

## EU Chief Election Observer John Cushnahan, MEP

*Speaking from Islamabad with John Quigley*

### **Can you explain the background to your Election Observation Mission in Pakistan - its size, duration, focus and current activities?**

The European Union carries out election observation missions (EOMs) under its programme for the promotion of democratisation and human rights. With regard to Pakistan, we decided initially to send a 164-strong election team, which reflected the size of the country and its population of 140 million, with 72 million registered voters. On our arrival, on August 4, it was made clear to us by the authorities that we would not have a formal invitation, nor would there be an agreement on a memorandum of understanding.

The problem with the absence of such an understanding was that there would be no additional security cover. This was of concern to the core team of the mission, especially as there had been a series of attacks in the fallout of the attacks of September 11 against targets which were perceived to be of Western interest. Despite the lack of an invitation, the memorandum and security cover, the EOM continued with its task. Nine core team members were deployed from early August and another 41 long-term observers (LTO's) from early September. Over the last several days 20 short term observers (STO's) have arrived, who will be complemented with 10 locally recruited STO's, who are all EU citizens.

Our approach is based upon internationally accepted criteria of election observation, covering the entire electoral process, from the pre-poll period to the end of the counting of votes cast. Although we had to reduce the size of our mission because of security concerns, this will in no way impact on our ability to discharge our tasks. There has been a positive development within the last several weeks. Despite the reluctance of the federal authorities to provide security cover, in response to a request from the EOM, the provincial authorities have agreed to provide the necessary cover.

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## Building on EU-Asian cultural diversity

by Malcolm Subhan

It was one of the most innovative, perhaps even daring, exchanges undertaken by the presidents and prime ministers who attended the fourth Asia-Europe Meeting – the ASEM Summit – in Copenhagen recently. Strangely, there is no record of what they said: the leaders of the 25 ASEM countries\* met among themselves, without note takers. A statement drafted in advance by their sherpas, and not the summiteers themselves, noted that the ASEM “leaders held for the first time a retreat session under the heading ‘Dialogue on Cultures and Civilizations,’” and that it was “conducted on the basis of respect for the equal dignity of all civilizations and the conviction that cultural diversity is an asset.”

So bland a statement clearly says nothing about the dialogue between the leaders of countries – China, Japan, Greece and Italy among them – that have nurtured the world’s greatest civilisations. The fact is that although culture is the third pillar of the ASEM dialogue, it has been ignored, in favour of the political and economic pillars. “Public discussion after September 11,” Commission President Romano Prodi told the ASEM Summit, “has shown the need for a dialogue between cultures and civilisations.”

The ASEM Copenhagen Declaration on co-operation against international terrorism states that this cooperation “will build upon the unique ASEM dialogue and cross-cultural understanding.” The cooperation programme on fighting international terrorism, which the ASEM leaders adopted at the same time, includes “enhancing cross-cultural understanding and building mutual confidence by initiating an ASEM dialogue on cultures and civilizations,” among its medium-term activities. At the same time the ASEM leaders unambiguously declare that they “reject any attempt to associate terrorism with any religion, race or nationality, and also reject any notion that we can be divided along these lines.”

However, such declarations must be backed up by an on-going cultural dialogue, particularly at a people-to-people level, if they are to be effective. Of course the ASEM leaders have given their ministers the task of “developing further the dialogue on cultures and civilizations at all levels of ASEM cooperation.” And there is to be a follow-up conference on this subject “at the political level” in China some time next year. The ASEM calendar for 2002-2004 lists conferences on life-long learning and educational exchanges, and one on managing migratory flows, but the only cultural event it lists is next year’s conference in China.

The problem Europeans face in their attempts to engage others in a cultural dialogue is one of definition. Under the European Union’s ground rules cultural co-operation is the prerogative of its member states. If necessary, the EU can supplement their action in the “dissemination of the culture and history of the European people,” and in the “safeguarding of cultural heritage of European significance.” But cultural co-operation is seen mainly as the promotion of artistic, literary and audiovisual products. While the EU can promote cultural co-operation with non-EU countries, it is largely in terms of organizing European film and music festivals, or promoting European authors.

But engaging others in a cultural dialogue means placing their paintings and TV programmes within their cultural context, discussing the values of the society which has produced them and the types of behaviour which it rewards. Inventions reflect these values as much as systems of social and political organisation. Engaging others in a civilizational dialogue means looking at not only their artistic production but also the forces, spiritual as well as material, that have shaped them, and at their history as well as their geography.

The market economy cannot escape such analysis; it is not value-free and it obviously rewards certain types of behaviour well above others. It values the acquisition of material goods, and rewards the individual and nuclear family, rather than the community and the extended family. There is a good deal of poverty in Asia, but it is material poverty, as is evident from the low levels of GDP of several Asian countries. Poverty alleviation programmes therefore have a part to play. Whether this requires the introduction of a market economy must be an element of any cultural dialogue.

The ASEM Chairman’s Statement devotes an entire section to “Unity in Diversity.” Cultural diversity is seen as an asset in international relations that merits further development. The first step in any cultural dialogue must be an examination of cultural differences, the second the decision to draw on the strengths of each culture, in order to move ahead in a genuine partnership. Focusing on the political and economic pillars of ASEM has resulted in meetings and a work programme which favour its European members; a dialogue on cultures and civilizations could help restore the balance in favour of its Asian members. ■

\* The 25 ASEM nations are the 15 European Union member states, China, Japan, South Korea and seven members of the Association of South-East Asian Nations (ASEAN).



# Cushnahan Interview

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This has enabled the EOM to effectively carry out its work. However, the cover did not come in sufficient time for the EU EOM to deploy a full team.

**You said that you do not have a sufficient number of short-term observers. Is this the reason for your decision not to cover the tribal areas? How will this effect your assessment of the mission?**

Obviously, security for the EOM is a major factor in our thinking, given the fact that since we have been here, there have been three major attacks. This places a huge responsibility on me for the deployment of the mission team. It would have been unwise to deploy members of the EOM in the tribal areas. Outside these areas we have a widespread deployment strategy, and I am satisfied that we are covering a sufficient number of areas in order to have a credible report. As regards the reduction in our numbers, I must stress that the short-term observers are in Pakistan only for a very brief amount of time. They are mainly concerned with monitoring events on polling day, including the counting process. This, therefore, is the only area where we will not be able to reach our full complement.

I should point out that there are many aspects to election observation. According to many, the pre-poll period is considered the most important part of any EOM. What happens in the early phases of an election campaign has direct consequences for the credibility of the later stages. The pre-poll period, and the questions surrounding the legal and constitutional framework, the impartiality of the election administration, assessing whether there have been abuses of State resources, whether there has been equal access to the media, the campaigning of the political parties, do not require an overly large number of people. It does require a sufficient range of experts for the EOM and I am happy that the EU EOM has sufficient expertise and depth. However, it is a pity that we have been unable to deploy our full team.

**What tasks are the long-term observers carrying out, apart from meeting with political candidates and officials?**

Members of the core team have been meeting with representatives of the political parties, non-governmental authorities and the Pakistani authorities. I have had three rounds of meetings with the largest political parties and have visited all the provincial capitals several times. The LTO's are following up the

work of the core team, meeting with civil servants in the election administration at the local level, especially to follow up on complaints that have been made and to examine whether the election process has been undermined in any way.

**The two biggest political parties, the Pakistan Muslim League and the Pakistan People's Party, have been very vocal in the press about the campaigning situation. How would you describe the conditions they are operating under?**

It would be improper of me, as Chief Election Observer, to make any comments on the campaigning situation. The EOM is present to observe the election process. We have been careful at all stages not to compromise our position and allow ourselves to be identified as interfering in the internal politics of Pakistan. Any comment by me, ahead of my final report, would breach this important principle.

**You have been accused, however, of interfering in the election process by the Minister for Information, Nisar Menom. Has this compromised your mission in any way?**

I was very surprised by that charge, and I did challenge the authorities to produce any evidence to substantiate the claim. The only evidence offered was that the EU EOM had arrived in Pakistan at a very early stage in the election process. They said that, because the EOM had not waited until polling day, our early presence was tantamount to interference. This is not a valid criticism, of course, as it is the normal practice of EU missions to be in the host country examining all aspects of the election process, including the pre-election period, all of which is vitally important. The attacks have in no way harmed the mission. Our long-term presence will allow me to come to a conclusion in my report, which is based upon as much evidence as possible.

**Beginning in January 2002, there have been a series of changes to the legal and administrative processes, including an increase in the number of Assembly seats, minimum educational qualifications and the restoration of the joint electorate. How have these reforms influenced the election process?**

Some people have indicated that some of these proposals are not controversial while other proposals do arouse concern. The EOM is not in any position at this stage to come to any definitive conclusion. We appreciate the importance of the legal and constitutional frameworks, but the difficulty for the EU mission is that giving any verdict during the course of the election campaign could influence the outcome. What I might say could be seized upon by either side, and this could leave us open to the charge of interference. In August, when I arrived in Pakistan, I



said that I would only issue my verdict after the electoral process had been completed. I will issue a verdict after October 10, which will be a clear statement of our conclusions about the legal and constitutional framework, and on other matters, which have arisen during the campaign.

**Both parties have criticised the performance of the Pakistan Election Commission (PEC) and the National Database and Registration Authority. Has a procedure for the counting of votes and the declaration of results finally been decided upon?**

As regards the performance of the Election Commissioner, I will be reserving my verdict for my final report. I will have to consider whether it has impartially discharged its functions and whether it has done so efficiently. I have not drawn any conclusions at this stage. I will have to consider their performance over the entire election process, which will include polling day and the counting of votes. Several proposals have been offered for the count procedure, which are aimed at providing greater transparency to the electoral process. Once the votes have been counted at local polling stations, signed copies of the results will be publicly posted to help people follow the aggregation of votes. I will have to decide whether these procedures will ensure that the counting process is transparent and fair. I will certainly be following a number of constituencies very specifically.

**It has been suggested that the Legal Framework Order, which was issued in August, will have significant ramifications for the post-election scene, primarily with regard to the process of transferring power to the new Prime Minister.**

The EOM is very conscious of the impact of various constitutional proposals. Certainly, it is our task to examine whether or not this particular package of proposals will in any way impact upon the transfer of power. It is something that I will be examining very carefully ahead of the publication of my report.

**A confidential internal briefing note you prepared was leaked to the media. Was this a deliberate attempt to undermine the mission and your authority? Will you be calling for an inquiry?**

The leaking of the briefing note was regrettable. I do not know the motive for the leak, but it has made our task infinitely more difficult. The EU EOM is in a very sensitive political and security environment, and those who have leaked the note have acted in a very irresponsible fashion. I have every confidence that this leak did not emerge from within the mission team. The note existed only in electronic form and was stored securely in a safe. The document that appeared in public was a slightly amended version of my text, including the introduction of a new paragraph that had

been inserted by the European Commission. However, I have every confidence that the new document was not leaked by Commission headquarters, because I know they are very concerned about the welfare of the mission team and support the job that we are doing. It would seem, therefore, that the only possible source of the leak was within the circulation process of the governments of the EU Member States. It remains important that we continue our work, and in a manner that overcomes obstacles placed in our path. Political stability in Pakistan is important, not just for the country but also for the region. I hope that we will be able to observe the election process without any further hindrance. At this stage, I do not think an investigation will assist our work in any way.

**What do think could happen in EU-Pakistan relations if, for example, you declared the election was not free and fair?**

The EOM has come to no conclusions at this stage. The responsibility of the EOM to give a verdict will happen through a preliminary statement that will be issued within 48 hours of polling day, at a press conference in Islamabad. That will be followed up by the presentation of a report to External Relations Commissioner Chris Patten, justifying my conclusions. It is his responsibility to circulate the findings to the EU institutions and the Pakistani authorities. That will terminate my mission. Others would have to decide if there should be a follow up. It is not my job to make any such recommendations.

The policy of the EOM is to co-operate fully with other visiting election observation missions, such as the Commonwealth mission. However, the EU jealously guards its independence, and when we produce the preliminary and final reports, I will stand over the conclusions based on the information my team has gathered in accordance with internationally recognised criteria.

**Should you declare that the election was not free and fair, do you think the EU will suspend its Trade and Co-operation Agreement with Pakistan?**

As Chief Observer, I could not comment on what may or may not happen after October 10. Once I have completed the process of observing the election process, the mission will have ended. It will be up to the European Commission, Council and Parliament to decide what ramifications there might be, if any. Several days after the vote, I will return to Ireland to campaign for a Yes vote in the forthcoming referendum on the Nice Treaty.

**Yes, but you are also Parliament's *Rapporteur* on the Agreement, and you recommended that Parliament withhold its opinion of the Agreement until after the election and your report.**

The Foreign Affairs Committee of the European Parliament made, I think, a correct decision to defer its adoption of its opinion on the Trade and Co-operation Agreement. Article 1 of all such Agreements urges respect for human rights and democracy. In order to give a reasoned opinion, the Committee decided to wait until after the general election. It is still unclear how Parliament will vote finally on the issue, or what the opinion will say. It is the responsibility of the Committee to make a recommendation to the House, which would vote to adopt or reject the opinion.

The EU policy of election observation has a major contribution to make towards enhancing democracy. Nowhere is this more important than in a country like Pakistan, where the outcome of the current elections is vital for the stability of the country and the region. I hope that our presence here will make an important contribution. ■

**Editor's Note:**

John Cushnahan (PPE-ED) represents Munster, Ireland. He is writing the report on the EC-Pakistan Trade and Co-operation Agreement for the European Parliament's Foreign Affairs Committee. He has been the EU's Chief Election Observer in Sri Lanka and has taken a keen interest in Hong Kong.

## EurAsia versus the US

by Glyn Ford, MEP

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Asia and European Parliamentarians jointly condemned increasing American unilateralism in Manila last week. They demanded, in the interest of global environmental protection, that the US sign and ratify the Kyoto Protocol, and endorsed the outcome of the UN World Conference Against Racism held in Durban last year.

