

Islam and the EU: moving forward

by John Quigley

Muslims in Europe or, European Muslims? Is there a distinction? It seems that there is and the evidence is growing that many Muslims in Europe do not see themselves as European Muslims but, rather, as Muslims who, for economic, political or refugee reasons, happen reside in the European Union. Has the EU cause to be concerned? Unfortunately, the actions of a radicalised few suggest that those who believe in the future of democratic society, the rule of law and universal human rights, certainly should be. A minority of Muslims in the EU are increasingly rejecting so-called "Western values" in favour of a outdated notion of the halcyon days of the Islamic caliphate.

It is striking that the issues, which radical Islam revolves around, including the Israel-Palestine and Chechnya questions, do not address any of the material problems affecting Arabs or Muslims today, such as lack of employment, education, political participation, development and reform of the economy. Many radicalised Muslims in the European Union currently live in France and the United Kingdom, countries with large Muslim immigrant populations. Yet, having a substantial Muslim immigrant population is not the issue. It is more pertinent to question why these two countries, in particular, have low levels of Muslim integration in society, a dearth of EU-educated Imams and growing numbers of extremists, most of whom are second generation. Moderate Muslims condemn these radical few as a disgrace to the true values of Islam and its civilisation.

One part of the answer may be found if Muslims in Europe look to the main Muslim and Arab countries. There they see little either to emulate or respect. The Organisation of Islamic Conference groups 57 countries as members and a further three as observers and is active in analysing the political situation of Muslims, economic issues, society, culture and science and technology. Meeting in Istanbul in June 2004, the

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Secretary General of the OIC, H.E Dr Abdelouahed Belkeziz, a Moroccan, told OIC Foreign Ministers that the Islamic Ummah (community) is in crisis. A contrast between the past and the present shows the Ummah today as “dispersed, divided, diminished and debased”. Muslims are resigned to stand as “the spectator” incapable of changing society or its condition.

Terrorism, the actions of the United States and the growing numbers of radical Muslims suggests the time is right for the Islamic Ummah to re-assess how it sees its role in the 21st Century and, also, what kind of interaction the Muslim heartland wants with the West or Europe in particular. Dr Belkeziz, in Istanbul, called for a renewal of the Islamic world’s “democratic, political, social and economic institutions” and a strengthening of its relations with the outside world.

The EU can help at many different levels. The OIC has plans to open a representative office in the EU, both to increase awareness of the Islamic Conference and to understand developments at EU level. These plans should be brought forward and the office opened without delay. Although the membership of the OIC includes some wealthy States, the matter is of such importance to relations between the West and Muslims that, the EU should consider facilitating the office if necessary. Moreover, Europe runs many different cultural and educational programmes, which could be extended with the co-operation of the OIC to the benefit of European students, political leaders and civil society organisations alike, and, more specifically, those Muslims in Europe who feel cut off from the Islamic Ummah and who drift towards extremism. The EU could assist or participate in the “Cultural Strategy for the Islamic World”, which the OIC operates, and the Vision 2020 Project, which aims to develop science and technology in the Islamic world.

Together with its Member States, the European Union currently provides 50% of worldwide official development assistance. Countries, such as Bahrain, Iran, Iraq, Oman, Saudi Arabia, Yemen are eligible for development funding under the EU’s Asia-Latin America Regulation and all are members of the Islamic Conference. Most of those countries have human rights abuses or rule of law problems but, in alliance with the OIC, Europe could be instrumental in helping Dr Belkeziz meet his vision of Islam fully embracing modernity. This includes systems of government that guarantee legitimate alteration of power, respect for public rights, justice, equality and intellectual and cultural openness. Nevertheless, the EU and third countries should be clear. Respect for the rule of law and human rights normally is an integral part of Europe’s development co-operation. Failure to make progress on these issues, as acknowledged by the OIC Secretary General, should lead to a suspension of aid.

In general, the West has nothing to fear from ordinary Muslims, who live ordinary lives and have much the same hopes for the future as shared by all. The West’s major problem rests with those Arab and Muslim States that have done nothing to modernise either the State regime or the material prospects of their populations. The message from the OIC is clear - Islam needs to find a secure footing in the 21st Century if Muslims are to find a way out of their “crisis of impotence”.

Europeans seem to be afraid of Muslims for reasons that have less to do with Islam than with our own European values and identity. After fighting two world wars in the twentieth century that brought tremendous destruction to the continent, Europeans are rightly reluctant to surrender hard won notions of peace, democracy and the rule of law. The process of European integration that followed after 1945 has seen Europe dilute the concept of a sovereign nation state in favour of a pooling of sovereignty between like minded nations. Herein lies the rub. Values that Europeans treasure, such as secularism and individuality, are inimical to orthodox Muslims. As Europe’s leaders have taken the political process by the scruff of the neck and driven the integration process forward, in turn, European citizenry are less and less inclined to invoke their hard won rights of political participation. While Europe must welcome the Muslim presence in Europe so, equally must Muslims reach out to reassure Europeans that they are prepared, within their faith, to embrace European notions of democracy and pluralism.

The history of the European Union demonstrates that at the central core of the European project lies the concept of accommodation. In the twentieth century the six, then nine, ten, twelve, fifteen and, as of 1st May 2004, a total of 25 Member States have accepted the wisdom of building joint structures and institutions that accommodate their different priorities and objectives. Europe’s recent past demonstrates that it has the ability to accommodate Muslims. All it asks in return is that Muslims in Europe - European Muslims - should understand why Europe is as it is today.

Political participation for Europeans or European Muslims can, at times, be a frustrating and difficult process. However, in Europe, it is the only game in town. ■

References:

For the speech of Dr Belkeziz, see www.oic-oci.org. For a related speech by EU Commissioner for External Relations, Chris Patten, see <http://europa.eu.int> “Islam And the West - at the crossroads”.

EU-Asia versus the USA?

by Glyn Ford MEP

In late March, the third meeting of the Asia-European Parliamentary Partnership (ASEP 3) took place in Hue, Vietnam, the site of a number of bloody battles during the Vietnam War. National Members of Parliament from China, Indonesia, Japan and the Philippines met with Belgians, Irish and Swedes, amongst others.

These meetings, designed to give a Parliamentary dimension to the following intergovernmental meetings are taken seriously by the Asian side with high level delegations attending. Asians see these meetings as part of a process of establishing a new global equilibrium to replace the desperate imbalance created since the collapse of the Soviet empire in the late eighties. While economically and industrially Asia and Europe play in the same league as the United States, politically they just do not measure up. There are understandably special historical relationships between the US and Europe on one side and the US and Asia, particularly Japan, on the other.

