

Delivering Europe's external relations priorities: 2007-13

by John Quigley

It is commonly noted that the European Union has wished, increasingly over the last number of years, to match its diplomatic and political weight in world affairs to a level commensurate to its economic standing. In part, it was this desire that led to the adoption of the EU's Security Strategy, in December 2003, as part of an effort to provide both the EU and third countries with an overview of how Europe sees its interaction with the world. However, this growing ambition has not been matched by an equal increase in the EU's funding for its external action priorities and the prospects for Asia during 2007-13 do not look substantially better.

The negotiations for the next Financial Perspective, for the years 2007 until 2013, are underway and are the subject of intense debate between the three main EU institutions – the Council, the Commission and the Parliament. The Perspective is an indicative financial framework for seven years and is meant to offer the EU some stability in budgetary matters. The Council was unable to reach agreement on the Perspective during the European Council Summit held in mid-June under the Luxembourg Presidency.

Subsequently, on 20th October, the European Commission President, José Manuel Barroso published a series of proposals to try and break the deadlock. Mr Barroso called a deal, by December, on the future Financial Perspectives central to the “credibility and effectiveness of our enlarged Europe”. From amongst the five proposals, one pledges to increase the democratic scrutiny and coherence of the EU's external action. Generally, Barroso said, the European Commission believes that the level of spending proposed by the European Council, in June, “falls short of the EU's needs”. This compares to the Council's position that there will have to be reductions in “each and every category of expenditure”.

Indeed, since June, Council figures on the external action budget have been dropping dramatically, to the consternation of those in the European Parliament who

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rightly believe that there can be no EU external policy on the cheap. Thus, before the June Summit, under Heading 4 on “the EU as a global actor”, the Council was proposing commitments of €6.31bn in 2007 rising to €8.34bn by 2013 to cover spending across all the six instruments proposed by the Commission. After the Summit, this fell to €6.2bn for 2007 to €8bn by 2013. Parliament has proposed €8.2bn for 2007 rising to €12bn in 2013. And the budget for 2006 looks no better. Parliament has criticised the Council’s proposal of €11.4bn, or 1.01% of Gross National Income (GNI) of the EU Member States, as inadequate and has demanded a budget of €115.4bn, or 1.04%. In contrast, the separate budget for African, Caribbean and Pacific (ACP) countries between 2008-13 is proposed at €22.6bn.

Some of the main concerns for Asia in the 2006 budget would be delivering on the commitments made following the December 2004 *tsunami*, aid for Afghanistan and safeguarding the European Initiative for Democracy and Human Rights (EIDHR) line. When the EIDHR funds projects promoting democracy, human rights and the rule of law in third countries this is seen as part of the overall goal of promoting EU values in all aspects of its external relations. This can occur through Article 1 of Co-operation Agreements signed with third countries. In a further development of this process, the Commission, on 20th October, published a Communication on “European values in the globalised world”. This stipulates that the EU will use external co-operation instruments to “stimulate growth and project our values beyond our borders”. Unfortunately, the EIDHR is subject to a conflict between the Commission and Parliament over its status as a separate budget line.

And, of course, the Commission is keen that Barroso’s five proposals are adopted not least to deliver on the earlier promise to reform the delivery of external funding. In September 2004, the Commission announced it was recommending that EU external spending should, in future, take place through six instruments; three with a geographic focus – pre-accession aid, the European neighbourhood and, thirdly, the “development co-operation and economic co-operation instrument (DCECI)”; three with a horizontal focus – humanitarian aid, stability instrument and, thirdly, on macro-financial assistance. Together, these six instruments would govern how the EU spends its commitments in external action. The DCECI instrument, the main concern of Asia, is under discussion, with the Parliament advocating that the entire proposal be re-worked, not least for attempting to reduce parliamentary control over development spending.

The failure to adopt a reformed version of the proposed DCECI instrument in time for the entry into force of the Financial Perspectives would have major

consequences for the Commission’s Asia-wide programmes, which have both development and economic co-operation elements. Most of the legislation and Strategy Papers governing how aid is spent will come to an end in December 2006, therefore, having a system in place for the 2007 period and after, is vital. In recent years, the Commission funded five different programmes including Asia Invest, Asia Urbs, Asia Pro Eco (which also has a *tsunami* facility), Asia IT&C and Asia Link. In addition to the paltry sums available, the closure or merger of several of these programmes is slowly strangling the priority attached to Asia in external relations.

However, just increasing the overall budget for external spending and for Asia in particular would only be part of a solution. If the EU’s external policy is to become more effective, the administration of programmes must be improved. A recent Report from the European Court of Auditors identifies significant management failings inside the European Commission in the operation and evaluation of its Asia-wide programmes, with reference to economic co-operation. Between 2003-2007, Asia Invest has a budget of €41m to promote business co-operation between European and Asian SME’s, across all of South, South-East and East Asia. Between 1999-2003, Asia IT&C had a budget of €35m, with a further €10m granted for a one-year extension. Following its closure, elements on trade and investment were shifted to Asia Invest. The Report condemned the project application procedures as “heavy and complex” and states that excluding for-profit organisations risked “potentially valuable projects”.

However, the Report did say, despite their low monetary value, for successful projects the number of beneficiaries reached was considerable. But the criticism does not stop there. Speaking in the European Parliament in early October, the UK Presidency said that EIDHR suffered from poor monitoring of projects and lengthy administrative procedures. These combined to reduce the effectiveness of the EIDHR in the EU’s external policy.

The issue of the Financial Perspectives will be raised again during the meeting of EU Foreign Ministers on 7th November. The British Presidency is hoping that this meeting will help establish a framework which will lead towards an agreement in Brussels in December. It seems, in any event, that Europe’s traditional priorities in external action - pre-accession aid, the European neighbourhood, Africa - are confirmed for the 2007-13 period, leaving Asia trailing behind. And the dwindling number of Asia-wide programmes merely confirms this trend.

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Hong Kong – where now for the Doha Round?

by Peter Mandelson

We are now less than a month from the start of the Hong Kong WTO Ministerial. As any who have followed the Round will know, Hong Kong is now unlikely to produce the agreement on ‘full modalities’ (tariff cutting formula with numbers) that most of us had hoped. At least, at the time of writing*, the talks remain stalled, with large agricultural exporters effectively refusing to allow the talks to move beyond the area of agriculture. All WTO Members, including the growing economies of Asia need to take stock of the Round and consider where we go from here. I believe Asia has a key role to play in moving the Round forward and ensuring a balanced final outcome.

We still need to make substantial progress in Hong Kong. We can consolidate the advances in agriculture that we have made since the signing of the July Framework Agreement in 2004. We can hopefully sign off on a range of important development issues, including a substantial new Trade Related Assistance package for the poorest developing countries and the extension by all developed countries of tariff and quota free market access to all trade from the 50 Least Developed Countries – as the EU already offers through its Everything But Arms programme. We may be looking at a scaled down Hong Kong Ministerial, but there can be no question of lowering the ambition of the Round as a whole. The potential benefits of an ambitious agreement for global prosperity and poverty alleviation are too important to give up on.

The EU has consistently shown leadership in the Doha Development Round. It was the EU’s offer on export subsidies in July 2004 that relaunched the Round after Cancún. At the end of October this year, we again made a substantial and credible offer to make dramatic cuts in our tariffs on agricultural imports. We have offered new market access in every product, even in the sensitive products where it hurts us the most.

Although some large agricultural exporters have criticised us for not going far enough, the proposals Europe has made are credible and serious. To paint the EU offer as unambitious is to fail to grasp its scope. It also suggests a skewed view of what the Doha Development Round aims to achieve. No WTO member has ever absorbed such stringent cuts in a single Round. No WTO member has ever targeted its most sensitive sectors for tariff cuts in this way.

Europe’s agricultural sector is already undergoing major change as a result of the 2003 reforms to the Common Agricultural Policy (CAP). It’s worth noting

that, although the EU is often painted as guilty of distorting trade through our Common Agricultural Policy, the reality is that our 2003 CAP reforms have now decoupled 90% of EU farm spending from prices and production. Our trade-distorting spending is plunging, while the US has just signed off a record budget for trade-distorting spending in 2006. The reforms we are offering we have in fact already undertaken. The need now is to force similarly ambitious reform in the United States, something they have not yet given clear commitments to undertaking.

Alongside this change, Europe has offered steep tariff cuts for agricultural imports. Not only will this bring genuine new market access for highly competitive agricultural exporters to Europe – it comes at a time when European farmers will be adjusting to the radical change in Europe’s regime of farm support, agreed in 2003, where in most cases, financial support will be decoupled from production. In other words – artificial incentives to produce will have been abolished. Farmers are entitled to time to adjust, just like any other sector of society.

The same is true for the many developing countries, especially the African, Caribbean and Pacific (ACP) countries, who would see their preferential access to the EU eliminated by deeper cuts. For example, cuts at the level advocated by the US and Brazil would have serious, even disastrous short-term consequences. Preferential access is a lifeline to some of the poorest and most vulnerable agricultural exporters in the world – the very countries the Round is intended to benefit. It can only be phased out gently and with generous ‘aid for trade’ to exploit new sources of comparative advantage. Maximum cuts in agricultural tariffs may create new trade and new benefits for highly competitive large-scale agricultural exporters like Brazil and Australia - but this should not be presented as being the same as a pro-development Round. To wipe out Europe’s preferential access for developing countries, simply to ensure the deepest possible tariff cuts, would be an anti-development outcome and would ensure that the poorest blocked progress in Hong Kong. Such an offer can not be considered a serious negotiating proposal.

The Doha Round has to balance the needs of every part of the WTO membership. Europe and other developed economies need to cut their farm tariff protection, and Europe has offered to do so in an unprecedented way. Developed economies also need to address the support they give to farmers and the subsidies they offer for export. Here, Europe has already reformed and offered to eliminate all export support. The US which has just agreed a record farm budget for 2006 still needs to give much clearer commitments to ending its price supports and export subsidies. It is of course in the interest of global consumers that large competitive agricultural exporters like Brazil also win new markets for their



products. But we also have to recognise that vulnerable and less competitive agricultural exporters in the developing world want to balance these new gains against the careful reduction of their crucial preferential access to major markets like the EU. It is also right that the social adjustment costs of steep farm tariff reduction in developed economies like Europe, Japan and Switzerland be respected.

None of these arguments detract from our commitment to development. Europe already takes in close to 70% of Least Developed Countries (LDC) agricultural exports – access we need to preserve by cutting most-favoured nation (MFN) tariffs carefully and in a phased way. The comparable figure for the US is 17%, though obviously parts of the US have more natural advantages in sub-tropical products than Europe. Developing countries also benefit from Europe's pro-poor policies through preferential trading arrangements. In 2003, some 40% of EU imports came from developing countries demonstrating that our trade preferences are actually used. The proportion of developing country goods entering the EU at zero tariff or at reduced rates of duty in the four years from 1999 and 2003, the latest for which we have full figures, increased from 71% to 79%.

So, there is a balance to be struck within agriculture negotiations. But the European Commission's mandate also requires me to strike a balance between the agricultural negotiations and other sectors. I have made clear that there can not be a final agreement on agriculture until agreement is reached on other issues. Nothing is agreed until everything is agreed. Doha will only succeed if the outcome is balanced and meets the interests of all players. The focus on agriculture has left negotiations on trade in industrial goods and services stranded. The EU insists that there is now immediate and tangible progress in those areas. This is not an agriculture-only Round. It is time for others to step up to the plate. Trade in services and industrial goods represent a key comparative advantage for Europe. We account for a fifth of global trade in manufactured goods and a quarter of global trade in services – so we want to see progress in these areas. But trade in industrial goods is also a development issue. Seventy five percent of the trade of the developing world is in industrial goods and most of the tariffs they pay are to other developing countries, for industrial products. A boost to the developing world's economic growth depends as much on tariff cuts in industrial goods as in agriculture. It also reminds us that in the coming years, the chief outlets for developing country exports will be other developing countries, through expanded South-South trade.

The European Commission also wants to see an ambitious deal in services as part of Doha. And the developing world needs this too, to help build the banking, transport and communications sectors without

which development is not possible. As many developing countries also have a strong comparative advantage in labour intensive services, progress on this issue will help strengthen their infrastructure in areas including transport, telecoms, computer services or financial services. A core group of countries has recently been given a mandate to deliver, by the Hong Kong meeting, proposals on approaches that will produce new and better commitments in services. A Doha Round that does not deliver in these areas will not be a development Round. To hold the rest of the Round hostage to agriculture negotiations is not acceptable.

I stress again that developing countries need not be concerned. The Commission's commitment to creating jobs and growth in Europe is firmly married to a commitment to improving trading conditions for the poor, for the developing countries. I believe the EU can pursue its own legitimate interests, seeking to improve market access opportunities, without compromising development gains in all key sectors of the negotiations. But others must reciprocate. Others must make the same argument. Getting the balance right in the Doha Round means working together and engaging every part of the WTO membership, especially Asia.

The pattern of Asian trade has also changed dramatically. Twenty years ago, from Asia, only Japan was among the EU's top-ten trading partners. Today, four of the top-ten are Asian: China, Japan, South Korea and Taiwan. Ten years ago, China accounted for less than a fifth of the value of US exports to Europe. Now, the comparable figure is three quarters. Since 1990, EU imports from ASEAN countries, Korea and South Asia have grown by more than 10% per year.

