

Tapping the Asian diaspora: Remittances and development

by John Quigley

Over the last number of years, regional and multilateral organisations have woken up to the role and value of remittances in promoting the economic and social development of countries of origin. Estimates vary of the total value of remittances sent home, on a worldwide basis, but according to the World Bank may have reached US\$167bn in 2005, twice the value of official development assistance. The value would even be higher if the approximate value of remittances sent through informal channels were included.

Putting the value of remittances in perspective, the EU and its Member States together are responsible for just over half of worldwide official development assistance (ODA) spending. Figures released in June, for the year 2005, show that the combined European spending reached €45bn and is scheduled to rise substantially by 2010. If even a small fraction of that amount in value could be harnessed for development co-operation projects involving contributions from migrants then their contribution could be a significant source of additional funds and would involve migrants directly in assisting their home countries.

Remittances are described as a stable form of finance with migrants sending money home irrespective of the economic situation of the host economy. Indeed, remittance levels actually increase during periods of economic downturn or natural disaster in countries of origin. Both factors make remittances a stable source of funds for development if properly engaged. A study released by the World Bank, in July, identified the largest recipients of remittances between 1975 and 2003, an average *per annum*, as India (joint first with Mexico) at US\$4.26bn, the Philippines in third place with US\$2.95bn and Bangladesh in ninth place with US\$1.01bn. In countries in East Asia and the Pacific, the value of remittances as a share of Gross Domestic Product (GDP) has doubled in the 10 years to 2004 and risen by 50% in South Asia. (For details of remittance estimates by region, see the annex attached to this Editorial on Page 27).

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Within the EU, the European Parliament has begun to demonstrate an interest in the role of remittances. Parliament adopted a Resolution in early July on the link between migration and development. The Resolution notes the high cost of sending remittances through official financial channels. In turn, the Commission believes that the cost of transfer can be brought down fairly quickly but that any proposal to involve remittances in development work would have a much longer timeframe. Indeed, the Commission may scare away potential contributors as it intends to “harmonise licensing provisions” in the EU to ensure that those institutions transferring money abroad are “subject to appropriate regulatory requirements”. This might have the effect of leading migrants to use the *hawala* or *hundi* informal money transfer networks.

At national level, the government in France seems to be leading the way in seeking alternative sources of development finance. France has established a mechanism called a “co-development policy” to harness remittances by co-ordinating the work of associations of migrants with government policy. With these groups, the government seeks to co-finance development projects in the country of origin. France has also identified another mechanism to source funds for development. The government has pushed strongly at EU level for support for a new International Facility for the purchase of medicine for developing countries. The Facility would receive funds from a tithe on international aeroplane tickets collected by participating countries.

One innovative way to harness remittances could be to use a proportion of these funds to provide for micro-credit facilities in the country of origin. Often, those receiving remittances may well be those people with the least access to official credit markets. Already, the UN Development Programme (UNDP) operates such a micro-credit scheme through the UNDP South-South Co-operation Special Unit. The Unit has established a link to a Capital Development Fund to help small businesses tap into micro-finance funds with the backing of remittances. The Unit has also built links between international financial institutions and individual countries to try and identify best practices. One such project links the Asian Development Bank (ADB) with China and India targeting South-East Asian migrants. Late last year, the European Commission announced that it intends examining the possible role of partnerships between micro-finance institutions and mainstream financial institutions.

According to the International Organisation for Migration (IOM), the potential role of the diaspora in development needs to be highlighted and enhanced. Migrants and naturalised citizens in Europe, says the IOM, can be “motors for development” not just in terms of their value of the remittances they send home but also through their long-held commitment to their

country of origin. Scholars estimate that migrants tend to remit between 20-40% of their income. Typically, the charge for sending monies home can vary enormously. Apart from reducing this charge system, governments could also introduce tax relief mechanisms for remittances. This proposal was put forward in a meeting of least developed countries, in February, on the role of migrants’ remittances. The meeting also heard that the 50 least developed countries (LDCs) worldwide, including Afghanistan, Bangladesh, Bhutan, Burma, Cambodia, East Timor, Laos, the Maldives and Nepal in Asia, received an estimated US\$411bn in remittances in 2005, these often being countries where the value of money sent home accounts for up to one-third of national GDP.

Given that the migrants in the EU come from a diverse range of countries and that these countries range from developing to least developed, the EU should consider establishing an annual EU-Asia Forum of government ministers responsible for foreign employment, migrants rights or foreign affairs, as appropriate, and bring them together to chart the position of migrants and the role remittances could play at home. Such a Forum could also usefully feed into the proposal made by UN Secretary General, Kofi Annan, for a Global Consultative Process, within the UN system, to offer a dialogue on issues arising from international migration.

There can be no solution to the issues raised by the role of remittances in development unless that solution includes the EU, national governments, financial institutions and the diasporas. It would probably not be a good thing to provide for the unhindered transfer of funds out of Europe but, certainly, at a minimum, the costs should be reduced substantially. Where remittances are used for government-sponsored development projects, this money needs to be additional and not a substitute for national expenditure on official development assistance.

Also, these kinds of schemes ‘reward’ countries for having wealth generating citizens outside the country. There are brain drain implications and such schemes would obviously not benefit those countries that do not have large enough numbers of migrants abroad. Also, many of the bigger countries including China, India, the Philippines and Indonesia, for example, have well-established remittance channels. Migrants from smaller and less developed countries fare less well in formal channels and with people scattered across a range of host countries may have to rely on informal channels, even if these can be highly efficient. Migrants benefit their host country through their paid work and their country of origin through the value of the funds they remit home. If the EU can do anything to promote their well-being and that of their country of origin then the value of small-scale joint development projects may be one small step. ■

- See also the Annex on Page 27 -

Delivering effective and immediate humanitarian aid

by John O'Shea

The earthquake on 8th October 2005 in Kashmir, Pakistan, which left 80,000 dead and nearly 4 million people without shelter, was the latest major disaster to have shone an unforgiving light on the failure of the international community to respond in the wake of humanitarian crisis. As the international humanitarian aid agency I lead - GOAL - wraps up operations in Kashmir Pakistan after 11 months of post-earthquake emergency relief, the need for improving the capacity of the international community to respond to major disasters in a co-ordinated way remains critical.

The year 2005 saw a succession of humanitarian disasters on a scale rarely witnessed – the Asian *tsunami*, the food crisis in Niger and the floods in New Orleans. As each successive humanitarian disaster unfolded, wounded and traumatised people went untreated and survivors often had no option but to wait agonising weeks for aid and shelter. In some cases, delays in getting assistance to those in their time of need spelt the difference between life and death - the reality for the voiceless poor and vulnerable, and a fact which runs counter to the values professed by the United Nations, the agency established to protect the most vulnerable in our world.

It seems the international community has yet to learn and digest any lessons from man-made and natural tragedies which have traumatised large sections of the world's population over the past 30 years. That the current *ad hoc* nature of crisis response has failed the world's vulnerable is beyond dispute. The complexity of today's crises and the growing magnitude of disasters, requires that humanitarian assistance remain one of the international community's highest priorities.

While the establishment of the UN's new funding arrangement, the Central Emergency Response Fund (CERF), is a step in the right direction in enabling the UN to respond more quickly and effectively, it falls far short of the requisite powerful coalition of rescue and evacuation professionals.

A standing fire brigade-style force to respond immediately to natural disasters is needed, to commence emergency strategies as soon as a crisis is identified, operating in an international environment and co-operating multilaterally. The purpose is to provide robust and credible high readiness capability who can deploy quickly and participate in the full spectrum of crisis missions wherever required. Had such a force been in place during the past thirty years, millions of lives could have been saved.

It goes without saying that army forces are best placed to fill the roles of the Rapid Response Force on account of their training, skills, manpower and equipment: they are highly prepared, technologically advanced and capable of being deployed quickly and whenever needed. These troops would be able to work in a co-ordinated way with, and alongside, NGOs on the ground, safeguarding and facilitating the delivery of humanitarian assistance, to minimise the suffering of an already traumatised people.

In the absence of such a force, NATO was forced to fill the void in the wake of the destruction wreaked by Kashmir's earthquake. But the relief operation was slow to start. It was not until 18 days after the disaster occurred that NATO deployed 1,000 troops to the Pakistan earthquake theatre of operations.

Logistics is often the linchpin in disaster response, and managing the logistical nightmares each crisis situation throws up – moving people, water, food, medical supplies and equipment to save lives and communities. Getting help to people in need is critical and for this a smooth supply chain is needed, which forms part of the army's training, ideally placing them for such a job. Anecdotal evidence suggests that when such disasters occur, security systems typically break down and lawlessness erupts. The first effect of the earthquake in the Pakistani town of Muzaffarabad, for example, was widespread looting – just as in New Orleans in July 2005. Relief aid is undermined unless those who would help the victims can monopolise the use of force – requiring troops to effectively manage the situation.

While each new emergency evokes great governmental willingness to respond to a crisis, each such effort starts from scratch, involving recurring problems of overlapping and duplication of national and international emergency aid and reconstruction.

Take the potential supply route from the Poonch district on the Indian side of Kashmir to one of the worst quake-affected locations on the opposite side of the Line of Control in Pakistan. Unlike the mountainous and difficult Pakistani routes that aid agencies were forced to use, this route was almost flat, blocked only by bureaucracy. Had an independent rapid response force with military capabilities and the power to override local government in times of emergency been in place from the beginning, aid could have been quickly sent across the Line of Control from the Indian side.

Consequently, much needed emergency supplies and materials were held up and delayed by bureaucracy. An established military-based rapid response force would have ironed out such problems and avoided the teething problems which typically plague the first few weeks of emergency operations, thereby ensuring the most needy get assistance immediately.



Kashmir was one of the most difficult challenges ever faced by the international community and in the absence of a standing international brigade, once again, the job fell to over-stretched and under-funded aid agencies, like GOAL. While the international community's response mechanism was found wanting, organisations like GOAL did their utmost to reach as many of those in greatest need.

Within days of the Kashmir earthquake, the GOAL emergency team was on the ground providing life-saving assistance for those in dire need, ensuring that basic shelter and food were provided in the Bagh region of Pakistan where 90% of infrastructure was completely destroyed. With the onset of the harsh Himalayan winter, the emergency shelter programme, with funding from the Irish Government, distributed thousands of winterised tents, blankets and sleeping bags, as well as multi-purpose materials used as insulation for shelters to over 10,000 families. Door-to-door assessments ensured that all vulnerable people in GOAL's area of operations had emergency shelter.

Survivors were helped through a difficult winter with the provision of food (flour, wheat, pulses, oil, salt and high energy biscuits) and non-food items (including hygiene kits, jerry cans, cooking pots, cups and quilts). Roads posed the biggest threat to getting the food to the vulnerable - the rain caused numerous landslides and road shoulders to fall away. Some 10,000 families received vouchers of US\$100 each so that they could supplement their shelter kits with items of their choice.

Before the earthquake struck, few residents knew their homes sat on unsafe ground. They rarely included structural bracing for walls and roofs and often erected walls from round uncut stones packed with mud. These structures tumbled easily when the earth shook. With roofs supported by heavy timber beams, the 8,100 plus who died in Bagh district alone had little chance to escape as their walls - and lives - tumbled down around them.

As reconstruction continues, improving awareness of earthquake-resistant building practices grows critical. Thus, GOAL organised several workshops to teach communities how to improve basic shelter, as they rebuild their communities from scratch. Hundreds of key groups from local communities (self-builders and contractors and master) have been trained to increase their awareness of earthquake-resistant techniques so that all programmes can continue after GOAL leaves.

Craftsmen learned the causes of earthquakes, how to select the proper site for a home and to safely align a structure. The second day of the workshop was devoted to timber construction, the third to masonry and the fourth to reinforced concrete construction. This continuum ensured that workers developed a well-rounded understanding of safe practices. Host

communities offered trainers a large, flat site with visibility from a main road so that earthquake-safe models erected during the workshops remained standing for others to study.

With funding from the US Agency for International Development, the GOAL team also increased the production capacity of hundreds of carpenters by providing them with tools and training, so that they could go on to assist their communities with shelter construction and schools rehabilitation. These craftsmen who previously completed a GOAL training workshop in earthquake-resistant design, in turn trained others to build the structures.

An estimated 450,000 school children lost their schools in the earthquake. Since the arrival of Spring, GOAL has been able to assist 180 schools in Bagh return to temporary school buildings and recommence education, so that 40,000 school children will be able to return to their education after a traumatic disruption.

As Pakistani Kashmir is traditionally a poor area, little machinery is available to clear rubble and several sites were not cleared until a couple of months had passed. GOAL helped the local authorities to rebuild the main towns by providing mechanical equipment and cash-for-work programmes encouraged local communities to clear rubble from roads and drains, by paying them a wage. This gave survivors flexibility to address their own needs and stimulated the local economy.

