He was formerly Leader of the Alliance Party of Northern Ireland before being elected to represent the southern province of Munster in the European Parliament for the Fine Gael party (a member of the European People's Party group), from 1989 to 2004. In this latter capacity, he was Rapporteur on such issues as Hong Kong and Kashmir. He has also served as European Union Chief Election Observer in Sri Lanka and Pakistan. Bo Jonsson, who is Swedish, joined the Institute in 2005. He worked for the Swedish trade union organisation (LO), from 1961 to 1976, and then as an economist with the ICFTU, from 1976 to 1999. He is currently a consultant for the International Labour Organisation, working with its Bureau for Workers' Activities (ACTRAV).

This infusion of so much new blood has been possible, in part, due to the departure of two long-standing Board members, who did not seek re-election. Boudewijn Jonckheere is a Founder Member and had served on the 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards. He had been, for many years, a member of the Finance Committee. He was formerly an official of the ICFTU and has Belgian nationality. Hasan Kazmi had joined the Institute in 1992, was elected to the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> Administrative Boards and served as Treasurer from 1993 to 1997 and, again, from 2003 to 2004. He had previously enjoyed a long career with the Exxon Corporation, latterly as its Director in Brussels. He has Pakistani nationality and returned to Pakistan in 2004. The new Administrative Board expresses its sincere thanks for the long service given to the Institute by both Boudewijn Jonckheere and Hasan Kazmi and wishes them well in the future.

## **New offices**

The Institute is moving its offices. We have been in our present premises, in the Rue des Deux Eglises, since November 1992, first occupying just the second floor and then the first floor as well. These premises had replaced the earlier cramped quarters in the Rue Murillo, home to the Institute since April 1991. While the Institute has been very happy in its present building, a number of technical difficulties, as well as being split between two floors, have necessitated the present move.

Our new offices, where we shall be operating from the beginning of July, will take up the second floor of a more modern building at No. 67 Rue de la Loi, which is at the corner with the Rue d'Arlon. We hope that this move will help us to function more effectively for the benefit of our members and others, who use the Institute's services. In this regard, we are happy that we shall, in future, be situated even closer to the main European Union Institutions, which deal with Asia, namely the European Commission, the Parliament and the Council. ■