At the same time, Europe's exports and investment to the same countries have increased by about 7%. Equally, the pace of change in intra-regional trade flows in Asia is impressive: in less than 10 years, trade between China and the rest of Asia increased fourfold; trade between China and Japan/South Korea tripled over the same period; intra-ASEAN trade doubled, and trade between ASEAN and India has tripled. This is an economic revolution on a breathtaking scale. The world has seen nothing like it since the opening up of the United States and the industrialisation of Germany in the closing decades of the nineteenth century.

These figures express a simple truth: the growing economies of Asia have strong interests in a Doha Round that makes progress in services and industrial exports. They need to use the Hong Kong Ministerial to argue for a balanced Round that reflects their needs. ASEAN States have signalled collectively that the Doha Round must succeed. We need to work individually, and together, to ensure that it does. ■

Peter Mandelson is EU Commissioner for Trade. *He contributed this comment on 16th November.



Afghanistan's parliamentary and provincial elections

by Emma Bonino, MEP

“Where is Afghanistan headed? Democracy, insurgency or anarchy?”. Four years after the ousting of the Taliban, the hope risks being shattered. The process of rebuilding Afghanistan has been slow. In the eyes of many ordinary Afghans, perhaps far too slow. I went to Afghanistan for the first time in 1997, when the sinister Taliban were imposing their oppressive, misogynistic and grotesque regime. I returned a second time in 2002 during the Constitutional Loya Jirga, and then again this year, for over a month, to follow the first Parliamentary and Provincial elections since 1969 as Chief Observer of the European Union Election Observation Mission (EU EOM).

Of my first trip I remember Kabul as a devastated city, in the hands of armed fanatics, without any trace of female presence. From time to time a woman would pass by like a ghost, hidden beneath a *burqa*. This time I discovered a bustling city, with streets streaming with people, girls in white head scarves and black gowns heading for school and one could again hear the sound of music in the air and see kites flying in the sky.

Yet, the signs of change hide a more complex and contradictory situation. It is sufficient to travel a few kilometres outside the capital to see how hope fades. The lack of security remains the main concern as the insurgency seems to be strengthening, leaving the country hanging between stability and chaos. Will Afghanistan become, as recently threatened by the Neo-Taliban movement, “a hub of disturbance, killings, looting and drugs”? Both the Afghan people and the international community must work together to avoid such a nightmare turning into reality.

Today I dare to say that the people of Afghanistan have more hope for the future than at any time during the last 25 years. Afghans have a Constitution, an elected President, and will soon have a Parliament and Provincial Councils as a result of the elections held on 18th September. Though the process is still undoubtedly fragile, they have an unprecedented chance to take the destiny of their nation into their own hands.

On the day of the election I visited a number of polling stations in Kabul. I must confess I was rather moved watching men and women going through the procedures: dipping their index fingers into the ink, disappearing behind screens to consider a seven-page long ballot sheet. On that day, 6.6 million Afghans, among them many women (43%), voted throughout the country courageously defying a Taliban call for boycott and intimidation from militant groups. Over

five hundred incidents of violence were reported on Election Day, but none were significant enough to disrupt the process overall. So, these elections were indeed a landmark in a transition process designed to put in place a more representative political system in Afghanistan.

However, the election process engendered several shortcomings that cannot be overlooked. Last year, the Presidential elections - with 18 candidates running - proved manageable and resulted in 69% of registered voters taking part. This year, there were 5800 candidates and turn-out was relatively low: 53% nation-wide and only 36% in what was supposed to be the most “politicised” city, the capital Kabul. It goes without saying that when an electoral process moves from national to local level the exercise becomes much more complex.

For example, in the realm of civic education. Although significant efforts were undertaken under extremely challenging timelines, civic education did not reach sufficient numbers of voters in remote areas and in minority enclaves. This meant voters were confused about the election, some saying they had already voted for Karzai. Women remained generally less informed than male voters. Furthermore, civic education focused primarily on informing voters about polling procedures, rather than adequately addressing wider issues such as the role and functions of the institutions which were to emerge from these elections. There were also problems with the vetting procedure for candidates linked to illegal armed groups. It lacked transparency and therefore proved to be highly controversial in the absence of credible implementing measures.

Moreover, the election system adopted, the Single Non-Transferable Vote (SNTV), created significant political and administrative challenges. It placed considerable strains on many aspects, including the need to produce huge ballots, thus driving costs up substantially. Above all the SNTV system, with its emphasis on individuals rather than on political parties, produces unpredictable results and is likely to lead to a fragmented Parliament. Neither is SNTV necessarily representative of the voter's wishes in terms of ‘ideas’, thus hindering the desired outcome of a healthy and organised political life. And, despite two elections, Afghanistan still has no accurate final Voters List and the 2005 update is likely to have brought to an increase of multiple registration and proxy registrations.

The EU EOM was the largest and most prolonged international observation mission deployed for these elections. From the beginning of July, its observers were gradually deployed in 29 out of 34 provinces. On Election Day, the Mission was able to draw on the findings of 160 observers in nearly 900 polling stations, a 4% sample of the 26,000 polling stations across the country. Part of the team remained in the



country until the end of October to observe the highly sensitive issues of counting, tabulation and the complaints adjudication process, as well as the certification of results.

Numerous examples of fraud surfaced during the counting process. There were many instances of ballot stuffing, proxy voting and underage voting. The Joint Election Management Body (JEMB), the UN-Afghan body in charge of the elections, excluded 680 polling stations from the count, between 2.5 and 3% of the total. For this reason at the end of September, the Mission put out a public statement calling for the election administration to handle these issues in a transparent and effective way in order to safeguard the overall integrity of the process.

In addition, the Mission has solid reasons to believe that government officials, from Provincial Governors to district Police Chiefs, involved themselves in political campaigning on behalf of certain candidates. Their interference ranged from specific endorsement of candidates to covert provision of resources. Though these acts are a clear breach of a Presidential Order, there is no evidence that any sanctions have been applied, which is regrettable.

There were also reports of vote buying. Money was often offered but also trendy objects, such as cellular phones. Moreover, there can be little doubt that campaign expenditures of some candidates have greatly exceeded the statutory limits. The EOM, however, had no mandate to redress such cases but forwarded to the competent Afghan and UN bodies any such case that was observed by us. Our Final Report will reflect these irregularities and malpractices.

During the period I was in Afghanistan, I had the chance to travel extensively throughout the country: Kabul, Jalalabad, Faizabad, Bamyan, Kunduz, Herat, Kandahar, Charikar and the Panjshir Valley. In these places I had meetings with Provincial Governors, elders, tribal and religious leaders, local candidates, as well as election administration staff. From these field trips, I collected first hand information and insight on issues arising at the local level. In contrast, in Kabul I was able to get the wider political picture. With my staff, I had meetings with President Hamid Karzai, both Vice-Presidents, Ahmad Zia Massoud and Karim Khalili, Cabinet Ministers, party leaders – such as Muhammed Mohaqqueq, Younus Qanooni, Abdelrashid Dostum, Sayyed Ishaq Gailani – but also women candidates, members of the Kuchi nomad community, NGO's, in particular civil rights movements, academics such as Ashraf Ghani, international stakeholders and members of the media.

Quite certainly the newly elected bodies will have among their members former mujahidin commanders and former Taliban, who have joined the amnesty

scheme under a national reconciliation process. Shukria Barakzai, a women's rights activist and candidate herself, referring to the composition of the future Parliament, said that "Fundamentalists plus former warlords plus drug dealers plus former leaders is not good news for Afghanistan". Whatever the final outcome, the legislature will have a significant female presence, even by Western standards. The electoral law establishes a minimum quota of 68 seats out of 249 for the Wolesi Jirga (Lower House) and 25 % of all Provincial Council seats reserved for women. Also the Kuchi nomads will have ten seats allocated to them in Parliament, of which three are to women. This significant achievement will be reached thanks to a system of which I am not usually an enthusiastic supporter – far from it – but which at times is necessary as an interim measure, in order to ease the transition to more plural and open societies. Women were about 10% of the total 5800 candidates which is a very satisfactory result *per se*. And I wouldn't be surprised if they got many votes cast by men as some of them candidly admitted that "women don't have blood on their hands". Clearly such was the case for Malalai Joya, who openly criticised the presence of warlords in the Constitutional Loya Jirga: she has come second in the Wolesi Jirga race in Farah Province.

The presence of women in the Parliament will cause a major breakthrough for gender equality. The creation of a women caucus can be helpful to fight the repressive culture still so predominant in Afghanistan. Often societies, in these parts of the world but also in Western ones, have leaped ahead thanks to women's empowerment. Women need to become full partners in Afghanistan.

The election of a new Parliament and of Provincial Councils is an important step forward but will not, alone, solve the huge problems facing Afghanistan. Several provinces have been outside the control of central governments for over two decades, life expectancy is just 43 years of age, illiteracy amounts for 70% of the population, generalised corruption and impunity are part of daily life. Afghanistan needs a major overhaul in terms of infrastructure, the health system, the lack of universal schooling and education to help address the root of many challenges facing the Afghan people today.

For this reason, I am hopeful that the International Donors' Conference, scheduled for London in January 2006, while launching the second phase of the process initiated by the Bonn Agreement, will renew its commitment in a medium-term timeframe and use the positive momentum created by the elections in order to push ahead sustainable reforms in many social and economic areas. ■

Emma Bonino (IT-ALDE) was Chief Observer of the EU Election Observation Mission to Afghanistan.



International trade and Asia

by David Martin, MEP

Few would disagree that this has been a high-profile year in the evolution of EU-Asian trade relations. The recent controversies relating to the future of the textiles industry within the EU and worldwide, including the temporary blocking of Chinese imports, have brought home to EU officials the deepening interdependence of these two regions. Members of the European Parliament's Committee on International Trade have responded in recent months with the consideration of own-initiative reports on the future of the textile industry and the prospects for trade relations between the EU and China. As trade liberalisation gathers pace, speculation over the winners and losers foreshadows one reality: the extent to which, rich or poor, our fortunes are interwoven in the global trading system.

Much is at stake for all of us in maintaining a robust multilateral trading regime in the coming months and years. We must seek to ensure that no one is left behind in the dual quest for economic growth and poverty alleviation and it is against the background of an intense public drive to tackle the problem of global poverty in 2005, that those of us debating the EU budget for 2006 are keeping one eye on its external dimension and what this could mean for enhancing the trading potential of developing countries.

In my work as spokesperson on the EU budget for the International Trade Committee I have emphasised the role of trade related assistance (TRA) in delivering positive results for developing countries as they seek to adjust to expanding trading horizons and lay their claim to a greater share of global trade. The potential gains to be made by the developing countries are impressive. In the case of Africa, for example, an increase of 1% of global trade could deliver seven times more income every year than that continent currently receives in aid.

Whilst I believe that trade liberalisation is now a necessary condition for economic growth, simply lifting barriers to trade will not be enough. Many developing countries do not have the capacity to exploit their export potential and, thus, I am arguing for a new budget-line defined according to the criteria in the Doha Development Agenda Trade Capacity Database as well as the Commission's own guidelines for Trade Related Assistance. Known as "Aid for Trade" this budget-line aims to lend support to trade with developing countries in a number of ways, from providing training for developing countries to participate more fully in negotiations and implement trade agreements, to assistance in mitigating the adjustment costs of trade liberalisation and provisions for trade related infrastructure.

Aid for trade has a rationale fit for development in the 21st Century: that of the need to move beyond the hand-outs and institutionalised dependency that has dogged many developing countries over the past 40 years. This is not to say that we should reach deeply into the pot of finances earmarked for development assistance in other important sectors (such as nutrition and health) nor abandon the twin-strategies of debt relief and the untying of aid. As the world's largest provider of Official Development Assistance the EU, together with its Member States, already gives generously to important sectors such as basic education and health through the general budget and should continue to do so. Meanwhile, the EU is also at the forefront of providing trade-related assistance for developing countries, a commitment which predates the Doha Development Round and which now involves assistance to the tune of €1 billion per year. We want to keep it that way. Nevertheless, the EU budget remains ill-equipped to deal with the growing importance of trade-related aid. As it stands trade-related assistance is sourced from a variety of budget lines and is neither easily nor readily identifiable within the development budget. Further, the division of allocations along geographical lines within the development budget hinders rapid mobilisation of funds. This is why, with the support of my Socialist colleagues, I am pushing for 'Aid for Trade' as a single thematic programme for trade integration and adjustment, one which supports the multilateral trading systems within the framework of the current reforms to the financial instruments of external assistance.

These changes to the structuring of financial support within the EU need not impact on the support of domestic efforts made by developing countries to mainstream trade into national plans for economic development and strategies for poverty reduction. There is no reason why 'Aid for Trade' cannot be implemented within the framework of EU Country Strategy Papers (CSPs) and Regional Strategy Papers (RSPs). To this end, I see 'Aid for Trade' as a tool for kick-starting national and regional economic growth and poverty alleviation, not as a means of advocating trade-liberalisation as an end in itself.

The dynamism of leading Asian economies, such as India and China, has shed light on how trade liberalisation can reap benefits for the poor. It would certainly be wrong to deny the people of developing countries the chance to benefit from trade-related expansion as we have done in the past. On the contrary, it is only by enabling countries to come to the table to engage in negotiations that we can begin to break the cycle of dependency begun in the colonial era and create the conditions whereby people at all levels of society in developing countries can engage in income-generating livelihoods and thereby lift themselves out of poverty.