The establishment of a rapid response force would have undoubtedly made a serious difference to the logistics of the disaster clean-up. The onus is on European countries and other nations to significantly enhance and strengthen the UN's emergency relief assistance and facilitate improved co-ordination with the wider humanitarian aid community. This would see the UN for the first time in history offer a rapid, comprehensive, internationally legitimate response to crisis, enabling it to speed up the deployment of resources and stimulate post-disaster development, saving hundreds of thousands of lives and billions of dollars through early and often preventive action.

Until such a time as we have an international rapid-response force, capable of rushing into a beleaguered area at a moment's notice and delivering life-saving assistance, the fall-out of disasters such as the Kashmir earthquake will continue to wreak havoc and inflict further suffering on the distraught. When will the lessons be learnt? ■

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UN fails to improve control of Small Arms and Light Weapons

by Raül Romeva, MEP

The week before the International Conference of the United Nations for the revision of the Programme of Action on Small Arms and Light Weapons (New York from the 26 June until the 7 July 2006), many Parliaments, the European Parliament amongst them, discussed and approved several resolutions giving support to the international process for the elaboration of an international treaty that regulates the trade of arms, which is currently in progress.

The European Parliament, moreover, agreed to send a delegation to the conference, which I was honoured to Chair. The aim of the conference was to review progress made in the implementation of the Programme of Action on combating the illicit trade in small arms, that was adopted by the UN in July 2001 and, if necessary, revise the objectives. The mission of the delegation was to present the position of the European Parliament on this issue to the participants (mainly to governments). Parliament's Resolution was adopted in Strasbourg on 15th June and made several key requests outlining our concerns ahead of the Conference.

More specifically, the Resolution asked: to incorporate ammunition in the area of application of the Programme of Action, to establish controls on the transfers, to specify measures for labelling and follow-up of the arms, to agree on measures of control about the brokering, to establish measures of coherence between disarmament and development and, probably the most complex element, to describe in which way it will be necessary to follow the issue up. Concerning the adoption of an ATT (Arms Trade Treaty), and although the topic as such was not on the Agenda of the Conference, the Resolution asked that the opportunity be taken in order to set up a strategy so that the process towards an ATT could start just after the Conference.

After two weeks of tough discussions and not always constructive debates, the final result was quite disappointing: the UN had sadly failed in its attempt to stop the extremely bad consequences of the non control of small arms and light weapons proliferation in the world. The fact is that in these two weeks alone an estimated 12,000 persons were victims of light arms, yet the governments were, despite everything, incapable of finding an agreement that could help bring an end to this madness*.

We already knew that the negotiations would be difficult, and that the intransigent posture of some

countries would complicate the final result. However, we can not single out only the United States as the one responsible for the final failure. It is clear that the US was more opposed to including aspects like the possession of arms in the final text, but other countries also blocked agreements in aspects as important as the control of the transfers (for example Iran, Cuba, India and Pakistan); establishment of general principles to advance towards an International Treaty of Arms (namely Venezuela and Egypt); or the linking of development and disarmament (countries of the Caribbean).

Russia and China, whilst not being among the most negative delegations, were also not amongst those who more actively promoted the final agreement, while the EU, Asia, Africa and Latin America, certainly the most active in positive, saw themselves incapable of making the negotiations advance.

All these were key elements for the European Parliament but also for many governments, institutions and non-governmental organisations (NGOs). Unfortunately, the format of the Conference, based on consensus, with such contrary postures made the possibility of finding common agreement difficult. The end result drives home the necessity of advancing towards an International Treaty of Arms, for which it is foreseen that negotiations will begin in the Autumn at the UN General Assembly.

However, having seen the deceiving results of the UN Conference on Small Arms, we should consider the possibility that, if the framework of the UN does not serve, it will be necessary to see if any governments are disposed to follow the example of Canada in the case of the anti-personnel landmines, in leading a parallel process, on the fringe of the UN, similar to the one which led to the Treaty of Ottawa on Landmines, which was signed in December 1997.

The recent New York Conference was unable to adopt a Final Report, instead merely noting, on 12th July, that a consensus report was not possible. People continue to die on a daily basis because of the uncontrolled small arms traffic. It is important, therefore, that there is no let up in our efforts to eliminate this trade and the effects of the tragedy they cause worldwide. ■

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*According to the UN, a Geneva-based research institute - the Small Arms Survey - estimates that between 80-110,000 deaths occur annually as a result of the use of small arms in conflicts with a further 200,000 non-conflict related deaths related to illegal small arms.



Labour and Work: An appraisal of post-MFA scenario in India's Textile and Garment industry

by G. Manicandan and Pallavi Mansingh

With the end of Multi-Fibre Agreement (MFA), on 31st December 2004, the global textile and clothing industry is undergoing profound transformation. It has been argued that the MFA trade regime was a hurdle to the optimal use of the supply chain and that it has contributed to a more fragmented pattern of sourcing.

The phase-out of the quota regime has resulted in revolutionary changes in the production network and in the policy regime, at international and national levels, towards consolidation in order to achieve the more optimal use of the supply chain. These initiatives have been undertaken by the producers in developing countries, particularly in India, in order to stay competitive in international markets.

The competitive pressures on a garment-producing firm are based on the market segment in which the firm serves. Market segmentation in garments can be broadly divided into the *specialised* fashion market segment and the *standardised* mass-market product segment. The fashion market segment is quite sensitive to lead-time whereas the mass-market segment is primarily focussed on the cost of production. These differences are increasingly blurred against the backdrop of soaring competitive pressures arising from liberalisation.

It has become indispensable to reduce the cost of production in both of these segments. Developments and innovations in communication technology enable standardisation even in the production processes of customised goods to achieve lower costs of production. Thus, the twin goals of the consolidation of the production process and of achieving economy-of-scale have become vital in order to remain competitive at international level.

This paper does not intend to address the discussion of the organisation of production networks and the history of trade policies. Instead, the focus will be on the impact of the MFA quota phase-out in India and, particularly, on workers. It will try to capture the various trends emerging in the Indian textile and clothing industry and in the world of labour. More specifically, we intend to provide evidence of the hard realities faced by workers in these production units, during the 2005 and early 2006 period. To understand the changes taking place in India it is a prerequisite to provide a brief background of India's textile and clothing industry.

Textile and clothing sector in India: the emerging post-MFA scenario

In India, the textile and clothing sectors put together account for 30% of the country's exports, 4% of the GDP, 14% of the industrial output and produces an estimated 16% of export earnings. While offering direct employment to 35 million workers, including a substantial number of women and people from marginalised sections, the textile industry is the second largest employer after agriculture. It is significant to note that all the links in the textile clothing supply chain are located in India.

However, the Indian textile and clothing industry is characterised by the co-existence of the organised sector with the predominant presence of decentralised and small firms. The predominance of small-scale units in the industry can be attributed to the policies and incentive structures built by the government to promote small-scale sector. Until 2001, the domestic market was reserved for the small-scale sector and was provided with exemptions from excise duty and with tariff protection.

With the advent of the post-quota regime, ever since 2005 there has been a movement towards the adaptation of modern technology and of capacity building. In an effort to increase the competitiveness of the industry, the government announced financial assistance to upgrade technology and to establish new state-of-the-art units through the Technological Upgradation Fund Scheme (TUFS), between 1999 to 2004. This scheme was subsequently extended until 2007. For the years 2005-2006, the total amount of funding sanctioned under the scheme stands at Rs 28,428 crore. As at December 2005, only 10.5% of the total loans had been provided to the small-scale sector. The textile ministry has also announced the building of twenty-five integrated textile parks to international standard in an attempt to achieve an export target of US\$50 billion by 2010. The targeted investment level by the year 2010 in the industry is Rs 140,00 crores.

Most large companies have begun to announce capacity expansion plans. In the past, textile and clothing buyers originally sourced from a number of countries and companies due to quota limitations. However, in the post-quota regime, garment manufacturers in India believe that 'large buyers will increasingly consolidate their sourcing to eliminate inefficiencies in the supply chain'. The manufacturers have taken these initiatives in order to achieve three objectives.

Firstly, enhancing production efficiency through modernising equipment and achieving higher labour productivity. Secondly, strengthening sourcing capabilities by identifying new and efficient suppliers to reduce costs, increase the speed of delivery and



reduce lead times and identifying those raw material manufacturers geographically closest to the place of production. Finally, reducing operational costs by achieving the above objectives.

In this context, it is significant to note that, since 1975, more intense global competition has led to a decline in the terms of trade in manufacturing in developing countries. It led to downward pressure in the prices of manufactured goods of developing countries and had a consequent impact on the wages and employment conditions of workers. The rapid export growth of these types of manufactures by the large Chinese economy and by a number of other developing countries has intensified competition in the markets for these goods, thereby exerting downward pressure on their prices. According to estimates prepared by the UNCTAD Secretariat, prices of apparel exported from developing countries to the world market fell by more than 7% between 1996-97 and 2002-03. This trend is also confirmed by data from the US Department of Commerce, which show a decline in the unit value of US apparel imports from developing countries of more than 10% between 1995 and 2004.

UNCTAD's Trade and Development Report 2005 argues that different labour market conditions and the existence of abundant unorganised low-skilled labour in developing countries leads to productivity gains which are to a large extent reflected in lower prices. It is this phenomenon which leads to the downward pressures on prices, resulting from a simultaneous export drive by developing countries in standardised labour intensive products.

Labour and work: post-MFA scenario

The increasing competition among producers in developing countries is forcing them to reduce further their production costs in order to stay competitive. At the same time, it is also essential for the producers to produce high quality value-added products at low costs. In a study conducted by the Centre for Education and Communication (CEC), in the industrial areas of Delhi National Capital Territory (NCT), including Faridabad, Gurgaon and the New Okhla Industrial Development Authority (NOIDA), which analysed the corporate performance and employment condition of workers in first tier garment exporters, also confirms the above mentioned macro trends. It was found that the companies under study have experienced price reduction of between 6% to 14% in the years 2002-03 to 2003-04 respectively. It is significant to note that the production of these companies has increased while the realisation per piece of garment has decreased. Companies under study are major suppliers for big brands like GAP, Wal-mart, Lees, Levis, Polo and so on. A survey was conducted among 159 workers. The following is the brief report of the results of the study.

In the survey, it is quite evident that developments in the textile and garment sector have substantially contributed to the increasing wretchedness of workers. Workers rights are blatantly violated with regards to the nature of employment, working hours, overtime work, social security and the right of workers to organise.

Nature of Employment:

The majority of the workers interviewed did not have a permanent employment status. Since 2001, in particular, most of the companies have reduced their intake of permanent workers. Only 37.11% workers were permanent and directly employed by the company; 62.89% workers were on contract either by the contractor or by the factory management. The terms of employment were not specified for either daily wage earners or casual workers and contract workers. Contract employment is the predominant form of employment in the garment industry in the NCT of Delhi. Yet, it is significant to note that there is no substantial or real difference in the working and living conditions of these workers.

Contract employment is practised in 3 forms. The first is that the contractor only supplies manpower to the company. The contractor recruits workers through two methods: a) through gate notices at a particular factory or b) through contractors' recruiting agencies, that is, contractors have their own recruiting agencies who bring in workers from different parts of the city. Under this method, the salary of the worker is paid directly to the labour contractor and the contractor deducts a commission and then pays the balance to the worker.

The second method of the contract system (which may be called in-house contract or in-house outsourcing) is that particular kind of tasks, for example, thread cutting or folding, are given to the contractor who brings workers and performs the tasks within the factory. In this case, the whole responsibility of the task rests with the contractor. In many incidences, workers consider themselves as working for a particular company but, in reality, they are working for the contractor. Here also, the total wage is given to the contractor who then pays wages on a piece-rate system or the payment is made according to the hours worked. In such a system, workers typically work for a month or two or even for less than a month. There are no social security benefits provided under this system. Thirdly, there is also outsourcing of specific tasks to subsidiaries or to third parties. These methods pave the way for the primary employer to escape responsibility of providing due wage and social security for their workers.

Irrespective of their status as permanent, workers' job security depends on his or her compliance with the demands of the management. It gives tremendous flexibility to the industry to recruit workers as required, always keeping a reserve labour force.



It is worth mentioning here the employment practice used by the textile industry in Tamil Nadu which, effectively, translates into captive or bonded labour. Adolescent girls from the neighbouring countryside are lured to work in large textile units in towns such as the Coimbatore-Tirupur cluster, Erode, Dindigul or Vedsanthur. Their contract specifies an amount such as Rs. 30000 which they are entitled to receive after a 3 year period of service. The 'Sumangali' System, as it is called, uses the dowry practice as its unique selling point (USP). These girls have to reside within the factory premises and work over 12 hours a day. These methods of recruitment also prevent workers from raising any demands related to bonus or working conditions. In these precarious conditions, permanent employees do not even think about forming a trade union.