A large majority fully supported the establishment of an International Criminal Court (ICC), while even those countries with reservations, like the Philippines, were not opposed in principal; rather, they are waiting to see how the ICC will avoid being used as a weapon by the political wings of terrorist and insurgency groups against the very governments they are fighting. There was full agreement that full-scale military action against Iraq required the consent of the United Nations. Philippine President Gloria Arroyo, who had been subject to heavy lobbying by the US Administration, confirmed she was not prepared to be moved.

The Forum for these statements was the Second Asia-European Parliamentary Partnership Meeting (ASEP II), held in Manila on August 26-28. This is the Parliamentary oversight body that meets in parallel to the intergovernmental biannual Asia Europe Meetings (ASEM), the ASEM Summit. These two institutions were inaugurated in Strasbourg and Bangkok respectively in 1996. Taking part in the Manila meeting were delegations, from the European side, from the European Parliament and the national Parliaments of Belgium, Spain, Italy and Germany. The largest Asian delegations came from China, Japan, the Philippines and South Korea. The Meeting adopted three Statements on Terrorism, Environment and Human Rights.

On terrorism, there was agreement that all countries should deny safe haven to terrorists, subject to the United Nations arriving at an agreed definition of terrorism and terrorist organisations. It was stressed that any definition must be capable of distinguishing the future Nelson Mandela's from the future Osama bin Laden's. It was also agreed that there should be joint co-ordination and mutual assistance. The current opposition by the US to the supply, by the EU, of powerful night-sights to Iran, thus enabling it to monitor fugitive Taliban fighters crossing over from Afghanistan, was seen as nonsensical.

On the environment, apart from the reference to the US, there was a general call for all countries that have not yet done so to ratify the Kyoto Protocol. There was

also a call for the full implementation of the promises made in Rio ten years ago under Agenda 21, and for the ongoing World Summit on Sustainable Development in Johannesburg to add further concrete measures for action. The human rights issue was the most controversial. There was a clash between the European Parliament delegation and the Chinese, who claimed that recent European Parliament resolutions amounted to interference in China's internal affairs and demonstrated dual standards. The Europeans responded by stating that they routinely objected to death sentences throughout the world, including in the United States, and saw no reason to make an exception of China. The European Parliament also produced annual reports on human rights in both the EU and in the world. EU governments were often critical of the criticisms made by the European Parliament, which proved the latter was not operating dual standards.

**D**espite this clash, a text was agreed that called for positive action to enhance the position of women and children, and backing campaigns against child labour, like that organised by the National Union of Workers in Hotel, Restaurant and Allied Industries in the Philippines, "I care for kids, do you?" The Philippine Foreign Minister, Blas Opie, declared: "One quarter of all the people in the world still subsist on less than the equivalent of one American dollar a day. It is poverty that most threatens the rights proceeding from life - namely liberty and the free pursuit of happiness - as well as the rights of women and children and the right of nations to a healthy environment and to sustainable development." In the last analysis, the elimination of terrorism, the protection of the environment and the establishment of human rights require all of us to address the problems of deep poverty.

Asia and Europe represent the collective interests of more than two billion of the world's population, and more than half the world's gross domestic product (GDP). But this is not how it appears in the world's political forums. Both are all too often divided between themselves and among themselves. Since its inception in 1996 the ASEM meetings have grown in importance. What happens in Denmark this September and in Hanoi in 2004 (ASEM V) could change that. But for ASEM to really have weight, the parallel parliamentary process must follow, to give authority to the building of an intercontinental consensus. It is in the mutual interest of Asia and Europe to do so.

As Rudyard Kipling said, "Oh, East is East, and West is West, and never the twain shall meet, Till Earth and Sky stand presently at God's great Judgment Seat; But there is neither East nor West, Border, nor Breed, nor Birth, When two strong men stand face to face, tho' they come from the ends of the earth!" (*from The Ballad of East and West*). ■

## EU-Asia after September 11: One year on

The Strategic Alliance for Asian Studies (SAAS) marked the first anniversary of the September 11 terrorist attacks on the New York World Trade Centre and the Pentagon with a Conference in the European Parliament. A key issue before the Conference was the European Union's relationship with Asia, at a time of global upheaval and uncertainty. Mr. Pierre Amilhat of the European Commission defined the objectives the EU has set itself in its relations with Asia. Dr. Greg Austin looked at regionalism in South Asia in a fresh light, highlighting the need for a fresh approach to Central and South Asia. Summaries of their papers follow.

## A strategic framework for the relations between EU & Asia

by Pierre Amilhat

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Although the validity of the policy orientations of the European Commission in Asia, set out in a Communication\* released seven days only before 11<sup>th</sup> September 2001, has been questioned, I trust however that a lot of what we are saying in this document is totally relevant to combating not only the symptoms but more importantly the very roots of terrorism as well as diminishing the likelihood of its occurrence in Asia.

The Communication on relations between Europe and Asia is based on four key elements: first, the diversity of the region and the need for the EU to take it into account; second, the strategic importance for the EU to increase its political and economic presence in Asia; third, the need to move from a strategy based on «trade and aid» to a wider approach encompassing economic, political, social and cultural elements; fourth, the recognition that Asian countries are key partners to address the opportunities and challenges arising from globalisation.

In this context, the Communication released by the European Commission has six core objectives:

- 1) To contribute to **peace and security in the region**
- 2) To further strengthen our **mutual trade and investment flows** with the region and our dialogue on economic and financial policy.
- 3) To promote the **development of the less prosperous countries** of the region, by addressing the



root causes of poverty. The EU and its Member States provide about 30% of all foreign external development assistance to Asia.

4) To contribute to the protection of **human rights** and to the spreading of **democracy, good governance and the rule of law**.

5) To build **global partnerships and alliances** with Asian countries, in appropriate international fora, to strengthen our joint efforts on key issues relating to globalisation such as environmental and security issues like climate change, migration and terrorism.

6) To help strengthen the **awareness of Europe in Asia** (and vice versa) through the promotion of exchanges in education, culture and science as well as fostering inter-regional civil society contacts. The opening of new Commission delegations in Asia is another example of concrete action to achieve this objective. The Commission is indeed preparing for the opening of new Delegations in Malaysia, Singapore, Cambodia, Laos and Nepal, and of a representative trade office in Taiwan.

The Communication was endorsed by the EU General Affairs Council in December 2001 which highlighted in particular the added value of inter-regional dialogue such as ASEM and the importance of expanding regional co-operation in Asia (e.g. ASEAN + 3). The European Parliament has also issued a report and a resolution on this Communication.

The diversity within the EU when it comes to relations with Asia should be acknowledged. It is a limitation to the ambition of our strategy and to a CFSP, which is still at a nascent stage. But it leads also to a consensus-based approach to foreign policy, which is an accurate reflection of the variety Member States interests.

In that sense, EU can appear to Asian partners as an example of regional co-operation able to bring together actors with differing interests. The EU is also seen as a moderating factor in international relations, in a world many Asians as well as Europeans would like to see increasingly multipolar.

Our strategy is based on the common European lines of interest which are specific and relevant to our relations with Asia. The multilateral approach to globalisation issues that the EU is advocating is one of such core interest, as shown by our commitment to a rule based multilateral trading system or to the fight against poverty at the international level.

I would like to highlight in this context the importance of respect for human rights and democracy for us. Sovereignty can no more be an excuse to escape the basic obligations that States have in the area of human rights. Similarly, the fight against terrorism should not

be a pretext used by regimes to become more oppressive. The EU has shown its commitment to the fight against terrorism, in the framework of the UN, with the implementation of UNSCR 1373, but also in for a such as ASEM or ARF.

The EU is committed to contribute to the fight against terrorism, but will as well pursue the promotion of human rights as an integral part of our relations with Asian countries. The human rights dialogue with China is an example, as well as our commitment to deepen our dialogue on these issues with Indonesia and with the ASEAN in general.

A good illustration of the approach to our relations with Asian partners is the agenda of the Fourth ASEM Summit between Heads of States and Government in Copenhagen on 22 and 23 September 2002. In this unique Asia Europe dialogue framework, we try to maintain an equilibrium between the political, economic and cultural pillars of our relation.

The agenda includes the issue of terrorism, but also for the first time an informal retreat for a dialogue on Cultures and Civilisations under the Summit motto "Unity in Diversity". The other issues on the agenda range from discussions on the global economic situation to issues such as education, the enhancement of civil society contacts (through the Asia Europe Foundation in Singapore), environment and migration.

Before concluding, I would like to point out that the Asia strategy of the European Commission aims at pooling the threads that are common to our policy in the region, nothing more, nothing less. It cannot compensate for the fact that Asia remain far away in the eyes of many Europeans who tend to give priority to the «near abroad». It contains the basic security, political and economic elements which are common to our approach of Asia, but it has to be complemented by sub-regional or country approaches, in order to reflect the exceptional variety of Asia. ■

\* under the title "*Europe and Asia: A Strategic Framework for Enhanced Partnerships*".

\*\* the opinions expressed by the author in this speech do not necessarily reflect those of the European Commission

#### **Editor's Note:**

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# A New EU Approach to Regionalism in Heartland Asia

by Dr. Greg Austin

Of all the regions of the world, the Middle East is now the centre of global attention. The US is planning a war on Iraq, and Israel and the Palestinians seem locked in permanent and escalating violence. But as worthy as the Middle East is of close scrutiny and fresh policy approaches, there is another region where new measures may be more urgent: Heartland Asia (taking in the 'old' South Asia and the 'old' Central Asia').

## **Heartland Asia**

'Some major cities Heartland Asia are about as close to each other as Moscow to Berlin (1619 km). Islamabad in the west is 1770 km from Lhasa in the East, while New Delhi in the south of the region is about 1560 km from Bishkek or Tashkent in the north.... Neither South Asia nor Central Asia can solve their most serious problems of peace and security, and economic development if the old regional conceptions remain the foundation of their efforts at regional integration.'

## **A New Geopolitics: Why?**

Geopolitics is never permanent, as the collapse of the USSR, the fall of the Berlin Wall, and the break-up of Yugoslavia showed in the recent past. The old geographic descriptors of specific regions (such as South and Central Asia) owe more to the age of imperialism of the late 19<sup>th</sup> Century than to the geopolitical realities of the early 21<sup>st</sup> Century, with rapid air transport, instantaneous voice, image and data communications, and missile technology. As technology develops through the 21<sup>st</sup> century, the separating effect of the high mountain ranges (Himalayas, Hindu Kush, Pamir) that had separated the geopolitics of South Asia from those of Central Asia will erode even further, and the geopolitical coherence of these contiguous areas will almost certainly increase. The war on terrorism, which the U.S. Administration has painted since September 2002 as a 'struggle for the soul of the Muslim world' should help give focus to a new redefinition of the regional conceptualization for the countries of South Asia and Central Asia as the newly conceived 'Heartland Asia'.

There are some other fairly fundamental realities why the old regionalisms based on the old regions need to be replaced. Neither South Asia nor Central Asia can solve their most serious problems of peace and security, and economic development if the old regional conceptions remain the foundation of their efforts at regional integration. India's overwhelming power

relative to other members in the South Asian Association for Regional Co-operation (SAARC), coupled with the geopolitical rivalry between India and Pakistan, have together proven to be nearly permanent obstacles to integration since it was founded in 1985. In Central Asia, various forms of regionalism have been mooted and acted upon to some degree (Central Asia Economic Union, Shanghai Co-operation Organisation), but most countries of Central Asia lack the capacity individually to support such regional organisations.

Moreover, no regional structure has ever been able to include Afghanistan. And the great powers, especially India and China, need to begin working out a *modus vivendi* where their territories and interests intersect so visibly. The military occupation of parts of Indian-claimed Kashmir by both Pakistan and China will not be ended without a new strategic bargain that is fundamentally different from those suggested by old regional or bilateral relationships. The exile of the Tibetan government in India will not end without a new strategic bargain between China and its India.

The international strategic architecture, and the values that hold the international system together, are under considerable pressure in Heartland Asia. This is the only area of the world in 2002:

- that engages so many of the great powers so vigorously (China, India, Russia, USA)<sup>1</sup>;
- that is of great strategic import to two rising great powers (China and India)<sup>2</sup>;
- where several great religious traditions (Hindu, Islam, Buddhism) can so visibly be seen in the geopolitics<sup>3</sup>;
- where two nuclear weapons states (India, Pakistan) are actively engaged in an intractable territorial dispute; and
- where six states (including two P-5 members) have signed a treaty claiming to represent the path to a new international order (the Shanghai Co-operation Treaty); and
- from whence comes the only direct violent challenge to US hegemony (Al Qaeda).

After the attacks on the World Trade Centre and Pentagon on 11 September, this area became the focal point of talk about World War Three and the military manifestation of the 'Clash of Civilisations'<sup>4</sup>. India and Pakistan are probably the first pair of adversary countries ever to have the G-8 (or G-7) indefinitely block World Bank loans because of a perceived threat to global security (nuclear weapons proliferation).

The predominantly Islamic countries (Pakistan, Afghanistan, Tajikistan, Uzbekistan, Kyrgyzstan, Turkmenistan, Kazakhstan) must come to terms with countries or the border regions of neighbours in which there is a large Muslim minority (India, western China, southern Russia). But it is not religion alone that

defines the new geopolitics of the old South Asia and the old Central Asia. The two old regions taken together constitute a regional security complex<sup>5</sup> or strategic system because of several interconnected sources of strategic competition or pressure within a recognisably coherent geographic and geopolitical identity. These are: terrorism, the India-Pakistan military belligerence; China-India military belligerence, and nuclear weapons proliferation and associated missile proliferation.