The WTO remains the best (and only) forum for trade negotiations in which the majority of developing countries can have a voice. And that voice is growing in volume and coherence as witnessed by recent meetings of the G-20 group of developing countries. Here, our Asian partners have a key role to play in the forthcoming Hong Kong Ministerial meeting. In particular, China's position in the G-20 gives it a link to less developed countries in terms of the negotiations whilst also being the EU's second leading trading partner. Yet, beyond Hong Kong, increasing the accountability of the WTO remains an important step to be taken to improve the credibility of the organisation. Members of the Committee on International Trade have called for closer involvement in the scrutiny of WTO decision-making. The Committee endorsed my recommendation that funds should be set aside to contribute to the Parliamentary dimension of the WTO. This could be €500,000 for the years in which Parliamentary Conferences run parallel to the biannual WTO Ministerial meeting, with a lesser sum of €150,000 to be allocated for organisational expenditure in those years where the meetings are not taking place.

In the coming months we will be considering domestic EU budgetary reforms which are set to have a profound impact not only on developing countries but also on our Asian trading partners. Accompanying EU moves away from the Generalised System of Preferences is the hotly debated restructuring of the EU sugar regime which, coming at a time when the spotlight is firmly on the need for agricultural trade liberalisation, may yet prove a test case for a wider overhaul of the practice of subsidising exports under the CAP.

In the longer-term, we need serious discussion of how social and environmental standards can be better incorporated into the WTO agenda. Given the challenges posed by the dynamic growth of the Indian and Chinese economies, this is likely to be a sensitive issue in the eyes of these partners. Yet, domestic debates over the status and extent of the European Social Model and the embodiment of that model in a programme of legislation that is ambitious in substance and scope (albeit reduced in quantity under the Barroso Commission) will shape the agenda on the European side over the coming year. Amongst a variety of issues up for discussion, the controversial reform of the system of the classification of Chemicals is a particularly striking example of the growing EU regulatory concern with Sanitary and Phyto-Sanitary (SPS) standards. The question of the compatibility of this form of regulation with the model of expansion advocated by our trade partners in Asia will be crucial to the trade relationship as it evolves beyond 2006. ■

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Burma and ASEAN - the way forward

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The Speakers in Reply

Mr Mohd. Zaid Bin Ibrahim, in reply said, said the focus on sanctions may be misplaced. The policy of engagement offered more fruitful options. The people of Burma are in dire need of support. The situation is urgent and the international community should consider seriously engaging Burma in a co-ordinated way. Many ASEAN countries believe that progress can be made and that, whatever else, they do not want to make matters worse by ignoring the regime. When ASEAN did table the proposal that Burma step down from the chairmanship, the military did try to lobby actively to suppress the proposal. ASEAN's persistence does show that the group has some international credibility.

Mr Mario Joyo Aguja, said the countries bordering Burma clearly do not want to promote instability. The prospect of thousands of refugees crossing borders is too dangerous. For many years, the United Nations has pursued a policy of quiet diplomacy but, clearly, this has failed. There have been Resolutions from the UN General Assembly and the UN Commission on Human Rights. Burma does not need more sanctions but should work more closely with the UN Secretary General towards a process of national reconciliation.

Senator Jon Ungphakorn told the meeting that civil society organisations do exist in Burma, some with links, for example, to groups caring for refugees on the Thai border. They tackle HIV-AIDS and offer livelihood training programmes. However, involving the EU in such aid programmes only serves to promote bureaucracy, even for very small sums of money. Adopting a UN Resolution would demonstrate to the regime the unity of the EU, ASEAN, China and the US perhaps prompting it to rethink its actions.

Mr Harn Yawngwe said a UN Security Council Resolution need not provoke further sanctions. Rather, the intention should be to focus international attention on the long-running nature of the problems in Burma and get some measure of concerted action. This is aimed at ending the ability of the regime to play one group of countries off another. Russia is currently selling arms, training military officers and might be negotiating the sale of a nuclear reactor. Although China does give aid to the regime, Beijing is probably quite concerned at the nature of events inside the junta and over the fact that Chinese companies are losing large amounts of money. China was prepared to act over Cambodia and is hosting the six-party talks on North Korea, so they may well be willing to engage over Burma. ■

Taking responsibility: The EU's security interests in East Asia

by Dr Sebastian Bersick

In November, the second meeting of the recently launched EU-USA TransAtlantic Dialogue on East Asia will take place. The first-ever such meeting took place in May. One of the major issues likely to be on the agenda is the rise of China and its implications for cross-Strait relations. The Europeans will doubtless have to defend their stated policy of lifting the 16-year old arms embargo against China, in the face of growing American pressure that Europe should consider more seriously the impact of its decisions for the sake of the security of East Asia and the wider region.

The engagement policy of the EU towards the People's Republic of China (PR China) and towards the East Asian region is a mixture of bilateral and multilateral approaches. Besides meetings on the bilateral level the EU and its member states meet their Chinese counterparts in fora like the ARF or through the ASEM process. Within that overall framework, the issue of the lifting of the European arms embargo against the PR China marks a turning point in the EU's policy towards East Asia. Europe has important security interests in East Asia. Europe has developed economic interests in East Asia and important respective interdependencies: Europe and East Asia are each other's largest trading partner; Europe is one of the largest investors in East Asia and largest provider of technology to the region. Yet, the European Security Strategy does not mention the Taiwan question or its potential ramifications - a potential escalation in the strait of Taiwan could jeopardise Europe's economic interests in the region.

The manner in which the EU will handle the embargo issue is going to influence gravely, if not to determine, the legitimacy of the EU as an international actor. While the reasons for this development are manifold the security dimension is of specific relevance. It involves, *inter alia*, the China-Taiwan cross-Strait issue and the strategic interests of the USA in the region. Ahead of the November meeting, I suggest that the EU's East Asia policy has entered a new stage of engagement that makes necessary a deepening and widening of the EU-US dialogue on Asian affairs.

EU-China relations

Last year, the *Far Eastern Economic Review* depicted the relationship between the People's Republic of China and the European Union as a "love affair" that drives business and trade. After the re-unification of Europe, on 1st May 2004, Chinese Premier Wen Jiabao visited the EU as the first major world leader. The then President of the European Commission Romano Prodi

stated: "Both of us want a multipolar world in which we have many active protagonists. This is a Chinese priority and it is a European interest".

In September, European Commissioner for External Relations, Benita Ferrero-Waldner, stated "both the EU and China have changed beyond recognition in 30 years. It is time to reflect the vibrancy of our relations with an ambitious new agreement that will help us move to a fully-fledged strategic partnership". According to the Commission, the political dialogue which was formally established in 1994 recognises "China's status as an emerging power on the international scene". Meetings at the Ministerial level, political directors, heads of missions, regional directors and of senior officials occur on a regular basis. Since 1998, EU-China Summits are being held on an annual basis.

In October 2003, the Chinese government formulated its interests in the EU in its first actor-specific policy paper, 'China's EU Policy Paper'. Beijing underscores the "increasingly important role" that the EU is playing "in both regional and international affairs". It is in this document that the Chinese government demanded, for the first time, that the EU "should lift its ban on arms sales to China at an early date so as to remove barriers to greater bilateral co-operation on defence industry and technologies". Clearly, the EU and China share an interest in managing the rising interdependencies between them and engage bilaterally, even in the area of hard security as the issue of the lifting of the European arms embargo against China indicates.

EU-Taiwan Relations

With respect to Taiwan, the EU follows a One-China policy and thus has no diplomatic relations with Taiwan. Yet, the EU has relations with Taiwan in non-political areas, such as economic relations, research, culture, education and science. The EU supports the peaceful resolution of the Taiwan issue and rejects the use or threat of force. The EU "urges both sides to resolve the cross-Strait question through constructive dialogue and to renounce dogmatic positions". When China adopted the so-called Anti-secession Law, on 14th March, the EU issued a declaration expressing its concern and its "opposition to any use of force". Re-emphasising that cross-Strait relations must be based upon a constructive approach, the EU hopes that the increasing interdependence and integration between both actors can lead to a peaceful resolution of the cross-Straits conflict.

The arms embargo and the role of the US

The Taiwan issue is one of the potential hot spots in the Asian region and has been the "principle issue" in



US-China relations for more than four decades. Since the normalisation of US-China relations in 1979, the USA and particularly the current President has made it clear that he does not support Taiwan's independence and supports the One-China principle. At the same time, the Taiwan Relations Act from 1979 defines a threat to the security of Taiwan as a threat to the interests of the USA.

US security interests in Asia are manifest in the overall goals of the new US Global Defence Posture Review (GDPR) in Asia, namely: (a) to prepare better the US for regional contingencies in Korea, the Taiwan Strait, and to conduct counter-terrorism operations, (b) to renovate the US alliances in Asia through an increase of the interoperability, the reduction of frictions, stresses and unhealthy dependencies, (3) to increase US interactions with other regional security partners, (4) to overcome the lack of sufficient access to South Asia and South-East Asia, since the current US military presence is mostly located in North-East Asia.

A rationale for the GDPR, its underlying assumption of the validity of balance of power games and for their operationalisation through a policy of military containment, has been given by the US Secretary of Defence. During the meeting of the Shangri-La Dialogue in Singapore this June Donald Rumsfeld pointed to several areas of concern that exist in relation to China's role in Asia and underscored the increase in Chinese defence expenditure. "Since no nation threatens China" Donald Rumsfeld said "one must wonder: why this growing investment? Why these continuing large and expanding arms purchases? Why these continuing robust deployments?" He concluded that "China would appear more a welcome partner" if a "growth in political freedom" took place. The US emphasises that China has continued "to deploy its most advanced systems to the military regions directly opposite Taiwan". In that context the possible impact of exported weaponry to the unstable situation in the Taiwan Straits, following an end of the EU arms embargo, is thus a key question. Between 1998 and 2002, the PR China and Taiwan were the two largest recipients of arms imports in the world.

As the tensions between China and Taiwan are the "biggest challenge for the Sino-US relationship", the lifting of the European arms embargo against China would have a grave impact on Sino-US relations. In that context a European political observer in Washington D.C. opines that "the arms embargo issue is a wake up call for the US and the State Department is realising it. We need co-ordination as part of the transAtlantic alliance. China continues to push. The lifting of the European arms embargo would send a wrong signal to China". Another analyst argues "nobody in the EU is thinking of security issues in Asia. For the EU, Asia is a threat in economic terms. But a major player should have bigger responsibilities.

The lifting of the European arms embargo against China is an example for Europe acting without responsibility. If the EU had a sensibility for security issues it would be beneficial to the policy making [of the US administration]. A future transAtlantic forum on Asian and China affairs needs to deal with the Taiwan issue."

Lifting the EU arms embargo

During the EU-China summit in December 2004, the EU officially declared its willingness not to retain the ban on weapons sales. While the Chinese side underscored that it views keeping the arms embargo as "political discrimination" which "was not acceptable and should be immediately removed", during the Summit the EU confirmed its "political will to continue to work towards lifting the embargo".

However, not all involved actors - for example, the USA, Japan or Taiwan - share this interpretation of the embargo issue. Besides the impact of the adoption of the Anti-secession Law by the Chinese National People's Congress last March, the main reason why the arms embargo has not been lifted is probably that there is angst in Washington D.C. The China factor disturbs power perceptions on both sides of the Atlantic. This is because the EU has expressed its willingness to side with Beijing's strategic interests against the strategic interests of the USA.

The lifting of the arms embargo against China symbolises that the Europeans are willing to support the modernisation of China's People's Liberation Army. In the eyes of the overwhelming majority of the members of the US House of Representatives this decision places "European security policies in direct conflict with the United States security interests and with the security interests of United States friends and allies in the Asia and Pacific Region".

To those observers, a lift of the embargo provides evidence that Europe will sell weapons to China even if a new Code of Conduct is in place. In fact, the real question is not the lifting of the arms embargo itself but the enforcement of the Code of Conduct on Arms exports and its legal status. Though the Code of Conduct is a formal document of the Common Foreign and Security Policy (CFSP) it is only a declaration of the political will and not an international treaty. Compliance to the Code of Conduct cannot be legally enforced.

President Bush's statement at a news conference at NATO in Brussels that the Europeans have "to sell [their new Code of Conduct] to the United States Congress" indicated what a bumpy and risky journey the transatlantic relations are facing. Robert Zoellick warned that "the EU should remember its responsibilities as an increasingly important world



power and that any retaliations from the US would come in the area of transAtlantic defence co-operation”.

Since March, the EU has changed its strategy and it is highly unlikely that the EU leaders will lift the arms embargo unless “a new dynamic unfolds” as a senior European diplomat put it. This is because EU officials are linking the implementation of human rights in China and the lifting of the arms embargo. The ratification of the UN International Covenant on Civil and Political Rights (ICCPR) could be a step by Beijing that would accelerate the process of the lifting of the embargo. Recently, Benita Ferrero-Waldner pointed out that the ratification of the ICCPR or “the release of detainees from Tiananmen Square” would be conducive to “the right climate” for negotiations.

Furthermore, an EU-US strategic dialogue on Asian affairs has been started in May this year. Such a dialogue between the USA and the EU on Asian affairs would probably not have started without the unilateral behaviour of the European side with regard to the embargo issue. While the US administration has pointed out that “a discussion on lifting the arms embargo is simply out of step” Washington now emphasises the need “to have a strategic conversation about East Asia in general and China in particular so (that the) respective assumptions can be explored”. The second meeting of this new TransAtlantic Dialogue mechanism will take place in November.

Conclusion

A major challenge to the EU’s East Asia policy is caused by the need to co-ordinate with those actors who have a security interest in the region. The handling of the lifting of the arms embargo against the PR China by the EU has revealed an incapacity to deal with Asian affairs properly. The issue we are dealing with is essentially about the question whether the European Union and her Member States have a strategic understanding of the implications of China’s and Asia’s rise.