Working time:

CEC's study shows that garment factories follow erratic work timings, as quoted by one worker "a worker can know what time he leaves home. But he/she does not know when he/she will go back home after work". The industry has managed to keep working hours extremely flexible. Industry argues that seasonal flexibilities in the industry demands deregulation of working time. The primary survey reveals that for a whopping 64.78% of the workers, working hours stretch up to 16 hours or more in a day (including overtime). Though both permanent and contract employees work long hours, among those working for more than 16 hours a day, the proportion of contract workers was double that of permanent workers.

This violates all provisions in the relevant statutory instruments. The Factories Act and the Factory Rules for Delhi, Haryana and Uttar Pradesh States specify that working hours in a day, including overtime, should not exceed 9 hours. The 9 hours is also subject to a maximum of 48 hours in a week. Under certain exemptions, working hours including overtime are allowed only up to 12 hours, subject to a maximum of 60 hours in a week. Such abnormal working hours were spread throughout the year except in the months of April, June, July, August and September, which represent the non-seasonal period of the industry.

To evade the law-enforcement authorities, many companies do not mention the total number of hours worked for overtime in the pay slip. Indeed, the companies maintain a separate register for calculating the overtime work. With this kind of work regime one can understand the limited time available for a workers social engagements. It is important to note that the overtime work is not a choice but a mandatory task to be performed. However, many workers also willingly work overtime. It is the low payment that drives them to work overtime to the cost of their health and social interaction.

Wages:

Considering that the statutory minimum wage is for 9 hour working day, only 0.63% of the workers are actually paid the minimum wage. The vast majority workers have to work up to 16 hours or more in order to receive the minimum wage. More shocking still is the information that, among those who work for 16 hours or more, around 35% of workers still earn less than the minimum wage. This observation is substantiated by the fact that a great majority of the workers (71.07%) are not paid overtime wages at the premium rate (double the normal wage). Workers are vulnerable and do not get subsistence wages even after working overtime within the existing 'rigid' and 'welfare oriented' regulatory framework.

Social Security Benefits:

Almost half (46.54%) of the workers said that they are deprived of social security benefits. Even among the workers who receive social security benefits, it is observed that social security is understood only in terms of Provident Fund (PF) and Employee State Insurance (ESI) benefits. The proportion of workers getting other social security benefits such as gratuity, crèche, maternity benefits, coverage under accident schemes or retrenchment benefits are negligible. Interestingly, both permanent and non-permanent workers said that they are deprived of social security benefits. While in Tier I companies there has been an increase in the total expenditures on manufacturing, it is surprising to note that there has been no corresponding increase towards payments of PF and ESI for the benefit of the workers.

Freedom of Association and Collective Bargaining:

Despite laws being in place, freedom of association and the right to collective bargaining remain a distant realisation for workers. Primary survey reveals that 81.13% of the workers are not unionised. Only 3.14% of the workers regularly participate in trade union activities. It is significant that some of the major Tier 1 suppliers studied have actively discouraged the formation of unions in their premises. In some instances, company-sponsored unions have been formed in order to serve the management.

Conclusion

Prices for products in the international market are experiencing a downward pressure but profit margins are increasing at the top levels of the value chain. In an attempt to reduce the cost of production it is not possible for the producer to compromise on the quality of the inputs. Therefore, the axe falls on labour costs. Intensification of work, non-payment of wages and non-payment of social security are ways of reducing labour costs. This is amply demonstrated by various studies including the present one.

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Other voices, other viewpoints: After the European Union, European dis-Union

by Malcolm Subhan

The 50th anniversary of the signature of the Treaty of Rome, on 25 March 1957, will be celebrated with due pomp and ceremony. Yet all the evidence indicates that the process of European integration, which began to gather pace with the creation of the 6-nation European Economic Community (EEC) in 1958, is starting to unravel. The Treaty establishing a Constitution for Europe, which was expected to come into force this 1st November, has been quietly shelved, despite having been ratified by 15 Member States. Its fate was sealed by voters in France and the Netherlands through referendums.

The determination shown in the 1950s “to lay the foundations of an ever closer union among the peoples of Europe” is nowhere in evidence today. Europe is “undergoing a deep and multifaceted crisis,” according to Dr Ioannis Varvitsiotis, a Greek MEP and former minister, writing in the weekly *New Europe*. In his view the predominant feelings of European citizens today are those of “indifference, bitterness and, most importantly, anxiety”. These feelings stem in large part from Europe’s inability to deal successfully with such issues as low economic growth, increased unemployment, stronger migration pressure and an ageing population.

You could counter this bleak assessment by pointing to the enlargement of the 15-nation European Union (EU), and the emergence of the 25-nation EU as the world’s largest economic entity and its largest exporter of goods and services. Its single currency, the euro, is growing in importance as a reserve currency, and is much stronger at present than the US dollar.

Even so, the EU feels increasingly threatened by the accelerating economic strength of Asian countries, particularly China. Nor is this perceived threat limited to the flood of cheap consumer goods from Asia. Europeans also feel threatened by the rapid technological development of several Asian countries – and this at a time when the European Union is floundering in its attempts to transform itself into the most competitive, knowledge-based economy in the world.

Individual EU countries are turning to national solutions to these external challenges. However, the greatest threat to European integration comes from within the European Union itself. It is represented by the EU’s failure to establish itself as a political power.

Half a century after it set out on the path to “an ever closer union,” the EU remains a political pigmy. The appointment of a Union Minister for Foreign Affairs, as provided for by the ill-fated Constitution, might have helped. The High Representative for Common Foreign and Security Policy, a post presently held by Javier Solana, a former Secretary-General to NATO, helps the EU Council in foreign policy matters and acts on its behalf in policy dialogues with third parties, but is far from being the EU’s Foreign Minister. (Even so, Solana is on first-name terms with Condoleezza Rice, the US Secretary of State. Unlike her predecessor, Henry Kissinger, she at least knows the number to call in Brussels!).

The fall of the Berlin Wall, in November 1989, and the ending of the Cold War two years later, gave the EU an unparalleled opportunity to come out from under the shadow of the United States and to develop a European foreign policy in keeping with a totally new geopolitical landscape. The necessary institutional machinery was already in place. The 1987 Single European Act set out the ground rules for European co-operation in the sphere of foreign policy.

Under the 1987 Act, Foreign Ministers would meet, together with a member of the European Commission, at least four times a year within the framework of European Political Co-operation. Closer co-operation on questions of European security was expected to “contribute in an essential way to the development of a European identity in external policy matters”.

The then 12-nation EU failed to seize the opportunity to define an independent foreign policy, one to which it could have rallied the nations of Asia, Latin America and Africa. Rather than lead the way towards a genuine multipolar, multilateral world, through the UN, it chose to support the remaining superpower, thus strengthening American hegemony. Instead of developing an independent European defence force it acquiesced in the continued existence of that key element of the Cold War - NATO. You would have thought that with the accession of eight former members of the Soviet Union, the enlarged EU would have embarked, at last, on a foreign policy designed to demonstrate the end of the Cold War and Europe’s return to the political stage as a partner and active member of the global community.

However, to be effective on the world stage a nation, or a coalition or grouping of nations, must be in a position to exercise power, military power. It is not enough to talk softly; one must also carry a big stick. This, surely, was the key lesson of the Cold War. But the wars in Afghanistan, Iraq and Lebanon clearly demonstrate the limits of military power. The US may yet attack Iran’s underground nuclear sites, with bombs carrying nuclear warheads perhaps, which can penetrate deep into the ground. But it is doubtful whether it would



secure a clear-cut victory, or could count on the support, this time round, of even the EU's most bellicose members.

To judge by Dr Solana's efforts to maintain a dialogue with Iran, the EU apparently shares the view which Winston Churchill proclaimed in the White House some 50 years ago - that "to jaw-jaw is always better than to war-war". Yet dialogue must clearly be between equals if it is to lead to agreements acceptable to both sides. The EU insists, however, that third countries - Asian countries, for example - must meet certain criteria laid down by it - such as a respect for human rights; viable democratic institutions; governments acceptable to the EU, even if elected democratically; a commitment to good governance, *et cetera*.

This is neo-colonialism. Developing countries must meet the criteria laid down by the West, which sees its role as the harbinger of democracy and the other attributes of civilised nations - or face the threat of regime change, as in the 19th Century, with leaders unacceptable to the West replaced by those who have been living in exile in Western countries, or have imbibed Western values. But, as in colonial times, they are to be allowed just enough military forces to maintain order at home. And certainly no nuclear weapons, with which to threaten Western hegemony.

If it is to be an effective and trusted partner at the international level, the EU must work for a level playing field - not only in economic matters but also in politics. It must be prepared to work with third countries as they are, to accept differences, not fudge them, to reject the unstated claim, that if you're not like us, you're against us. The fact is that the world is still characterised by an amazing diversity - as regards methods of production and distribution; social organisation; religious beliefs and practices; languages (which shape the way we see and interpret the world)... The list is endless.

An effective European foreign policy must take differences into account and not limit itself to "shared common values" and "a common commitment to democracy, pluralism, human rights..." to quote from the opening paragraph of the 2005 "political declaration on the India-EU Strategic Partnership". Unless the EU is prepared to take into account also everything that is distinctively Indian, it will be difficult for the vast majority of Indians to subscribe to this political declaration.

Similarly, unless the EU can accept the Iranian people's claim to be heirs to one of the oldest and richest human civilisations, with a right to develop all the attributes of modern world, including the most advanced technologies, a fruitful dialogue with Iran is out of the question.

Developing an independent European foreign policy will not be easy, given the EU's determination to follow US foreign policy as closely as possible. A foreign policy that is in line with US foreign policy does not require any changes to the EU's institutional machinery. However, a policy which gives priority to "the fundamental importance of multilateralism and the essential role of the United Nations" (to refer once again to the India-EU political declaration) requires far-reaching institutional changes. It is the EU rather than two Member States, Britain and France, which will have to be represented on the Security Council, with an EU Foreign Minister speaking on behalf of all 25 member states in the UN General Assembly, for example.

Despite the difficulties the EU will face as it develops an independent foreign policy, it has little choice in the matter. It can remain the world's leading economic entity, strengthening its global presence through the conclusion of bilateral and regional free trade agreements.

The German Chancellor, Angela Merkel, has revived an idea put forward by the former Trade Commissioner, Sir Leon Brittan, for a free trade agreement between the EU and the US (A more radical idea, put forward by some Germans several years ago, called for an economic union of all Western nations).

Politics rules on the world stage, however, not economics. An EU that is essentially an economic bloc runs the risk of disintegration, in the face of competition from the rising economic powers in Asia and Latin America. Witness the difficulty the Trade Commissioner, Peter Mandelson, is facing in the agricultural negotiations in the Doha Round.

More to the point, the EU cannot expect to be taken seriously by other nations until it emerges as a political force as well. Forget the rubbish that the Americans are from Mars, the European from Venus; forget also the distinctions between "hard" and "soft" power. The post-war exercise of hard power by the United States has been a failure, from Korea to Iraq. Hence the need for a foreign policy based on dialogue and co-operation; hence the need for an independent European foreign policy. ■

Asylum, Immigration, Justice & Home Affairs

Migration and Integration

Twice during the course of July, the Council of Ministers addressed the issue of migration, particularly in the context of the flow of migrants across the Mediterranean and the need to strengthen Member States' co-operation with FRONTEX - the Agency responsible, since May 2005, for the management of the EU's external borders. In meetings on 17th July and 24th July, EU Foreign Ministers and Justice and Home Affairs Ministers emphasised the role migration issues play in EU external relations policy and the link between migration and development. These issues came to the fore ahead of the UN High-level Dialogue on International Migration and Development, which is due to take place in New York in mid September.

Earlier, on 6th July, the European Parliament had adopted a Resolution on the integration of immigrants in the EU. Criticising the poor performance of the EU in ensuring the integration of immigrants, Parliament states that the Council should commit long-term funding to the proposed European Fund for the Integration of Third Country Nationals, which dates from 2005, especially given the large number of immigrants, currently estimated at approximately 40m people. Although the focus of the Resolution is on what the EU should be doing, Parliament also specifies that integration is a two-way process, with immigrants having a responsibility to integrate into their host society.

Measures to facilitate integration could include reducing the employment gap, enhancing education and language training, providing political and civic education and fighting racism, xenophobia and discrimination. These measures could be financed under the European Fund to help promote best practice between Member States and to help target newcomers, although second and third generation immigrants should also be included.

The integration programmes of the Member States should be evaluated on a biannual basis through a report on migration and integration. EU programmes would be encouraged to use the UN Human Development Report as a model. Parliament's Resolution also suggests that the European Commission should consult with representatives of migrant communities in the EU when it plans and implements development co-operation aid in third countries. The Resolution makes no mention of an Annual Report published by the Commission, in late June, on Migration and Integration. The Report describes actions taken by Member States on the admission and integration of immigrants during 2004.

The Report states that migration continues to be the factor driving demographic growth in the EU. As of 1st January 2003, the number of third country nationals in the EU was estimated at 15.2m and, in 2005, the population of the twenty five EU Member states rose by 2m people, year on year. Apart from migration, the Report notes that the 2m figure included those entering the EU under family re-unification programmes and those foreign-born nationals who undergo naturalisation in a particular Member State.