### ***Economic Regionalism: Security before Economics***

Economic regionalism is, as the European experience suggests, first and foremost a peace process. It is a deeply political phenomenon, even if the economies of the states involved ultimately become highly integrated and the original security motivations fade. The essential defining characteristic of integration is probably the attainment of a sense of community, accompanied by formal or informal institutions and practices, sufficiently strong and widespread, to assure peaceful change among members of a group with reasonable certainty over a long period of time'.<sup>6</sup> Economic integration is therefore defined not so much by its economic characteristics, as by the processes it generates for dispute settlement. Economic integration that is built around such common endeavours and with such trust has appropriately been identified as a 'security community',<sup>7</sup> an appellation that shows the essentially political nature of economic integration if it is to be peace promoting.

**T**he time-scale needed for economic regionalism to mature into the sort of political co-operation that might be called a security community could therefore potentially be a very long one. But this is not necessarily the case. In fact, it is political co-operation and harmonisation that must precede economic regionalism. The question is not so much one of time, as one of process, power and ultimately political values. Integration needs to be understood as a 'dynamic process of mutual attention, communication, perception of needs, and responsiveness'. There must be mutual belief in a limited number of common propositions or political values, especially a commitment to peaceful resolution of disputes.

Successful regionalism does not depend on shared identity in education, language, political rights or economic attitudes. But it does involve new supranational organs and it does involve some balance of power or coercive arrangements between the parties in order to overcome mutual insecurities<sup>8</sup>. It depends first and ultimately on a firm commitment to peaceful resolution of disputes. Reduction in military tension is essential, though disarmament and even partial demilitarisation are not prerequisites.

### ***Directions/Themes for EU Policy***

The EU must work toward a new security bargain among the major and minor powers of Heartland Asia. The EU needs to spend policy capital pressing the US, China and Russia to resist strictly bilateral approaches, and to convince Russia and China to contribute more actively and effectively through technical assistance if not money. The EU should also give priority to demobilisation and disarmament programs, and forging the necessary security guarantees that will be needed to underpin such programs. Javier Solana and his team must lift the pace of their work in this area. The EU's 'Scuttle diplomacy' (scuttling about after the crisis) worked in Macedonia, but it is not working in the Middle East and it will not work in Heartland Asia.

**A**s far as the Commission is concerned, EU support for a peace in Heartland Asia through a strategy of regional integration need not cost much in additional development funds, but would require a higher level of commitment in policy time, a redirection of programs away from bilateral ones to regional ones, and a commitment by member governments to a rapid expansion in Heartland Asia policy studies, both at home and in the region.

Expectations for rapid progress need not be great, but there must be a basic ambition for regional integration of the whole of Heartland Asia even if it takes decades for sophisticated concrete forms of co-operation to materialise. It will be by this mechanism alone (as a result of the gradual drawing together of national interests in the region) that the communities who live there will be better placed to prevent the emergence of new threats to peace, either terrorist in nature or more conventional. ■

#### **Notes:**

1 Neither the Korean Peninsula, the Israel-Palestinian dispute or the Persian Gulf engage so many of the great powers. Of course it has to be acknowledged that the USA and Russia are less vigorously involved here than elsewhere, but the response of these two great powers in the UN Security Council to the nuclear tests in 1998 by India and Pakistan, discussed later, show that they are very seriously engaged.

2 The importance of the presence of rising great powers, especially two with nuclear weapons and a territorial disputes and who see each other as military adversaries derives from the theoretical conclusion that peace and the stability of the international system itself is most likely threatened by rising great powers.

3 The references to Islam and Hindu refer to the impact of extremist fundamentalists on the politics of Pakistan and India. The reference to Tibetan Bhuddism recognises that one element of the China-India dispute is Tibet, which – like Afghanistan and Iran – sees itself as a religious state, not a secular one.

4 Apart from its common sense meaning, this term refers to the hypothesis of Samuel P. Huntington in his book *The Clash of Civilisations and the Remaking of World Order*, in which his main hypothesis was that after the end of the great ideological clash between Communism and the West in the Cold War, the next global confrontation if there was to be one would probably be on civilisational terms, in which he defined the Islamic world and the Judeo-Christian world as possible protagonists.

5 Barry Buzan, *People, States, and Fear*, Harvester, Brighton, 1991.

6 Deutsch, *Political Community at the International Level*, p. 33, citing the definition of Richard W. Van Wagenen, *Research in the International Organization Field: Some Notes on a Possible Focus*, Princeton, Center for Research on World Political Institutions, 1952, pp. 10-11.

7 According to Deutsch, the attainment of a security community based on integration can be tested operationally by the absence or presence of significant organised preparations for war or large scale violence by one or more members against another member.

8 Deutsch et al, *Political Community in the North Atlantic Area*, pp. 22-28.

**Editor's Note:**

Dr Greg Austin is Senior Visiting Research Fellow at EIAS. This is an expanded version of a paper he delivered to the Strategic Alliance conference.

## Focus on politics and trade gives new life to ASEM

by Shada Islam

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A focus on Iraq, North Korea and post Sept. 11 global security issues at the fourth Asia-Europe Meeting (ASEM) in Copenhagen on September 23-24 has given a much-needed new lease of life to the flagging six-year old relationship between the two regions.

Instead of bickering over human rights, how to deal with Burma's military regime or trade, ASEM's 25 leaders successfully showed for the first time that Asia and Europe can discuss controversial world issues without acrimony, and that the two regions share common concerns, not least about U.S. policies. ASEM's challenge now will be to keep that *entente* alive until leaders meet again in Hanoi, Vietnam in 2004, and open discussions on the difficult and potentially divisive issue of enlarging the group.

ASEM leaders also used their two-day summit in Copenhagen to hold a first-ever "retreat session" on a dialogue between cultures and civilisation, proving as Danish Prime Minister and Summit host Anders Fogh Rasmussen insisted that there could be "unity in diversity." One conclusion reached at the session was that "we must firmly reject any attempt by extremist forces to divide the international community on the basis of race, ethnic background or religious persuasion," Rasmussen said.

In other new initiatives, the Summit agreed a joint action plan to fight international terrorism and set up a new task force to promote closer Asia-Europe economic and trade relations. The group's key task will be to encourage the use of the euro in Asia and look into the creation of a eurobond market in the region.

The focus on politics rather than just trade and business marks an important victory for Europe which has long insisted that ASEM must be about more than promoting Asia-Europe economic relations. At the same time, both regions' post-Sept.11 concerns have helped spur ASEM's new interest in political issues, including the need for Asia-Europe co-operation to fight terrorism and control immigration.

The point was underlined by Rasmussen's insistence that "after the tragic events of September 11, the bridge-building role of ASEM is even more called for." Despite their diverse religious and cultural affiliations, ASEM nations shared "common values," the Danish leader insisted. "We ensured respect for our cultural diversity," said Rasmussen, adding: "ASEM constitutes



a rare asset in international politics...it is a process we should all treasure."

**M**ore significantly, the Copenhagen Summit highlighted a common Asian and European fear of unilateral U.S. moves on Iraq. ASEM leaders also pointedly issued a joint statement calling on Washington to resume contacts with North Korea, rejecting U.S. President George W. Bush's description of the reclusive country as an "axis of evil." The Summit declaration on the Korean Peninsula confirmed "the importance of engaging North Korea in the international community through constructive dialogue which would greatly enhance prospects for peace and stability not only in North East Asia but the world as a whole."

Inevitably Iraq was top of the agenda, with leaders from both regions agreeing with French President Jacques Chirac that "this is an affair that must be treated in the United Nations." "We must give peace a chance...war is not at all unavoidable," the French leader added. Joining in, Malaysian Prime Minister Mohamad Mahatir urged the U.S. and Britain to "listen to the rest of the world." Added Mahatir: "Let us act (on Iraq) multilaterally, not unilaterally." Asian leaders were witnesses to a little skirmish between Chirac and Italian Prime Minister Silvio Berlusconi, when the latter seemed to imply that Europe should be more understanding of U.S. policies. Chirac insisted that there could be no support for U.S. unilateralism.

The Chairman's Statement, issued at the end of the meeting, also underlined that "the fight against terrorism must be based on the leading role of the U.N. and the principles of the U.N Charter." ASEM Leaders demanded that Iraq give immediate, unconditional and unrestricted access to weapons inspectors.

**M**eanwhile, a separate Copenhagen declaration on co-operation against global terrorism promised the setting up of an informal ad hoc consultative mechanism allowing ASEM members to exchange information and co-operate on anti-terror actions. Once again with an eye on the U.S., ASEM leaders insisted that military action against terrorism was not the only solution. Attention must also be paid to political, economic and diplomatic measures to fight terror.

"Asian and European leaders will work together to tackle the root causes of terrorism for a long-term solution," insisted European Commission President Romano Prodi. A special ASEM seminar on anti-terrorism will be held in China in 2003.

Turning to economic issues, leaders said increasing Asia Europe economic co-operation would help in "achieving sustainable growth in the world economy." A new ASEM task force has been set up to look at the

creation of a eurobond market in Asia and the use of the euro as an international currency. "The euro will contribute to a further improvement in trade between Europe and Asia," Rasmussen insisted. The Danish leader also went further than European Trade Commissioner Pascal Lamy by hinting that Asia and Europe should start thinking about creating a free trade area.

"I hope we can gradually improve our trade relations...with a clear aim to create free trade," Rasmussen said, adding: "This is a very long term vision." The Danish leader said this could be envisaged after the "successful conclusion" of the Doha Round of global trade liberalisation discussions. ■

## High-level EU-Asia Meetings

by David Fouquet

While the ASEM Summit is the focus of most attention, as the centrepiece of relations between 10 Asian countries and the 15-nation European Union (EU), it also offers an opportunity for bilateral encounters between the EU and individual Asian countries, which are often significant in themselves.

Copenhagen was no exception. It perhaps even served to fill in the details of the overall Euro-Asian relationship. There were at least four major encounters this year, either at the Summit, "Troika" or other levels, involving EU leaders with those of China, South Korea, Indonesia and Vietnam.

### **EU-China Summit**

While the formal session of two hours was conducted in a positive spirit, it was really at dinner, the first ever hosted by the EU presidency at an EU-China summit, that the two sides had a detailed and productive discussion on a whole range of issues.

During both sessions, the two sides were said to have discussed a number of major issues, ranging from Iraq and Afghanistan to Taiwan and Tibet. Other major policy issues discussed by the EU and Chinese leaders included the UN, China's new strategic doctrine, and the general issue of illegal migration. This last reportedly was dealt with in considerable detail, with both sides seeking to resolve a troublesome problem.

Chinese sources indicated that they were particularly satisfied that the EU agreed to include a reference, in the final communiqué, that the EU took note of the situation between China and Taiwan, as presented by President Zhu.



The issue of Tibet was also raised by journalists during the post-meeting press conference. President Zhu replied that economic and social conditions were improving, and that religious freedoms were guaranteed.

Difficult trade issues, some relating to China's membership of the World Trade Organization, were also discussed. Both in their private meetings and in public, President Zhu and Commission President Romano Prodi both stressed that their 2-way trade would increase to the point where they could become each other's leading trade partner.

### ***EU-Korea Summit***

The EU-Korea Summit, held in Copenhagen, was the first since the bilateral EU-ROK cooperation agreement came into effect last year. It was described as positive by a high-level Korean source, although dominated by the troublesome trade dispute on shipbuilding.

**K**oreans following the meeting particularly welcomed European support for the normalisation of relations on the Korean peninsula, at a time when it was needed the most in the international environment. However, with the EU and South Korea on the same wave length politically, with Europe wholeheartedly behind President Kim Dae Jung's sunshine policy, much of the time at the Summit was spent on the long-standing and seemingly intractable shipbuilding problem.

The matter reportedly has become too complex for state-to-state relations, in the Korean view, and has been turned over to the lawyers. The same source added that Europe should accept that its shipbuilding industry is no longer competitive, and accept newcomers. France and Germany, which have seen their industry decline in recent years, are opposed to this, however. Other sources claimed that both sides were locked into their positions because of their intransigent domestic shipbuilding lobbies.

As if to underline the difficult nature of their relations over shipbuilding, the EU Commission issued a declaration soon after. It noted that "between 24 and 27 September the EU and Korea held intensive high level negotiations, to find a mutually agreed solution to the long-standing Korean unfair shipbuilding practices. The EU delegation was headed by Mr. M. P. Carl, Trade Director General of the European Commission, and the Korean delegation by Mr. Kim Chil-du, Korean Vice-Minister for Trade, Industry and Energy.

"Despite the numerous efforts made by the EU delegation to reach a mutually acceptable compromise solution, the Korean delegation today rejected all the proposals put forward by the EU until then, insisting on the lack of support of the Korean industry for such an

agreement". "The European Commission will now report to the EU Council of Minister on 30 September 2002."

### ***EU-Indonesia Troika Meeting***

The EU-Indonesia Troika meeting in Copenhagen was a low-key but positive meeting, which hopefully re-established high-level working relations, following an eclipse due to the divisive East Timor issue, according to a European source .

The meeting was held at the Troika level because of Indonesian President Megawati Soekarnoputri's surprise absence from the ASEM meeting, an absence which was criticised at home, attracting the same criticism as some of her other travels abroad this year.

"The President sent the Coordinating Minister for the Economy, Dorodjatun Kuntjoro-jakti, as her personal envoy, against diplomatic tradition which holds that the President is better represented by the Vice-President at such a high-level multilateral summit, if the former cannot be present," commented the *Jakarta Post*.

The newspaper added that "Megawati should realize that by attending the Copenhagen summit, she could also have met bilaterally with European and Asian leaders, thereby saving both money and time on visits to EU capitals. The EU is too important to be ignored, and the EU summit is much more important than her recent bilateral visits to Algeria, Hungary, Bosnia Herzegovina, Croatia and Egypt."

A European source added that while the Indonesians have been sensitive to a number of issues, particularly those arising from European Parliament resolutions, the Danish presidency was able to put ideas and plans across successfully, in a low-key manner.