However, all too often the US plays Asia and Europe off against each other. In the new globalised world it is important for the interests of both to strengthen the third leg of this global triangle as, on many issues, Asia and Europe share common concerns and common interests whether it be Kyoto protocols, WTO issues or the solution to the nuclear crisis on the Korean Peninsula. While there is increasing criticism by both parties of US global unilateralism and the marginalisation of the UN, it is not anti-American in itself to make the point that Asian and European interests and aspirations are sharply different from those of the US in a number of areas.

High on the meeting's agenda was combating terrorism. Many of the Asian countries represented have large Muslim populations; in fact, Indonesia is the world's largest Muslim State. They were particularly insistent that Islam in itself must not be demonised. In Asia, traditional Islam is a gentler, more tolerant religion than that propagated by the Wahhabi fundamentalists of Saudi Arabia and the Gulf. The two sides agreed that there should be greater co-operation between Asia and Europe, including harmonisation of legislation and exchange of information on terrorists and their organisations. Terrorism is not a one-way street. It happens in Asia as well, as the Bali bombing demonstrates. Despite the idea that 'Asian values' give preference to the community over the individual, both sides agreed that it was important to ensure in any legislation the protection of individual human rights.

Fairer trade and more aid was unanimously supported. Levels of debt repayment still outweigh aid in far too

many developing countries. Yet, to help to ensure the world's poorest escape from the deep poverty of living on less than EUR1 per day is to drain the sea in which all too many of the terrorist groups swim. As for trade, if WTO membership for China and Vietnam does not lead to an end to counterfeiting, it may at least harmonise the prices of, for example, 'genuine' fake Breitling watches that are currently retailing at \$35 in China and \$100 in Vietnam.

A further area of concern was the ongoing crisis on the Korean Peninsula. Indonesia has recently made it clear to North Korea that the Non-Aligned Movement is totally opposed to nuclear weapons. Vietnam with its own socialist market economy (*Doi Moi*) is advising North Korea on how to emulate its path to a socialist market. The two do have a special relationship. Thousands of Vietnamese were sent for education and training in North Korea during and after the Vietnam War. The current Ministers of Construction and Irrigation both benefit from a Pyongyang education.

ASEP 3 recognised in its final declaration that the only way out of the crisis is to simultaneously move forward with the dismantling of North Korea's nuclear weapons capability, accompanied by a step-by-step mutual reduction in conventional weapons under the umbrella of US security guarantees to North Korea and the resolution of the other outstanding issues. This would be combined with continued humanitarian aid and new economic assistance from both Asia and Europe. While the EU has contributed EUR500 million of assistance to North Korea over the past five years, and China loudly proclaimed that North Korea consumes 60% of its total foreign assistance, to date the US, who want a major say, again will not pay.

The final conclusion of the meeting was the agreement that the ASEP process needs to be properly institutionalised. It needs to be the parliamentary wing of the multilateral Asia-Europe Heads of Government meeting alongside a new civic forum. At minimum a small secretariat should be set up and the President of each ASEP meeting should make a formal presentation of ASEP's conclusions to the succeeding Heads of Governments Meeting. Certainly such steps would contribute to cementing Asian-European relations and enable both to speak with a single voice on the global stage, loud enough to be heard around the world. ■

Glyn Ford MEP was a member of the European Parliament's delegation to the ASEP 3 meeting in Hue, Vietnam. He was accompanied by Hartmut Nassauer, Chair of the ASEAN, South-East Asia and Republic of Korea delegation and Lord Inglewood, Vice-Chairman of the China delegation. Mr Ford recently was Chief Observer of the EU's Election Observation Mission to Indonesia. His interim report is presented in this issue of *EurAsia Bulletin*.



Sino-Tibetan relations: dialogue is possible

by Kelsang Gyaltzen

After our escape from Tibet in 1959, in late 1978, when China emerged from the turmoil of the Cultural Revolution, His Holiness the Dalai Lama established our first direct contact with the Chinese leadership. Over many years His Holiness did his best to engage the Chinese leadership in an honest dialogue to resolve the issue of Tibet. Unfortunately, a lack of political will and vision on the part of the Chinese leadership resulted in their failure to reciprocate his numerous initiatives. Finally, in August 1993 our formal contact with the Chinese government came to an end.

This did not deter His Holiness in the quest for freedom and peace for Tibet. He instructed my senior colleague Lodi Gyari, the Representative to the United States, and myself to explore informal channels of communication with the Beijing leadership. In the course of time we were able to establish a few channels through private persons and semi-officials. During this period three rounds of meetings were held at secrete locations.

In June 1998, when US President Bill Clinton visited China, President Jiang discussed Tibet with him at some length. Addressing a joint press conference, President Jiang sought a public clarification from His Holiness the Dalai Lama on some issues before resuming dialogue and negotiations. We communicated to the Chinese government that His Holiness was, in principle, willing to respond to President Jiang's statement and that we wished to begin informal consultations before making such a statement public.

In late autumn that year, however, without any obvious reason, all our channels of communication were shut down. Accompanying this development we detected a noticeable hardening of the Chinese position on dialogue, in their attitude towards His Holiness and an intensified new round of repression in Tibet.

Despite this setback, His Holiness encouraged and inspired us to continue our efforts and to explore all available avenues. As a result, in January 2002, a first face-to-face meeting took place outside of China with Chinese officials responsible Tibet policy. This meeting paved the way for the visit of a four-member Tibetan delegation to China and to the Tibetan capital Lhasa from 9th-25th September 2002. It was the first time since 1980 that representatives of His Holiness the Dalai Lama were able to visit Lhasa. The visit provided us with an opportunity to meet with senior Chinese

officials responsible for Tibet as well as with a number of top Tibetan officials.

The task of our delegation on that trip was two fold. First, to re-establish direct contact with the leadership in Beijing and to create a conducive atmosphere enabling direct face-to-face meetings on a regular basis in future. Secondly, to explain His Holiness the Dalai Lama's "Middle Way Approach" towards resolving the issue of Tibet. Throughout our trip we focussed our efforts towards building confidence by dispelling misconceptions and distrust.

Between 25th May and 8th June 2003 we made a second visit. The visit followed upon the changes in leadership of the Chinese Communist Party as well as of the Chinese Government and gave us the opportunity to engage extensively with the new Chinese leaders and officials responsible for Tibet and our relationship. We were also able to meet with Chinese Buddhist leaders.