Fighting illegal immigration

The European Commission adopted a Communication, on 19th July, outlining EU policy priorities in the fight against illegal immigration of third country nationals. Referring to the crisis in Europe's immigration policy, the Communication states that without common EU action the situation would only get qualitatively and quantitatively worse. With mounting pressure at the EU's external borders, the Commission's rationale for the Communication lies in proposing nine "new policy priorities" and "action-oriented measures".

The context for these measures is the Hague Programme, adopted by EU leaders in November 2004 with the objective of improving the ability of the EU to take common action in immigration matters, to regulate migration flows, to control the external borders of the EU and to fight cross-border crime and terrorism. The Communication identifies three main categories of illegal immigrants into the Member States of the EU including those third country nationals who enter illegally using false documents, those who overstay the period of a valid entry visa or those unsuccessful asylum seekers who do not leave.

Reflecting the source of the problem, the first policy priority identified in the Communication is co-operation with third countries. The main focus of EU efforts lies in contact with its immediate neighbours stating that dialogue and co-operation need to be strengthened. While the focus is on the Mediterranean and Africa, there is a reference to the role illegal immigration plays in meetings between the EU and "certain Asian countries". Co-operation with third countries could also take place at regional level, for example, the African Union or the Economic Community of West African States (ECOWAS). The EU would use its development co-operation instruments to help deal with the "push-factors for illegal immigration". These factors are identified as poverty, unemployment, bad governance, conflict and lack of access to education or health services.

Another policy priority is identified as the fight against human trafficking, with EU policy based upon an Action Plan adopted by the Council in December 2005. Through its development co-operation policy, the Communication states that the EU should fund



initiatives tackling poverty and discrimination, issues which otherwise make people vulnerable to being trafficked. In the medium term, the Commission foresees creating co-ordination mechanisms at EU level, promoting best practices and improving data collection, as measures to implement the December Action Plan.

Another policy priority examines the role of return policy in EU migration mechanisms. It is suggested that without an effective return policy, public support for legal migration and asylum would otherwise be undermined. Common EU action in return policy focuses on adopting re-admission agreements with third countries (eg Sri Lanka, Pakistan, China). Third country nationals are generally returned via joint return flights to their country of origin. The Communication suggests that the Commission will consider adopting proposals to encourage Member States to consider returning these nationals by land or by sea, for shorter journeys. Also, the European Parliament is assessing a proposal for a Directive on common standards for the return of illegal third country nationals. This Directive would establish common EU rules on return, the use of coercive measures, temporary custody and re-entry. Regarding all nine policy priorities, the Commission indicates that it will publish an assessment of the implementation of the measures set out in the Communication, within one year.

Annual Report on Illegal Immigration

Also on 19th July, the Commission published its second Annual Report on the development of a common policy on illegal immigration, smuggling and trafficking of human beings, on external border controls and on the return of illegal residents. The first Annual Report was published in 2004, one year after the Commission made an assessment of the three Action Plans on illegal immigration, on external borders and on return, published by the Council of Ministers.

The second Annual Report addresses the main developments at EU level in illegal immigration since 2004 including, *inter alia*, external border controls, visa policy, return policy, human trafficking and relations with third countries. In May 2005, the EU established an agency for the management of external borders (FRONTEX). The agency is meant to promote co-operation between EU Member States, to train border guards and to support return operations. FRONTEX also co-operates with EUROPOL in the fight against illegal immigration. Regarding return policy, the Annual Report notes that the Commission, in April 2005, proposed the creation of a European Return Fund, with the objective of providing Community financial support for the return of third country nationals, from 2008 onwards.

Regarding relations with third countries, the Report notes that, in 2002, the Council called for a 'monitoring mechanism' to be established to track the level of co-operation received from certain third countries, including China. However, it was not until 2004 that a pilot report was prepared, leading to discussions in the High Level Working Group on Asylum and Migration, which took place in September 2005. Since 2004, the Commission has funded projects in third countries, including Afghanistan, on migration issues and the link between migration and development. However, in December 2005, the European Council established priorities for EU action which direct funding towards Africa, the Mediterranean and the near abroad.

Political Relations

Iran

The EU adopted a series of Declarations and Conclusions on Iran addressing human rights, the freedom of expression and the nuclear issue. On 24th August, the Presidency of the EU Council, currently held by Finland, adopted a Declaration expressing concern about the death of a human rights activist, Mr Akbar Mohammadi, who died in prison on 31st July. According to the EU statement, Mr Mohammadi was imprisoned in 1999, with a fifteen year sentence, for taking part in peaceful student demonstrations. While his death may be attributed to his hunger strike, the EU Presidency questions whether Mr Mahommadi received adequate medical care and suggests that he may have been the subject of "inappropriate treatment" while in prison. Also, his trial may have been characterised by "severe deficiencies".

Calling on the Iranian government to respect the obligations it has entered into under "international commitments", Finland expressed the "grave concern" of the EU at the treatment of dissidents, opposition leaders and student activists in jail. Iran has signed up to the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights. The last time the EU-Iran Human Rights Dialogue met was in June 2004, although a technical mission went to Tehran in September 2004 to discuss possible judicial co-operation.

On 26th July, the Presidency issued a Declaration on freedom of expression in Iran expressing grave concern about the deteriorating situation in Iran and about the status of human rights defenders. The Declaration calls on the government to adhere to the International Covenants it has signed and should be implementing. Regarding human rights defenders, the EU raises five particular cases and asks Tehran to cease punishing individuals who exercise their rights, guaranteed under human rights conventions. The Declaration also



criticises the fact that many judicial hearings are held in secret and lack impartiality. These cases include Abdolfattah Soltani, Ali-Akbar Mousavi Khoeini, Farshid Yadollahi, Omid Behrouzi and nine unnamed 'labour protestors'.

Regarding the nuclear issue, on 18th July, the Council adopted Conclusions during a meeting of Foreign Ministers. The Declaration outlines the EU's "deep disappointment" that Iran did not react positively to the offer of negotiations that was made in early June. The offer, EU Foreign Ministers state, would provide everything Iran needs for a civil nuclear programme and would facilitate the emergence of a relationship with the EU based on "mutual respect" and allow deeper co-operation in "political and economic" issues. While the EU remains committed to a diplomatic solution, the Conclusions highlight that Iran has not responded to the offer or given "an indication of willingness to engage seriously". Thus, the EU favours the return of the dossier to the UN Security Council.

Kazakhstan

The eighth meeting of the EU-Kazakhstan Co-operation Council was held in Brussels, on 18th July. The Council meeting is held under the framework of the Partnership and Co-operation Agreement, which was signed in July 1999, with objectives in political, economic and commercial issues. In terms of EU priorities during the Council, the two sides discussed a common visa policy, border management, regional co-operation and issues concerning protection of human rights and the rule of law. For Kazakhstan, the Co-operation Council was an opportunity to seek EU support for its bid to take over the chairmanship of the Organisation for Security and Co-operation in Europe (OSCE), in 2009. The EU promised to make a decision whether to support the bid by the end of 2006. The Council also discussed the possibility of concluding a bilateral steel agreement, to replace one in force since 2002. The EU side was represented by a Finnish Secretary of State, Pertti Torstila, the Commissioner for External Relations, Benita Ferrero-Waldner, and a representative from the forthcoming German Presidency of the EU Council, Ulrich Brandenburg. The Kazakh side was represented by the Minister for Agriculture, Akhmetzhan Smagulovich Yessimov.

Kyrgyzstan

The eighth meeting of the EU-Kyrgyzstan Co-operation Council was held in Brussels, on 18th July. Similar to Kazakhstan, the Partnership and Co-operation Agreement was signed in July 1999 and the meeting stated that its objectives had yet to be fully exploited. The meeting identified several rule of law and human rights issues in Kyrgyzstan including widespread corruption, organised crime, unstable political situation and problems in the judiciary and the

civil service. The Council welcomed the government's planned constitutional reform stressing that any agreement should promote the unity of the country and democracy. The EU also praised Kyrgyzstan's role in offering asylum to refugees fleeing Uzbekistan, following the Andijan massacre, and the "constructive role" the government played in facilitating the refugees' resettlement into third countries. Kyrgyzstan was represented by the First Vice-Prime Minister, Daniar Toktogulovich Usenov; the EU side consisted of the same delegation as for the Kazakh meeting.

Trade Relations

Refrigerators from South Korea

On 25th August, the Council adopted, by written procedure, a Council Regulation imposing a definitive anti-dumping duty and collecting definitively the provisional duty imposed on imports of certain side-by-side refrigerators originating in the Republic of Korea. The measure imposing definitive anti-dumping duties (ADD) follows the provisional application of ADD in March 2006 in light of an investigation carried out by the European Commission, in June 2005.

Over several years, an exporting producer in South Korea maintained that the Commission should have included all refrigerators-freezers with a capacity of 400 litres and above and, if the Commission intended differentiating between two and three door fridges then three-door side by side models should be excluded from the investigation.

However, the Commission maintained that the market in the EU was clearly divided into three segments and that fridges above 400 litres were technologically and physically different than other models. They would therefore be covered by the Regulation. The exporting producer also demanded that three-door models should not be covered by the anti-dumping duties and the Commission agreed that such models did not fit into the traditional definition of side-by-side fridges.

The investigation, which was carried out in 2005, concerned three named companies including Daewoo Electronics Corporation, LG Electronics Corporation and Samsung. The investigation showed that, for all three companies, the export price of their products differed by region. The level of dumping, expressed in percentage terms related to the price, was between 3.4% and 12.2%. Volumes of dumped imports rose by 266% between 2002 and 2005 representing between 180-250,000 pieces in 2005 alone. The new Regulation sets the definitive anti-dumping duties at the same level as the dumping margin namely 3.4% for Daewoo, 12.2% for LG and 0% for Samsung as their dumping fell below a minimum level. Any other exporting producer company from South Korea would enjoy the higher rate for exports to the EU.



EU-Japan Business Dialogue Round Table

Meeting in Tokyo, on 13th-14th July, the EU-Japan Business Dialogue Round Table, brought together 26 senior business executives from the EU and 23 from Japanese companies. The EU-Japan BDRT was established in 1999 following the merger of the EU-Japan Industrialists Round Table, which started in 1995, and the EU-Japan Business Forum. The EU-Japan BDRT meets on an annual basis and has a very close relationship with the government and regulatory authorities both in the EU and in Japan. The meeting in Tokyo was chaired by Georges Jacobs, Chairman of the Belgian pharmaceutical company UCB and by Yotaro Kobayashi, Chief Corporate Advisor of Fuji Xerox. The BDRT states that its ultimate goal is to establish “broader, deeper and more dynamic co-operation” between the two regions.

At its last meeting, in 2005, the BDRT submitted 94 recommendations to the EU and Japanese authorities. The July meeting stated that progress on the implementation of 87 of these recommendations “was so limited” that, with another five priority issues, all were re-submitted. The recommendations emanate from the various working groups established under the BDRT including Trade and Investment, Accounting and Tax, Information and Communication Technologies, WTO, and Life Sciences and Biotechnology. The meeting proposed that a further working group be established to cover Financial Services.

The Tokyo meeting adopted five priority issues and called for immediate action from the EU and Japanese authorities for their implementation, noting that the time for dialogue was over. These include measures to avoid double taxation, translating innovations made in life sciences and biotechnology into ‘social gains’, developing information and communication technologies that will protect social infrastructure and to help promote international standardisation, establish international rules for the protection of intellectual property rights and, finally, promote joint research projects on bio-chemicals, bio-materials and bio-fuels.

Within the context of its ultimate goal of promoting deeper co-operation, the BDRT decided that, although the April 2006 Summit favourably assessed its progress, there should be a mid-term review of the EU-Japan 10-year Action Plan. The Action Plan was adopted in 2001, after a government-level Summit in Brussels. The Plan outlined four themes for developing co-operation including promoting peace and security, strengthening economic and trade ties, addressing global and societal changes and, lastly, bringing together people and cultures.

The goal of the mid-term review would be to take account of the new economic world order and any

outcome of the Doha Development Round. Taking a longer-term perspective, the BDRT also recommends that the EU and Japan should consider establishing a “Study Group” to examine what might be perceived as the deficiency of major world institutions to address the “new global challenges”. The Group would report back within three years. Some of these challenges might include the rise of Brazil, Russia, India and China as new economic powers, global warming, poverty, the role of free or regional trade agreements and the ‘conflict of culture’ around the world.

Security and Defence

Small Arms, Light Weapons

On 22nd July, the fifth Annual Report from the Council of Ministers on Small Arms and Light Weapons (SALW), was published. The Annual Report details actions undertaken during 2005 by the EU towards combating the accumulation and spread of SALW, within the terms of a Council Joint Action dating from July 2002. The Report is meant to offer “political guidance” to the EU and its Member States on the need for consistent EU policies in the areas of security and development policy and on the EU’s external relations policy at regional and multilateral levels.