Such a conceptualisation of current world affairs needs to figure in the vital interests of all involved actors before the EU decides for itself. TransAtlantic institution building with regard to Asian affairs is a solution that would not only serve all transatlantic state interests that are involved. Moreover, it would send a new and important signal to the Chinese government - the US and the EU are determined to co-operate on the question of how to respond to the rise of China and of Asia.

The USA and a majority of EU Member States share the common interest of not violating the Code of Conduct by selling military equipment, dual use material or related technology to China. TransAtlantic

co-operation can make the arms embargo superfluous. It is now for the Chinese government to act. The ratification of the International Covenant on Civil and Political Rights could be a step by Beijing that facilitates a lifting of the arms embargo.

The prospects of a European policy on East Asia that manages the increasing interdependencies between the EU and China and East Asia, not solely in the institutions of the Asian-European dialogues but, also, within the context of the transatlantic dialogue are instrumental for the EU’s quest to facilitate the implementation of the multilateral principle in international relations.

In that context, the EU needs a more constructive approach towards the Taiwan issue. It is necessary that the EU explains to China that it regards the cross-Taiwan Strait relationship not as a “entirely internal affair” because its security dimension does not only have repercussions on the East Asian region. Europe’s security interests are at stake as well.

The issue of the lifting of the EU embargo against China has made apparent that the rising responsibility of the EU’s actions in relation to China can have grave repercussions on the Sino-US relationship. It is therefore necessary that the strategic dialogue between the USA and the EU on East Asia is deepened and widened and that the Taiwan dispute becomes an central topic of the dialogue. This can contribute to the normative and strategic dimension of cross strait relations. That is to say that it can, on the one hand, facilitate the further peaceful transformation of the Chinese political system to a more open society, based upon the rule of law and respect for human rights. On the other hand, it can be instrumental in providing regional stability.

Such a policy mix of normative and strategic elements can constitute a European element in the promotion of the peaceful resolution of the Taiwan issue. The US and the EU need to start a dialogue on models and modes of regional co-operation and integration. It is in the interest of both actors (and the EU Member States) to develop a common approach towards the challenge to support the development of an inclusive regionalism in East Asia. Such a concept needs to take into account the interests of all stake holders. This includes the interests of Beijing and of Taipei. ■

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Globalisation: Meeting the Asian challenge

by Malcolm Subhan

Today's global economy is shaping up very differently from the global economy created by a century and a half of European domination. This is clear from the European response to the rapid – even sudden, in historic terms – emergence of China and India as key players in the new global economy. “Europe can retain global leadership,” the Europe-wide employers’ organisation, UNICE, declared recently, only to add, “but emerging countries are catching up.”

UNICE pointed out that China today is an “industrial powerhouse, not only in labour-intensive goods like textiles” but also “in a broad range of high-technology manufacturing.” As for India, it is “a growing market for business services – especially in information technology.”*

This message is also at the heart of the working paper which the European Commission submitted to the informal summit meeting of Presidents and Prime Ministers of the 25-nation European Union (EU), held in Hampton Court, Surrey, UK, on 27th October 2005**. “Global competition, particularly from Asia, has intensified,” the Commission noted. “Cutting-edge knowledge is no longer confined to Europe or North America. Indian universities are turning out more than a quarter of a million engineers every year. Research spending in China is set to catch up with that in the EU by 2010.” “Chinese research and development (R&D) is a bigger threat than outsourcing,” Peter Elverding, the President of CEFIC, the body representing the European chemical industry, told the UNICE conference, held in Brussels on 20th October 2005.

And herein lies the major difference between globalisation in the 19th and 20th centuries and the form of globalisation in the 21st Century. In historical terms, the earlier period of globalisation was driven by European domination of all of Asia, and it served European interests. Asian participation, whether in business or science and technology, was used to further European interests, when not deliberately thwarted. The British introduced the cultivation of tea in India, for example, but the tea leaves were shipped to the UK in bulk for further processing and packaging for the retail trade. It was only in the 1960's that developed countries agreed that it was in the economic interest of developing countries, like India, to process their raw materials at home.

Contrast this with the situation today. In 2004, China's share of global merchandise trade surpassed that of Japan; by 2020 China and India together could account

for 50% of world trade in manufactured goods, a high proportion of which could well be high-tech goods and services, going by present trends in exports and investments. “China and India are attracting research investment and rapidly shedding their image as ‘low-cost, low-value’ economies,” the European Commission noted in its paper for the Hampton Court summit.

It is not altogether surprising, therefore, that globalisation is a source of anxiety in the EU, particularly in EU countries with high rates of unemployment, according to the European Commission. “But most jobs,” the Commission is quick to point out, “are created and lost within a country's economy, not as a result of shifting production to another part of the world” – nor, it could have added, because of a rise in imports, whether of manufactures or agricultural commodities. And the outcome of the failure to grasp these simple facts? “A disconnect between our perception of globalisation and our behaviour,” according to the European Commission.

France has provided the most striking example of this disconnect, not once but twice in just six months. It was the driving force behind the demand that the EU reintroduce quotas on Chinese exports of such run-of-the-mill, low-tech items as T-shirts and bras! France's EU partners caved in, and in June 2005, the EU duly imposed import quotas on a wide range of Chinese garments. In other words, the EU virtually reversed, in a matter of weeks, a 1994 decision by the WTO, that quotas first imposed on the textile and clothing exports of countries like China and India in the early 1960s, must be finally and fully eliminated by 1st January 2005.

By October, 2005, France had provided a further striking example of “disconnect,” when it threatened to derail the Hong Kong meeting of WTO trade ministers in December 2005, a meeting crucial for the future of the Doha Development round of trade negotiations. In a blatant attempt to protect its 600,000 farmers from outside competition, France accused the European Trade Commissioner, Peter Mandelson, of exceeding the negotiating mandate the EU Council had given the European Commission for the Doha negotiations. The mandate could not have been broader, consisting as it did of the Council's “conclusions from October 1999 to July 2005” and, as regards the negotiations in agriculture, the limits set by the 2003 reform of the common agricultural policy.

It could be argued that as the world's largest exporter of goods and services (and the biggest investor in non-EU countries) the EU had an obligation to keep the faltering WTO trade negotiations on track. The EU's chief trade negotiator presumably thought so. On 28th October 2005, Mandelson sent the EU's key partners in



the Doha round – the US, Australia, Brazil and India – new proposals covering several areas of the Doha negotiations, including agriculture. He made it clear to them that his offer was “fully conditional on immediate movement (by them, in particular) in negotiations on trade in industrial goods and services, as well as in other areas of the agricultural negotiation.” This attempt to meet French objections failed, inasmuch as an adviser to the French government described Mandelson’s offer as “completely outside the terms of his mandate.”

In trade negotiations, “all participants have domestic constraints and political limitations,” as the European Commission pointed out in its Note of 28th October, entitled “Making Hong Kong a Success: Europe’s Contribution”. Dealing with constraints and limitations can amount to walking a tightrope. Thus France fought the hardest for quotas on Chinese exports, in an attempt to placate its garment manufacturers; but it also handed out the most import licences for Chinese garments, in order to mollify the country’s distribution trade.

The contradictions in French policies with regard to globalisation do not stop there. On the eve of the Hampton Court summit the French President, Jacques Chirac, outlined what Europe must do, as a matter of urgency, in order to be the world’s leading economic power. “It must,” he wrote in an article carried by leading European newspapers, “become stronger in innovation and research, in order to be competitive and create tomorrow’s jobs.” And the French President proposed that all of Europe follow “France and Germany in embarking on major programmes in such areas with a future as the biotechnologies, information technologies and nanotechnologies.”

But this is easier said than done; witness the EU’s inability to implement the Lisbon Agenda, adopted by the Lisbon summit, in 2000, with the aim of turning the EU into the most competitive, knowledge-based economy in the world. The purpose of the Hampton Court summit, some five years later, was “to try and set a clear direction on how Europe responds to the challenge of globalisation,” Prime Minister Tony Blair told the press. The EU’s current British and forthcoming Austrian Presidencies, he noted, “will work...to boost significantly research and development, and innovation, and support for the knowledge economy in the European Union,” in line with the European Commission’s paper. At the same time the EU will develop “strong centres of (academic) excellence,” in order to compete effectively with not only the US but also China and India.

Europe can compete effectively with China and India, because it has set the ground rules, as in the 19th and 20th Centuries. After attending the Hampton Court Summit Josep Borrell, the President of the European Parliament, noted that international competition is “not

only between economies but also between societies.” He called on EU companies to export “our values, and not only our products.” But this is exactly what the West (Europe and the US) is doing. Globalisation today is driven by the products of the information and communication technologies in particular, which are Western inventions. They underpin the consumer-driven economic model which the EU and the US are exporting around the globe – through the EU-sponsored Shanghai Business School, for example – and European business through outsourcing. And neither the technological products, nor the economic model they sustain, are value-free.

In short, globalisation today is still driven by the West, but with this important difference. The West cannot prevent Asian countries from using, for their own ends, the technologies and the consumer-driven economic model which the West has developed and perfected. The EU must therefore decide whether it wants to regard China and India as partners or adversaries in today’s global economy. European business has chosen; this was clear at the UNICE conference. It now wants EU governments to follow suit. ■

* From the brochure UNICE published in connection with the “Competitiveness Day” conference it organised in Brussels on 20 October 2005.

** European Values in the Globalised World.” European Commission, Brussels.

Delivering Europe external relations priorities: 2007-13

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If the Council and Commission are to take seriously the monitoring and promotion of human rights, the rule of law and democracy conditions in third countries then funding the EIDHR as a separate instrument should be maintained. Funding it thematically will send the message to third countries that the EU is watering down its commitment.

The EU is said to be at its best in external relations when it acts in a “united, persistent and coherent” manner and when it is consistent across all external relations instruments, including development policy. This is fine in principle. Yet, if the money is not available to match Europe’s political ambitions with the policy goals and commitments (for example, to the Millennium Development Goals) then apart from failing our partners and developing countries, Europe runs the risk of failing to promote its values into third countries. ■

Asylum, Immigration, Justice & Home Affairs

Fighting human trafficking

On 18th October, the European Commission adopted a Communication on “Fighting trafficking in human beings - an integrated approach and proposals for an Action Plan”. The Commission and Council were asked in November 2004, during the European Council, to develop a plan, during 2005, for common standards and implementing mechanisms to prevent and combat trafficking and to protect and rehabilitate the victims of trafficking. The Communications calls on the EU to develop an anti-trafficking policy based upon the principle of protection of human rights. This should allow the EU to use the provisions of Article 1 of Co-operation Agreements with third countries - which refers to respect for human rights and the rule of law - to begin political dialogue with these States. It is suggested that the EU should add anti-trafficking initiatives to development co-operation priorities with third countries.

Inside the EU, the Communications states that third country nationals who are victims of trafficking should not be excluded from protection, even if they do not have a legal residence status in the EU. Testifying against the traffickers would not harm the victims ability to subsequently apply for asylum. Where trafficking takes place for the purposes of labour exploitation, the Communication calls for new methods of co-operation between agencies responsible for the control of working conditions. Over the course of 2006, the Commission intends conducting an evaluation of the Council Decision on combating trafficking and the Decision on combating the sexual exploitation of children for child trafficking. If necessary, the Communication states, the Commission will propose additional legislative instruments to promote greater harmonisation of EU law in these areas.

In its relations with third countries, the EU should use development co-operation policy to support projects tackling trafficking and, in particular, violence against women and children. Through the EU’s Country and Regional Strategy Papers, combating child trafficking from developing countries should include measures aimed at supporting access for children to basic education. This would be considered part of the campaign against poverty in developing countries and help fulfil the Millennium Development Goals, the Communication states.

Hague Programme External Dimension

The European Commission adopted a Communication on a “Strategy on the external dimension of the area of freedom, security and justice”, on 12th October. The

Communication forms part of the response to the Hague Programme on Justice and Home Affairs, which was launched in November 2004, with a five-year timeframe. The Communication is intended to inform the thinking inside the Council of Ministers, who have been tasked with agreeing an EU strategy on the external dimension by the end of this year.

The Communication states that giving the EU the ability to project its values into third countries in justice and home affairs matters will help improve the internal security of the EU. The EU should develop a strategy to engage with third countries to address issues including terrorism, organised crime and drug trafficking. For example, the Communication suggest that the EU is seeking to develop links with third countries, regional and international organisations in order to improve co-operation on tackling terrorism. Through support to judiciary and law enforcement institutions abroad, the EU will be able to tackle organised crime, particularly in “weak States” and “trouble-spots”. The “political priorities” of the EU in its relations with third countries include promoting human rights, strengthening good governance, building domestic capacity in migration, border and asylum management, tackling organised crime and combating terrorism.

The Communication outlines what instruments are available to the EU in pursuing these political priorities and suggests that there needs to be a priority in geographic terms of what actions are undertaken first. The instruments would be a mix of EU policy areas including development co-operation, external aid programmes and the use of Partnership of Co-operation Agreements. The Asia-Europe Meeting (ASEM) process is cited as an example of regional co-operation that might be useful to implement EU priorities. Promoting the external dimension of the Hague Programme will take place with countries bordering the EU as these States are the first natural partners for closer co-operation”, the Communication states. After these countries, India and China and other developing countries would be important.