On both missions to China our meetings with senior Chinese officials took place in a friendly and relaxed atmosphere. The exchanges of views and positions were extensive and candid. However, there were no new elements in the formal statements of the Chinese leaders on Tibet or on negotiations. Both sides had a positive assessment of direct contact. The Chinese side explicitly acknowledged the positive efforts on the part of the exiled Tibetan leadership and especially the positive statements by His Holiness the Dalai Lama to create a constructive environment for the continuation of the present process. It was also clear and obvious that the Chinese side had been watching very carefully the reactions by the international community and in the world media about this development. They were impressed and pleased about the positive comments and reactions.

My colleague Mr Lodi Gyari and I returned from our two missions confident that the present contact would continue. When we left China on 8th June 2003 no date for a third round of meetings had been fixed. A few months back in order to maintain the momentum of the process, we let our Chinese counterparts know that we would like to make a third visit at the earliest convenient date. We are yet to receive an answer. However, we remain confident about receiving a positive answer soon.

From our visits it was clear that on many fundamental issues the gaps between the positions of two the parties are not insurmountable. In our view, one of the biggest problems we face is the lack of trust that exists. There are deep-rooted misconceptions and strong distrust between the two sides. It has been clear that the Chinese side is interpreting a number of actions of the Tibetan leadership, including His Holiness the Dalai Lama, as being inconsistent with the stated objective of



reaching an agreement within the framework of the People's Republic of China (PRC).

Obviously, this distrust and misconception cannot be resolved by a few visits. However, an important beginning has been made to reduce the level of mutual distrust. Now it is important to continue this process and for both parties to demonstrate their sincerity and trustworthiness to the other by taking small tangible steps to build trust and confidence. It is a delicate process, requiring both quiet diplomacy and some very public gestures and initiatives.

What is presently most disturbing and of great concern to us is that there have been no positive changes inside Tibet since the opening of direct contact with the Chinese leadership. Nor has Beijing so far reciprocated the confidence building measures undertaken by the Tibetan leadership in exile after our first visit. The situation and developments inside Tibet continue to be very grave. The sad reality of Tibet is that an entire people with its distinct culture, religion, language and national identity is facing the threat of total assimilation and extinction. Today, the Tibetan people are one of the most endangered ethnic communities in this 21st Century.

Unfortunately, it seems there is a section in the Chinese leadership who oppose any dialogue on Tibet because they seem to believe that with the passing away of His Holiness, the Tibetan issue itself would fade away naturally. These hard-liners favour a policy of "raising the banner of negotiations high, but working to stop the Dalai Lama's return".

Without doubt, in the absence of the restraining influence of His Holiness, the Tibetan struggle will become radicalised, making it infinitely more difficult to achieve and implement a negotiated settlement. Not only would the Tibetan people be bereft of a great leader, the Chinese government, too, will be compelled to admit that all her successive governments had failed to reach an agreement with the Dalai Lama and to get his acceptance of their presence in Tibet. The 14th Dalai Lama will leave a political legacy of unwavering resistance to foreign occupation and rule. This powerful political legacy will inspire generations of Tibetans to come and the world public will remember forever that the 14th Dalai Lama had never accepted Chinese rule in Tibet. His Holiness the Dalai Lama is the only person who could persuade Tibetans to accept an agreement with the Chinese government that would recognise Tibet to be part of the PRC. Without His Holiness it would be very difficult to maintain this moderate and peaceful approach in the long run.

Furthermore, the Chinese leaders have repeatedly expressed concern that the issue of Tibet should not be used by foreign powers against China. With increased instability in Central Asia, leaving the Tibetan issue

unresolved will sooner or later make it vulnerable to outside interest. Until now the undisputed and principled leadership of His Holiness has prevented that from happening. But without His Holiness, the situation may very well change.

Consequently, a clear-headed analysis of the issue of Tibet must conclude that time is neither on the side of the Tibetans nor of the government of the PRC. Time is running out for both sides to reach a mutually acceptable resolution.

Presently, China is undergoing profound changes and the country's leadership has passed on to a new generation. Whether the coming changes in China will bring new life and new hope for Tibet and whether China establishes herself as a reliable, constructive, peaceful leading member of the international community depends largely on whether China continues to define herself mainly through military and economic power or whether she decides to commit herself to the values and principles of democracy, freedom and the rule of human rights and define her strength through them. This decision by China, in turn, will be influenced to a large degree by the attitude and policies of the international community towards China. In this context, it is not solely in the hands of the Chinese leaders whether the Tibetan people will be able to enjoy a life in freedom and dignity in future or be compelled to live under continued repression. The outcome will be determined just as much by the policies of the European Union towards the Tibetan issue and China.

A case in point is the recent resumption of direct contact. There is no doubt in our mind that the strong international concern for Tibet has been one of the major factors in the considerations of Chinese leaders for agreeing to our visits. It is, therefore, necessary that the international community continues to remain engaged with the Chinese leaders on the issue of Tibet in order to lead the present process towards substantive negotiations. It is important to continue to demonstrate strong interest in the progress of the present process and to encourage and urge the Chinese leadership to enter into earnest negotiations. ■

Kelsang Gyaltzen is the Representative of the Dalai Lama to the EU. Mr Gyaltzen contributed this comment to *EurAsia Bulletin* before China published its new White Paper on "Regional ethnic autonomy in Tibet". For an analysis of the White Paper see page 10 in this issue.



Caspian Energy: A viable alternative to the Persian Gulf?

by Dr Mehdi Parvizi Amineh

The collapse of the Soviet Union and the end of the Cold War led to a dramatic change in the landscape of EurAsian geopolitics. On the one hand, it resulted in the emergence of the eight independent states of **Central EurAsia**: the sub-region of Central Asia consisting of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan; and the sub-region of the South Caucasus consisting of Armenia, Azerbaijan and Georgia. On the other hand, it changed the control of the **Caspian Sea** basin from two littoral states - the Soviet Union and Iran - to the five countries of Russia, Iran, Azerbaijan, Kazakhstan and Turkmenistan.

The strategic geopolitical importance of Central EurAsia and the Caspian Sea region are obvious. They connect Northeast and Central Europe with countries on the Mediterranean Rim, Middle East and, further on, the Indian Ocean and Asia-Pacific. Central EurAsia and the Caspian Sea region are located between Russia - an unstable regional power, the Middle East - a resource-rich region confronted with structural political and economic crises and Asia-Pacific - home to highly populous states with great economic potential. Central EurAsia and the Caspian Sea region are adjacent to Iran, a United States adversary, Turkey - a Western ally, Afghanistan - a war-torn country undergoing reconstruction and Iraq - a chaotic and unpredictable country.

The oil and natural gas reserves of the Caspian Sea region are undeniably significant. The proven oil reserves of the five Caspian Sea littoral states total 153.8 billion barrels (BBbbl), while their total natural gas reserves are estimated at 2688.3 trillion cubic feet (tcf). The five Caspian Sea littoral states have about 14.6% (1,050.0 BBbbl) of the world's total proven oil reserves, and almost 50% (5476.7tcf) of the world's total proven natural gas reserves.