Apart from addressing national efforts to tackle SALW, the Report also examines efforts by the EU and its Member States at international level. Regarding Asia, in 2005, the EU extended the SALW destruction programme in Cambodia with a budget of €0.6m. Apart from recovering and destroying weapons, the programme also provides the Cambodian government with technical assistance in drafting an arms law and training to the police and army on the management of weapons they possess.

In Indonesia, the Report states that the EU financed the Aceh Monitoring Mission to help the destruction of armaments held by the rebel force - the Free Aceh Movement (GAM). This weapons recovery and destruction programme took place at the same time as the Indonesian authorities moved its forces out of the Aceh province. In Sri Lanka, the EU financed a UNICEF project to collect information on the impact of armed conflict on children and on issues related to the recruitment of child soldiers. Regarding co-operation with third States, the Report notes that the EU pursues troika meetings on SALW issues with, *inter alia*, China, Japan and South Korea once per year.

EU Military Committee

On 1st July, the EU published a Council Decision appointing a new Chairman to the Military Committee (MC). The Military Committee is where EU Chiefs of Defence meet, under the Common Foreign and Security Policy (CFSP), to provide military advice to



Ministers regarding conflict prevention and crisis management missions, under the Petersberg tasks. The current Chairman, General Rolando Moca Moschini, an Italian, who was appointed on 9th April 2004, will stand down on 6th November 2006. He is a former Chief of Defence of the Italian armed forces. Normally, the Chairman serves a term of three years. General Mosca Moschini will be replaced by General Henri Bentégeat, a Frenchman. General Bentégeat has been responsible for missions in Chad and the Central African Republic. The decision on his appointment was made, at administrative level on 11th May.

Also, on 27th June, the Council, meeting in the Environment Council format, had ratified the appointment of General David Leakey, a Briton, as Director General of the EU Military Staff (MS). General Leakey will take up his position, in March 2007, succeeding the Frenchman General Jean-Paul Perruche. General Perruche was appointed Director General of the EU MS in March 2004. General Leakey has previously commanded the EU mission in Bosnia-Herzegovina for peace and security during 2004-05. The Military Staff provides early warning, situation assessment and strategic planning services to the Military Committee and to the High Representative for the CFSP, Javier Solana, under the remit of the Petersberg tasks.

External Assistance and Development

EIB mandate

The Council on Economic and Financial Affairs (ECOFIN) held a debate, on 11th July, on the European Commission's Report on the operations conducted under the European Investment Bank's (EIB) external lending mandate. The Commission has also made a proposal to extend the Bank's mandate for the period of the next Financial Perspectives, 2007-13, and to broaden the range of countries eligible for funding. The Commission is proposing a total lending facility of €33bn over the seven years. According to ECOFIN Ministers, the new budget and mandate would ensure a better link between the policies and objectives of the EU's external relations instruments.

A Council Briefing Note, from the Finnish Presidency, dated early July, listed some issues for possible discussion during the meeting of 11th July. The Note asked ECOFIN Ministers to confirm whether the EIB's external lending should continue to focus on pre-accession and neighbouring countries of the EU. Ministers were asked to reflect on what the priorities of such lending could be including private sector development, infrastructure, energy security, environment, health or education. Should there be a greater link between the Bank and other international financial institutions, including the European Bank for Reconstruction and Development (EBRD)?

For the period 2007-13, the Commission is proposing a loan facility for Asia of €2bn, representing 6.3% of total lending. The amount available to Latin America would be €4bn. Under the new mandate, the countries of Central Asia would be included for the first time. As in the existing mandate, the scope of lending would primarily target environment and regional integration projects. The 11th July meeting will be followed by a further discussions in October and the Presidency has indicated that the proposal to extend and amend the EIB's mandate should be agreed by December.

Co-operation with Industrialised Countries

As part of the long-running debate on the reform of the delivery of external co-operation and assistance, the Council, Commission and European Parliament have agreed to establish a separate instrument to finance co-operation with industrialised and other high-income countries and territories. In late July, the Committee of Permanent Representatives (COREPER) agreed the text of a letter to be sent to the European Parliament which included the text of the proposal for a Council Regulation creating the financing instrument.

The proposal for a Council Regulation, which was originally published in September 2004, states that the EU has developed its relations with countries and territories including North America, East Asia and Australasia, South-East Asia and the Gulf regions targeting industrialised and high-income countries. Such countries, the proposal states, often share "similar political, economic and institutional values" with the EU and often play a role in multilateral *fora* and in global governance. These are countries with whom the EU has a "strategic interest in promoting links". If adopted, the new Regulation would replace and repeal a Regulation dating from February 2001.

The objective of co-operating with industrialised and high-income countries for the EU, in terms of economic, financial and technical matters, is to facilitate engagement on a bilateral, regional or multilateral basis. On the basis of multi-annual co-operation programmes, to be drawn up by the European Commission, the Regulation would establish co-operation between the EU and the partner countries in seven areas. These include, *inter alia*, partnerships between economic, academic and scientific personnel, projects to promote trade and investment flows, people-to-people links in education and training, projects covering research, science and technology and measures to promote the understanding and visibility of the EU in these countries. If adopted, the Regulation would cover co-operation between 2007 and 2013, the period of the next EU Financial Perspectives, the length of time that the EU has agreed an indicative budget framework. ■

John Quigley

Turkmenistan: Change through Trade?

by Daniel Caspary, MEP

Turkmenistan is definitely a country on the rise. If you have any doubts about this assessment, just look at all the fountains in Ashgabat, the capital of Turkmenistan. About 80 percent of this land-locked subtropical country is covered by desert, making these areas almost unusable for agricultural purposes. The fountains are a symbol of the cash that has flown into the country in recent years but also of the misallocation of some of this money. You probably have heard some of the stories surrounding President Saparmurat Niyazov.

The self-proclaimed Turkmenbashi (“father of all Turkmens”) retains absolute control over the country and does not tolerate any opposition. His eccentric nature (the month of April was renamed after his belated mother) is probably more well-known worldwide than his country. The question we had to answer was, if we should sign an interim agreement with Niyazov to improve the trade relations and the situation for the people in his country or if the fact that human rights appear to be trampled under foot in his country should stop us from signing any agreement with the him.

This was the reason the official delegation of the European Parliament went to visit Turkmenistan in June and met with State officials, representatives of TACIS and Ambassadors of foreign countries. Our goal was to double-check the reports we had received about the brutal suppression of any opposition in the country. For the most part these reports came from very few non-governmental organisations (NGOs) that have contacts in the country and even more of these reports we did not even receive first-hand.

As Rapporteur for the Interim Agreement on Trade between the European Community and Turkmenistan, I was especially curious about the situation in the country and very eager to talk to as much people as I could while we were there. Of course, we did not get to meet the Turkmenbashi himself but we did speak to his Foreign Minister – amongst others. Most of the people I met were very friendly and extremely courteous and the officials we spoke to appeared to be very open – at least until they were called into the next room and disappeared for a few minutes to make an “important phone call”.

The capital looked very clean to me and numerous construction sites in the city were proof of the almost abundant income that the extensive natural gas reserves have brought to this previously underdeveloped nation.

Clearly, the President is trying to build up his country and the well-stocked supermarkets and huge palaces are a sign of the economic boom that came with Niyazov selling energy.

Clearly the capital is on an upswing but what about the remote regions? And what about the human rights situation on the ground? To answer the first question we might have to send a second delegation to Turkmenistan that would have to visit other regions beside Ashgabat. Regarding the human rights situation I had some very interesting discussions while I was there. The Foreign Minister answered all of our questions regarding recent human rights violations in an open and concise manner. Sure there have been imprisonments but what are you supposed to do when you have clear evidence that someone is actively working to overthrow the government? What would your country do?

Of course I am living in the country with a government of the people, by the people and for the people but the picture that was emerging of the Turkmenbashi was the picture of someone that, in his very own and special way is trying with good intentions and sincere effort to do good for his people. He surely is not elected and there is no opposition but are the people better off under Niyazov than they were before or not? Economically? Individually?

Even more fruitful in our quest to understand this country and its leader were the discussions we had with diplomats from England, France, the US, Turkey and Germany that had been in the country for quite some time and had learned to take the statements from the government as well as some of the reports of some NGOs about atrocities with a grain of salt.

One Ambassador explained to me that some of these so-called human rights organisations are led by former allies of the Turkmenbashi whose views on human rights seem to not differ one iota from those of the man they are trying to replace. Does this mean that the numerous reports about human rights violations should be headed towards the rubbish bin? Of course not. It just means that we should check the source before we take this information for granted.

So what does this all mean for the Interim Agreement on Trade between the European Community and Turkmenistan? Should we sign it to help the people in the country or are we getting into bed with a Stalin-esque dictator? The Interim Agreement is supposed to be a first step to lead this remote country towards the EU and its shared values. It is a long walk but every journey begins with a first step. If agreed, the Agreement is supposed to replace the existing Partnership and Co-operation Agreement that was established under Soviet rule and which, crucially, did not include any provisions about human rights.



If the human rights situation in the country improves after signing the Interim Agreement we can start thinking about a new Partnership and Co-operation Agreement. If it does not - we stop in our tracks. The important thing to me is that we establish a dialogue with the current administration and try to improve the situation for the people in Turkmenistan. The alternative to this approach would be isolationism and I can not see how this would benefit the people in any way. Isolating the country is not a viable solution, at least not now.

Our trip to Turkmenistan has, in my mind, opened up at least as many new questions as it has answered. A lot of the observations we made simply do not add up. For example, all of the national television channels are censored by the State whereas even in remote regions most of the houses have satellite dishes that allow them to receive more than 400 international television stations. On the other hand, the trip did clear the way for a dialogue that might, in the long haul, be beneficial to the Turkmen people and lead the way out of regional and international isolation.

I do not think that trade will change the situation for the people over-night but I do think that it implements a process that is hard to stop once it is in motion. In the coming months there will be a debate with the Commission in plenary following a parliamentary question on the current strategy of the European Commission regarding Turkmenistan and the role of the Interim Agreement. I intend to participate in this discussion and am looking forward to an open and constructive exchange of views that ultimately focuses on the question on how to proceed in a way that is most beneficial for the people in Turkmenistan. ■

Daniel Caspary is a German member of the PPE-ED group in Parliament and is the author of the Report on an Interim Trade Agreement between the European Community and Turkmenistan. The Report was adopted by the International Trade Committee and is likely to be approved before the end of the year.

Editor's Note:

The European Bank for Reconstruction and Development (EBRD) adopted a Strategy for Turkmenistan in June 2006. The EBRD has expressed "serious concern" about Turkmenistan's failure to move towards a market economy, despite estimated year-on-year growth in Gross Domestic Product (GDP) of 10% in 2005. This was coupled with a rise in inflation to 10% in the same year.

EU-Iran relations, what next?

by Nawab Khan

Since the establishment of the Islamic Republic in Iran in 1979, a kind of love-hate relationship has developed between the EU and Iran, marked by a series of ups and downs in bilateral ties. EU Ambassadors have been recalled (Rushdie and Mykonos affairs) but diplomatic relations have never been severed, talks and negotiations suspended but never cut off.

The ongoing EU-Iran negotiations, despite all difficulties, are a vivid example of these ups and downs. In the early days of September, progress has been reported in the nuclear talks following a meeting between EU foreign policy chief Javier Solana and Iran's top nuclear negotiator Ali Larijani. A pragmatic realisation sits deep in Brussels and Tehran that both Europe and Iran need each other.

For the EU, Iran is an important strategic player in the wider Middle East and a vital energy-resource. (Iran has the world's second largest reserves of oil and gas and is the world's fourth largest oil producer). It is said that 80 percent of EU's imports of petroleum products come from the Persian Gulf region where the concentration of oil production is likely to increase significantly over the next few decades.

The growing importance of Iran in the European mind was suggested by an article in the *Financial Times* on 11th September 2006 which described Iran as "the rising might of the Middle East super power". With continued violence and unrest in neighbouring Iraq and Afghanistan, Europeans recognise the important role of the Islamic Republic in establishing peace and security in the region. For Iran, the 25-member EU is an important source of foreign investment and transfer of technology. Iran is also trying to rally the EU's support for its World Trade Organisation (WTO) membership.

The fight against drug trafficking is another important sector of EU-Iran co-operation given the fact that a large amount of drugs smuggled from Afghanistan via Iran finds its way into European markets. The importance of ties with Europe for Iran was reflected in a recent statement by Iranian President Mahmoud Ahmadinejad who said that expansion of ties with European States is a priority of Iran's foreign policy. However, the prevalent notion in Europe that if the EU-Iran dialogue fails, the Islamic Republic will be isolated internationally is merely wishful thinking.