**T**he announcement that the External Relations Commissioner, Chris Patten, is to visit Indonesia, while on his way to Australia, perhaps early next year and despite a busy schedule, came as a surprise. But it was stressed that Papua is emerging as a major issue, involving complicated interests, including European interests. It was pointed out that a majority of the population is no longer Papuan.

An Indonesian diplomat stressed the need to renew the dialogue in order to send a political signal to the business and investment community, to renew its interest in the country. He noted that development aid was rising, but complained that Asia was nevertheless under-represented in the EU aid agenda.



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## EU-Vietnam Meeting

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A high-level meeting was held in Brussels, following the ASEM Summit, between the visiting Vietnamese Prime Minister, Phan Van Khai, and the European Commission President Romano Prodi.

Prime Minister Khai pointed out that the EU has now become Vietnam's largest donor, having pledged funds for numerous projects, such as poverty reduction, the training of marketing personnel and the provision of healthcare services. He said Vietnam appreciated the EU's role and position, and regarded it as the best model in Europe, with its stable common currency and powerful political and economic strengths.

The Prime Minister noted, "We have discussed measures to further enhance bilateral relations. The EU is expected to create further conditions for Vietnam's exports to its markets, while Vietnam will consider EU proposals on insurance and transport services for our mutual benefit."

President Prodi told reporters that the two sides have worked well together during the many years of implementing the Vietnam-EU co-operation agreement, and stressed that they are speeding up their bilateral co-operation as it is on the right track. He praised Vietnam's renewal process and the country's rising profile in the international arena. The European Union will continue to support Vietnam's development, particularly its bid for WTO membership. All this will take place in the context of the Country Strategy and National Indicative Programme agreed with Vietnam in 2002, which earmarks EUR101 million for bilateral co-operation over the next three years.

Since 1990 the European Commission has provided over €260 million in grants to Vietnam. This includes assistance under the Co-operation Agreement for Vietnam's economic reform process and the development of its social sectors. The Agreement also grants Vietnam most-favoured-nation (MFN) status for its exports to the EU. Under separate agreements the EU has progressively increased Vietnam's quotas for its textiles and clothing exports to the EU. In parallel, Vietnam has worked with the European Commission to improve trade and investment conditions for its EU partners. ■

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## ASEM IV and a bipolar world

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by Ba Win

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The American response to terrorism, and the unilateral actions taken in much of the world, indicate that a unipolar world is on the rise, and that Asia and Europe, or rather Eurasia, will have to come together if they want to counterbalance American influence. The recent Asia-Europe Meeting - ASEM IV - in Copenhagen was one such attempt.

We have serious doubts, however, as to whether either Asia or Europe wants to jeopardise its relations with the U.S. A signal that these two regions are acting in collusion against American interests might trigger Washington's wrath, something neither side wants. Both regions have to rely on America not only for markets but also security. The day when Eurasians join forces and pose a challenge to the U.S. is still far off.

In ASEM, Asians view Europe through the political eyes of one-time colonial subjects, while Europeans view Asia through economic eyes, having seen its economic potential. In the Asian financial crisis Europe gave concrete support through the ASEM Trust Fund, and from this perspective ASEM's economic pillar can be considered very successful.

However, both European and Asian non-governmental organisations (NGOs) feel left out. Their attempts to create a Social Forum have not been supported by ASEM. A Social Forum would strengthen ASEM's third pillar, however, because human rights is an integral part of it. As matters stand at present, European and Asian countries have reached a measure of co-operation, although it does not amount to a shared vision of social goals, but rather of a deregulated market, paving the way for multinational corporations.

As terrorism makes its presence felt, those Asian countries which have a poor record of human rights can now remind their European critics that Western countries are now committing human rights violations in the name of internal security and the fight against terrorism.

With the euro challenging the American dollar, and the Japanese yen sliding, Asian countries are more than willing to make the euro an international currency. They see it as a single market currency, now that the U.S., Canada and Mexico are in the early stages of making the dollar their common market currency.

ASEM needs to reach out to the ordinary people of Europe and Asia, and to NGOs and civil society organisations. If it wants to be a force in the long term



also, it must help them understand each other's culture and values, and not focus on business culture only. Asian values remain a driving force in Asia. Thus Muslim culture is not just a religious culture; rather it must be seen as a centuries-old culture that has left its mark on Asian Muslims.

Surely the vision that ASEM wants to promote is not that of a clash of two civilisations, or of the superiority and dominance of Western civilisation. Nor can this vision be confined to economics alone, even though globalisation makes it easy to promote such a vision.

A broader, socio-cultural dialogue, involving NGOs also, is necessary. Civil society is critical of economic neo-liberalism, because of its negative socio-economic effects. Hence the need for a broader socio-cultural dialogue between Europe and Asia. Growing economic, trade and investment ties will not in themselves bring Europe and Asia together. The ASEM vision must be multidimensional, with every dimension treated as important. This requires political will. But what could be more visionary than the emergence of a single Eurasian continent in a bipolar world? ■

**Editor's Note:**

Prof. Ba Win, a Burmese activist, is a visiting Senior Research Fellow at EIAS from the University of Winnipeg.

## Building ASEM trade and investment flows

Trade and investment flows are what define and sustain the relationship between the European Union (EU) and Asia. They also provide the backdrop to the Asia-Europe Meetings (ASEM), which bring together the 15 EU and 10 Asian countries - China, Japan, South Korea and seven ASEAN countries. In 2001 these 10 countries represented the EU's largest regional trading partner for imports, its second largest export destination and, in 2000, its third-largest regional investment destination.

EU imports from its ASEM partners amounted to EUR237 billion (or 23.2% of its total imports), its exports to them EUR132 billion (or 13.5% of its total exports). Outward investment flows from the EU to the 10 Asian members of ASEM represented 5.5% of total EU foreign direct investment (FDI) flows to non-EU countries, of which ASEAN's share was 1.8%, the same as that of Japan, while South Korea's share was 1% and that of China 0.9%. By comparison, outward FDI flows from the EU to the 13 candidate countries was just under 5%.

Seen from the perspective of the 25 ASEM countries, the level of trade between them is already substantial. But the fact remains that it is the United States and not the 15-nation EU which is the main trading partner of Asian ASEM. The EU accounted for 12.9% of the total imports of Asian ASEM, and for 15.7% of its total exports in 2001. The U.S. was Asian ASEM's No. 1 trading partner, however. It was well ahead of the EU, accounting for 15.3% of the total imports of Asian ASEM and 25.1% of its exports. On the basis of these figures, it is clear that there are export opportunities to be seized by the Europeans in the Asian ASEM markets, and even greater opportunities to be seized by the 10 Asian countries in the EU market.

The fourth Asia-Europe Meeting (or ASEM Summit) in Copenhagen therefore devoted a good deal of its time to trade. The assembled presidents and prime ministers in fact "sent a strong political signal, confirming their commitment to enhance economic relations between the two regions," in the words of their Danish colleague and Summit Chairman. They strongly supported the Doha Development Agenda (DDA), adopted by the WTO ministerial meeting in the Qatari capital in November, 2001. Given that seven of the 10 Asian members of ASEM are developing countries, the ASEM Summit stressed that "the needs of the developing countries should continue to be a central component."

The groundwork for this broad agreement on trade issues was carried out at two separate ASEM ministerial meetings - of economic ministers, just three days before the Summit, and of finance ministers, in early July. A key participant at the first of these meetings was the European Trade Commissioner, Pascal Lamy, the driving force behind the current round of WTO trade negotiations, the DDA. The economic ministers stressed the development dimension of the DDA, and the need to address the issues of implementation (of the Uruguay Round agreements) and of special and differential treatment, issues of immediate concern to developing countries.

The ASEM finance ministers reaffirmed their pledge to reject the use of protectionism, and called on other countries not to resort to protectionist measures. They, too, welcomed the launch of the DDA. They also congratulated China on its accession to the WTO, and renewed their support for the accession negotiations of Vietnam. For the finance ministers, "the opening of the Chinese market will ultimately lead to improved growth prospects for all partners, by enhancing international competition and the division of labour." This suggests that the EU countries are prepared to close down domestic production of goods for which developing countries have the comparative advantage which comes from lower wages in the case of labour-intensive products.



The Asian leaders attending the ASEM Summit expressed their interest in the role of the euro as a major reserve, transaction and reference currency. Their finance ministers had already agreed with their European colleagues that “a single currency for the world’s largest trading area has positive implications for the world economy and Asian countries.” They also expected the euro to “support closer links between Asia and Europe,” by simplifying cross-border trade and financial transactions.” And as the finance ministers pointed out, the euro is already being used in Asia, “especially as a financing currency for private sector borrowers and an investment currency, both for official and private sector agents.”

**A**s a reserve currency, the euro accounted for 13% of worldwide official reserves at the beginning of 2002, as against the 66% share of the US dollar, according to the European Commission. The European Central Bank is contributing, in fact, to the strong role of the U.S. currency as an official reserve currency by holding large amounts of dollars. Even so, the central banks of leading Asian economies have raised their euro holdings. Taiwan reportedly increased its euro holdings to about 35% of total reserves, while Singapore is estimated to hold a third of its reserves of U.S. \$80 billion in euros. Some 10% to 15% of the Bank of Japan’s foreign currency reserves – the world’s largest at around U.S. \$450 billion – are held in euros. China also is adjusting its foreign reserves holdings in favour of the euro.

In his Statement, the ASEM Summit Chairman pointed to the “interplay between economic growth and progress in the social sphere.” However, the ASEM leaders did no more than endorse an ASEM Workshop on the Future of Employment and the Quality of Labour. The Statement also stressed the importance of education as an important factor for employability and poverty alleviation. Here, too, the leaders limited themselves to endorsing educational exchange programmes.

**T**he Chairman’s Statement, which sums up the discussions at the ASEM Summits, and between ASEM finance, foreign and trade ministers, is drafted well in advance of these meetings by senior officials (or sherpas). They are couched in such general terms, for the most part, that they offer little guidance to the civil servants who must act on them. It is inconceivable, on the other hand, that ASEM presidents and prime ministers would actually tell their trade ministers to liberalise imports of “sensitive” textile products at a much faster rate. ■

## A platform for Indian and European civil society

The absence of an agreed definition of “civil society” has not prevented its representatives from making a success of the EU-India Round Table. This is the body that was set up by the first EU-India Summit, precisely in order to give civil society a role in shaping relations between the two major democratic entities that are the 15-nation European Union and India.

We asked the Round Table’s two co-chairmen to comment on its activities since it was inaugurated by Commissioner Chris Patten, and the then Indian foreign minister, Jaswant Singh, in January, 2001. The Round Table’s European members are drawn from the ranks of the European Economic and Social Committee, while its Indian members come from trade and industry, the trade unions, media and the scientific and academic communities.

At its fourth meeting, held in Portugal in September, the Round Table took steps to reach out to other civil society organizations in India and the EU, and involve them in its discussions, through the creation of an EU-India civil society Internet Forum to start with. It also undertook to promote increased media involvement in the civil society dialogue, and to foster cross-cultural exchanges. ■

## The need for innovative approaches

by N. N. Vohra

India established diplomatic relations with the European Economic Community, today’s European Union (EU), over four decades ago. It was only about two years ago that Mr. Jaswant Singh, then Minister for External Affairs, and Mr. Chris Patten, the European Commissioner for External Relations, readily agreed that interactions between officials would be strengthened if civil society was enabled to play its important role.

This led to the establishment in January, 2001, of the India-EU Round Table, “a high-level, preponderantly non-governmental group of eminent personalities from both sides.” The Round Table is free to choose the topics it wishes to discuss, and is even expected to go beyond the scope of the intergovernmental exchanges in reinforcing the civil society dialogue. The Round Table’s recommendations are envisaged as providing “non-binding inputs” for decision making at the inter-governmental level.



The 15 European members of the Round Table are drawn from the membership of the European Economic and Social Committee (EESC), a well-established consultative institution representing the various economic and social elements of organised civil society in the EU. They are led by Mr. Göke Frerichs, President of the EESC and co-chairman of the Round Table. The European members of the Round Table thus form a well-knit group of people who have been working together in the EESC under the same leader! The Indian members, in comparison, are drawn from a variety of organisations located all over India, and may therefore be said to symbolise the country's diversity.

I am reminded in this context that about five years ago the India International Centre in New Delhi, of which I am Executive Director, collaborated with a local university in organising a seminar on globalisation. I found, however, that there were no more than three or four academics with a knowledge of the EU, whom I could call on to take part in the session on India-EU economic relations. Distressingly, even a fair-sized map showing details of the EU member countries, their population, languages, currencies, etc. was not readily available!

**T**hanks to the Round Table we today have a dozen responsible Indians, from diverse professions, who have been exposed to the EU and its functioning, although only two of them, representing trade and industry bodies, have had significant dealings with the EU. This is a very significant advance, in my view, as all the Round Table's Indian members can participate in discussions on issues relating to India-EU relations, and make a useful contribution to the debates that are held in various parts of India from time to time.

In selecting the issues to be discussed during its earlier meetings, the Round Table has not altogether moved away from the issues and problems which burden Indian and European officials. I am very happy to record, nevertheless, that even in their discussions on such complex matters as food and agribusiness, trade, tariffs and other WTO-related issues, members from both sides have been able to arrive at agreed positions.

**C**onsidering the experience gained so far, and the confidence built up on both sides, I feel that the Round Table would have a more enduring impact if it were to concentrate more on examining innovative approaches to issues of mutual interest, thus contributing to a broader and deeper understanding between India and the EU.

I am of the view that civil society interactions, under the aegis of the Round Table, can make such a contribution, despite our acute historical, linguistic and cultural diversities. This would contribute, in turn, to wholesome political understandings, thus paving the

way for rapid progress in establishing sustainable economic and security relations. Experience has shown that failure to arrive at timely decisions which could help resolve existing problems, can arise from mutual doubts and suspicions, which are rooted in an inadequate understanding of the histories, politics, societies and cultural values of the interfacing countries. Thus indifference, disregard and even contempt for an opposing viewpoint may arise from nothing more than sheer ignorance.