Since the end of the Cold War, states and non-state actors have assigned more significance to economic and resource concerns. Conflicts over the control of global oil and gas have become more probable as global energy consumption rises, environmental conditions deteriorate, the availability of oil and gas decreases, and prices for these commodities rise. Internal conflicts over oil and gas could arise in countries where these are the main source of income. The possession of a huge military arsenal and an extended alliance system is no longer necessary for state survival. The survival of state and domestic society instead depend on economic dynamism, the cultivation of technological innovation, and getting

access to raw material inputs required for both. Resource competition could be accompanied by ethnic hostility, economic injustice, and political competition; all factors, which are linked to disputes over the control of hydrocarbon resources.

With the world's energy demands projected to rise rapidly over the next decades, can Central EurAsia and the Caspian Sea region become a viable alternative to the Persian Gulf as a global energy supplier? What are the potential obstacles for the production and security of supply of the region's energy resources? This paper surveys the oil and natural gas reserves of Central EurAsia and the Caspian Sea region in the matrix of competitive forces of the post-Cold War world. It centres on the following three factors:

- ◆ The increasing global demand for oil and gas.
- ◆ The scarcity of oil and gas resources.
- ◆ The dispute over ownership rights of these resources.

The Main State Actors in Central EurAsia and the Caspian Sea Region

The vast oil and natural gas resources of Central EurAsia have transformed the region into a location in which the forces of interstate rivalry, enterprise competition, and responses by regional state and non-state actors intersect. All major industrialised powers and many of the multinational companies that have their home base in these countries meet in Central EurAsia and the Caspian Sea region. Contenders from late-industrialising countries are trying to get a foothold in the region. Local actors have to respond to new social forces in the region. In such a complex matrix of social forces, competition and co-operation are ad hoc and multi-level. The main actors involved in Central EurAsia and the Caspian Sea region are: the immediate and highly interested regional powers China, Iran, Russia, Turkey and also Pakistan and Afghanistan; western countries, especially the US, European Union (EU) and its member countries; and western Transnational Corporations (TNCs). The region is not incorporated into the territorial sphere of security institutions of one of the major powers and its allies.

Central EurAsia is not divided into agreed upon, and thus stable, zones of influence. Instead, extra-regional state and non-state actors attempt to project their power and influence into the politics and societies of their hosts, interacting with local actors. Uncertainty and thus unpredictability are part of the rules of the game. "Multi-dimensional rivalry" is perhaps a suitable term for what is going on. Because everyone is involved, and regime legitimacy is at stake, major power competition in Central EurAsia and the Caspian Sea region has the potential for aggravating instability of the world system as a whole.



Russia remains the most prominent regional power in Central EurAsia and the Caspian Sea region. It continues to try to re-incorporate these areas into its security system, as can be illustrated with its aim of establishing a unified air defence system in the context of the Commonwealth of Independent States (CIS). For Russia, CIS provides the possibility of reviving the former security, political and economic order of the Soviet Union within a new political constellation. Another attempt at regional co-operation is the EurAsian Economic Community (EAEC) of Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan. Its main objective is deepening co-operation in the economic and humanitarian fields. Russia sees its decline in power as due to its own economic problems, the wish of Central EurAsia states to distance themselves from it, and increasing US involvement (military, political and economic) in the region.

China, another power immediate to Central EurAsia, could become a powerful force in the region in the coming years. Like Russia, it fears the US will try to dominate the region and thus gain control of the oil and natural gas resources in Central EurAsia. China has a booming economy and is currently the world's third largest oil consumer. This means it has a great interest in the import of the region's oil and gas resources. There are also common interests between Russia and China. As a possible counterbalance to US activities in Central EurAsia, China and Russia have established the Shanghai Co-operation Organisation (SCO) which also includes Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan as member countries. The agenda of the SCO is based on military and economic co-operation, but also on combating radical Islam.

Iran and Turkey, though politically and economically less powerful than Russia and China, are also important regional economic players and attractive countries for Central EurAsia and Caspian Sea region co-operation. Iran controls 8.5% of global oil and 14.8% of global gas resources. It possesses a substantial pipeline infrastructure that could be easily connected to oil terminals in Central EurAsia. Turkey's oil and natural gas demand is increasing, making it an attractive market for oil and natural gas exports. Turkey is also a bridge to European markets. Iran and Turkey aim to strengthen their influence within Central EurAsia through their respective economic regional co-operation. While both countries are part of the Economic Co-operation Organisation (ECO), Turkey has also initiated the establishment of the Black Sea Economic Co-operation (BSEC) that excludes Iran but includes Russia as a member country. BSEC also includes Greece, an important partner because of its EU membership.

The United States has acknowledged the great oil and natural gas potential of Central EurAsia and the Caspian Sea region. A timely example of this is the yet

unforeseeable consequence of the current war in Iraq. Central EurAsia's oil and gas resources could provide a temporary alternative supply if Persian Gulf oil becomes inaccessible because of political instability in the region. The US strives for influence in Central EurAsia through the Partnership for Peace (PfP) program, aimed at expanding political and military co-operation between the North Atlantic Treaty Organisation (NATO) and Central EurAsia, as well as all interested member countries of the Organisation for Security and Co-operation in Europe (OSCE). The PfP program has been joined by all Central EurAsian states except Tajikistan and Russia.

Other ambitious undertakings by the US in the region are the Membership Action Plans (MAPs) for possible NATO membership, Euro-Atlantic Partnership Council (EAPC), and the Georgia, Uzbekistan, Ukraine, Azerbaijan and Moldova (GUUAM) security arrangement with NATO. While Turkey is an ally of the US, especially with regards to the construction of westward energy pipelines, this alliance is not fixed and has had major differences over the war in Iraq. Since 11th September 2001, the US has expanded its military presence in Central EurAsia and adjoining regions, and its military is currently involved in Afghanistan, Pakistan, Uzbekistan, Tajikistan, Kyrgyzstan and Georgia.

The European Union has its own motives for gaining influence in Central EurAsia and the Caspian Sea region. Because of its geographic proximity, the EU fears that instability in the region might also affect Europe. Additionally, as North Sea oil and natural gas resources decline, the EU has to find new providers to satisfy its energy demands. The EU is active in Central EurAsia through the Technical Assistance to the Commonwealth of Independent States (TACIS) program, Transport Corridor Europe-Caucasus-Central Asia (TRACECA), Black Sea Regional Energy Centre (BSREC), Black Sea Environmental Program (BSEP), and Interstate Oil and Gas Transport to Europe (INOGATE).