Iran's influence in its neighbourhood has grown enormously since the fall of Saddam Hussein in Iraq and the Taliban in Afghanistan, while its co-operation and relations with countries in Africa, Asia (India, China), Latin America and Russia are growing by the



day. Although a critical dialogue between the EU and Iran was launched in 1995, it was for the first time in 2001 that Brussels and Tehran took practical steps to put bilateral ties and co-operation in a contractual framework. Both sides realised that a more pragmatic policy would be a win-win situation to boost co-operation in trade and would enhance political ties.

The turning point in EU-Iran ties came during the visit of Dr Kamal Kharrazi to Brussels in September 2001, the first by an Iranian foreign minister. Since then, top EU leaders including Javier Solana have visited Tehran in a flurry of diplomacy, trying to promote closer ties and co-ordinate positions on issues of common interests. On 19th November 2001, the European Commission approved a proposal to begin negotiations on a Trade and Co-operation (TCA) agreement with Iran alongside a political dialogue that includes issues like human rights, fight against terrorism, non-proliferation and the Palestinian conflict.

In June 2002, the EU Foreign Ministers gave the Commission a mandate to begin the negotiations and the groundbreaking talks began in December 2002, seen as a move defying the United States which listed Iran as part of the “axis of evil”. European officials criticised Bush’s rhetoric as unnecessarily tough. Setting the mood of rapprochement, a European Parliament delegation paid a first-ever visit to the Islamic Republic in July 2002 and thereafter Kamal Kharrazi became the first Foreign Minister to address the Parliament, in Brussels in February 2003.

The Iranians, wary of US military threats, sanctions and boycotts, were attracted by the EU’s soft-power approach based on engagement, dialogue and investment. Moreover, the market vacuum left by the United States disallowing American companies to invest in the Islamic Republic offered EU companies a golden opportunity to expand business in Iran.

However, Iran’s nuclear programme became a priority for the EU and started causing some irritant in ties. After four rounds of TCA talks and three rounds of political negotiations, the EU Council on 21st July 2003 called on Iran to sign the IAEA Additional Protocol. It also stressed that intense economic relations can be achieved only if progress is reached in the four areas of concern, namely human rights, terrorism, non-proliferation and the Middle East Peace Process.

On 21st October 2003, Foreign Ministers of France, Germany and the UK (EU-3) visited Tehran on an EU initiative and signed the “Tehran Declaration” under which Iran agreed to sign the Additional Protocol and voluntarily suspend uranium enrichment while the European side underlined Iran’s right to develop nuclear energy for peaceful purposes. The EU-3 plus Solana diplomacy was seen as a new initiative to play a prominent role in strategic matters and fill the

diplomatic vacuum left after the US broke off ties with Tehran in 1980 following the hostage crisis.

Iran strongly rejects US and EU accusations of a secret programme to build nuclear weapons. The persistent message from Iran has been clear: it is not seeking to develop nuclear weapons but has the right as a signatory to the NPT to nuclear technology for civil use. Expressing the public sentiment not only in Iran but also in the wider Muslim world, Iranian Foreign Minister Manouchehr Mottaki said that “the Americans must realise the language of threats does not work. A nuclear State that used nuclear weapons in Japan cannot demand that other countries not use nuclear power for peaceful purposes”.

The EU-3 in November 2004 reached an agreement with Iran on suspension of all enrichment and reprocessing activities and negotiations on long-term arrangements, in a pact is known as the Paris Agreement. In August 2005, the EU came up with an offer of mainly economic incentives in return for the Islamic Republic’s repudiation of its right to master the nuclear fuel cycle. Tehran rejected the EU-3’s offer as insufficient and resumed uranium-conversion work at Isfahan. In March 2006, the Vienna-based IAEA sent its report on Iran’s nuclear programme to the UN Security Council. Then, in June, Iran announced that it had successfully enriched uranium and hence had joined the nuclear club, raising more concerns in the EU and the US over Iran’s nuclear programme.

In July 2006, the five permanent Security Council members plus Germany decided to refer Iran to the UNSC for refusing to suspend uranium enrichment. Iran ignored a UNSC deadline of 31st August to stop enriching uranium. While China and Russia supported the SC Resolution 1696, they both remain reluctant to impose sanctions on the Islamic Republic and question US accusations that Iran poses a nuclear threat. Nobody expects the EU-Iran rapprochement to be smooth sailing. The two sides are not looking for tangible results overnight but it appears that their approach is a long-term and step-by-step development.

The EU seems to be serious in its efforts to resolve the nuclear issue not least because a breakthrough will mean a major diplomatic victory for Brussels that would lead to a more EU global role. Most countries look at the EU as merely an economic bloc paying billions of dollars in aid and development but having no political clout. Moreover, Iran and other countries in the Middle East would welcome a more independent EU policy in the region instead of Brussels merely toeing Washington’s line. Iran’s nuclear programme is the first litmus test for the much-propagated common EU foreign policy. Will it succeed? Inshallah! ■

Nawab Khan is the Brussels Correspondent of the Iranian News Agency, IRNA.



West Papua - fleeing the "lost paradise"

by Marzia Baldassari

West Papua, the western half of the island of New Guinea is known under several different names, the Indonesians call it "Irian Jaya", Human Rights activists "West Papua" and the locals simply "Papua". Now, the Council of the EU has indicated that an invitation from the Indonesian government, to EU Ambassadors to visit Papua, will not be taken up, due to the ongoing peace monitoring operation in Aceh.

Papua has been compared to a lost world, flowering with previously unknown or presumed extinct wildlife, across the jungle-covered mountains of Indonesia's Papua province. However, Paradise stops there. Papua suffers from a long history of human rights abuses and gross violations that goes largely unreported in Europe.

The scale of the crisis was highlighted earlier this year when Papuan refugees, at great risk, fled West Papua for Australia seeking asylum from persecution by the Indonesian authorities. Forty three Papuan men, women and children took to the seas, in January, in flimsy boats, eventually landing on the Australian coast a few days later. The plight of the Papuans caught the attention of the Australian public and put pressure on Indonesia, straining bilateral relations between Australia and Indonesia, the latter accusing Canberra of political interference with Indonesia internal affairs.

West Papua is almost five times the size of the island of Ireland (421,981sq. km), and is immense in its tribal and ecological diversity. It has some 250 different tribal peoples, each with their own language and culture. Indigenous Papuans in West Papua and Papua New Guinea speak some 15% of the world's known languages. The island represents the lungs of the Asia-Pacific, containing the last great surviving virgin rainforest, after the Amazon.

History repeats itself

West Papua had been a backwater of the Dutch East Indies colony, most of which became the Republic of Indonesia in 1949. Holland, however, retained the West Papuan territory arguing that, in terms of ethnology, West Papua did not belong to Indonesia. The 800,000 Melanesian Papuans, who are mainly Christian, had little in common historically, ethnically or culturally with the largely Muslim Malay peoples of Indonesia.

The issue of West Papua brought the 1949 Round Table Conference* in The Hague to a near deadlock.

The Indonesian delegation was of the opinion that the transfer of power should include the whole territory of the former Dutch East Indies, including West Papua. However, the Dutch government was adamant on the exclusion of West Papua in that transfer of sovereignty. Instead, Papuans were prepared for statehood.

However, backed by the United States, Indonesia claimed sovereignty over West Papua and, in 1963, under considerable pressure from the White House, the Dutch signed the "New York Agreement" bringing the colony under Jakarta's control. Then, in 1969, ostensibly to comply with UN wishes, Indonesia organised a so-called "Act of Free Choice", where 1,022 handpicked tribal leaders were bullied into voting for unity with Indonesia. Although UN observers were present at this vote and "noted" (but not considered) the intimidation, the UN General Assembly voted to recognise the result.

With that, West Papua was dropped from the agenda of the UN and was ignored. Indonesia's rule in West Papua has been a sorry tale of cruelty, violence, dispossession, discrimination and exploitation. International organisations estimate 30,000 indigenous people were killed during the turbulent 6-year period from 1963 to 1969. Moreover, observers believe 100,000 people have died in Papua over an extended 40-year period of occupation and systematic intimidation.

Exploitation of vast natural resources, poor provisions of medical services, famine and an overwhelming Indonesian military presence have all contributed to this tragedy. Against an enemy composed of tribesmen armed with spears, bows and arrows, Indonesia carried out large-scale massacres and aerial bombing using chemical weapons.

Indonesians from western islands, such as Java and Sulawesi, have flooded into West Papua as part of a concerted policy by Indonesia to exploit and oppress the indigenous residents. Census figures for the year 2000, the most recent available, indicate a population in Papua of 1,460,846 indigenous people and 772,684 non-indigenous people. The minority are given preferential treatment including access to wealth, natural resources and jobs which of course further alienates the Papuans, who feel like strangers in their own homeland.

The Papuan majority is clearly dispossessed at this juncture. Jakarta's Special Autonomy Law with Papua has provided opportunities for a share of Papua's wealth to remain in the region. However, the deal has opened the door to speculators and migrants from other parts of Indonesia who also want a share. Special Autonomy pays little respect to Papuan identity and the overwhelming Melanesian ethos of the region.

What interest drives the Indonesian government? Papua's vast natural wealth in copper, oil, gold, gas and timber may be one major interest. The New Orleans based company Freeport-McMoRan operates the world's largest copper and gold mine, in Timika. Interestingly, the company signed its contract to operate with the Indonesian government in 1967, two years before the discredited "Act of Free Choice". As Freeport earns an estimated US\$2.3 billion annually, it has become one of Jakarta's biggest sources of revenue. Yet very little of this finds its way back to the local people.

According to local activists, neither the promises of proper autonomy nor the ongoing repression nor the murder of moderate leaders, such as Theys Eluay, will lessen the Papuan desire for independence. The West Papua movement for freedom will continue.

The people of Papua remain extremely vulnerable, with constant and regular attempts being made to provoke conflict in the country. Church and human rights workers are constantly monitored by military intelligence. International journalists are banned from entering the territory. Papuans are seriously committed to declaring their homeland a "zone of peace" and many of the differences experienced among pro-independence groups are now being addressed. The international community needs to take an interest in the issue and put pressure on Indonesia to enter meaningful dialogue to break the deadlock.

In February 2006, only a few weeks after the arrival of the refugees at Cape York in Australia, the UN Secretary-General's Special Adviser on the Prevention of Genocide, Juan Méndez, stated that West Papua's indigenous groups were a "population at risk" and that he was "worried by reports of abuses" in the province. Mr Méndez was appointed, in March 2004, by Kofi Annan with a mandate to highlight "potential situations that could result in genocide".

Such concerns must be taken seriously. In light of these abuses and the growing unrest in West Papua, the time for international intervention is right. However, the deferral by the EU of a planned visit, ostensibly to protect the Aceh Monitoring Mission operating in another Indonesian province, is a bad sign. West Papua can not afford another 40 years of neglect. ■

Marzia Baldassari is the Co-ordinator for the West Papua Action group in Ireland.

*The Round Table Conference between the Dutch and Indonesians was held at The Hague between August and December 1949. The Netherlands ceded sovereignty of the Dutch East Indies to the Indonesian Republic, but kept West New Guinea. It was agreed that the status of West New Guinea would be decided in further joint talks to take place within one year.

Pressures to decrease the cost of production have two immediate consequences - a decline in the price of the product and a decline in labour costs. The reduction in the cost of production is due to international pressure and not because of the rigidities or regulations of the local labour market. CEC's study has not shown any reduction in the turnover or profit -margins of India's Tier I companies in fact, since the MFA phase-out, we have seen an increase in turnover as well as profit margins of Tier I companies.

Given international market pressures, the investment plans of the big players in the industry are increasingly focussed towards tapping the potential of the domestic market and towards brand-building. This also corresponds with the recent trends in the Tier I companies to go for massive consolidation and initiatives towards gaining comfortable economies-of-scale.

Industrialists in India are lobbying fiercely for deregulation of labour laws. The emphasis on a liberal regulatory framework for labour assumes that it can improve employment generation in quantity and quality. Further, it is argued that a liberal regulatory framework is a precondition for India achieving export growth and effective competitiveness with its neighbouring countries. Yet, the reality is far from this assumption. Even within the present 'rigid' regulatory framework, the internal and external labour market of the industry remains flexible. CEC's study exemplifies that the assumed generation of employment in quantity and quality within a non-regulatory framework will further worsen the conditions of employment, wages, employment security as well as social security for workers. Another casualty would be the basic human right to association and of being represented.

Acknowledging the phenomenal growth being experienced by the industry, one cannot belittle the contribution of Indian labour in making the garment and textile industry internationally competitive. As long as there is no empirical evidence to suggest that labour costs reduce the competitiveness of the industry, it is not fair to demand greater flexibility in labour laws. It is crucial to note that flexibility will bring in insecurity among labour, which will have negative impact on the productivity of the industry. It will affect building a competitive and capable workforce armed with education, training and specialisation. Thus, industry should build a strong workforce and create infrastructure that would further improve the competitiveness of the industry in the international arena. ■

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Strengthening the EU-China Strategic Partnership in the field of development policy

by Dr Xiaokun Song

On 11th-12th July 2006, the Konrad Adenauer Stiftung (KAS) and the European Institute for Asian Studies (EIAS) co-organised a workshop entitled "EU-China: Strategic Partnership towards Developing Countries?". The key objective of the workshop was to assess EU-China potential to co-operate in the field of development policy towards developing countries. Where the assessment turned out to be positive, the workshop aimed to identify further areas of potential co-operation in terms of the design and implementation of policies, which might eventually serve as a concrete basis to strengthen the Strategic Partnership.