**I**t is necessary to see how best to spread information and knowledge, in order to reduce, and hopefully eliminate, those elements that prevents agreement. While educational programmes and exchanges can be considered in this connection, perhaps the very first step would be to improve news reporting by the print and electronic media. It is gratifying to note that the Round Table reached agreement at its last meeting on the steps that need to be taken to encourage the media in the EU and India to promote understanding between their civil societies.

I would conclude by stating that systematic and patient pursuit is required to build and enhance fundamental understandings. The functioning of the Round Table in the past 18 months has, in my view, amply shown that it has the capacity to reach its objective. ■

**Editor's Note:**

N. N. Vohra, Executive Director, India International Centre, New Delhi



## Promoting people-to-people links

by Göke Frerichs

During my last two years as President of the European Economic and Social Committee (EESC), I have had the additional honour of co-chairing the India-EU Round Table. The setting up of the Round Table has certainly been one of the EESC's major accomplishments during my presidency. It has demonstrated both the added value that civil society can bring to international relations and the importance of fostering people-to-people links between the European Union (EU) and its major partners.

Through the involvement of Members of the EESC, and of representatives of Indian civil society, the existing EU-India political dialogue and trade relations have been complemented, and an equal and mutually beneficial partnership between the relevant actors has been consolidated.

I am particularly proud of the EESC's rapid reaction to the request of Commissioner Patten and of the former India Foreign Minister, Mr. Jaswant Singh, to establish a Round Table. It was organised within a few months, so that the first meeting could be held in New Delhi in January 2001. Since then, the Round Table has met on three other occasions, and has become an essential element of EU-India relations.

Also, I am very pleased with the fact that we have managed to establish working relationships within the Round Table so quickly, and to become more familiar with one another. Above all, in times of serious international tensions we have created a climate of mutual trust and understanding, which enables us to take constructive dialogue much further and to give joint expression to EU-Indian civil society. We now intend to extend our scope and to strengthen the interaction with local civil society organisations in the margin of our meetings. We did just this in Cascais, Portugal, when we organised a hearing of representatives of Portuguese civil society involved in relations with India.

I am very satisfied with the quality of the recommendations forwarded to EU-India Summits on such contentious topics as migration, WTO negotiations and investment. In particular, during the 2nd meeting of the Round Table in July 2001, we managed to adopt joint recommendations on the WTO, on investment and on intellectual property, at a time when negotiations on the preparation of the WTO Ministerial conference at Doha were at a deadlock. Similarly, during the 4<sup>th</sup> meeting of the Round Table,

which took place in September 2002, recommendations were adopted not only on investment promotion and co-operation in the fields of food and agribusiness, but also on the role of the media in promoting and strengthening civil society co-operation. During future meetings we plan to go even further and tackle issues such as human rights in the workplace, corporate social responsibility and sustainable development.

The success of the Round Tables over the past two years has been acknowledged by both EU and Indian ministers during the annual EU-India Summits, which have included presentations of the recommendations of the Round Table. Hence, alongside the EU Council, the European Commission and the European Parliament, the EESC is clearly making an additional and unique contribution to the EU's international relations.

The success of the India-EU Round Table is also indicative of the changing nature of international relations *per se*, which over recent years have involved a broadening of the scope of players to include representatives of civil society. In an increasingly globalised economy, this open and participative approach to policy making and to international relations is becoming the rule, rather than the exception.

Within this new approach to governance, the India-EU Round Table is likely to become a model for future Round Tables between organised civil society in Europe and major EU partner countries in the world. ■

### Editor's Note:

Göke Frerichs is the President of the European Economic and Social Committee.



## UN condemns Sri Lanka's President

by John Quigley

The UN Human Rights Committee ruled on September 27 that Sri Lanka had violated the human rights of the current Minister for Rehabilitation, Re-settlement and Refugees, Dr Jayalath Jayawardena. The ruling, which is bound to heighten tension between the two governing parties in Sri Lanka, gives Colombo 90 days to respond with measures to enforce the Committee's findings. The Minister had made a complaint that statements by President Chandrika Kumaratunga in the government and private media, declaring that he was "involved with the Liberation Tigers of Tamil Eelam" (LTTE), were contrary to certain provisions of the International Covenant on Civil and Political Rights.

At the time of the complaint, in February 2000, Dr Jayawardena of the United National Party (UNP) was an ordinary opposition member of Sri Lanka's Parliament. The UNP, led by Ranil Wickremesinghe, who has since become Prime Minister, was also the subject of scathing remarks by President Kumaratunga. Speaking to *the Far Eastern Economic Review*, in March 2000, Mrs Kumaratunga said "it appeared that the UNP and the LTTE had been working together for a year and a half". The UNP, she said, "was counting on the LTTE assassinating me during the election campaign". The public accusations against Dr Jayawardena started in 1998 in both print and television media.

The President, on state-owned television renewed the accusations on State-owned television on January 3 this year. On January 5 the leader of the All Ceylon Tamil Congress, Mr Kumar Ponnambalam, was murdered in Colombo. Mr Ponnambalam had made no secret of his support for the Tamil Tigers. His assassination led Dr Jayawardena to fear for his life, after he reported receiving death threats and to being followed in the street.

In his complaint to the Human Rights Committee Dr. Jayawardena did not invoke any specific provision of the International Covenant. He argued that the statements by President Kumaratunga directly put his life at risk. Her allegations were "tantamount to harassment" and resulted from his efforts to "draw attention to human rights issues". Dr. Jayawardena maintained that the authorities "did not provide sufficient security" to protect him, once he had brought the threats to his life to the attention of the Sri Lankan Parliament. They also failed to "investigate any of the complaints" he had made to the police.

In response, the government tried to dismiss the Minister's complaint as nothing more than a "political exercise in international *fora*." It was more of an attempt to discredit the government than defend any supposed violation of his rights. President Kumaratunga indicated to the Committee that Dr. Jayawardena had not sought any "domestic remedies," as required under the terms of an Optional Protocol to the Convention. Such remedies could have included actions under the constitution and the penal code, the President noted. She admitted that she has immunity from prosecution, but pointed out that Dr. Jayawardena did not take any action against any of the TV stations and newspapers, in an effort to halt the publication of the allegations he considered harmful.

This was denied by Dr. Jayawardena, who said that he was not concerned about the press or police issues but, solely by the statements Kumaratunga had made against him.

The Committee ruled that the Minister had, in fact, exhausted the domestic remedies available to him in relation to the possible "eventual harm to his personal security" which President Kumaratunga's allegations may have caused. A second ruling held that he had exhausted domestic remedies open to him in relation to the State's failure to investigate the death threats made against him. In its final ruling, the Committee held that the Minister had failed to "substantiate the claim" that the State had failed to protect him by providing increased security.

In both instances where Dr. Jayawardena's rights were violated, the Human Rights Committee invoked the provisions of the "right to security of person" under Article 9,1 of the Covenant. In upholding these elements of his complaint, the Committee held that he was entitled "to an appropriate remedy". It gave the government 90 days to "provide an effective and enforceable remedy", and to forward details of the remedy to it.

The Committee consists of representatives from 18 countries, including Japan, India, the United States and France. It monitors the implementation of the Covenant, and its various Protocols, within the territory of the signatory States. Its members are "persons of high moral character" and have a "recognised competence" in the field of human rights. It meets three times a year, in Geneva and New York. ■



## EU Mission reports on Sri Lanka peace process

Following nearly two decades of bloody conflict, which left an estimated 65,000 dead, the warring parties in Sri Lanka met in Bangkok in September, following lengthy Norwegian mediation in the hopes of a negotiated end to hostilities. One of the most pertinent comments on this tragedy, and its possible resolution, was contained in a recent EU Conflict Prevention Mission report. We are publishing here extensive excerpts from the report, which was prepared by two outside experts.

Sri Lanka has missed several opportunities in the past to resolve its conflict and move in the direction of lasting peace. Therefore, this opportunity must not be missed and it is important that the international community as well as the Sri Lankan Government, LTTE (Tamil Tigers) and other peace actors make every effort to strengthen the peace process initiated with the signing of the ceasefire agreement (CFA).

However, any international donor support for the peace process must be perceived to be genuine support as opposed to interference. Nor can it be seen to be politically partisan. International assistance has to be delivered with sensitivity to the in-built and prejudicial feelings among a cross-section of the Sinhalese in the South that the Tamils in the North have had a privileged status during and after the colonial era. On the other hand, there is also an in-built prejudice and resentment among the Tamils that although the Sinhalese have systematically marginalised and inflicted pain on them, the international donors have been too generous and biased towards the government and the South with development aid.

Given that background, the existing tension among the Muslim, Tamil and Sinhala communities, and the potential threats and obstacles to the peace process, it is important that the programmes of international donors, especially economic investments, should not be seen by the anti-peace groups as biased or partial towards one particular community.

A careful examination of the possibilities on a case-by-case basis, rather than a simple blanket extension of EC funded projects to previously disengaged areas, should therefore be the norm.

It is also important that at this crucial moment, European Commission (EC) stand in solidarity with the Sri Lankans and support the peace process. This solidarity has to come in immediately to support and strengthen the CFA and later focus on medium and

long-term strategy for peace by linking them to some of the on-going EC programmes in Sri Lanka.

### ***Recommendations for EC assistance***

We recommend three projects, keeping in mind the confidence building axes stated in the CFA; namely the flow of goods and movement of civilians, the extension of the rail service on the Batticaloa line and the vacation of schools and public buildings currently occupied by the two parties. In addition we also recommend a communication project and two others, which focus on human rights and internally displaced persons.

In the medium to long term, the government's Framework for Relief, Rehabilitation and Reconciliation is a key policy document and follows a broad series of consultations between all levels of government, civil society and donors and therefore we recommend it. Another key policy framework that EC should take into account in future programming is the Poverty Reduction Strategy Paper.

The government and the LTTE have both recognised an important role for the international community in the peace process, and this too is an improvement from previous practice. The Norwegian mediation is now well established and has proven to be a most valuable asset. They have done much to ease communication and to assist both parties in overcoming obstacles. Norwegians have also played a role in keeping the peace process on track by constantly helping to outline the broad parameters in which a settlement is possible, given the constraints and imperatives faced by both sides.

The UNF (Government) is on record for favouring intervention from the UN, particularly in implementing its resettlement/rehabilitation programme. The US is currently assisting in clearing landmines. In this respect, the international community is still lagging behind. The international powers, mainly the US and India, have undertaken the role of de facto observers, while applying pressure on both sides to play fair. Both powers have set the frame for a negotiated political settlement within the bounds of a united Sri Lanka, which respects the territorial integrity and sovereignty of the Sri Lankan state, combined with the devolution or decentralisation of substantive political power to the Tamil people on a regional basis.

However, neither the US or India have come out constructively and creatively in supporting the peace process and marginalising the anti-peace opposition, which both are able to do by virtue of their pre-eminent position in relation to influencing the political process in Sri Lanka. International powers have shown such commitments as in the case of conflict resolution in



Northern Ireland, South Africa, East Timor and the Philippines.

The international community should function as a watchdog of democracy, human rights and good governance, if it is to gain legitimacy in any peacekeeping, conflict resolution role.

As much as it should be vehemently critical of flagrant violations of human and democratic rights by the LTTE, particularly in regard to abductions, forced child recruitment and extortion, the international community should also be critical of the government, and hold it firmly committed to honouring pledges and commitments made to the LTTE.

**T**he international community should influence the President and the Opposition to co-operate in the peace process, and also urge the Prime Minister to engage in the task of peacemaking in partnership with the President. There is a strong desire among many Sri Lankans that the EU should initiate a process to bring together the President and the Prime Minister to come to a common understanding on the strategy to achieve peace, and to achieve this goal the EU should even consider sending a high-powered delegation to Sri Lanka. This type of mission is crucial at this critical moment as no government can bring about lasting peace with justice without the full co-operation of the opposition. If lasting peace is to be achieved in Sri Lanka it has to be a bi-partisan or coalition approach grounded on the principles of justice, human rights and democracy.

The Sri Lankan peace process is too fragile and volatile for the Norwegians alone to have the sole monopoly, and for it to be left in their hands. While the Norwegians spearhead the mediation/ facilitation role, there should be a reference group made up of Americans, Europeans, Africans and Asians for a constant reference dialogue and clarifying of issues.

Both the UNF government and the LTTE would appreciate a more committed role by the international community, especially the EU, that would legitimise the peace process and marginalise the opposition, while maintaining positive neutrality.

### ***Vested interest***

The major international players who have a direct stake in the process, namely, the US and India, have shown a keen interest in staking a claim in the eventual outcome of the process. Both have strategic interests in the island, particularly in gaining and consolidating access to the vital naval facilities in Trincomalee, which are crucial for the control of the vital sea-lanes of the Indian Ocean and for maintaining military dominance throughout the Asian continent. These strategic imperatives take on added significance in the context

of the global war against terrorism led by the US, particularly in targeting the so-called "axis of evil" as defined by the US leadership.

**T**he opposition by the Congress Party and the AIDMK in India to any political settlement with the LTTE leader Prabhakaran, and their demand for his extradition to India to face assassination charges over the slaying of Rajiv Gandhi, has provided the Opposition with added strength and resolve. Peace with the LTTE led by Prabhakaran will not be possible as long as this sword hangs over it. The only legal option would be for Prabhakaran to agree to extradition and stand trial, or for the international community to pressure India to drop charges against him in the form of an amnesty.

### ***How to support and consolidate the process***

This report has emphasised the unique window of opportunity that the Cease Fire Agreement has provided for a lasting political solution to the conflict. At the same time it emphasises the fragility of the peace process and its vulnerability to forces within Sri Lanka that have an interest in its failure. This vulnerability stems in large part from weaknesses in the political process in Sri Lanka, which has left decision-making in the hands of a small elite of politicians, liberation fighters and Colombo-based civil society groups.