The Western European Union (WEU), closely linked to the EU, is considering military peacekeeping activities in the region. The OSCE, also working in close co-operation with the EU, considers Central EurAsia to be an integral part of the European security system, and hopes to exert more political pressure on Central EurAsia governments. However, a unified European strategy towards Central EurAsia does not yet exist. This is partly because EU member countries, particularly its main actors France, Germany and the UK, each have different priorities; France tends to be more oriented towards North Africa, Germany towards Eastern Europe, and the UK towards the Baltic States.



Projected global demand for Oil and Natural Gas

According to estimates prepared by the US Department of Energy, the global demand for oil and natural gas is predicted to increase over the next two decades. For oil, global demand is predicted to rise by about 2.2% annually between 1999 (74.9 million barrels per day [MMbbl/d]) and 2020 (118.6 MMbbl/d), and oil is expected to remain the main fuel for the world's industries and households, accounting for about 40 percent of global energy consumption. For natural gas, global demand is predicted to rise by an annual average of 3.2% between 1999 (84.2 tcf) and 2020 (162.8 tcf). Over this period, the share of natural gas in total global energy consumption is expected to increase from 23% to 28% from 1999 to 2020. A closer look at Table 1 reveals important region/country variations in the predicted consumption of oil and natural gas between 1999 and 2020.

Amongst the industrialised regions ("North America", "Western Europe" and "Industrialised Asia"), the largest increase in oil demand is expected in North America (US, Canada and Mexico) where it is projected to rise at an average annual growth rate of 1.8% between 1999 (23.4 MMbbl/d) and 2020 (33.7 MMbbl/d). Although oil is currently the largest energy source in Western Europe, its projected annual increase in demand between 1999 (13.9 MMbbl/d) and 2020 (15.8 MMbbl/d) of about 0.6% is the lowest among all the region/country categories in Table 1. This is mainly due to the gradual replacement of oil consumption by natural gas use in all industrialised regions, but especially in Western Europe (which holds less than 5% of the world's natural gas reserves but was responsible for 17% of the world's total gas consumption in 1999).

In "Industrialised Asia" (Japan, Australia and New Zealand), oil demand is projected to increase by an average of 0.9% per year between 1999 (6.9 MMbbl/d) and 2020 (8.3 MMbbl/d). Japan, which imports all its oil needs, accounted for fully 81% of the total oil demand in Industrialised Asia in 1999. The region is predicted to increase its natural gas consumption by 1.9% annually between 1999 and 2020 (a remarkably smaller rate than the 11.2% annual increase in natural gas demand in Industrialised Asia between 1970 and 1999).

The greatest increase in oil demand over the period under study is expected in the states of "Developing Asia" (including China and India). Whereas China imported less than 800,000 tons of oil and oil products in 1985, these had increased to 43.81 million tons by 1999. The country's oil consumption is predicted to increase by 4.3% annually between 1999 (4.3 MMbbl/d) and 2020 (10.5 MMbbl/d). At this rate, in less than 10 years, China will surpass Japan to become

the largest oil consumer in Asia, and the second largest oil consumer in the world behind the US. By 2020, China's aggregate oil consumption (10.5 MMbbl/d) is predicted to be almost half that of the US (26.7 MMbbl/d). Also its overall totals are smaller, the predicted growth rate of 4.6% per annum in oil consumption for India between 1999 (1.9 MMbbl/d) and 2020 (4.9 MMbbl/d) is even higher than that of China. Note that India imports about two-thirds of its crude oil requirements. At 10.1% and 6.1%, respectively, the predicted annual increases in natural gas consumption by China and India between 1999 and 2020 are even more striking. Developing Asia as a whole is predicted to account for 19% of the increase in global gas demand over the same period.

Caspian Sea Region Reserves and Production of Oil and Natural Gas

At the end of 2001, the total global oil stock was estimated by British Petroleum at 1,050.0 billion barrels (BBbbl) proven reserves. Of the world's total, 863.29 BBbbl of oil was located in OPEC member states (Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, Venezuela and United Arab Emirates) and 242.12 BBbbl in non-OPEC countries. Fourteen countries (Algeria, China, Iran, Iraq, Kuwait, Libya, Mexico, Nigeria, Norway, Russia, Saudi Arabia, USA, United Arab Emirates, Venezuela) accounted for 90% of the total global proven oil reserves. Of these, just five countries (Saudi Arabia, Iraq, UAE, Kuwait, and Iran) hold almost two-thirds of the world's proven oil reserves.

The Caspian Sea littoral states of Russia, Kazakhstan, Azerbaijan, Turkmenistan and Iran account for an extremely important share of the world's oil reserves. Of these five countries, Iran and Russia are the two main powers in terms of oil reserves. In 2001, Iran ranked fifth (89.7 BBbbl or 8.5% of the global total) in the world in proven oil resources, and Russia seventh (48.6 BBbbl or 4.6%). Kazakhstan has much larger reserves than were estimated during the Soviet period and, after Russia, is considered to be the richest of the former Soviet republics in oil resources. Its proven oil reserves (8.0 BBbbl or 0.8%) rank it fifteenth in the world. Azerbaijan has been an important source of oil for more than a century and, in 2001, its proven reserves ranked it sixteenth (7.0 BBbbl or 0.7%). Turkmenistan also has significant oil reserves, estimated at 0.5 BBbbl in 2001. Together, the total proven oil reserves of the five Caspian Sea littoral states were 153.8 BBbbl in 2001, about one fifth of the combined total 734.7 BBbbl of Europe, the US and the Middle East (Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, Syria, United Arab Emirates and Yemen)

Together, the Caspian Sea littoral states of Russia, Kazakhstan, Azerbaijan, Turkmenistan and Iran account for the lion's share of the world's natural gas



reserves. In 2001, their natural gas reserves of over 2688 tcf was greater than the combined total of 2323.7 tcf found in Europe, the US and the Middle East. Russia and Iran contain the world's first (1680.0 tcf) and second (812.3 tcf) largest supplies, respectively, of proven natural gas reserves, while Kazakhstan, Azerbaijan and Turkmenistan hold a combined total of 196.0 tcf of this energy resource.

Prospects for Energy Supply from the Persian Gulf & Caspian Sea Regions

In 2020, the world's oil supply will exceed its 1999 level by 43.7 MMbbl/d. Production increases are expected from both OPEC and non-OPEC countries. The rise in non-OPEC oil supply over the last two decades has resulted in a substantial decline of OPEC's market share, once at an historic high of 52% in 1973. However, by 2020, it is projected that only about one-third of the total oil production increase will come from non-OPEC areas. OPEC oil production is growing at an annual average rate of 3.3%, and is expected to reach 57.2 MMbbl/d by 2020. Its capacity utilisation will increase immensely after 2000, reaching 95% in 2015.