Regional Protection Programmes

The European Commission adopted a Communication, on 1st September, on “Regional protection programmes”. The Communication forms part of the Commission response to the Hague Programme, announced in November 2004. The Commission was asked to present an Action Plan for a series of pilot projects for regional protection programmes, by July. Such Programmes are designed to help third countries or countries of a particular region to protect refugees. This could include facilitating local integration of refugees, promoting repatriation or arranging resettlement. The Communication states that the EU could use aspects of its humanitarian aid, refugee and



development policies to help these third countries that are countries or regions of origin.

A Regional Protection Programme would consist of a series of measures to help both the refugees and the country hosting the refugee population. Such measures could include projects to improve the reception conditions of refugees, training programmes for administrative officials dealing with refugees, projects which would benefit the local community hosting the refugees and projects to establish a procedure to determining the status of refugees. A Protection Programme would also consist of support to EU Member States who undertake to host refugees under any resettlement initiative.

The first pilot programmes are due to take place in countries which obviously have greater importance to Europe's external relations policy. These include Ukraine, Moldova and Belarus. The Communication suggest that the Council should consider adding Tanzania to this list in light of the number of refugees coming from Burundi and the Congo. If these pilot projects are successful, the Communication suggests that the initiative could be extended to include Afghanistan. Such a project would facilitate the return of Afghan nationals in the EU to the country of origin. Extending the series of pilot projects would depend on the recommendations of an evaluation study the Commission would undertake, the results of which would be ready during 2007. In a sign of the priority the EU attaches to this initiative, in mid-October the Council of Ministers asked the Commission to develop programmes for the pilot phase, by the end of November.

Political Relations

Afghanistan

In advance of a planned Resolution of EU-Afghanistan relations, the Commissioner for External Relations, Benita Ferrero-Waldner, addressed the European Parliament, on 26th October. The parliamentary and provincial elections in Afghanistan took place on 18th September as part of the Bonn Process, which began in December 2001. It is estimated that some 7m Afghans voted in the elections. The Commissioner said the EU had provided nearly US\$64m towards the cost of holding the election, approximately 40% of the total. The EU, she said, provides reconstruction aid and capacity building to the government of President Karzai and over the years 2002-06, the EU will have spent nearly €1bn. The Commissioner said she would support the idea, formulated by the United Nations, of holding an international conference in early 2006 to help Afghanistan, now that the Bonn Process has come to an end.

While the international community will have to offer clear commitments to remain involved in financial, political and military terms, the Afghan government will equally have to take on greater responsibility for the transition process. The UK Presidency of the Council, she said, is currently negotiating a Joint Declaration on an EU-Afghanistan Partnership. This Declaration will contain Europe's objectives of seeking improvements in governance, development and human rights. The UK Presidency issued a statement, on 19th September, congratulating Afghan voters for exercising their rights despite the threat of violence and intimidation. The statement said the EU was committed to a "fully democratic, stable and prosperous Afghanistan, free from terrorism, extremism, intimidation and violence".

Uzbekistan

On 27th October, the European Parliament adopted a Resolution, by urgency procedure, on the situation in Uzbekistan. Following the massacre in May, in Andijan, in eastern Uzbekistan, the government was condemned by human rights organisations for its treatment of survivors and the process of trials. Journalists and human rights activists have been imprisoned and are reportedly subjected to torture. The Resolution notes that EU-Uzbekistan relations are governed by the 1999 Partnership and Co-operation Agreement and that these relations must be based upon respect for the rule of law, democracy and human rights. However, after the massacre, the government cancelled a scheduled meeting of the EU-Uzbekistan Parliamentary Co-operation Committee. Parliament called on the government to re-schedule the meeting and to permit the visiting delegation to visit Andijan and to meet with human rights activists. Those in detention should be released including journalists, opposition political party members and human rights activists. In terms of direct action, the Resolution asks the European Commission to place the budget for co-operation with Uzbekistan in a reserve, although humanitarian aid would be permitted. Already, the Commission has pledged to support projects in Uzbekistan that develop the capacity of civil society to promote democracy and human rights.

Prior to the Resolution, the EU had agreed to impose sanctions against Uzbekistan. On 3rd October, EU Foreign Affairs Minister meeting in Luxembourg talked about their "profound concern" about the situation in Uzbekistan. Condemning the "excessive, disproportionate and indiscriminate use of force" by the authorities, the EU established a one-year ban on exports of military equipment and proposed restrictions on admission to the EU of certain government officials. The meeting also suspended all technical meetings scheduled under the Partnership and Co-operation Agreement. In its Resolution, Parliament supported the sanctions regime and the suspension of the meetings.



EU Foreign Ministers linked progress by Uzbekistan on respect for human rights, the rule of law and fundamental freedoms to any future proposal to lift the sanctions now in place.

Sub-Committee on Human Rights

At the time of the first anniversary of the reconstitution of the European Parliament's Sub-Committee on Human Rights, under the remit of the Committee on Foreign Affairs, the Sub-committee held a debate on its role and performance. On 10th October, the Chair of the Sub-Committee said their role was to hold the European Commission and Council of Ministers accountable for their performance in the area of human rights. The Sub-Committee had established good relations with international organisations in trying to promote greater co-ordination between the EU's instruments and those of the UN, for example.

Tanya Cox, Human Rights Watch and member of the Human Rights and Democracy Network, said the level of activity of the Sub-Committee over the past year was impressive and that human rights organisations welcomed the publication of the draft Report on the role of the EU's human rights and democracy clause in Agreements with third countries. In terms of inter-institutional relations, Ms Cox said it appeared that the Council does not reciprocate enough on the participation of Parliament. Parliament, for example, does not have a role in the Council's Working Group on Human Rights. Ms Cox suggested that the Sub-Committee should dovetail its work more closely with that of the Commission and Council, in order to increase the impact of the work it already does. Parliament could also take a longer-term perspective and should not shy away from addressing complex themes, such as counter-terrorism. An important role for the Sub-Committee could be to draw up an evaluation of the impact of the EU's various human rights instruments.

Mr Mathiesen from the Council Secretariat, said that the Sub-Committee had an important role to play in co-ordinating with other Parliament Committees and the Commission's Delegations but that mainstreaming of human rights into other EU policies was hard to achieve in practice. The Council is committed to the implementation of EU Guidelines (for example, on Child Soldiers, On Torture) through working with the Parliament, the Commission, Delegations in third countries and with the Special Representatives. The Council has a good working relationship with the Parliament, the Sub-Committee and the secretariat, he said. Ana Maria Gomes (PT-PSE) said that the European Parliament had played an important role highlighting human rights in preventing the EU's arms embargo against China from being lifted. For the future, the Sub-Committee should target the Council's human rights agenda more closely. Parliament should

hold the EU to account for its half-hearted human rights policy to countries such as North Korea and Burma and, equally, to the International Criminal Court, she said.

EU Human Rights Report

Addressing the European Parliament's Committee on Foreign Affairs, on 3rd October, a representative of the British Presidency of the Council on the publication of the Annual Report on Human Rights. Contrary to commonly held perceptions, the representative said, the Report was not a document of the Council but, rather, a Report of the EU and, thus, of all of its institutions. On an initiative of the UK Presidency, for the first time, the European Parliament had made a written contribution to the Report which should be welcomed in light of its important role in promoting human rights.

The Report covers the period July 2004 to June 2005 and will be endorsed by the General Affairs and External Relations Council, the Presidency said. The format of the Report has been changed to a description of the activities of the three main institutions and a critical analysis in each chapter. This analysis should assist the EU in dealing with its human rights policy, particularly with third countries. The Report showcases how EU funds are spent in third countries with an examination of the European Initiative for Democracy and Human Rights. Without the resources of the United States' State Department, the Report is not fully comprehensive but it does highlight the countries and issues of concern to the EU.

The Report shows that where the EU and its Member States co-ordinate their positions, the voice of the EU is more effective in international relations including, for example, the United Nations. However, the UN itself needs reform and greater EU co-ordination will not explicitly help that process. The EU has greatly improved its information gathering procedures but may require additional institutional innovation. It needs to be consistent across all its instruments, including development policy. The EU, he said, faces challenges in promoting human rights both internally and externally. In external relations, the EU must have adequate funds available to promote human rights. Responding to questions from MEP's, the Presidency representative said that the Parliament had drafted a text which was sent to the Council of Ministers for inclusion into the Report. In previous years, a Council official would have drafted the section on what Parliament did during the period to be covered by the Report. Europe's external relations policy funding should be governed by one a range of six instruments, however, the question remained whether the EIDHR should be included there or have a separate instrument of its own. The Foreign Affairs Committee is scheduled to return to this topic and will forward a committee report to plenary.



Nepal

On 29th September, the European Parliament adopted a Resolution, by urgency procedure, on the situation in Nepal, following the declaration of a ceasefire by the Communist Party of Nepal (Maoist). The Resolution addressed a range of issues including the ruling government, the role of the king, the role of the army, human rights abuses and the intervention of international development co-operation, including the EU. In February 2005, the King assumed power in Nepal after many years of representative political parties seeming running the country into the ground. In response, the political parties announced a seven-party alliance calling for the restoration of Parliament and negotiations with the Maoists. The European Parliament calls the alliance a “first step” towards a new political process. In order to restore democracy, the Resolution suggests that the king should engage the political parties and the Maoists in “constructive talks”. As part of the process, King Gyanendra should “guarantee the full sovereignty of parliamentary democratic authorities”.

In terms of sanctions, the Resolution states that the suspension of EU military aid to Nepal should continue and that “smart sanctions” should be imposed. Restrictions should be imposed on EU development aid including monitoring where it is spent and that it should be targeted at addressing the “underlying causes of the conflict”. The Resolution called on the EU to consider sending an election observation mission to monitor the municipal elections, due in April 2006. The Resolution suggests that parliamentary elections should be held at the same time.

The Resolution also addressed the issue of the closure by the King of the representative office in Kathmandu of the Dalai Lama. Partly under pressure from the Chinese government, the King closed the Tibetan Refugee Welfare Office, which had been involved in co-ordinating relief services to Tibetan refugees inside Nepal. The office also acted as a *de facto* diplomatic mission for the Dalai Lama. The European Parliament called on the Nepalese government to re-open the Tibetan Office in order to allow it to provide aid as an implementing partner of the United Nations.

Trade Relations

EU-Singapore air services

The European Commission adopted two proposals for Council Decisions, on 20th October, on an Agreement between the European Community and Singapore on certain aspects of air services. Some two years after the Council authorised the Commission to begin negotiations with Singapore on replacing certain provisions of bilateral agreements between EU Member States and Singapore, a draft Agreement is

ready to enter into force on a provisional basis. One proposal asks the Council to approve the draft text and the second proposal would give the EU the authority to apply the terms of the Agreement immediately. The negotiations began after the Court of Justice ruled that certain provisions of these bilateral agreements were incompatible with Community law. The new Agreement would remove the right of third countries to reject or suspend authorisations granted to a Member States’ air carrier if it is not wholly owned by that Member State or by its nationals. Third countries had been able to discriminate against air carriers, established in one Member State but owned by nationals of another. The Agreement would also prohibit third country carriers from being price leaders when operating flights solely within the EU. These prices would be subject to EU law. By entering into force, the Agreement would alter this condition of bilateral agreements between Singapore and various EU Member States.

Steel ropes and cables from India, China

On 14th October, the European Commission adopted a proposal for a Council Regulation imposing a definitive anti-dumping duty on imports of steel ropes and cables originating in the People’s Republic of China, India, South Africa and the Ukraine, following an Expiry Review under Article 11(2) of Council Regulation EC/384/1996. The EU first imposed anti-dumping duties on these countries in August 1999. When that Regulation was due to expire, in August 2004, the Commission received a complaint from the Liaison Committee of the European Union Wire Rope Industries (EWRIS), in May 2004. Seventeen EU producers responded to the Commission’s Notice launching the investigation and five companies from Germany, Spain, Portugal and France were selected as being representative of the volume of EU production and for sales. The Expiry Review investigation covered the period July 2003 to June 2004.

The investigation established that during this period, the four countries’ exports to the EU accounted for 4.4% of the EU market. Exports from India were being dumped in the EU at between 10-20% of normal price levels, at up to 65% from China and Ukraine. No figures were available for South Africa. Although export volume decreased over the investigation period, the price per tonne decreased from €1364 to €1296. An anti-dumping investigation concerning exports from South Korea, whose market share doubled during the investigation period while price per tonne declined from €1366 to €123, did not show any evidence of dumping. The Commission investigation concluded that these third country exports were selling in the Community at between 58-65% for China and 47-55% for India below Community producers’ prices. Thus, anti-dumping duties on the Community price introduced by the 1999 Regulation should be



maintained at the level of 23.8% for one Indian exporter and 30.8% for all others; 60.4% for Chinese exporters; 51.8% for the Ukraine and 38.6% for South Africa.

Security and Defence

NATO in Afghanistan

On 6th October, the European Parliament's Delegation for relations with the NATO Parliamentary Assembly met to discuss the role NATO played in the election process in Afghanistan. Mr Chris Riley, NATO Headquarters, Brussels, told the Delegation that NATO was coming to the end of the Bonn Process, which started in December 2001. The Bonn Agreement established provisional arrangements for the country up until the re-establishment of permanent government institutions. With National Assembly elections and provincial council elections nearly complete, NATO is looking towards a post-Bonn phase of operations, Mr Riley said.

The role of the International Security Assistance Force (ISAF) during the election process was to provide security on election day and the days preceding and following actual voting. NATO, Mr Riley said, characterises the elections as a success, despite some shortcomings. To have so many ballot stations open, logistically and in terms of security was a tremendous achievement. In contrast to the October 2004 Presidential election, here up to one million Afghans residing outside the country were eligible to vote, the final turnout figures for the parliamentary elections may well be down in comparison.