This report, therefore, proposes a strategy to support and consolidate the peace process structured around four main axes:

To overcome the top-down approach to peace and to make the peace process a people-centred one, it is necessary to bring together committed professionals, intellectuals, religious leaders and peace practitioners who have roots with the grassroots and are able to communicate with them.

**T**his group must develop a discourse and debate on the issues of peace, and forcefully bring out the dividends for peace as against the consequences of resuming war. It will be their task to articulate a popular vision of a democratic pluralist social order which alone can bring the fruits of development to the people and which can nourish the diversity of traditions which make up the common Sri Lankan heritage. Peace is as much a struggle for hearts and minds as it is a struggle for defining new power relationships. Unless and until these ideological barricades are broken and new horizons are drawn of a new future, peace will remain at best a temporary truce.

Structures and mechanisms must be identified and established for citizen-based initiatives for building the bridges of peace, reconciliation and co-existence.

Already a few initiatives of this nature have been undertaken and these must be strengthened. Initiatives have been undertaken for constitutional reform, building bridges, cultural exchanges among estranged communities and for strengthening and monitoring democratic rights and so on. Some inter-religious initiatives have already been started. Initiatives have been taken to build national consensus for constitutional change based on democratic pluralist principles. National Conventions have been convened to give expression to the people's aspirations for peace. International consultations have been held for bringing the major communities and players into a dialogue and discourse on peace in Sri Lanka.

**T**hese lead initiatives must be identified, co-ordinated and these organisations recognised and strengthened as an immediate measure in salvaging an unstable and vulnerable peace process. The fact remains that the UNF government has not even conducted a serious study of these initiatives, let alone mobilised them. The ongoing hostility and open conflict between the Executive Presidents, who represents the opposition, and the Prime Minister and some members of his cabinet, who represent the ruling party, is a clear threat to the peace process. In order to address this, a memorandum of understanding should be worked out between the President and the Prime Minister, under which the parties would agree not to instrumentalise the peace process for political ends.

Given that background, the existing tensions among the Muslim, Tamil and Sinhala communities and the potential threats and obstacles to the peace process, it is important that the programmes of international donors, especially economic investments, should not be seen by the anti-peace groups as biased or partial toward one particular community.

**I**n this connection it is important for the EC to know that its assistance to Sri Lanka has been quite compartmentalised, with ECHO funding relief and rehabilitation in the north and east and traditional development co-operation and, more recently, economic co-operation, in the South. In the case of other donors, this approach has been criticised by some observers for increasing regional imbalances and thus feeding the conflict.

The signature of the CFA does now open possibilities to extend the geographic coverage of current programmes to conflict affected areas and to explore linkages between relief, rehabilitation and development. The mission believes, however, that the EC should exercise caution and consult closely with its implementing partners, who have more local knowledge and experience in working on conflict, before deciding. ■

## Tackling Poverty in Asia

The over-arching 21st Century imperative for development co-operation is tackling poverty.

**E**uropean and Asian governments have signed up to the UN 'Millennium Development Goals' with a deadline of 2015 for delivering on targets for poverty reduction and the provision of basic social services. Against moves by Europe's new right-wing governments to subordinate development policy to other agendas, *Tackling poverty in Asia* insists that poverty reduction is the proper purpose for development co-operation: not anti-immigration or security policies.

Asia, home to over two-thirds of the world's poor, should constitute a key target for development assistance under any global analysis. While parts of East and South-East Asia appear on track to achieve most of the 2015 development goals, Cambodia, Papua New Guinea, the Philippines and most of South Asia are lagging behind. India and China illustrate the region's profound economic disparities. Both are leaders in terms of economic growth *and* poverty: together they account for 50% of the world's population living on the equivalent of less than one dollar a day.

**I**n 1998/9, European Union (EU) aid to Asia fell to a low of only 7% of total EU funds. Turkey, a middle-income country, now receives twice as much EU aid as Bangladesh, a least developed country. Reforms in the European Union institutions for development co-operation are yielding results, with EU policy now firmly committed to poverty eradication as the proper purpose of aid. Yet putting that policy into practice is being undermined by a bias towards middle-income

These figures are not consistent with the EU pledge to target aid at poverty reduction. For the European Union to become an effective development partner and a credible global player, aid allocations should be based on the needs of the poor. The developing countries of Asia require a comprehensive approach: integrating aid, trade and political dialogue. In this chapter, we outline how this can be done.

EU aid to Asia does not take into account the region's population size, the urgency of its development needs or the proportion of its inhabitants that live in extreme poverty. Globally, of the 1.3 billion people living in extreme poverty (less than US\$1 per day) 75% live in Asia. Forty percent of all people living in poverty are located in South Asia alone. In all, Asia received just 7% of total EU aid in 1998/9. Asia receives approximately four times less aid per capita than Latin



America, and 23 times less aid than the African, Caribbean and Pacific states. These figures unfortunately mirror an overall decline in the share of EU aid to low-income developing countries: it dropped from 70% in 1990 to 38% in 2001.

## ***History of EU aid to Asia***

The haphazard evolution of EU aid has resulted from the accession of new member states to the Union. The Asia programme constitutes a political compromise over the association of former British colonies and their special trading arrangements with the former colonial power. The European Community categorically ruled out the possibility of the Asian countries being granted 'associated states' status to the EU.

Latin American countries were also refused association status on the accession of Spain and Portugal to the Union. As a consequence, the Asian and Latin American relationship with the EU has not benefited from the preferential trade arrangements or greater financial assistance granted under the Lomé and Cotonou Agreements, the development co-operation framework for African, Caribbean and Pacific (ACP) states.

EU aid has shifted towards middle-income countries at the Union's borders, at the expense of aid allocations genuinely focused on countries with high poverty levels or low-income developing countries. The draft budget for 2003 proposed by the European Commission formally envisages a rise to 11.2% of total EC aid for Asia, which is a step in the right direction. However, past experience suggests this is the first step in a ritual dance, as attempts to increase aid to Asia have been repeatedly blocked by European member states.

## ***Meeting poor peoples' basic needs?***

The European Union development policy statement states that "the main objective of EU development policy must be to reduce and, eventually, to eradicate poverty." Yet despite much progress, EU aid is still insufficiently focused on sectors that clearly help the poor and the marginalised. Efficient allocation of aid is targeted at meeting the basic needs of people living in poverty. The provision of primary health and education services is central to achieving the UN Millennium Development Goals by their deadline of 2015. The European Parliament has proposed sectoral targets for aid to Asia and Latin America, with 35% to be allocated to social sectors (health and education). According to the recent official evaluation mission neither of the targets was met in actual aid allocations – although the funds to Asia are better focused on social sectors than to other regions.

From 1993 to 2000 the Asia programme allocated 18% to education and 11% to health. Despite commitments by the European Commission to accountability and transparency, no data on the sums of EU aid to basic health and education are available.

The EU is also committed to promoting gender equality and children's rights. These are issues of crucial importance in the Asia region, given the widespread violation of women's rights and child labour. Despite an official commitment to mainstreaming these issues, little to no evidence of this was found in the EU aid programmes by the official evaluation report, which states that "gender received a paltry commitment of just under EUR3 million, 0.08% of total commitment". Funding for environmental protection also failed to reach its target.

## ***Gaps between commitments and delivery***

One of the most serious problems identified in EU aid to Asia is the gap between financial commitments and the actual amounts disbursed. Only one-third of the commitments made between 1993 and 2000 have been implemented. By 2001 less than half of the commitments made from 1993 to 1996 were expended. In the education sector almost EUR700 million was committed during 1993–96, yet only EUR200 million has been implemented. In the health sector over EUR400 million was allocated and only EUR250 million disbursed. The magnitude and frequency of the gaps between commitments and delivery are an embarrassment. EU member states have blocked sufficient financial and administrative capacity being allocated in the European Commission to manage EC aid to Asia.

The argument frequently used by aid donors, that developing countries are incapable of absorbing the aid funds, is not justified. Developing countries are subjected to two major obstacles in administering aid funds. Firstly, donors are poorly co-ordinated and impose a bewildering array of reporting requirements on them. Secondly, the developing countries have been pressurised through World Bank and IMF policies, with EU backing, into making budgetary cuts and axing staff in the very government ministries responsible for poverty-focused aid.

## ***Efficiency in aid management?***

The scarce resources allocated to Asia call for greater efficiency in aid management. Problems include a lack of local ownership of the aid programmes; a proliferation of instruments responsible for allocating and managing the funds; and a dependence on European expertise in aid administration.



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## ***The lack of local ownership***

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The EU uses several different approaches for delivering development assistance, including programme aid, which can be allocated to NGOs. Technical assistance and budgetary support is allocated directly to governments. The European Commission has proposed increasing the use of unallocated budget support in Asia in order to speed up aid disbursement. In contrast, BOND members support this approach, but specifically to promote ‘local ownership’ of development spending – not as a quick-fix for aid disbursement. BOND also underlines that the use of various approaches should be sequenced and paced to build administrative and technical capacity of the government involved.

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## ***A proliferation of instruments***

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EU co-operation with African, Caribbean and Pacific (ACP) countries offers a useful model for a holistic approach to co-operation between the EU and developing countries. Such coherence is lacking in the current and proposed aid frameworks for Asia and Latin America.

At present, development co-operation with Asia is governed by an array of financial regulations, EU resolutions and strategic frameworks, with the latter applying to the whole Asian region rather than specifically to developing countries. Greater coherence and co-ordination of policies is essential.

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## ***Tied aid and dependence on the EC***

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BOND welcomes the new commitment to ‘untie’ EU aid to Asia and Latin America: opening EU aid-financed contracts to non-EU companies. But this pledge is presently not backed by any technical and financial interventions to support the capacity of Asian developing countries to benefit.

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## ***Poor versus geo-political interests***

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The European Commission repeatedly expresses its desire for “greater flexibility” in the allocation of EU aid, particularly in reference to Asia funds. While flexibility is necessary, especially for humanitarian and emergency relief, it should not be used as an excuse for subordinating aid to other political agendas. ‘Mission creep’ has allowed the European Commission’s increasing profile on foreign and security policy to dwarf priorities in development co-operation. Thus, while trade sanctions were used as an effective and strong signal to Burma, in the context of EU alliance-building in the ‘war against terrorism’ the Union has demoted human rights and governance criteria in aid allocation to Pakistan, for example.

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## ***Aid Absorption: a phoney problem?***

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Insufficient co-ordination between donors, and harmonisation of reporting requirements; insufficient donor funding of capacity to absorb and implement aid in the recipient countries, and insufficient European Commission staff to manage EU aid to Asia, all contribute to the gap between aid commitments and delivery. Less than one-third of EU education funds were disbursed from 1993-96.

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## ***Core findings***

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European Union aid to Asia should be increased to reflect the high levels of poverty in the region and be focused on sectors contributing to poverty reduction.

EU trade and agriculture policies should be made consistent with efforts to reduce poverty countries in Europe’s near abroad. Furthermore, the EU Asia funds can be better focused on sectors that actually meet the needs of people living in poverty, such as primary health and education. Europe’s aid programmes should promote a social and democratic model that other multilateral development institutions, such as the World Bank and IMF, could follow.

Developing countries in Asia should be offered a comprehensive package in development co-operation, one which integrates aid, trade and political dialogue. This is not the case at present.

In the aftermath of September 11, both European and Asian governments articulated the need for an “international coalition against poverty”. Tackling poverty in Asia requires a wide-ranging analysis of factors ranging from debt, human rights and democratisation to conflict and natural disaster, patterns of migration and environmental degradation. Such an analysis is beyond the scope of this report but not beyond a European Union genuinely committed to policies for poverty reduction and an open dialogue in the region on the framework for its co-operation. Hopes for sustainable development and poverty reduction in Asia are shaped by various factors, endogenous and exogenous. And the EU has a role to play. ■

\*This article is published with the permission of the British Overseas NGO’s for Development (BOND), a London based organisation that was founded in 1993. The article is composed of excerpts from the original brochure. The full publication is available at [www.bond.org.uk](http://www.bond.org.uk)

## Myanmar: the future of the armed forces

The release of Aung San Suu Kyi from house arrest on 6 May 2002 has generated some optimism about political progress in Myanmar. It remains to be seen, however, whether all political actors will be able to translate the new co-operative atmosphere into actual compromises in key policy areas.

This briefing focuses on some of the most critical issues that will have to be dealt with in a political transition – the composition, management and responsibilities of the Myanmar armed forces (the *Tatmadaw*) as a military institution. First, it reviews the ongoing expansion and modernisation of the *Tatmadaw*, and lays out the visions of respectively the State, Peace and Development Council (SPDC); and the National League for Democracy (NLD) for the armed forces of the future. Secondly, it considers the prospects for a compromise between the two protagonists that satisfies core values on both sides, outlines the possible contours of such a compromise, and identifies key problem areas.

Since 1988, the military government has carried out an ambitious expansion and modernisation of the armed forces. As a result, the *Tatmadaw* today is an entirely different organisation from that of a decade ago. It is now able not only to crush civil disturbances in the cities and respond to periodic guerrilla attacks in the countryside, but also to conduct much larger and more effective counter-insurgency operations. For the first time in its history, it also has the means to carry out extended conventional operations in defence of Myanmar's sovereignty and territorial integrity.

Whatever differences members of the military hierarchy may have over other policy questions, they share a vision of the *Tatmadaw* being the envy of its regional neighbours, and capable of defending Myanmar against even the most sophisticated and well-equipped adversaries. There also seems to be a shared conviction that – regardless of any changes that might need to be made in the way the country is governed – the armed forces should remain the ultimate arbiters of power in Myanmar and have all the means necessary to impose their will on the country.

The NLD, which has operated under enormous restrictions, including the imprisonment of most of its leadership, was slow to formulate and articulate its views on defence issues. Aung San Suu Kyi and other NLD leaders, however, have made repeated references to the place of the armed forces in Myanmar society.