The Persian Gulf is the most crucial region in the supply and demand of the world's oil. In 2000, industrialised countries (North America, Western Europe, Industrialised Asia) imported 15.8 MMbbl/d of oil from OPEC countries; 9.9 MMbbl/d of which came from the Persian Gulf region. OPEC members exported 70% of their oil exports to industrialised countries, of which almost two-thirds came from the Persian Gulf region. It is expected that OPEC's exports to industrialised countries in 2020 will be about 6.2 MMbbl/d higher than in 2000, and that more than half of this increase will come from Persian Gulf countries.

However, despite the growth in Persian Gulf oil exports, OPEC's total share of petroleum exports to industrialised countries in 2020 is estimated to be 14% below its share in 2000. Notably, Persian Gulf oil exports to industrialised countries will fall to about 40% of the OPEC total. At the same time, OPEC oil exports to developing countries will increase by more than 17.0 MMbbl/d between 2000 and 2020, half of which will go to developing Asia. China alone is expected to import about 7.2 MMbbl/d from OPEC by 2020, most of which will come from the Persian Gulf region.

As the share of the world's oil supply coming from OPEC declines, non-OPEC petroleum exports from the Caspian Sea and other regions are expected to increase steadily between 2000 and 2020. For the period 1998 to 2010, the three new Caspian Sea littoral states of Azerbaijan, Kazakhstan Turkmenistan alone will account for 18% of the total increase in non-OPEC production of oil (while the North Sea, Latin America

and Africa will account for increases of four, nine and 14%, respectively). In terms of European demand for oil, the Caspian Sea region's reserves are crucial. Without them, it is estimated that oil exports from the Persian Gulf to Europe will increase by 0.5 MMbbl/d in 2010. However, if the Caspian Sea region fully participates in the export market, oil from the Persian Gulf to Europe will decreased to 1.5 MMbbl/d by 2010.

A major concern for the US over the last ten years has been not only to secure its demand for oil and natural gas at home, but also to diversify its oil and natural gas supply to decrease its dependence on one major oil supplier; namely the Persian Gulf region. The latter is the main motivation for increasing US involvement in the Caspian Sea region and it aim to control the production and export of the region's energy resources (see the current Iraq War). The US has acknowledged the great oil and natural gas potential of the Caspian Sea region. The oil and natural gas resources of the states of the Caspian Sea littoral could provide a temporary alternative energy supply if political instability in the Persian Gulf region interrupts the latter's oil exports.

The EU has its own motives to be interested in the security of Caspian Sea oil and natural gas resources. Because of geographic proximity, the EU fears that instability in the region would also affect Europe. With the oil and natural gas resources of the North Sea in decline, the Caspian Sea region could become a serious alternative energy supplier.

Thus, while the Caspian Sea region will in no way be able to replace the Persian Gulf in meeting global oil supply demands, it should be internationally recognised as a valuable additional alternative. ■

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Chinese White Paper rejects dialogue with Tibet

by Lionel Kesenne

In an unheralded move, the Chinese government is proposing a new direction in its relations with Tibet that seems to reject the possibility for continued dialogue with the Dalai Lama. The dialogue has continued on and off for years with little apparent progress. The new White Paper on “Regional ethnic autonomy in Tibet”, published in May, refers to the “peaceful liberation” of Tibet in 1951 and the “regional ethnic autonomy” Of Tibet under the unified leadership of the Beijing government. The Tibetan government-in-exile, led by their spiritual leader the Dalai Lama, has not directly addressed the content of the White Paper but has called for further dialogue based upon proper autonomy status within China.

The White Paper seems to be a follow-up to a document issued in June 2002 on “Tibetan Culture” and follows the publication of a policy document dealing with China’s relations with the European Union. Published in October 2003, ahead of the sixth EU-China Summit, the policy document contained strong references to China’s attitude to Tibet and “requested” the EU not to have any contact with the so-called government-in-exile. China maintained the position that the Tibetan government constituted “separatist activities” and, therefore, should not receive any assistance from the EU.

The White Paper on Tibet appears to be an attempt to arbitrarily settle all outstanding questions on the Tibetan issue. Under China’s principle of autonomy, Tibet enjoys full political, economic and social rights. Its traditional culture, language and religion are protected and promoted. However, the Paper rejects the proposal put forward by the Dalai Lama that Tibet should enjoy a status under the one-country two-systems formula.

The abrupt departure announced in the White Paper seemingly heralding the end of negotiations has taken the Tibetans and the EU by surprise. Several rounds of talks, between the EU and US representatives of the Dalai Lama with the Chinese, had taken place since 2002. Although no substantial progress was announced, the talks seemed to indicate some flexibility on the Chinese side. Equally, in the face of international criticism over its human rights record, the talks did allow Beijing to fend off attacks about its treatment of minorities. One of the consequences of the new hardline stance may be to widen the existing split amongst Tibetans, over whether to accept proper autonomy or settle only for full independence.

Since the attacks of 11th September 2001, the profile of the Tibetan movement has suffered as international attention and the policies of both the United States and the EU have shifted towards the fight against terrorism. Many international leaders now regularly refuse to meet the Dalai Lama to avoid annoying Beijing. China knows it can crackdown on domestic opposition away from the glare of international attention and may have been emboldened following the agreement with India, whereby New Delhi accepted that Tibet was a part of China. Equally, China’s increasing problems with, for example, Xinjiang, Hong Kong, Taiwan and the US presence in Central Asia seems to be pushing Beijing to adopt a harder stance on some issues. However, it is difficult to see what advantage accrues to Beijing by giving up the internationally-welcomed series of talks with the representatives of the Dalai Lama.

It is suggested that the White Paper could reflect the unfinished transition from the Jiang Zemin era to Hu Jintao, the new President. Jiang, who is still president of the Central Military Commission, is known for his tough stance on Taiwan and Hong Kong.

That the contents of the White Paper took everyone by surprise can be deduced from the long time it took for an official response from the Tibetan government-in-exile. A statement issued on 6th July, to mark the birthday of the Dalai Lama, reaffirms the Tibetan “Middle Way Approach” which calls for full autonomy for Tibet short of independence. Speaking to *EurAsia Bulletin*, the Representative of the Dalai Lama to the EU, Mr Kelsang Gyaltzen, confirmed that the government-in-exile regretted the harsh tone of the White Paper but still believed that direct negotiation offered the best way forward.