The workshop brought together a diverse group of interested actors ranging from policy makers, diplomats to scholars. The invited delegation from China included YU Yuantang (Division Chief of EU, Chinese Ministry of Commerce), YANG Guang (Director of the Institute of West Asian and African Studies, Chinese Academy of Social Sciences (CASS)), CAI Dingjian (Director of the Constitution Study Institute, China University of Political Science and Law), LI Dongyan (Senior Research Fellow, Institute of World Economics and Politics, CASS), WANG Tianling (Deputy Director of the Office for Economic Affairs, Chinese Ministry of Foreign Affairs), GU Hui (Director of the EU Division, Chinese Ministry of Foreign Affairs), and GUO Xinning (Senior Research Fellow at the Institute for Strategic Studies, National Defence University).

Presenters from the European side included Françoise Moreau (European Commission, DG Development), Valérie Niquet (Director of *Centre Asie*, IFRI), Stefan Oswald (Senior Advisor for Development Policy, CDU/CSU Parliamentary Group, German *Bundestag*), Jean Paul Marthoz (Editorial Director of *Enjeux internationaux*), David Mc Farlane (DG External Relations, European Commission), Stefan Friedrich (Director, Asia Department-KAS), Michael Gahler (MEP, Vice Chairman, Development Committee), Antonio Tanca (General Secretariat of the Council of the EU), Andreas Wijkman (MEP), and Peter Köppinger (Project Director, KAS-Brussels).

Raising the question

Opening the workshop with a brief overview of the EU-China relations, Dr Gerhard Wahlers, Director of International Department (KAS), and Dr Willem van der Geest, Director of EIAS, make the observation that

since the first Summit in 1998, the overall framework of EU-China relations have developed in a positive and win-win direction, best exemplified with the establishment of comprehensive Strategic Partnership in 2002. Since 1978, China has initiated an impressive series of reforms and has successfully transformed itself into an economic powerhouse in Asia. With its remarkable economic performances, China's political weight is felt not only in Asia but also globally. Closely tracking China's transformation, the EU has sought to play proactively the role of a constructive and co-operative partner with the promotion of democracy, the rule of law and reform of the social system in China.

Despite the overall positive trend in the EU-China relations, some areas of contention persist, such as human rights, the Taiwan issue, the lifting of the arms embargo, intellectual property rights and the protection of consumers' rights. It was further noted that China's new energy diplomacy risks creating a new area where the interests of the two partners diverge in their respective engagement with the developing countries, especially in Africa. Recent years have witnessed China's vigorous pursuit of a policy of active engagement with African countries, as illustrated by the high frequency State visits in recent years.

In April 2006, Chinese President Hu Jintao made a three-nation State visit to Africa, the second round since his coming into office in 2003. In June 2006, Prime Minister Wen Jiabao completed a seven-nation tour across Africa. Trade volumes between China and African countries in 2005 was over US\$37 billion, a record high and a sharp increase over the previous year's less than US\$30 billion.

The key driving force behind the rise in trade volume and the strengthened diplomatic relations is China's growing appetite for energy and raw material. Although its engagement in Africa is vital to sustain its economic growth, Beijing's energy diplomacy nonetheless raises a few eyebrows in Brussels, in particular its involvement with such authoritarian regimes as Sudan and Zimbabwe.

Both Dr Wahlers and Dr van der Geest noted that China increasingly plays a bigger role as a donor country in providing development aid and assistance to African countries in areas such as health care, educational and vocational training. A rational assumption would be that co-ordination and co-operation between donor countries in the design and implementation of development policy is to the advantage of the recipient countries in terms of aid efficiency. However, given the fact that a goodwill gesture is never free from self-interested consideration, the question could be asked: can the EU and China co-operate in their policy towards developing countries and, if yes, how?



The answer: Yes, but...

All participants to the workshop unanimously agreed that EU and China should co-operate and harmonise their development policy towards developing countries in order to enhance the prospect of success. EU-China co-operation in development policy was deemed complementary for several reasons. First, co-operation would increase policy transparency and accountability, which effectively reduces any level of distrust. Second, co-operation means sharing of expertise and experience and pooling of resources, which would enhance efficiency. More specifically, China, as both a developing country and a recipient country of foreign aid can share with the EU its better insight into the problems involved.

However, looking at the EU's and China's past and present development policy, some perceptual differences and structural difficulties are identified which might hinder the establishment of a common ground for such co-operation. In terms of the perceptual differences, participants debated at length on the divergent objectives and values guiding the EU and China's respective development policy. The differences in objectives was closely linked to the different perception of global order and their respective prioritisation of core values and guiding principles in the conduct of foreign policy.

Presenters from the Chinese delegation emphasised that, for China, the international community was primarily made up of sovereign nation States. In this regard, development policy, as a part of its foreign policy has the sole aim of assisting economic development and reducing poverty in recipient countries. Chinese scholars also pointed out the strategic implication of the non-interventionist stance: such a stance requires reciprocation from other countries, a condition deemed vital to safeguard its own independence and to ensure its project calling for national re-unification with Taiwan. Chinese participants also emphasised that although China has emerged more visibly as a donor in recent years, China itself was still a developing country and a significant recipient of foreign aid.

In contrast, apart from assisting economic development and eliminating poverty in recipient countries, the EU has traditionally emphasised the promotion of good governance, human rights and democracy in its development policy. In practice, political conditions are often attached to its development aid. The use of conditionality, however, risks being criticised for a possible hidden neo-colonial agenda and reducing the effectiveness of the assistance provided.

Another impediment of an effective EU development policy lies in its institutional set-up. Determined by its *sui generis* nature as a Union of States, EU

development policy falls within the shared competences of its 25 Member States and the Community. While the Council, Commission and Parliament in 2005 all issued policy documents recognising the increased significance of development policy as a key component of the EU external action, further co-ordination and harmonisation are needed to ensure coherence and efficiency in assistance output.

But, how to work together...

Despite the heated debate over the notion of "conditionality" versus the principle of non-interference, all workshop participants adhered to the principle of "agreeing to disagree" and concentrated on working out a common ground for future co-operation and on identifying some concrete issues areas for a co-ordinated EU-China development policy.

Emphasising the importance of continuous open dialogue for the reduction of misconception and distrust, participants called for the establishment of future channels for EU-China development policy co-ordination. Potential co-operation in the field of development policy should be put under the umbrella of international organisations, such as the UN or the IMF so as to strengthen multilateralism. Developing a Track 2 approach could exchange information and experience and generate common research projects in search of synergy between bilateral trade and development assistance. Concrete areas of co-operation could include human resources development, infrastructure construction and disaster relief.

EU-China co-operation in development policy towards developing countries can have a spillover effect to co-operation in other related fields. A point of interest suggested was EU-China co-operation in conflict resolution and peacekeeping. Although such co-operation does not fall within development policy, suggested EU-China co-operation in this domain in a commonly targeted recipient country plagued by armed conflict would be conducive to creating a stable environment. Energy efficiency could also be introduced in the design of an energy related common project in the recipient country.

Divergence in European and Chinese objectives and approaches to development policy reflect the differences between a developing country and affluent developed countries. It also reflects the fundamental dilemma as to how to preserve one's own interests and preferences while promoting (self-defined) norms and values. As a Chinese scholar states: the way China can change the world is to change itself. Such a statement should be equally true for the EU. ■

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Trade Unions - The missing link in the Asia-Europe Meeting?

by John Quigley

The European Institute for Asian Studies (EIAS), on 31st August, hosted Mr Guy Ryder, Secretary General of the International Confederation of Free Trade Unions (ICFTU), for a Round Table examining the role of trade unions in the Asia-Europe Meeting (ASEM). Although labour and employment issues can be complicated, they deserve to be discussed in a forum such as ASEM, Mr Ryder said. The meeting was chaired by EIAS Secretary General, Mr Dick Gupwell.

Mr Ryder said the ICFTU brought together trade union centres in 150 countries, with affiliates in all ASEM member countries except Slovenia from the EU and Brunei, Burma, Cambodia, China, Laos and Vietnam on the Asian side. Trade Union, Mr Ryder emphasised, are indeed the missing link in the ASEM process. The ICFTU had done its best, since the launching of ASEM in 1996, to be actively engaged and to try and influence both the agenda and outcome of meetings.

After ten years of ASEM, governments must begin to deliver results. Although ASEM has, to date, lost out by not including trade unions, the ICFTU believes that it is not too late to include the trade union movement and make progress on labour and employment issues. The three areas of ASEM - economic, political and socio-cultural - demonstrate differing degrees of outcome. Based upon an analysis of Summit results, it is possible to state that ASEM has two tendencies. Firstly, the economic area looms largest promoting an unsophisticated agenda of trade and investment within a liberalised regime. Secondly, in the political area, the agenda meanders, addressing issues such as terrorism, migration or the Asian financial crisis.

Although ASEM is not seeking to establish a free trade area, trade in nevertheless the constant inside the meetings. ASEM has launched two instruments, the Trade Promotion Action Plan and the Investment Promotion Action Plan to facilitate trade. The ICFTU does not fault such an agenda but, clearly, it has its limits. The origins of both Action Plans can be found in the Europe-Asia Business Forum. The Forum is not just decoration but does launch serious initiatives. However, ASEM has failed to establish a parallel trade union forum and obviously this kind of imbalance should be corrected to allow unions to have the same opportunities to influence governments at this level. The Action Plans have a sole focus on business and do not reflect wider concerns about trade and investment issues, as examined by the International Labour Organisation (ILO).

Unfortunately, ASEM is silent on these kinds of concerns and the tunnel vision fails to reflect issues including the social dimension. A useful start could be made by governments by including some elements of the social dimension onto the agenda, in part to reflect public unease about the direction of globalisation and the inequalities it can make in society.

There are some encouraging signs in ASEM. It is expected that employment and labour ministers from national governments will meet in Potsdam, Germany, ahead of the ASEM Summit in Helsinki, Finland, on 10th-11th September. The meeting is a response to trade union pressure over several years. This is the first-ever such meeting and it will hopefully open the door to further trade union involvement on labour and social issues of concern. Addressing these issues is vital for EU-Asia relations and areas such as employment policy, human rights and work standards need to be at the centre of governments' discussion and action.

In Potsdam, ministers will meet under the title of "more and better jobs", said Mr Ryder, and governments should grasp this opportunity to bring trade unions into the debate. Such a move would help ASEM meet some of its shortcomings as a region-to-region meeting process. At the first ASEM Summit, in the Republic of Korea in 1996, the process was seen as a top-down mechanism with little room for either trade unions or representatives of civil society. If ministers decide to meet regularly, the ICFTU has prepared a 'submission note' with a draft agenda addressing employment issues, migration, respect for fundamental labour rights and decent work standards that need to be widely accepted in the multilateral system.

Integrating these concerns into the ILO and the United Nations would have enormous resonance for EU-Asia relations. The need for common discussions is highlighted by the example of the historic influx of Japanese and South Korean investment into the United Kingdom. The investment greatly affected employment conditions and wrought havoc in labour relations. Trade unions were forced to accept 'no strike deals', pendulum arbitration (where each side makes a submission and an independent arbitrator chooses one without further negotiation) and 'single union deals'. This was a race to the bottom in labour standards. In turn, the South Korean government justified their violation of domestic labour standards by stressing that otherwise investment and jobs would leave the country to go to the United Kingdom!

Asia and the European Union are often presented as offering an alternative to each other, a dynamic Asia and a lethargic EU, an assessment that the ICFTU would not describe as realistic. One key discussion is whether the EU can afford collective bargaining and improved social welfare in the face of competition for investment and jobs from Asia? The ICFTU believes

this to be the wrong paradigm, although it does also feature in EU-US relations. If fundamental workers' rights are being denied, and these are massive violations in some Asian countries, then there is a problem for EU-Asia relations. Unregulated workers' conditions can have massive effects for the global economy and China could be the touchpaper.

The ICFTU has argued that respect for workers' rights should be a necessary element of access to World Trade Organisation (WTO) standards. However, such a social clause does not exist at WTO level but there are efforts to debate issues relevant to both the EU and to Asia including decent work standards and the social side of globalisation. While ASEM is not an inter-governmental institution, serious initiatives do get debated and negotiations could move these issues forward.

The participation of Burma in ASEM was regretted by trade unions, in light of Burma's long history of the massive abuses of forced labour. The International Labour Organisation has thoroughly documented the plight of forced labourers and has instigated measures against the ruling military junta. Granting Burma membership of ASEM sent the junta the wrong signal. However, now that Burma is a member, other government should use the opportunity to turn up the heat and demand change. Unfortunately, things are going to get worse in Burma and it appears that the ILO may cease trying to engage the regime.