In 1999 these views were incorporated into a formal defence policy platform, which clearly set out a broad vision for the *Tatmadaw* under a democratic government.

In some key respects, this vision is not too different from that of the military hierarchy. Yet, given the profound differences between the two sides in their approach to governing and defending Myanmar, there is also a considerable divergence of views. The NLD, for example, favours smaller, more professional armed forces under full civilian, political control. Particularly contentious issues would likely include the role of the powerful intelligence apparatus, the question of amnesty for members of the armed forces guilty of human rights violations, and the ideological foundations and indoctrination of future members of the armed forces.

The NLD has made it clear that it is ready to discuss the position of the armed forces under a democratic government. The military leaders, however, remain convinced that they alone have the right and the ability to decide such core issues as the size, shape and management of the armed forces, which not only constitute their main power base, but also are central to their self-image and world view. Thus, they have dismissed the NLD's attempts to devise and promulgate an alternative defence policy not only as having little worth but, more importantly, as having no legitimacy. Indications are that advice from foreign governments and independent groups on this subject is accorded much the same treatment. On the amnesty issue, even though Aung San Suu Kyi has already made it clear that a NLD government would not engage in a campaign of reprisals against serving or retired members of the *Tatmadaw*, these assurances have so far failed to meet the concerns of the officers most likely to be affected.

To outside observers it would seem to be in the long-term interest of the *Tatmadaw* itself to reach an accommodation with the NLD and other political forces, that would reduce the opprobrium it currently faces both domestically and internationally. Yet the military hierarchy appears to feel that it is already capable of defending its own policies and – despite the costs to the wider community – sees continuing high levels of defence expenditure as both necessary and justifiable. It believes that the armed forces are behaving honourably, holding the Union together, maintaining internal peace and stability, and defending the country against diverse external threats.

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### ***The armed forces today***

Before 1988, the *Tatmadaw* enjoyed the respect, albeit often grudging, of many people in the country. Yet it suffered from serious structural problems. The army



was essentially a poorly equipped light infantry force capable only of limited counter-insurgency operations. It was battle-hardened and resourceful, but had limited mobility, insufficient fire support, poor logistics and inadequate communications. The air force, similarly, was small, ill-equipped and crippled by its dependence on foreign logistics. It was hard-pressed to keep its obsolete and over-worked aircraft flying, and could only perform a very limited role in support of the army. It had no credible air defence capability. The navy was confined to patrolling Burma's inland waterways and coastal fringes in a few ageing and poorly armed vessels. Despite its military foundations, Ne Win's Burma Socialist Program Party government (1974-88) had been reluctant to spend the resources required to significantly upgrade the *Tatmadaw's* capabilities.

**A**fter 1988, however, the new military leadership resolved to address all these problems, regardless of the cost. Freed from any public or political scrutiny, and with the full resources of the country at its disposal, the State Law and Order Restoration Council (SLORC) – later renamed the SPDC – formulated and implemented a comprehensive plan to expand and modernise all three armed services. Given the ad hoc nature of policymaking by the military government over the years and its unpredictable economic fortunes, this plan has no doubt been revised and amended many times.

Wider nation-building efforts, such as infrastructure development, aid to the civil population, de-mining operations and disaster relief, would also be important in helping to restore the *Tatmadaw's* pride and self-respect. Its standing in society, eroded by Ne Win's 1962 *coup d'état* and grievously harmed by the army's role in crushing the 1988 uprising, would be greatly improved. The people at large would be encouraged to look upon the *Tatmadaw* as their protectors, and not as their oppressors.

## **Conclusions**

In order for Myanmar to progress politically and economically, it is imperative that the military government and the pro-democratic opposition reach a compromise on the composition, management and responsibilities of the armed forces. This would not only benefit the country and its people, but would also seem to be manifestly in the self-interest of both sides in the decades-long struggle for central state power.

There is some common ground on which it might be possible to begin building a broad consensus on what the *Tatmadaw* might look like in the future. If open discussion on such issues were permitted, this would constitute a useful first step in canvassing areas of agreement, and in rebuilding the public's trust and confidence in the armed forces.

The obstacles to such an outcome, however, are formidable. The character and position of the *Tatmadaw* are not only key to the military hierarchy's continued grip on political power but also fundamental to its internal self-image and external world-view. The SPDC shares a firm conviction that the roles and responsibilities of the *Tatmadaw* are the exclusive preserve of the military leadership and that core national security issues of this kind can only be understood and managed by the armed forces themselves. So far, the top leaders have strongly and consistently rejected any attempts by "outside" forces, whether domestic or foreign, to influence how the *Tatmadaw* is constituted, controlled or used. In fact, public discussion of "defence" or "security" is seen as a direct challenge to the military government itself and incurs harsh penalties.

**C**learly, the ability of the international community to influence the military government directly in this critical area is very limited. Any public attempts to dictate or even propose specific changes in the size, shape or role of the armed forces would be rejected out of hand and could easily backfire. The latter would particularly be the case if such intervention were perceived to be aimed at weakening the ability of the *Tatmadaw* to defend the country.

Private approaches by fellow military officers, particularly from neighbouring countries, would be more acceptable but still unlikely to have direct or immediate impact. Therefore, the best advice that can be given to international actors at this point – keeping in mind that their influence will at best be long-term and greatly circumscribed by domestic factors – is to focus on establishing an "enabling environment".

Foreign governments and international organisations must be prepared to follow the lead of domestic actors on any issue relating to national security and internal military affairs. There is need to be pragmatic and accept such compromises as the NLD and other civilian groups might be able to negotiate with the military leadership, even if they were not to fulfil liberal democratic or rational economic principles.

**I**n particular, the U.S. and European governments should be careful not to impose Western ideas of military professionalism, which could undermine any attempt to find a less dominant, yet meaningful and useful role for the armed forces in the nation-building process. It is, for example, quite possible that the *Tatmadaw* for some time to come would have a positive role to play in the administration of the country. This should be left up to the Myanmar people, or their representatives, to decide. Concrete steps should be taken to help alleviate the military hierarchy's fears of international intervention in Myanmar's domestic conflicts. This might be

accomplished, for example, by: (a) supporting domestic efforts to bring an end to the civil war, aid to rebuild war-torn societies and economies in former conflict areas, and other peace initiatives; (b) having regional powers – or an appropriate international body – guarantee Myanmar’s existing borders; and (c) broader diplomatic and co-operative efforts aimed at enhancing understanding and trust with the military leadership and government at large.

There is a need to consider international assistance for economic reforms not only for humanitarian and general development reasons, but also as a way of creating a win-win situation for all political stakeholders. The struggle over scarce resources in Myanmar’s undeveloped economy contributes to tension at all levels of society, among state sectors, between the state and private sector, and between the centre and the periphery. Conversely, in a revived and expanding economy, it would be possible for the government to fund legitimate defence needs, while increasing much needed social and other productive investments in the country at large and ethnic minority regions in particular.

Defence spending has to be reduced as a percentage of central government expenditure, but not necessarily in absolute terms. The multilateral lending agencies, through structural adjustment loans and strict technical conditions, could play an important catalytic role in this area. The *Tatmadaw*, like other institutions facing the loss of traditional areas of power and responsibilities, should be helped to find an alternative focus and take pride in a more apolitical role. International actors could eventually facilitate such a reorientation, for example, by supporting the ongoing efforts to build a more conventional, modern armed forces on par with those found in neighbouring countries, and by encouraging and assisting an expansion of the army’s anti-drugs campaigns. The UN should also explore the possibility of engaging the *Tatmadaw*, if and when it were willing, in international peacekeeping missions.

There is a fine line between supporting a more “professional” armed forces, and one better able to dominate politics and control its own population. However, some conventional warfare capabilities of the Myanmar armed forces should not be too sensitive, at least not from a political point of view (some countries in the region may feel differently about the security implications). The apparent willingness of the military government to increase its co-operation with neighbouring countries in anti-drugs campaigns would also seem to warrant a reassessment of current levels of international support in this area. Care should be taken, though, to ensure that any monetary or material assistance is used for the intended purpose and not diverted to military campaigns against political forces elsewhere in the country.

Ultimately, substantial reform of the *Tatmadaw* will require a shift in internal perceptions about the role of the armed forces in society. This is likely to be accomplished only over years, or even decades, as part of a broader process of domestic political and social change. However, international actors, both government and private, should actively seek to accelerate attitudinal change by facilitating increased exposure of the officer corps, including its younger members, to alternative information and ideas about politics, economics and military doctrine. This may be done indirectly through publishing more information, or more directly by increasing military exchanges and providing training opportunities for Myanmar officers at defence academies and civilian universities around the world. There is also an urgent need to develop a cadre of civilian experts in all security and military matters. This could be started immediately by stepping up educational opportunities in military and security issues abroad for civilians. Training for civilians in matters of policing, emergency work and internal security would also be useful in facilitating eventual reforms of these areas.

The international community must recognise that there are no easy, quick fixes to the complex structural and cultural problems that for a half century have impeded political and economic progress in Myanmar, and certainly none that it can impose. Instead, the aim should be to unlock frozen patterns of behaviour and thinking inside the country by encouraging new actors, policies and ideas – and paths to democracy, military professionalism, a strong market economy and broader social development that can actually reach this destination.

There is a need to abandon the kind of thinking that sees any progress achieved under the military government as an obstacle to democratisation, and therefore something to be neither supported nor encouraged or even acknowledged. The reality, whether Western policymakers feel comfortable with it or not, is that the military leadership is more likely to compromise in an atmosphere of progress than it is under siege. It is, after all, five decades of self-imposed isolation that has created the mindset against which the domestic opposition and its international supporters are now struggling.

Bangkok/Brussels, 27 September 2002.

**Editor’s Note:**

The above article is an excerpt from an extensive survey of the situation conducted by the *International Crisis Group*, and contains its summary and conclusions, without the original footnotes. It is printed with the ICG’s permission. For the full text, see [www.crisisweb.org](http://www.crisisweb.org)



## Indonesia: Resources and Conflict in Papua

The struggle over land and natural resource rights is a key aspect of the conflict in Papua, formerly known as Irian Jaya, that pits the Indonesian state against an independence movement supported by most of the indigenous population. It is thought to have cost many thousands of lives since the 1960s, mostly Papuan civilians killed by the security forces. Among the most recent victims were three employees of the giant mining company, PT Freeport Indonesia, killed in a well-planned attack on 31 August 2002.

The conflict is characterised by sporadic violent clashes between security forces and scattered guerrillas of the Free Papua Movement (OPM) and by the largely peaceful independence campaign of the Presidium of the Papuan Council, an umbrella group regarded, in a society of great ethnic and linguistic diversity, as the most influential voice of indigenous aspirations. Its starting point is the view that Indonesia's 1969 annexation was not legitimate in the eyes of most Papuans.

The murder of Presidium chairman Theys Eluay by Indonesian soldiers in November 2001 has sparked fears within Papua of an impending crackdown on the independence movement, though another theory rests on alleged rivalry between retired generals over logging. There are fears that the presence of Laskar Jihad, a radical Islamic organisation with a history of communal violence, could exacerbate deep tensions between indigenous Papuans and the many Indonesian settlers. It seems likely that the conflict could escalate, especially if the military adopts the hardline approach it takes in Aceh.

Indonesia has attempted to end the conflict by offering special autonomy to Papua, as in Aceh. The original draft of the law, created by members of Papua's educated elite, was watered down in Jakarta to produce a document shorn of the aspirations of even the most conciliatory Papuans. It does offer some potentially important concessions, notably returning more natural resource wealth to the province and giving a greater (but limited) role to Papuan adat (customary law). However, implementation has been left to an inefficient, sometimes corrupt bureaucracy, and most Papuans appear to reject it on principle. The success of special autonomy is open to question, therefore.

Injustices in the management of natural resources under Indonesian rule have contributed significantly to the conflict. The state has often given concessions to resource companies in disregard of the customary rights of indigenous Papuan communities, while troops

and police guarding these concessions have frequently committed murders and other human rights abuses against civilians. Provisions in the special autonomy law require resource companies to pay greater heed to adat claims to land ownership, but they do not apply retroactively to the many companies already in Papua.

Indonesian security forces have a financial interest in resource extraction in Papua, through direct involvement in logging and other activities and protection fees paid by resource companies. Numerous serving and retired officers, senior state officials and others close to government are thought to have logging concessions or other business interests. Alongside the substantial tax and royalties accrued by the state, these interests are a powerful reason for the Indonesian state and its agencies to keep control of Papua.

The resource industry with the widest geographical impact in Papua is the logging industry, whose concessions cover nearly a third of the province. ICG research in Papua, notably the western Sorong region, suggests widespread abuses by logging companies which exploit and deceive local people, pay little or no heed to environmental sustainability and rely on the military and police to intimidate villagers who protest.

It seems that many Papuans are not opposed to logging or other resource extraction in itself, but resent the way that they are often treated by companies. These tensions, fused with the independence struggle, have led to bloodshed in some places.

As in other parts of Indonesia, autonomy has led to a shift within the logging industry. Jakarta's dominance over logging concessions has been challenged since 1998 by local timber elites who use new regulations to issue many small-scale licenses, ostensibly to benefit local people but usually to the profit of timber companies from Indonesia or other Asian countries. The members of these elites can include civil servants, military and police officers and Papuan community leaders. There has also been an upsurge in illegal logging in western Papua, apparently organised or facilitated by these same local elites.

The other resource industry covered by this report is mining. The Freeport copper and gold mine is the most controversial foreign mining operation in Indonesia, largely because of historical entanglement with Soeharto-era elites and the military. The mine has long been accused of dispossessing locals and colluding in human rights abuses by its military guards. It has made increasing efforts since the 1990s to win legitimacy with a Papuan community swelled by immigrants drawn to the mine. These include much development spending but which have themselves caused social disruption. Relations remain problematic between the company, its guards and an ethnically diverse community.