In a statement issued in mid June, the European Commission called for contact between the Dalai Lama and Beijing. Favouring direct dialogue as the “only realistic way to find a lasting solution”, the Commission wants to see a “strengthening and deepening” of the negotiations. Speaking to *EurAsia Bulletin*, a Commission official indicated that the question of Tibet was just one of many issues under discussion in EU-China relations. Similarly, the response of the EU Council of Ministers to China’s position on the Tibetan question has been muted. The EU-China Summit of October 2003 made no mention of Tibet.

China seems to be content to play the waiting game. Yet, the failure to reach a negotiated settlement within the lifetime of the Dalai Lama may leave China with far greater problems in the long run. ■

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News from the EU Institutions

by John Quigley

Financing for Development: In the second report of its type, the European Commission has concluded that EU and its Member States are on track to meet the interim target for increases in official development assistance (ODA) by 2006. The report “Translating the Monterrey Consensus into practice: the contribution by the European Union” was adopted on 5th March 2004. The first report was adopted in May 2003. Following the Monterrey Conference of March 2002, EU Member States committed themselves to reaching an interim target of ODA of 0.33% of Gross National Income (GNI) and the EU of 0.39% of GNI by 2006. This nevertheless is substantially short of the Millennium Development Goal of 0.7% of GNI. The upbeat message of the report is in contrast to what Commissioner for Development and Humanitarian Aid, Poul Nielson told the Development Committee of the IMF and World Bank in September 2003, when he outlined that the outcome of Monterrey was a good start but that aid volumes must increase sharply.

Figures for several years demonstrate that the EU is making steady but slow progress in reaching the 2006 interim deadline. The ODA of the EU 15 in 2001 reached 0.33% of EU GNI, 0.35% in 2002 and an estimated 0.42% in 2003. The enlargement of the EU to 25 Members on 1st May 2004 affects the total development commitment in millions of euros significantly. In 2003, countries including Cyprus, Estonia, Hungary, Latvia and Poland did not allocate any ODA contributions from their national budgets. Across the 10 new Member States, the ODA in 2003 was an estimated 0.0377% of collective GNI. By 2006, the 10 States are expected to contribute only 0.11% by 2006. The low but rising expenditure by the new States means that by 2006 the EU 25 will reach an ODA level of collective GNI of 0.42%, or some EUR38.5bn.

Apart from calling for increased commitments from the EU 25, the Commission report also considers the extent of the co-ordination of development aid policies at EU level. The Commission has long proposed EU-level co-ordination as a measure to improve the effectiveness of aid spending. The report concludes that the EU is failing to meet the objectives set at the Barcelona European Council of March 2002, which preceded the Monterrey Conference, on closer co-ordination and complementarity between individual Member State and European Union aid before 2004. A survey organised by the Commission indicated that co-ordination “is not structured, not systematic or generalised”. The Commission fears many Member

States are “reluctant to move from words to action” and some governments “call into question the added value and role of EU co-ordination”.

To address some of these concerns, the Commission proposes submitting a proposal for a Directive to establish a “common framework for aid implementation procedures” to the Council of Ministers. It is suggested that the Directive would examine the procedural requirements the EU places upon beneficiary countries as minimum standards for the implementation of aid. In addition, the Commission proposes undertaking a study, to be completed by December 2004, on a strategy for complementarity in the EU. The strategy should come into effect sometime in 2006. Where a minimum of two EU Member States are present in a donor country then, the Commission, on behalf of the EU, is proposing it should draw up an EU Action Plan “to identify the added value the EU could bring to the co-ordination process”. By the end of 2005, the first Action Plans should be ready for all beneficiary countries where the EU contributes 50% of total ODA. In late April, the Council welcomed this idea and proposed establishing an *ad hoc* Working Group made up of experts on harmonisation with a deadline of November 2004 to suggest an “EU Action Plan for Co-ordination and Harmonisation”.

Untying Development Aid: In late April, the European Commission adopted a proposal for a European Parliament and Council Regulation on “Access to Community external assistance”. This proposal is the latest in a series of EU initiatives with the objective of ending the practice of requiring aid beneficiary countries to purchase goods and services in donor countries. It follows upon a Commission Communication, adopted in November 2002 on “Untying: enhancing the effectiveness of aid”. The issue of untying EU and Member State bilateral aid has been pushed particularly by Commissioner Poul Nielson and is tied to the report described above on meeting EU, UN and the Millennium Development Goals on increasing the volume of development aid.

The draft Regulation proposes untying aid as part of a larger aim of improving the ownership of aid strategies by beneficiary countries, promoting regional integration and developing capacity in recipient governments. As part of this reform, the Commission is proposing integrating a provision on untying aid into all development co-operation instruments such as the Asia-Latin America Regulation, aid to uprooted people in Asia and Latin America, food aid and food security, rehabilitation and reconstruction operations in developing countries and actions on reproductive and sexual health in developing countries.

According to the Organisation for Economic Co-operation and Development (OECD) and, in particular,



its Development Assistance Committee (DAC), substantial gains can accrue in development aid by ending the practice of tying the purchase of goods and services by developing countries from the aid they receive. By increasing the level of access to development assistance procurement, in this instance to beneficiary countries and other OECD countries, the potential added value of completely untied aid is estimated by the World Bank at 25% of official development assistance spending.

Of the EU 15 by 2003, Belgium, France, Ireland, Luxembourg, the Netherlands, Sweden and the UK have completely untied their bilateral aid. This is a substantial increase from three Member States in 2002. Others, such as Austria and Germany, have untied substantial amounts of their aid. Countries including Greece, Italy, Portugal and Spain report much less progress. Despite this improvement at Member State level, only an estimated 32% of EU-level aid is untied. In September 2003, the European Parliament called for the complete untying of all EU and Member State bilateral aid within five years.

The draft Regulation will be followed in Summer 2004 by the publication of a study prepared by the Commission on the benefits of untied aid. The draft Regulation is adopted under the co-decision legislative procedure and will not enter into law before 2005. What may prove controversial is the Council of Ministers' attitude that, under the guise of coherence, "development co-operation must form part of a mutually reinforcing mix of policies". The European Parliament and development non-governmental organisation (NGOs) are concerned that development policy may become subservient to the EU's wider external relations interests and end up solely as a partisan tool in Europe's relations with developing countries.

Burma: The EU's relations with Burma remain complex and are tied mainly to a regime of sanctions and the suspension of development co-operation aid. Apart from damaging Europe's relations with the Association of South-East Asian Nations (ASEAN), the continuation of military rule threatens to block an Asia-Europe Meeting (ASEM) at Summit level to be held in early October in Hanoi, Vietnam.