Following a request from the Afghan government, NATO launched a Force Generation Process to establish Election Support Forces, to provide support to the domestic authorities. Primary responsibility would rest with the National Police Force, the Afghan army and then international military forces, Mr Riley said. ISAF's discreet third tier role was to prevent or respond to any critical event and to have at hand a rapid reaction force, if needed, with a full range of capabilities. In general, NATO's deployment in Afghanistan has extended beyond Kabul with operational control now of the Northern areas and, over the course of the Summer, into the Western sector. This gives NATO military responsibility for approximately 50% of Afghanistan. Ten countries offered troops to ISAF for the election period including infantry, marines, engineers and air mobile forces. ISAF's normal deployment strength of 8000 troops was increased to 12,000 during the election. There was an increase in hostile incidents during the election but not of any significant impact to affect election preparations, Mr Riley said. The extra troops will only remain in Afghanistan until the end of October, when the election count is scheduled to be complete.

Responding to questions from members of the Delegation, Mr Riley said NATO does plan to increase the number of forces in the country as ISAF gradually expands in presence to encompass more of Afghanistan. A further deployment would be expected in 2006. The Force Generation Process for this third stage is going well. With the completion of the Bonn Process there is the question of who will provide leadership given the understanding that this would not be NATO's role. The two missions - ISAF and the US-led operation - will remain separate, even if there is greater co-ordination between them, Mr Riley said. NATO's United Nations mandate has been extended for another year albeit with one amendment; in future NATO will be able to any means to protect its troops. It is unlikely that NATO will get involved in drug eradication despite the obvious problems in the country.

Weapons of Mass Destruction

The Sub-Committee on Security and Defence of the European Parliament's Committee on Foreign Affairs, on 3rd October, discussed the draft Report on the "Non-proliferation of weapons of mass destruction (WMD): A role for the European Parliament". The draft Report is being prepared by Girts Valdis Kristovskis (LV-UEN) who said he had discussions with Annalisa Giannella, Javier Solana's Personal Representative for WMD and with Marc Deffrennes, Head of Sector, Non-proliferation and Disarmament in the European Commission. The Council, Mr Kristivskis said, had committed €6m to establish a programme supporting non-proliferation initiatives. Separately, under the Technical Assistance Programme for the Commonwealth of Independent States (TACIS), the EU has allocated €35m but the anti-WMD element of the programme was insufficient. There is now a new proposal to deal with nuclear safety, border controls, monitoring of weapons-grade materiel and, lastly, the destruction of chemical and nuclear weapons. However, there does not seem to be sufficient clarity of what the EU will do for funding during the Financial Perspectives which are under negotiation for the period 2007-13. Mr Kristovskis said that the draft Report should demand a new Inter-Institutional Agreement in order to allow Parliament to act effectively under the common foreign and security policy.

External Assistance and Development

Informal Development Council

On 24th-25th October, the national Development Ministers of the EU Member States met in Leeds, UK, for an informal Council of Ministers meeting, under the British Presidency. The meeting was chaired by UK Secretary of State for International Development, Hilary Benn. Ministers discussed the state-of-play with the proposal to update the EU Development Policy



Statement, which dates from 2000, the earthquake in Pakistan, the results of the UN Summit in September and an EU Strategy for Africa. The Commission had proposed greater co-ordination and harmonisation of national development policies towards more EU-level action. Predictably, this encountered resistance from many Member States, who are eager to retain their national priorities. Commissioner for Development Co-operation, Louis Michel, put the argument slightly differently at the meeting saying that if EU action is to be efficient then there will have to be “more coherence and co-ordination”. The meeting agreed to return to the issue in later November during a formal sitting of the Development Council, in Brussels.

During the discussion of the EU response to the earthquake which struck Kashmir, Jan Egeland, the United Nations Emergency Relief Co-ordinator was present. By mid-October, the EU had agreed to provide an emergency aid package of €43.6m and a further €50m in reconstruction and rehabilitation aid. Jan Egeland called for more aid and, in particular, materials for shelters and the necessary helicopters to transport the aid and the injured. The discussion on the outcome of the September Summit was influenced by a paper prepared by the British Presidency on the international development system. The paper questioned whether the system was capable of delivering higher levels of aid or more effective aid. The informal meeting seemed to suggest that part of a wider solution might be to encourage developing countries to trade their way out of poverty. Europe should help developing country producers to sell their goods in the EU, should provide targeted aid to help them take advantage of greater market access and provide aid to those in vulnerable sectors, such as the sugar industry.

Humanitarian Aid

North Korea: The European Commission adopted a Decision, on 20th October, allocating €3.885m in humanitarian aid for the people of the Democratic People’s Republic of Korea for improved water and sanitation. The Decision states that morbidity and mortality rates in North Korea are related significantly to access to water, sanitation and drainage. With deteriorating health infrastructure and services, the EU assesses the overall nutritional status of the North Korean population as poor. The aid will be spent providing access to potable water for 150,000 people in nine provinces. This would include repairing water catchments and wells and improving the drainage of waste water systems. Such aid projects would target hospitals, schools and households. There would also be an element of technical training for local authorities.

The Decision states that the aid money will be available for a period of 18 months with €1.94m allocated for 2005, €1.165m for 2006 and €0.778m for

2007. There is a question mark over whether this kind of aid really constitutes emergency humanitarian aid. Currently, the EU does not provide direct development co-operation aid to North Korea and may be trying to circumvent this by supplying longer-term aid through the Humanitarian Aid Office (ECHO). During a meeting between Commissioner for External Affairs, Benita Ferrero-Waldner and North Korea’s Deputy Foreign Minister, Mr Tae Bok Choe, on the sidelines of the UN General Assembly in September, Mrs Ferrero-Waldner said that recent statements from Pyongyang on plans to restrict the operation of humanitarian aid agencies was causing concern to the EU. Despite these concerns, the €3.885m Decision was granted one month later.

Pakistan: In the aftermath of the earthquake which struck Pakistan on 8th October, centred in Pakistan-administered Kashmir but also affecting India, the European Commission adopted a series of Decisions granting humanitarian and reconstruction aid. To date, an estimated 37,000 people are thought to have died. On 12th October, the European Parliament, during plenary session, stood for one minute’s silence. By 24th October, the Commission had allocated a total of €93.6m in aid. In response to Pakistan’s request for international assistance the first EU Decision, on 10th October, provided €3m with a further €0.6m being diverted from an earlier grant of aid. The funding would be available for a period of three months to assist victims in both Pakistan and India. Some international relief non-governmental organisations (NGO’s) were already in the area and the Commission said it was its intention to make use of such NGO’s as Oxfam, Action Aid, Save the Children and the International Council of the Red Cross to deliver the aid. Such aid would consist of shelter, food aid, water and sanitation and emergency telecommunications equipment.

A second Decision, on 14th October, granted €10m in aid over six months. The aid was substantially the same but included winter-style tents and support to small-scale rehabilitation of damaged houses. Then, on 24th October, the Commission a further €30m would be made available for emergency aid to be followed by €50m for reconstruction and rehabilitation aid. This money would be spent in 2005 and into 2006. The extra €30m would have to come from the Emergency Reserve of the EU Budget and, thus, had to have the agreement of the Council and Parliament. The €50m would be spent rebuilding housing, medical facilities, schools, roads, water services and infrastructure. Speaking in the European Parliament, on 11th October, a representative from the Commission said that a lack of infrastructure would slow the delivery of vital aid supplies. The EU response was being co-ordinated through the Commission Delegation in Islamabad, field experts and in co-operation with the World Bank and the Asian Development Bank.



On 11th October, the Committee on Foreign Affairs of the European Parliament debated the draft Report of Angelika Beer (D-GREENS/ALE) on a new financial instrument for external policies. The draft Report is a response to one of the instruments – the Stability Instrument – that the European Commission has proposed to replace the current external assistance and development co-operation regime. If adopted, the draft Report on a “Proposal for a Council and Parliament Regulation establishing an Instrument for Stability” would have implications for several instrument affecting Asia including the Rapid Reaction Mechanism, rehabilitation and reconstruction operations in developing countries, aid to uprooted people and action against anti-personnel landmines in third countries.

The objective of the Stability Instrument is to promote peace and stability in third countries in order to allow EU development co-operation and financial, technical and economic measures to take place. Such EU operations might take place in an emerging crisis or to prevent a violent conflict. Mrs Beer’s draft Report gives the examples of Afghanistan, Iraq and Kosovo where existing EU instruments were insufficient to cover the period between necessary humanitarian aid and the problem of providing development co-operation funding.

During the Committee meeting, Mrs Beer said she had recommended removing nuclear issues from the proposal and had, thus, changed the legal basis of the Commission’s proposal in order to ensure that Parliament retained co-decision rights for the proposal. There was a difference of opinion with the Council over an amendment she proposed on allowing the EU to fund operations in third countries here there was a threat to law and order or human rights where the EU might invoke the clause in Co-operation Agreements in Article 1. Even though nuclear issues would no longer be covered by this instrument, Mrs Beer said landmines and the proliferation of chemical and biological weapons should be.

Parliamentary control of multi-annual indicative programmes was essential, Mrs Beer said, especially for long term measures. For short term measure in crisis management, the Commission needs to retain a certain room for manoeuvre although it should continue to report to Parliament on the activities it undertakes. Under the co-decision procedure, the current proposal might not be adopted into law before 2007, which would be too late for inclusion specifically under the 2007-13 Financial Perspectives. Therefore, unusually, agreement between the three institutions will be needed on the first reading if the legislative proposal is to enter into law at an appropriate time.

On 4th October, the Commissioner for Development and Humanitarian Aid, Louis Michel, addressed the European Parliament’s Committee on Development on three issues including EU development policy, the future Financial Perspectives and the EU’s Africa Strategy. Mr Michel said the Parliament was doing important work on development policy and that the negotiations between the three main institutions should lead to a common EU vision for development co-operation. The Commission’s proposal asking for a common EU strategy was not an attempt to override the powers of the Parliament or reduce the power of the Member States.

For the EU Development Policy Statement from 2000, the priority for the Commission is to concentrate its aid spending and develop targets that emphasise efficiency. If the EU is to avoid a proliferation of projects then the Commission will need some flexibility of action to reduce spending that is outside the regular budget. Much work remains to be done to reach agreement on the Financial Perspectives 2007-13. The Commission has tabled proposals on its political objectives and wants to improve the text of its proposal for a development and economic co-operation instrument. This proposal was not designed, he said, to reduce the powers of Parliament.

Fernando Fernández Martín (ES-PSE) said that Parliament and the Socialist Group was very disappointed by the Commission’s joint development and economic co-operation proposal. The Commission had failed to consult Parliament adequately before and after the proposal was published. The Socialist Group was disappointed by the poor attempts of the Commission to end the impasse between the institutions. Glenys Kinnock (UK-PSE) said trying to develop a common development policy statement that will be agreed by the EU, the Member States and the Commission seems a tall order. Gay Mitchell (IRL-PPE/ED) who wrote Parliament’s report on the development instrument told the meeting that it would be shameful for parliament to relinquish its powers in development policy that it currently enjoyed under the co-decision procedure. The Commission, he said, is attempting to reduce Parliament’s role by relying instead on the committee procedure.

In reply, Commissioner Michel said he had taken on board Parliament’s concerns as far as was possible. The Council, he said, does not want the proposal to be withdrawn, which would also be the Commission position. The proposal tries to establish a balance between the responsibilities of the institutions for development policy and should not be considered too ambitious. Development policy is a tool for the EU to help developing countries humanise the effects of globalisation. ■

John Quigley

UN Millennium Review Summit

by Glenys Kinnock, MEP

The *tsunami* at the end of 2004 tragically revealed the destructive power of nature and also the human potential for compassion. Three hundred thousand people died and the whole world was galvanised to try to alleviate the suffering. It was an international relief effort of huge and unprecedented proportions. Other tragedies are less visible and can be prevented. Far away from the television cameras 1,200 children die every hour. This is the equivalent of three *tsunamis* each month. Every single day, young lives are lost in poverty and because of poverty. As many as 10 million people die each year as a result of abject destitution.

The year 2005 had been determined the “make or break” year for development. The UN Millennium Review Summit, taking stock of progress achieved so far on the Millennium Development Goals, was to be the crucial watershed in our efforts to do more to end unnecessary deaths, disease, illiteracy and poverty. The international leaders came to New York to discuss progress both on the Millennium Development Goals and on UN Reform. A blueprint for change set by the international community in 2000, the Goals promised to transform the fortunes of the developing world. At the moment most countries are off track on many of the goals, which include cutting world poverty in half by 2015 and tackling hunger and disease. New York was the chance to put the targets back on track.

Following the Global Campaign Against Poverty and the successful G8 Summit in Gleneagles, expectations were running high but, from the outset, the negotiations did not run smoothly. The biggest difficulty was getting the United States on board. The Bush administration continues to deny they signed up to spending 0.7% of Gross National Incomes (GNI) on development and, as such, currently spend a mere 0.16% of GNI on such assistance. In addition, the US Ambassador John Bolton insisted on deleting the words ‘Millennium Development Goals’ from the text under discussion. When he announced that the US would be tabling over 700 amendments to the draft compromise document, there was a very real fear that no agreement would be reached.

However, by the opening of the Special Session the US position had softened. Perhaps they had been affected by the harrowing sights of its own people suffering from the effects of the hurricane and floods in New Orleans? The speech made by President Bush embraced the notion of an interdependent world, a world in which fighting poverty and disease were just as important as fighting terrorism. His unambiguous declaration: “We are committed to the Millennium Development Goals” can be interpreted as major

breakthrough. That 190 countries managed to rein in the world’s superpower in such a way is in itself remarkable, bearing in mind their intransigent position just one week before.