Questions and Comments

Dick Gupwell, Secretary General, EIAS, said that the question of a social clause being included in the General Agreement of Tariffs and Trade (GATT) and, subsequently, in the WTO, had been raised by the European Parliament since the 1980's. Indeed, after pressure from Parliament, the EU adopted a negotiating position advocating its inclusion. However, these efforts were blocked by India and Brazil and no reference was ever included in these multilateral trading agreements. India, in particular, was keen to have the idea of a social clause included in the ILO, although this would have had no legal enforcement mechanism. Free trade without free trade unions is not fair trade, he said.

Malcolm Subhan, Vice-Chairman, EIAS, commented that the ILO should remain the more appropriate forum for dealing with the social element to globalisation due to the presence of governments, employers and trade unions. While the EU-India Summit has had a business meeting there has never been a trade union equivalent and, perhaps, this could be started through a round table process.

Erich Muller, EuropeAid, European Commission, noted that the emergence of the Asia-Europe Meeting

process was presented initially as a political mechanism. Its ten year history has shown it to be a somewhat fragile club with occasional poor representation from the Asian side. Apart from the Asia-Europe Foundation, in Singapore, few of the institutions it has advocated have survived, mainly due to intermittent funding by governments. It remains to be seen why ASEM could be expected to take up issues relating to employment and social rights when the EU itself does not have a coherent position. Even if ASEM did address such issues, it is not clear what could be achieved at inter-governmental level.

Bo Jonsson, Administrative Board, EIAS, said that 2m students were entering the Chinese job market on an annual basis although the economy could only create 1m jobs, with massive implications for the social system. It is no longer sufficient to state that investment flows to China solely because of cheap labour. It is becoming clear that rising labour costs are, in turn, making China uncompetitive. The ILO has failed in promoting the interests and responsibilities of employers. The performance of companies should also include elements of corporate social responsibility - which can be a clear business interest. Inge Bress, Research Fellow, University of Ghent, in terms of union representation asked whether migrant workers have the right to organise. For example, according to some research, Burmese migrant workers in Thailand do not and the implications might be usefully raised in a setting such as the ILO.

Frank Siebern-Thomas, DG Employment, European Commission, said his Directorate General had been involved in helping organise the forthcoming Potsdam meeting. The meeting is a first step, he said, and there was a need for caution and pragmatism. The EU is beginning to initiate bilateral dialogues with third countries on employment issues including with India's Ministry of Labour and, more recently, with China. He asked whether the speaker would be in favour of establishing a hierarchy of priorities of rights with China, demanding some immediately but being more flexible, for example, on the right of freedom of association.

Dr Sebastian Bersick, Senior Research Fellow, EIAS, said that while analysing the results of ASEM meetings was important, there was much to recommend in studying the meeting process. Trade Unions were not involved at the start of ASEM because governments did not envisage it. At the 2002 ASEM Summit, in Copenhagen, there was a workshop and, in 2004, a conference on employment issues. Now, the first meeting of labour ministers will take place in Potsdam demonstrating that a space has been created in the process to facilitate dialogue. Asian may have been more reluctant to open up ASEM to these issues because, for example, the question of social coherence is a major concern for China. Equally, the EU must



now be active in trying to set the agenda for future meetings and develop proposals for the active participation of civil society, including non-governmental organisations and trade unions.

Dirk Sterckx, Member of the European Parliament and Chair of the Delegation for relations with China, said the next meeting of the Asia-Europe Parliamentary Partnership (ASEP) would take place in China in 2008. The last meeting had taken place in Helsinki in May 2006. What impact could ASEP have for employment and labour issues, if any. China may be worried that granting the right to freedom of association could lead to the demand for the right to organise politically. While the government is happy to discuss eliminating child labour, the right of association strays into the political sphere and this is where the ICFTU will run into problems.

The Speaker in Reply

Mr Guy Ryder said, in reply, the ICFTU considered that, between the ILO and the WTO, there should be a mechanism whereby severe violations of workers rights should have implications at WTO-level, as the ILO is said to lack teeth. This should involve notions of universal rights including to organise, to bargain collectively, rejecting forced labour, child labour and ending discrimination. No country should have any excuse to reject any of these rights. Any denial of them will have a trade distorting effect. The EU, apparently, favours the inclusion of rights into WTO agreements but, with the change in the US administration since President Clinton, does not want to pursue the agenda alone. Developing countries are suspicious of these issues believing industrialised countries promote them in order to protect jobs at home.

Some major countries massively violate workers rights and know they would be severely affected. However, the plight of the textile and garment industries over recent years may have shown developing countries that protecting workers rights are not sticks to beat them with particularly when the outflow of textile jobs to China has been so massive. While the social clause is not on the multilateral agenda today, with India having particular reservations, a forum such as ASEM could be very useful in order to promote debate.

ASEM may indeed be a fragile club but it has to discuss serious and complicated issues. However, they can be addressed in a non-threatening way and as ASEM is not an institutionalised structure it may be a very useful venue. The meeting in Potsdam will discuss the need for job creation in Asia, with massive numbers of young people entering the job market annually. It seems that the Chinese government may 'sponsor' a meeting at Potsdam and this is a very encouraging sign.

Regarding the idea of ASEM as a process, Mr Ryder said it was important that the meeting in Potsdam, while very welcome, should nevertheless make progress on these issues. International Conventions make clear that migrant workers do have rights and irrespective of whether they are documented workers or not. Corporate social responsibility (CSR) can be a two-edged sword, while good projects can be launched by companies who want to do more than the legal minimum, there is a down-side. For some companies, CSR can be a purely public relations effort and there can be a risk of displacement of government expenditure, which should be the primary funding stream. The ICFTU participates in the UN-sponsored initiative on CSR, the Global Compact, Mr Ryder said.

When a company transfers jobs and investment to China there can be a certain level of embarrassment arising from the negative publicity this causes in their home country. With no right to the freedom of association in China, workers and their organisations are exploring the limits of what is possible under the existing law. China's jobs problem does cause enormous social unrest with growing numbers of strikes causing uncertainty at government level. The informal economy is growing and the real unemployment rate could be into double figures.

The World Bank believes China has done enormous work in reducing poverty by opening up the economy to globalisation. However, a closer analysis would see that the timeframe of China's success is longer and that the real causal factor may well be the elimination of collective enterprises.

For China, freedom of association touches on the foundations of their social and political system. They can look at what happened in Poland and see the consequences. They government realises that change must occur in the labour market or it will explode. However, they are reluctant to open the can of worms. This is clear when one understands that trade unions do not have the same room to manoeuvre that other civil society actors have.

The American company Wal-Mart has seventeen stores in China that are "unionised" but these are official union structures and are designed to ensure that workers do not cause management any trouble. Official government trade union constitutions subordinate the union to the Communist Party, which the ICFTU could not tolerate. There is some evidence, it was noted, that Wal-Mart is imposing downward pressure on wage rates in China. ■

“Politics, Culture and Self: East Asian and North European Attitudes”

Edited by Geir Helgesen and Søren Risbjerg Thomsen
NIAS Press, Denmark, 2006

Reviewed by Signe Bruun-Jensen

Complex processes of globalisation to some extent challenge our perceptions of culture, society and identity as increased interaction and exchange brings us face to face with alternative conceptions of basic values and political ideologies. Encountering new and distinct conventions can have multiple advantages, such as offering different ways of seeing the world, strengthening tolerance of others and ourselves, providing opportunities for co-operation and building bridges for enhanced communication. Unfortunately, confrontation with the unfamiliar can also lead to the onslaught of cultural relativism to the detriment of mutual understanding and acceptance.

This year marks the tenth anniversary of the Asia-Europe Meeting (ASEM), a dialogue forum between European and Asian governments, established, in part, to promote understanding and common interests amidst the controversy of the ‘Asian values’ debate of the 1990s. Contention over the superiority of collectivism versus individualism, authoritative/paternalistic regimes versus liberal democracies *et cetera* characterised the Asian values discourse, which at times proved highly emotional and devoid of any factual reasoning. In the past decade, East–West relations have flourished on several levels and within several spheres of society, not least reflected in the deepening of political relations. Nevertheless, stereotypical assumptions still prevail on both sides and at times impede or undermine the evolving relationship.

Politics, Culture and Self is a fascinating attempt to peel away the preconceived opinions and characteristics we confer upon our counterparts and instead paint a more realistic picture of the similarities and differences that exist in Northern Europe and Asia today. Taking people’s interpretations of different concepts including good governance, politics in daily life, tolerance, trust, rights and duties, leadership or the meaning of democracy as a starting point, the authors seek to assess the impact of these basic values upon people’s orientations and attitudes towards society and politics. In contrast to the Asian values debate, a methodological approach based on quantitative statistical analysis within a qualitative, historical and socio-anthropological context is adopted, in an attempt to construct a reality based on fact rather than ideology.

The backbone of this ambitious endeavour is an extensive, in-depth questionnaire developed by the Eurasia Political Culture Research Network (EPCReN), a network of cross-cultural researchers

from China, Denmark, Finland, Japan, Korea, Norway, Sweden and Taiwan. To obtain quantifiable data, EPCReN developed a survey instrument focusing on popular attitudes and political opinions towards, *inter alia*, power and authority, leadership, trust, etc and other issues of importance for people’s orientations in society, their views on self and others in the context of social interaction and political processes. Over 7000 people in six East Asian and Nordic European countries (China, Denmark, Finland, Japan, South Korea and Sweden) were asked to divulge their views on society and politics, with interesting results.

Certain findings could perhaps be anticipated, such as research analysis showing a clear cultural divide on the issue of individualism versus collectivism with Nordic countries favouring the former and East Asian countries the latter. Similarly, notions of trust and power diverged across geographical lines. In East Asia, politics were perceived to be more person-oriented with emphasis on strong leadership and personalised political power, conceptions most likely deriving from high levels of interpersonal trust and low levels of institutional trust. In contrast, Nordic respondents displayed high levels of both interpersonal and institutional trust, tending to favour more policy-oriented or impersonal power, democratic participation and institutionalisation.

Contrary to expectations, however, was the strong support from all countries for five particular questions: ‘Good political leaders should maintain harmony in the society’; ‘The objective of good government is to maintain harmonious social relations’; ‘The objective of good government is to ensure individual freedom’; ‘The ideal society is like a family’; and ‘a leader should care for the people as parents care for their children’. There would seem to be similar attitudes to the importance of social harmony and the role of the family in society, despite the expectation that this is a characteristically East Asian ideal.

This observation could serve as a building block for joint approaches to future dialogue and research. *Politics, Culture and Self* points to ‘the strength and longevity of some basic values and attitudes which play a crucial role with regard to how societies are organised and politics are performed’. Having established the existence of these common values and attitudes, the obvious next step would be an exploration of the effects of said perceptions on cross-cultural relations in a globalised setting. The Editors ask themselves at the beginning of the book whether their findings will have contributed to establishing a better and more solid understanding between the East and the West. Through future elaboration of their impressive research, which could expand in scope to include other countries and intra/inter-regional comparisons, the possibilities of achieving greater understanding are manifold. ■



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Annex

Inflows: Workers' remittances, compensation of employees and migrant transfers (US\$m)

South Asia			
	1995	2005 (est)	% share of GDP 2004
Afghanistan	n/a	n/a	n/a
Bangladesh	1202	3824	5.9%
Bhutan	n/a	n/a	n/a
India	6223	21727	3.1%
Nepal	57	785	11.7%
Pakistan	1712	4142	4.1%
Maldives	2	3	0.4%
Sri Lanka	809	1559	7.8%

South-East Asia			
	1995	2005 (est)	% share of GDP 2004
Brunei	n/a	n/a	n/a
Burma	81	78	n/a
Cambodia	12	138	3%
Indonesia	651	1828	0.7%
Laos	41	1	0.0%
Malaysia	716	987	0.8%
Philippines	5360	13379	13.5%
Singapore	n/a	n/a	n/a
Thailand	1695	2029	1%
Vietnam	n/a	3200	7.1%

Central Asia			
	1995	2005 (est)	% share of GDP 2004
Kyrgyzstan	1	189	8.6%
Tajikistan	n/a	252	12.1%
Uzbekistan	n/a	n/a	n/a
Kazakhstan	116	167	0.4%
Turkmenistan	n/a (4 in '96)	n/a	n/a

East Asia-Pacific			
	1995	2005 (est)	% share of GDP 2004
North Korea	n/a	n/a	n/a
Papua New Guinea	16	6	0.2%
East Timor	n/a	n/a	n/a
China	1053	21283	1.3%
Japan	1151	931	0.0%
South Korea	1080	832	0.1%
Hong Kong	n/a	240	0.1%
Macau	n/a	n/a	n/a

Source: World Bank Global Economic Prospects 2006 (extracted by the author)