A new investment in natural gas, Tangguh LNG, is an attempt to extract natural resources without the conflicts associated with Freeport and the logging industry. The driving force, the multinational BP, has made significant efforts to win local support. This is highly complex because of the numerous, sometimes clashing interests involved, which include the company, the Indonesian state and its oil company, Pertamina, local and regional government, local communities, non-governmental organisations and the security forces.

**I**t is too early to say if BP will succeed, or even to define success. The project is seen as a test for a more humane approach to resource extraction. A significant risk is that security forces will try to involve themselves closely in Tangguh LNG, creating the potential for human rights abuses and criminality that have afflicted other resource projects.

Should it succeed, BP's approach will be a step forward. Nevertheless, the violent conflict seems likely to continue for some time. The onus should be on resource companies, Indonesian and foreign, to demonstrate that their presence will not make a bad situation worse. Promises of community development will not compensate if locals do not feel they have meaningful influence over companies, if inevitable social and environmental disruption is not well-managed, and if the role of the security forces cannot be curtailed.

**S**pecial autonomy offers the provincial government an opportunity to create a better oversight of resource companies, through independent commissions to vet investments and investigate complaints, for example. The regulatory and licensing regime for logging should be overhauled to make it more just and sustainable, possibly including a commercial logging ban until reform has taken place. But the generally poor record of resource investment in Papua will not improve until two interlinked and very difficult issues are tackled: the need to give meaningful autonomy and a greater sense of justice to indigenous Papuans, and to tackle the behaviour and finances of the Indonesian security forces.

## **Recommendations**

To Indonesian government authorities:

1. To the greatest extent possible, security disturbances in Papua should be treated as a law enforcement problem to be handled by police, not military, and without excessive physical force.
2. In response to the security problems posed by Lasker Jihad, Papua's governor should:

- a. take the lead in drawing up a security plan for Fakfak, Sorong and Manokwari districts and other areas where it is present;
- b. work with district officials and religious leaders to monitor it;
- c. respond immediately to communal incitement by any medium;
- d. order the arrest of anyone carrying unauthorised weapons; and
- e. caution district and subdistrict officials against giving permission to Laskar Jihad to initiate its activities in their areas.

3. The provincial government should work with the appropriate central government agencies to set up a commission, recruited from influential and credible people, to receive and investigate complaints of human rights violations practised or colluded in by resource companies. Evidence that a company has knowingly engaged or colluded in such violations should be grounds for revoking its operating license.

4. The provincial government should work with the relevant national agencies and foreign donors to restrict and gradually end the role of military-linked businesses and contracting companies in the extraction of natural resources, because it will be easier to address security issues if they are delinked from economic interests.

5. The provincial government should consider issuing a regulation to halt commercial logging until a forestry policy can be prepared that gives a meaningful role to customary (adat) bodies, emphasises sustainability, and includes a review of licensing mechanisms that genuinely involves local communities, not only well-placed individuals.

6. The provincial government should set up a board to assess all proposals for investment and ensure that they are socially and environmentally responsible and include meaningful prior consultation with affected communities. The board should include representatives of civil society, chosen by the widest possible consultation, as well as non-Papuan experts, have power to recommend against a particular investment, and have its findings published in local media.

7. The national government and the Indonesian navy should rigorously enforce the log export ban and continue efforts to detain cargo ships that export timber from Papua. Local and international NGOs should support donor assistance for this effort.

To foreign governments and donor agencies:

8. Donor governments should make clear their concern about the lack of independence of the bodies investigating the murder of Theys Eluay, and urge the immediate creation of a more credible and experienced team with full access to military officers based in Jakarta and Papua, and any other potentially relevant witnesses or sources of information, including the files and personnel of the Hanurata and Djajanti companies.

9. Donor governments should allocate funds for more frequent embassy visits to Papua and stress to Indonesian counterparts that criminal behaviour by the security forces, including involvement in illegal resource extraction and/or tolerance of groups inciting communal violence, could erode international support for Indonesian rule over Papua.

10. Donor agencies should offer help to civil society groups in different parts of Papua to network with each other and monitor resource extraction, especially logging.

To resource companies:

11. Consider carefully whether a given investment is likely to exacerbate the conflict and negate its benefits for Papuans. In such cases, the investment should be postponed.

12. As far as possible, keep the Indonesian military and police away from projects.

13. Consultations with local communities well in advance of construction or operations, allowing time to build trust and recognising that government officials, NGOs and Indonesian business partners do not necessarily speak for local people.

14. Ensure that community relations staff with local knowledge is integrated into the project from the start, works closely with technical and commercial staff and has similar status. Companies should be aware of the risk that relations with local people could be damaged by cultural misunderstandings or the prejudice of company staff or agents.

15. Avoid promises to local communities that cannot be promptly met. ■

Jakarta/Brussels, 13 September 2002

### **Editor's Note:**

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## Textiles – the way forward?

Are market access negotiations best left to representatives of the global textile and clothing industries? Is it easier for industry representatives from Europe and Asia to find common ground than the officials who negotiate on their behalf in Brussels and Geneva? Filiep Libeert thinks so. He is President of Euratex, the body which represents the European textile and clothing industry in Brussels, and Chairman of a textile company, British Vita Non Wovens.

In Mr. Libeert's view there is a "cleavage" in the way industry looks at WTO issues, on the one hand, and governments on the other. He was basing himself on the agreement, on a wide range of market access issues, reached at the first world conference on textiles and clothing, held in Geneva on September 21 and 22. Speaking to the press in Brussels afterwards, Mr. Libeert confessed himself "surprised by the degree of unanimity among industry representatives," and felt the conference "had a strong message for Pascal Lamy," the European Union's Trade Commissioner.

The conference, which was convened by Euratex, brought together trade associations from 36 countries, including Bangladesh, India, Indonesia and Japan, as well as Australia, Brazil, Turkey and the United States. The 15 EU countries were represented at the conference, as well as Norway, Switzerland and seven central and east European countries. China, Taiwan and Pakistan were invited but did not attend. The organizers saw no reason to believe that China's absence was "other than a timing problem."

The very large degree of consensus among the participants, evident from their final conclusions\*, is surprising. After all the conference brought together developed as well as developing countries, and major exporters as well as importers. Take the unanimous decision to call for closed markets to be opened, and all non-tariff barriers to be eliminated. For European exporters, the Indian market is a closed market. But as the Euratex President noted, Indian industry genuinely believes its market is an open one. While some countries initially maintained that ethical, environmental and social standards are in fact non-tariff barriers, "in the end all agreed on the need to uphold them."

Another reason for the large degree of consensus could be the attitude of give-and-take adopted by the participants. As Mr. Libeert put it, "We do not want to compete with India and Pakistan on cotton textiles; we're trying to reach the top 5% of consumers in developing countries." An Italian member of the



Euratex Board pointed out that EU companies were relocating the lower end of their product range, but could not afford to lose part of their domestic market without a counterpart, which he defined as the possibility of developing the upper end of the market.

**T**he Euratex President suggested that the bilateral agreements, such as those which the EU has concluded with Sri Lanka and Brazil, benefit both sides, because they give each side improved market access for the products in which it is competitive. He noted that the EU's textile trade balance with countries which had entered into such agreements had "improved substantially." But Mr. Libeert also pointed out that one of the strengths of the European industry lay in the fact that it operated the whole production chain, and cannot afford to lose any segment of it.

A major conference theme was the situation on world markets once the present quota system, provided for in the Agreement on Textiles and Clothing (ATC), expires on 31 December 2004. Its expiry clearly represents a major challenge for both developed and developing countries. While some of them were unsure of what would happen to their exports, there were no suggestions that the ATC be extended, so that the protection afforded by national quotas can be continued. Some participants in fact took the view that moves along these lines would only add to the uncertainty.

**E**ven so, there was a general belief that China, perhaps together with India, would be a major beneficiary – unless it decided to devote a larger share of its output to its domestic market. The Euratex President pointed out that China is rapidly acquiring the latest technology; thus the Belgian firm, Picanol, exports half its output of modern textile machinery to China. As a result China, which already is very well placed in terms of its export prices, will beat everyone on price. (Mr. Libeert confessed himself unable to understand how Chinese exporters set their prices.)

China's image clearly has improved in Europe since it joined the WTO, and has committed itself to reducing its tariffs and to opening up its market generally to imports. India's image, however, continues to suffer; one Indian participant even spoke of "India-bashing" at the conference. If European exporters maintain that the Indian market is the most protectionist, European companies trying to invest in India (they are often exporters) seem to have only horror stories to relate. It may be, of course, that successful investors keep their success a secret.

\* The Final Conclusions are given here in full:

Participants were unanimous in calling for closed markets to be opened, and for the removal of all non-tariff barriers.

They also reached broad agreement that market access negotiations in the Doha Round should be based on a sectoral approach, starting from tariffs that are currently being applied to reach resultant bound levels in the WTO.

Representatives also recognised the need for a proper application of the TRIPS agreement, and enforcement of intellectual property rights in terms of trademarks, brands, designs and models, and called for more effective action against fraud and counterfeiting, without hampering moves towards trade facilitation with the context of WTO.

They concluded that WTO should ensure that trade instruments, such as anti-dumping, be capable of effective implementation in the event of genuine cases of unfair trade practices. As responsible manufacturers and traders, all participants also recognised the need to implement ethical, social and environmental standards.

All the participants noted that 2005, and the end of the quota system on textiles and clothing trade, would represent a challenge to them, either as exporting or importing nations. In this context they agreed to meet again prior to the next WTO Ministerial meeting in Cancun, Mexico, in order to further advance these issues as the WTO negotiations progress. With that occasion in mind, they were unanimous in expressing the hope that representatives from China and other countries be in a position to attend. ■

## Mekong Summit faces natural, man-made threats

Confronted by worsening natural disasters and difficult economic conditions, ministers from the Mekong river region in Southeast Asia have met to plan a subregional summit in Phnom Penh in November to develop closer collaboration.

**B**uffeted by catastrophic flooding in the region which had caused some 200 deaths by drowning in Vietnam alone, destroyed more than 57,000 homes, devastated roads, bridges, dams, water supply and other infrastructure, the Mekong Delta region was also bracing for worse as predictions that the global El Nino phenomenon could increase extreme weather disturbances still further.



In the face of not only these natural calamities but also difficult economic development trends, Ministers from Cambodia, the People's Republic of China (Yunnan Province), Lao People's Democratic Republic, Myanmar, Thailand, and Viet Nam September 25 concluded a three-day meeting to finalise preparations for the first Summit of Leaders of the Greater Mekong Subregion (GMS) to be held on 3 November in Phnom Penh just ahead of the regular ASEAN Summit.

But officials and others noted that the group and the region are battling not only against the natural elements but also seeking to minimise the possibly further damaging effects of huge man-made projects along the waterway.

The area is home to 250 million people, many of whom live in poverty.

In 1995, four nations of the lower Mekong basin; Thailand, Cambodia, Laos and Vietnam; reconstituted the Mekong River Commission, charged with furthering the sustainable development and exploitation of Asia's 2,600-mile-long transport artery.

Addressing the opening session of the 11th Ministerial Conference of the GMS in September, Sar Kheng, Deputy Prime Minister of Cambodia, said, "The economic potential of the GMS has started to draw international attention and is reflected by a series of initiatives and programs introduced by the Asian Development Bank (ADB) and other international organisations over the past several years. The GMS Programme has a clear and lasting vision to bring friendship, welfare and equity to the region."

In a joint statement, Ministers agreed that stronger partnerships at all levels are needed to advance the 10-year Strategic Framework for GMS regional co-operation adopted last year. The Framework aims to further strengthen regional co-operation towards a more integrated, prosperous and equitable Mekong region. The GMS countries have built a foundation over the past decade for increased trade, investment, tourism and other forms of co-operation, including human resources development and environmental management. The GMS Programme has helped build trust and confidence through joint initiatives.

To mobilise resources to implement the Framework's initiatives, ministers met with representatives of bilateral and multilateral organisations and donor countries. The partners expressed strong support for the GMS Programme.

Under the Programme, ten major infrastructure projects have been implemented or are under implementation, representing investments totalling almost US\$2 billion. ADB has provided \$772 million in loans. In addition,

ADB and other partners have provided \$59 million for technical assistance to support human resource development, tourism, environment, trade and investment.

The ministers reviewed progress in economic co-operation, focusing on prioritising the flagship initiatives. These will bring greater connectivity to the GMS region through:

- Construction of three major transport corridors
- Facilitation of cross-border trade and investment
- Telecommunication links
- Promotion of power interconnection and trading arrangements
- Enhancement of private sector participation and competitiveness
- Building of a strategic environmental framework
- Development of human resources and skills competence
- Flood control and water resource management -
- Promotion of the GMS as a unique, single tourist destination.

But the senior officials from the six Asian nations were warned against pursuing prosperity at the expense of the environment. New approaches are needed to protect the environment in the countries through which the Mekong River flows, said Myoung-Ho Shin, vice-president of the Asia Development Bank.

Pointing to annual severe flooding in Cambodia as an example of environmental degradation, the bank official urged the countries to pool their resources. "Progress must accord with the principles of sustainable development. There is no room for complacency," Myoung-Ho Shin said. "In many respects, the most challenging task is joint initiatives to manage common natural resources and to protect the environment." Chinese Vice Minister of Finance Jin Liqun at the meeting called for the need "to strike a proper balance between economic development and environmental protection."

Countries downstream fear large dam and dredging projects in China will be disrupt the Mekong's flow, depriving them of its resources. China is working on dams and blasting a navigable channel in the middle reaches of the Mekong River in Yunnan Province. The source of the Mekong River lies in China north of Tibet. And it is planning six large dams along the river and another nine along the middle Mekong's tributaries to provide electricity for an impoverished rural population, and the scheduled navigational channel offers a valuable trade and tourism route. ■