The EU played a key role at the Summit and deserves credit for its commitment to efforts to meet the Millennium Development Goals (MDG’s). As the developing world’s most important trading partner, the EU is responsible for buying 85% of Africa’s goods. The EU also accounts for 55% of the development aid spent worldwide and this is projected to rise to 63% by 2010. Eighty per cent of the increase in official development aid announced by the G8 countries at the Gleneagles summit earlier this year will come from the EU and its Member States. And by putting forward a clean text at a timely moment, the EU played a central role in breaking the deadlock.

In spite of reservations about the final outcome document, it did give us 16 detailed pages on development and an unqualified commitment to the Goals made by all 191 UN Member States. Modest progress was secured in areas ranging from aid to governance. It included a strong reference to the need for innovative sources of finance to be sought in order to meet the MDG’s and we had a clear acknowledgement of the link between security, development and conflict resolution. The Summit acted as a powerful tool to concentrate minds. Beforehand, many of those involved in politics in the US had never heard of the MDG’s. Commitments of 0.7% of development aid and promises of debt relief would not have happened at the European Council or at Gleneagles without the impetus of the Millennium Development Goals and this Millennium Review Summit.

Of course, there still remains a lot to be done on trade, particularly in Europe with reform of the Common Agricultural Policy. Agricultural over-production and the dumping of surplus food on markets must end. Sub-Saharan Africa’s share of world trade has shrunk from 3% in 1950 to less than 1% today. This situation cannot be allowed to continue. The trade aspects of the UN document agreed in New York yesterday are particularly disappointing as they back off from the stronger reforming language used at the G8 and elsewhere. There was no commitment to tackle export subsidies, although there were several mentions of liberalisation. While the UN is not the right setting for a substantial deal on trade to be brokered, a gesture in the direction of acknowledging the importance of trade for efforts to eradicate poverty could have been helpful.

We also missed a chance for real progress on human rights as China, Russia and other developing countries insisted on leaving out essential details about the management of the proposed new UN human rights



body. With regard to terrorism, the Summit agreement text drops language that would have described as unjustified deliberate killing of civilians but also deletes Arab proposals that would refer to the right to resist foreign occupation.

UN Secretary General, Kofi Annan, expressed deep disappointment at the agreement, particularly at the absence of all mention of disarmament and nuclear proliferation - although, in that case, no deal may well be preferable to a bad one. Mr Annan admitted they had not achieved the sweeping and fundamental reform they hoped for. He welcomed the last minute deals on development and human rights, and particularly emphasised the importance of creating a Peace Building Commission, which clarified that "we have collective responsibility to protect the population from war crimes, ethnic cleansing and crimes against humanity". He gave world leaders a clear warning: "You must pledge to act if another Rwanda looms".

Yet the MDGs will not be achieved in the UN. The UN is only a platform; the outcome document simply a negotiated document. It alone will not make things happen. What is important is the implementation. All of us wanted more but now we must work with what we have and the collective will must be behind the progress the world wants to see. With the talking done, now is the time to put the promises to the test and for Governments finally to translate their long-standing promises into action. The first test came with the Annual Meetings of the International Monetary Fund (IMF) and World Bank shortly afterwards, when the modalities of the July G8 Summit's decision to cancel the debts of 18 highly indebted countries were to be hammered out. The International Financial Institutions kept to G8's promise, providing a deal worth US\$4 billion for 18 of the most heavily indebted, poorest countries. May this be a sign of things to come!

Negotiations in preparation for the WTO Ministerial in Hong Kong have been gathering speed and here, we must make sure that the pro-development principles extolled in the outcome document remain at the forefront of our minds and that the mandate of the Doha Development Round is fulfilled. Some concern and scepticism remains about whether the offers currently on the table will be sufficient to create the momentum which the round needs in Hong Kong is to produce a positive result. The EU can also be a key player in making sure that sufficient pressure is maintained on Goal No. 8 (Global Partnership for Development) of the MDG's. As it stands, the wording of the Goal is not sufficiently strong and has allowed countries like New Zealand, Australia, Canada or Italy to be let off the hook. Promises of 0.7% are simply not enough and, therefore, we need to see action from these countries and others. But we can also work to ensure that these promises are implemented within our own policies.

The outcome of the debate on the Financial Perspectives for 2007-13 will ultimately determine if the MDG's are within our reach and the current climate of fiscal restraint is worrying. Development spending is being squeezed by other categories, as well as within the External Relations heading itself. And the desperate need to provide humanitarian relief to the *tsunami*-hit region and South Asia following the earthquake is only adding to this pressure. Increases in the money available and not decreases, are what is required.

Since the Summit, Parliament, the European Commission and the Council have been working closely together in order to redraft the EU's Development Policy Statement, from 2000, a document designed to guide all of the EU's external activities in the field of development. This Statement is the appropriate vehicle for us to move this forward and to show that we firmly believe in the need to rebuild, in Europe and elsewhere, a strong sense of unity, purpose and action. Efforts to achieve the Millennium Development Goals lie at its heart. The Statement is also strong on governance and the rule of law, which are very important aspects of our work with developing countries.

In parallel to the Development Policy Statement, the Commission has also drafted a new Strategy for Africa, to be agreed upon in Council before the end of this year. Having already promised that 50% of all additional funding will go Africa, this new strategy must ensure that there is not just an increase in funds, but also an increase in the efficiency with which those funds are used. This year, Europe has already made a commitment towards untying all of its aid and the Paris High Level Forum made a significant contribution on improving harmonisation. Yet there is a need to go further. The European Commission has already announced plans to put forward an Action Plan on aid efficiency - to be applied first of all in Sub-Saharan Africa - which will include useful tools such as a donor atlas, harmonisation of road maps and common programming documents. It is only through actions such as these that world leaders will be able to deliver on the promises reaffirmed in New York.

We are the first generation to have the knowledge, technology and resources to put and end to extreme poverty. But time is running out. We must act with urgency and determination to give hope and life to the developing world. The lives of billions of people rest upon these pledges. No country will be forgiven for not making every effort to achieve them. ■

Glenys Kinnock (UK-PSE) was a Member of the European Parliament Delegation to New York (14th - 16th of September) for the UN Millennium Review Summit. Mrs Kinnock is Co-President of the ACP-EU Joint Parliamentary Assembly.



Aceh Monitoring Mission gets underway

by John Quigley

Members of the Association of South-East Asian Nations (ASEAN) and the EU have launched their first-ever joint civilian crisis management mission to monitor the implementation of the peace agreement between the government of Indonesia and the rebel movement of the province of Aceh. The Mission is the first time the European Union will have deployed a force in Asia operating under the European Security and Defence Policy and is the first time ASEAN will have participated in a crisis management force. The Mission was launched on 15th September in Banda Aceh with three main objectives of decommissioning weapons, monitoring the demilitarisation of Indonesian security forces and facilitating the re-integration of ex-fighters into Acehenese society.

Five ASEAN Member States including Brunei, Malaysia, the Philippines, Singapore and Thailand joined the EU-led Aceh Monitoring Mission (AMM), which also includes Norway and Switzerland. The Mission was established following a formal request from the government of Indonesia for assistance in implementing the terms of the peace agreement that was signed on 15th August in Helsinki by Hamid Awaluddin, Minister for Justice and Human Rights, from the Indonesian government and Malik Mahmud, Head of the Free Aceh Movement (GAM) Delegation.

An Initial Monitoring Presence (IMP) was sent to Aceh immediately after the peace agreement was signed and operated until mid-September when the EU adopted a Joint Action, giving political and financial commitments to the longer-term Aceh Monitoring Mission. This Initial Presence consisted of 80 observers from both the EU and ASEAN States. After 15th September, this was expanded to nearly 230 personnel, with 130 from Europe and 96 from ASEAN. The Mission has established eleven field stations, or District Offices, throughout the province, with six led by ASEAN and five by Europe. It was suggested that the higher profile role for ASEAN was necessary to counter allegations that the EU might be interested in pursuing an East Timor-style solution for Aceh. This was discounted by the Head of the Monitoring Mission, Pieter Feith, an EU Council of Ministers official who stated that the Mission wanted to reflect a balance between the two regional organisations and would not affect Indonesia's territorial integrity.

The Helsinki Peace Agreement foresees four phases to the Aceh Mission, between September and December. The first phase has already been completed with significant numbers of the Indonesian armed forces,

including both the military and the police, being recalled to barracks and re-deployed outside Aceh. In response, the GAM handed over 240 weapons to the Mission decommissioning teams. The second phase began in mid-October and focuses on ensuring that the demobilised fighters begin their process of re-integration. This phase will also monitor the pace of the amnesty for former fighters and the release of political prisoners.

The IMP and the AMM are the culmination of a long-term interest by Europe in the Aceh peace negotiations and its eventual outcome. The negotiations were led by a former President of Finland, Martti Ahtisaari. Fighters from the Free Aceh Movement (GAM) fought a thirty year long war seeking secession from Indonesia, during which an estimated 9000 people are thought to have died. The latest phase of the peace talks began in Helsinki in January 2005 and ended with the Agreement – a Memorandum of Understanding – in mid August. The Agreement contains commitments for political reforms in Aceh on participation and the rule of law, on protecting human rights, amnesty for GAM fighters and their re-integration into society and the creation of the Monitoring Mission.

Despite the obvious military and security implications, the Mission, which includes military officers and former military personnel (necessary for monitoring the destruction of weapons), is described as a civil rapid response operation. For the period September 2005 to March 2006, the AMM has been allocated a budget of €9m from the EU and a further €6m from individual EU and ASEAN Member States. Pieter Feith described the budget as “clearly inadequate” noting that at this stage of the year, the EU's funds for ESDP missions “tend to be largely exhausted”. For future similar operations, he said, EU Member States should consider establishing a start-up fund. Although the financial commitment is small, he said, the Mission will have “enormous gains and benefits”.

The Aceh Monitoring Mission represents a significant expansion of the EU's interest in East Asia. It showcases the capability of the EU to co-ordinate and deploy a civilian mission within a very short timeframe. Javier Solana called the Mission a commitment from Europe not just to Aceh and Indonesia but also to wider East Asia. The Mission, he said, is “a further step in the partnership the EU is building with East Asian countries”. Certainly, Pieter Feith is in not in any doubt about the EU's growing global reach. “There is no geographic limitation to the Solana Security Strategy”, he said and Europe is committed “to tackling failing States” by facilitating peacebuilding and promoting democracy. The EU Joint Action establishing the Mission does provide for the possibility that it could be extended beyond March 2006 although, in light of the progress made to date, this seems unlikely. ■



Post-Tsunami aid for reconstruction ongoing

by John Quigley

In the European Parliament, on 19th October, Nirj Deva (UK-PPE/ED) chaired a meeting reporting on the humanitarian and reconstruction efforts in the *tsunami*-affected countries of South and South-East Asia. As the first anniversary of the December 2004 *tsunami* approaches, the efforts of the EU and its Member States are under the spotlight, as the relief work shifts from emergency humanitarian aid towards medium term reconstruction operations. With over €5.7bn in aid pledged, Mr Deva said it was appropriate, some nine months after the disaster, to see how much money was actually committed and how the money committed was being spent.

Speaking on behalf of the Thai Embassy in Brussels, Tom Jarnson, Miister-Counsellor, said that for the first nine months of 2005, the government has funded emergency and reconstruction aid to the tune of an estimated US\$1bn. This money is a mixture of government budget spending and bank credit. The government had established a Relief Fund to compensate fisherman whose livelihoods were destroyed, with aid of US\$30m available, with approximately 50% of this money already dispersed. The Prime Minister had appointed three deputies to oversee the dispersal of aid and to help the resettlement of those affected. A new Disaster Alert System has been put in place and will begin conducting emergency drills before December. The government has agreed to host a Commemorative Ceremony for *tsunami* victims and their families on 26th December next. This occasion will also be a chance to remember the generosity of the international community, in responding to the disaster and the appeals for assistance. As of the end of August, the government has constructed some 1900 houses, had 2900 people still living in shelters, had *tsunami*-related unemployment of 7700 and had 1526 remains still to be repatriated.

H.E. Abdurrachman Mattalitti, Mission of Indonesia to the EU, said he would like to address the reconstruction of the worst affected region in Indonesia – Aceh – and the positive influence the *tsunami* had on reaching a peace agreement with the rebel movement there. The government had made substantial progress in the reconstruction and rehabilitation efforts, local government institutions were beginning to function again, infrastructure is being rebuilt and children are able to return to school. The government is committed to establishing an early warning system. Through the reconstruction agency, the government has allocated US\$3.6bn in aid to various projects. To date, some

US\$1.95bn has been spent on projects for housing, the health sector, institution building, the economy and social and cultural activities. To date, some 10,100 housing units have been built with a further 13,000 under construction. An estimated 120 schools have been built, 130 health centres and 140 religious buildings. A total of 20,100 hectares of farming land has been rehabilitated.

With many survivors still living in camps, the President has called for relief efforts to be speeded up in order that during the reconstruction phase, people do not begin to suffer from sanitation problems or reduced education opportunities. The government is committed to addressing the questions of the international community regarding transparency and accountability for aid spending. To assist this process, the government established the Reconstruction and Rehabilitation Agency in April. In Aceh, a Forum has been established to enhance co-operation with bi-annual meetings of stakeholders to monitor how projects are being implemented. The Aceh peace process has benefited from the launch of the EU and Association of South-East Asian Nations (ASEAN) Monitoring Mission. The first phase of the Mission has almost been completed with the decommissioning of 100's of weapons, with the second phase due to begin towards the end of October.

Although much farming land has been rehabilitated since the start of the year, the land question remains difficult. Some of the traditional farming land in Aceh has been rendered non-viable but, unfortunately, it is hard to tell local people that their holdings are beyond recovery. It is a complicated mix of farming, social and cultural reasons. The relief effort has been hampered by the limited availability of construction materials. There are environmental issues that need to be addressed including illegal logging. The government is not able to complete the process by itself. EU assistance is welcome but, hopefully, the European Parliament can convince the EU to speed up the release of relief funds.

H.E. A. A. K. Perera (Acting Ambassador), Embassy of Sri Lanka, said that in the interests of transparency the government had established the Task Force for Rehabilitation and Reconstruction. The Task Force created a website with a development assistance database to track the commitments of each donor and to monitor where the money was being spent, and to assess how the project was underway.

The initial emergency relief phase has been completed and the government was happy that this took place without people going severely hungry and that there was no breakdown in law and order. Relief and rescue operations were conducted within a good timeframe preventing the outbreak of disease. Shortly after the disaster, the government launched the transitional



phase, operations designed to link emergency aid with rehabilitation measures. With international assistance, the government conducted damage reports and made needs-assessment calculations, partly with the help of the Tamil Tigers movement. These reports will form the basis for long term reconstruction projects. For the rehabilitation and reconstruction phase, the government has identified appropriate projects and allocated responsibility to either individual agencies of non-governmental organisations (NGO's). In order of priority, the government wants to re-establish housing, livelihood programmes, fisheries and port development, water and sanitation, health, power and, lastly, infrastructure, education and tourism. Almost 7500 houses were destroyed by the *tsunami* and the government has pledged to build 12,000 new homes under one programme. A separate programme will offer financial assistance to home owners to renovate their property with a grant of US\$1000. An estimated 33,000 people have applied for this grant which also includes the provision of technical assistance.

Under the restoration of livelihood programme, the government has established a US\$50m fund to provide loans to the banking and financial sector, to provide loans targeting small and medium sized enterprises and small scale farmers. To date, the Fund has spent US\$19m. Nine harbours are under repair and new construction and renovated fishing boats are being distributed. Education services were restored almost immediately, towards the end of January, except where schools were still being used as emergency shelters. A large number of hospitals were damaged and 72 are being rebuilt, with memoranda of understanding being signed for several new buildings.

Representatives from several NGO's, who are conducting relief operations in the *tsunami*-affected countries, were also present at the meeting. A representative from Save the Children said the organisation had recently published a six-month report of its activities in the affected region, which focussed on child protection and child education. With so many international donors present in the countries, there did seem to be a problem of co-ordination between projects, between governments and NGO's and between NGO's themselves. A representative from WorldVision said there had been an unprecedented effort to co-ordinate relief efforts and to ensure that aid money was spent as effectively as possible. The group has spent €72m in Sri Lanka, Thailand and Aceh on livelihood and economic development programmes.

Another NGO raised the concern that government plans for reconstruction in affected areas were being developed with insufficient local input. The lack of local consultation was forcing people to get together to propose alternatives to government-sponsored plans. A representative from Oxfam said their International *Tsunami* Fund had funds of US\$260m to spend over

several years. The Fund plans to spend some 40% of the aid in Indonesia, 25% in Sri Lanka, 20% in India and the balance in the Maldives and Thailand. The land question remains the biggest obstacle to reconstruction activities with large areas still to be reclaimed, ownership properly identified and new land titles allocated. In light of the scale of the disaster, land is being offered to people sometimes too far from their traditional livelihood. The role of women in reconstruction could be addressed better, perhaps in terms of social and health issues. A representative from CBM, a disability rights group, said their experience showed that it could be hard to decide who to include in relief programmes. In some cases, *tsunami* survivors were not the poorest section of the population. A representative from VOICE, a grouping of European relief and development NGO's said a *Tsunami* Evaluation Committee, comprising both the United Nations and NGO's, would issue a series of reports in February 2006 reporting on funding levels, operations linking relief, rehabilitation and development programmes and addressing questions around project co-ordination and co-operation between governments and NGO's. Further disasters since the *tsunami* highlighted the lack of disaster preparedness and prevention measures in many countries and demonstrates that few governments have the political will necessary to tackle such an important issue.

Speaking for the European Commission, Gerry McGovern, Acting Director Asia, EuropeAid, said that in order to have development, the presence of peace and security were necessary preconditions. Countries typically affected by disasters need to be able to show that their macro-economic environment is stable in order to be able to absorb such high volume additional money flows. The EU has pledged €350m for aid to Sri Lanka, the Maldives and Indonesia. Through Asia Pro Eco, a development co-operation initiative, the EU will offer €15m in funding for urban coastal management projects for Thailand and India. In association with other international organisations, including the United Nations, the EU will assist the launch, in 2006, of an Early Warning System for the Indian Ocean. In order to improve co-ordination between donors, on the EU side, the Commission will meet with representatives of the 25 Member States, in late October.

A representative from the EU Humanitarian Aid Office (ECHO) told the meeting that some aid organisations working on the ground had expressed concern about aid decisions that targeted certain sections of the population leaving others seemingly with nothing. Future ECHO decision will try to eliminate this disparity, particularly for *tsunami*-affected countries where those living at the coast had received aid whereas those equally in poverty further inland had not. Over the course of 2006, ECHO will launch an evaluation of its response and examine how aid money was spent. ■

Burma and ASEAN - the way forward

by John Quigley

A solution to the crisis in Burma may seem far off but a meeting of the European Institute for Asian Studies in the European Parliament, on 4th October, learned that pressure from Burma's regional partners, in concert with international pressure, may help make a difference. Chairing the meeting, Mrs Glenys Kinnock (UK-PSE) said that of all the problems inside Burma perhaps the one most likely to fulfil the criteria for a United Nations Security Council Resolution was the ongoing house arrest of Nobel peace prize winner, Daw Aung Sang Suu Kyi. However, the plight of Burma deserves more concerted action from both the European Union and the countries of the Association of South-East Asian Nations (ASEAN). By deploying a united front against the military junta, greater leverage might be possible in order to bring about a return to the rule of law and democratic politics.

The first speaker, Mr Mohd. Zaid Bin Ibrahim (Malaysia), President of the ASEAN Inter-Parliamentary Myanmar Caucus (AIPMC), which campaigns for democracy in Myanmar (Burma), said he wanted to offer a perspective on the problems inside Burma from the view of members of Parliaments from across ASEAN. Elected representatives from Malaysia, Singapore, Indonesia and Cambodia formed the Caucus to voice a common concern. Such an initiative, he said, would not have been possible even only three or four years ago.

ASEAN governments may differ in how they approach the question of Burma but they are willing to discuss how an appropriate solution could be found to helping Burma meet the conditions elaborated during its accession into ASEAN in 1997. Somehow, Burma has listened to other ASEAN governments and decided that it would not be in ASEAN's long-term interest that Burma assume the chairmanship in 2006, as scheduled. To make progress with the government in Burma, ASEAN needs a co-ordinated policy with appropriate follow-through.

The policy of previous years - "constructive engagement" - had no follow-up. The Caucus would like to establish some minimum criteria for change by the regime including adopting a constitution, recognising the major groups willing to participate, holding genuine talks, reforms to the military and an end to human rights abuses. If the international community, including China, can act together with ASEAN then the opportunity for real change inside Burma will be much greater.

Senator Jon Ungphakorn (Thailand), Steering Committee Member, AIPMC, said the international community should not underestimate the difficulty of the task of bringing reform to Burma. As parliamentarians, the Caucus does not have to take the same position as the governments of ASEAN countries. The Thai government, for example, has significant financial interests inside Burma, even through the Thai Prime Minister, he said. Despite this background, the Caucus has been able to build up support from some twenty Senators, even from within the Thaksin party. Although progress is slow, the Caucus is gaining support in other countries including Cambodia although active support in Vietnam and Laos is a long way off.

As an intermediate goal, the Caucus stressed that Burma should not take up the chairmanship of ASEAN. With that achieved the Caucus must decide what new policy objectives to follow. Generally, sanctions and further isolation are not what the group envisages. The range of problems affecting Burma is vast including health, education, military, refugees, border migration, bird flu, HIV-AIDS and drug trafficking. Even the Thai government is uncomfortable with the *status quo*.

ASEAN and the European Union will have to work together more closely, if progress is to be made with Burma. Previously, the regime may have been able to play one group off another, even though we both might share the same objectives. The goal of a UN Security Council Resolution sounds good but ASEAN and the EU would have to convince China not to oppose such a manoeuvre. In the Caucus, our goal is to allow the Burmese people enjoy the same rights we have in our own countries, as we too had to fight for the right to enjoy some basic human rights principles.

Mr Mario Joyo Aguja, Member, House of Representatives, Philippines, said governments across the ASEAN countries increasingly recognise that the problems of Burma must be addressed, as Burma increasingly becomes a threat to the region. The lack of transparency from the regime means that other ASEAN countries are not fully informed about what is happening internally. This does not help allay our fears that the regime is a threat to regional stability and security. In the absence of a road-map to deal with Burma, some form of multilateral engagement may well be necessary. Without the intervention of the international community the regime will continue to survive. The regime is intent upon destroying Burma's human capital, hindering the growth of civil society and preventing pro-democracy activism.

Offering the viewpoint of a pro-democracy activist, who had recently returned from a trip to Burma, Harn Yawngwhwe, Director of the Euro-Burma Office, Brussels, said the situation inside the country is very



bleak. After many years, the problems of Burma are finally getting some international attention. The removal of Prime Minister General Khin Nyunt, in October 2004, has created a power vacuum in the government and a new level of mistrust within the regime itself. Military officials fear that if the head of intelligence can be removed then they must increasingly work to maintain their own position. Increasingly, regional military commanders are not prepared to act except to secure their own power base. If the military can not function - the central organising body of the country - then the situation will deteriorate further. The sense of collective leadership that the top level of the military regime has sought to engender is no longer functioning.

In economic terms, the country is in a very bad state. The currency exchange rate is in free-fall. The campaign to induce Burma to relinquish the chairmanship of ASEAN was ultimately successful. However, putting this into context suggests that the military does not want to foster international contacts. Recently, the Global Fund for tackling HIV-AIDS has had to withdraw from the country and the International Labour Organisation (ILO) has intimated that it might reluctantly leave also.

The military situation inside Burma is equally unstable. The departure of General Khin Nyunt, who had negotiated many of the ceasefires between the various ethnic groups, raises the possibility that the army will try to implement the terms too severely, prompting a backlash. As the intelligence service of the military has been run down, the prospect of a ceasefire being broken is growing.

Existing political parties, such as the National League for Democracy (NLD) are not able to take advantage of the situation. They have been marginalised and are ineffective. The National Convention, as convened by the regime is, unfortunately, a dead-end. Pro-democracy groups see the minimum criteria for engaging in the Convention as inclusiveness. To become legitimate, the Convention must engage with the NLD but the military is unable to make that kind of concession. In the event that there is a referendum on the result of the Convention, the international community should bear in mind that the regime did not allow the result of the 1990 election, in a free vote, stand.

The humanitarian situation across Burma is becoming critical and should not be allowed get any worse. In general, if the international community can deliver aid without restriction, this is to be welcomed. However, experience shows that on bigger projects the military will try and divert the aid or funds to its own use. An estimated 30-40% of the population are living below the poverty line which means that any future disaster will have significant consequences. In a change of

policy, the United Nations has begun to work with small scale village-level groups, delivering aid and co-operation projects.

With the absolute control of the military across all sectors of society in Burma, lifting sanctions will not bring about any meaningful change. Equally, increasing the punitive aspect of the sanctions regime will not necessarily affect the military enough to make them alter their behaviour. Perhaps the time has come for an alternative political leadership to emerge. Former student leaders are voicing concern at this long-running *status quo* and instability. Trying not to attack either the role of the military or of the NLD, people are realising that change is to occur then they will have to more actively help themselves.

Questions and Comments

Dr Tazeen Murshid, *Université Libre de Bruxelles*, noted that the example of sanctions in Afghanistan only served to drive the Taliban regime closer to extremism. This leaves engagement as an option, with a process of dialogue with the military needed. She wondered whether it is possible for civil society organisations to work in Burma outside the control of the regime?

Thierry Jacob, European Parliament, said that Europe's external relations policy did not seem to be very consistent. In contrast to Burma, there is a strong push to engage with North Korea, although this is not necessarily about regime change. Sanctions policy needs to be co-ordinated, otherwise it is ineffective. However, Thailand has close links with Burma and China is keen to fill the gap left by departing EU companies.

A representative of the World Bank, Paris, wondered what benefit could be gained by referring Burma to the United Nations? With poor UN-Burma relations and restrictions of entry for UN staff, it is not clear what kind of policy objective could be met. Dr Sebastian Bersick, European Institute for Asian Studies, said the forthcoming meeting of ASEM, in September 2006, will be an opportunity to raise these concerns, in a forum where China is present. The meeting could also be an occasion for the EU to outline any new policy initiatives it wishes to follow. It was also suggested that the Asia-Europe Parliamentary Forum, which will meet in Helsinki in May ahead of the ASEM gathering, might be an opportunity for a review of Europe's Burma policy. Another participant said it might have been a mistake to force Burma to relinquish its chairmanship of ASEAN. The regime is probably delighted that it will not have to engage with ASEAN and the international community at such events.

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