In March, dismayed at the obvious lack of progress towards democratic reform in Burma, the European Parliament adopted a Resolution on Burma calling in strong terms for better EU sanctions, more enforcement, a greater commitment from ASEAN towards resolving the crisis and insisting that Burma should not join ASEM. Glenys Kinnock (UK-PSE) suggests that the Roadmap for a return to democracy, announced by the junta in August 2003, to date has demonstrated "no evidence of substantial progress".

Parliament's final text did not include this condemnation but instead suggested that the process should be brought under international supervision.

The issue of Burma's participation in the 9th Summit of the Asia-Europe Meeting, along with fellow ASEAN members Cambodia and Laos, was raised at the sixth ASEM Foreign Ministers Meeting, which was held in mid April in Ireland. Referring to the enlargement of ASEM, which includes the three ASEAN countries and the ten new EU Member States, the foreign ministers reported "that progress was achieved". In reality, the EU side firmly reiterated two principles. Firstly, the ten new EU States, *sine qua non*, must participate in the Hanoi Summit and, secondly, that without progress towards reform, Burma could not attend (at government level) the Summit. Burma did not attend the Foreign Ministers Meeting, even though Ireland, during its term as President of the EU Council between January and June 2004, opened diplomatic relations with the military junta. Ireland was one of only two remaining EU-15 Member States that refused to establish ties.

Parliament's Resolution included demands that the EU's sanctions regime against the junta should be strengthened to extend towards a ban on any investment by an EU company and a ban on the import of certain goods, such as gems or timber. Following the ASEM Foreign Ministers Meeting, the EU Council of Ministers renewed its Common Position and separate Regulation on Burma but did not extend the sanctions to meet the Parliament's request. In general the sanctions impose a ban on technical assistance, military aid, freeze the funds of military officials held in the EU, suspend EU development co-operation and prohibit the travel of junta officials in the EU. The EU continues to provide humanitarian aid to Burma but operates in alliance with the National League for Democracy or international NGOs only. In a sign that little progress is expected in the coming months, the Council has extended the sanctions period from 6 months to 12 months.

The work programme of the Dutch government, which takes over the rotating Presidency of the EU Council on 1st June, calls for the appointment of a Special Representative to travel to Asia to hold exploratory talks on the issue of the junta's role, with Asian governments. The talks are now due to take place in July and September following the suspension in June of an ASEM Finance Ministerial Meeting that was due to take place in July and an Economic Ministerial Meeting that was due to take place in September. The talks will represent the last chance to reach a compromise ahead of an ASEM Senior Officials Meeting (SOM) in Hanoi in September that will precede the Summit. If the SOM fails to settle the thorny question over Burma's participation, then the Summit may well be cancelled. ■

India's National Security under the BJP: "Strong at Home, Engaged Abroad"

by Dr Apurba Kundu

Despite the numerous domestic and international challenges to India's security, successive national administrations have given little serious attention to military matters, especially in terms of the strategic role of the armed forces as a tool of government. With few exceptions, decisions dealing with challenges to national security have been reactive, tactical, and/or confined to the prime minister and an informal coterie of advisors rather than proactive, strategic and/or the result of a formal consultative process within the governing party, the armed forces and non-governmental experts.

In a marked departure from previous national governments, those led by the Bharatiya Janata Party (BJP) sought to address national security issues both proactively and strategically in line with the party's philosophy of achieving a strong India.

In the 1998 general elections, the BJP campaigned against the previous United Front administration and the Congress party with an ideology of *hindutva* that that envisaged a great India as a militarily powerful India. Their 1998 election manifesto stated that the "frenetic pace of military expansion and modernisation by some of our neighbours" had not been addressed by previous administrations: "Since 1991, the country's defence budget has been declining in real terms...from 3.4% of the GDP in 1989-90 to a mere 2.2% this year", and it listed numerous defence projects that had been delayed for lack of adequate funds. The manifesto committed the party to a specific list of strategic, organisation and deployment options, including:

- (a) The establishment of a National Security Council to "constantly analyse security, political and economic threats and render continuous advice to the Government...[as well as to] undertake India's first-ever Strategic Defence Review..."
- (b) A re-evaluation of India's nuclear policy with a view to "exercise the option to induct nuclear weapons."
- (c) Expediting the development of the Agni series of ballistic missiles.

India Goes Nuclear

The 1998 elections were a victory for the BJP and its electoral allies. The 12th *Lok Sabha* contained 178 members of parliament (MPs) from the BJP and 264 in

total in the BJP-led coalition. While Congress(I) and its allies also gained seats, up from 141 to 168, all but one of these seats were won by supporting parties. The big losers were the parties of the United Front (UF) which had made up the governments of the previous 18 months but saw their number of MPs plummet from 179 to 101. When two UF parties, the Telegu Desam Party (TDP) and Kashmir's National Conference decided not to vote against the BJP bloc, the latter had a majority of 6 and formed the next government. Would the BJP-led coalition keep to its manifesto's national security promises?

The seriousness of the BJP's intentions was demonstrated within months of their electoral victory when, on 11 May 1998, Prime Minister Atul Behari Vajpayee publicly announced that three nuclear devices, one of them thermonuclear, had been tested at Pokhran in the Rajasthan desert (just some 60 miles from the Pakistan border). Two days later, another series of nuclear devices were tested. Whereas the first series of devices tested included including a hydrogen "city buster" bomb, the second were quantitatively smaller, indicating, perhaps, the intention to develop battlefield nuclear weapons. A day after the second series of tests, Vajpayee declared "India is now a nuclear weapons state".

In fulfilling their election manifesto's pledge to induct nuclear weapons, the BJP realised long-standing Indian preparations to go overtly nuclear. The overt demonstration of its nuclear weapons capability meant Indian had to elucidate a strategy for their deployment and use. Speaking in the *Lok Sabha* soon after the tests, Vajpayee confirmed that his government:

- (i) Was imposing a voluntary moratorium on further tests;
- (ii) Would consider signing the CTBT;
- (iii) Was adopting a "no first strike" policy regarding nuclear weapons;
- (iv) Would not use nuclear weapons against any country not in possession of such weapons; and
- (v) The country's nuclear weapons would remain under civilian control.

Little further information was forthcoming as to the exact nature of any command-and-control structure for nuclear weapons or, indeed, to what extent the government intended to weaponise its nuclear capabilities, although there was immediate talk of a minimum deterrent deployed in a triad of air, land and sea weapons delivery systems.

To address these questions and other national security issues in depth, the BJP government created a new National Security Council (NSC) in November 1998. This was a seminal moment as, for the first time in independent India, the government now had a civilian hierarchy of expertise to co-ordinate defence thinking



and advise on all matters of national security. The NSC consists of several tiers. At cabinet level, it is made up of the prime minister, deputy chairman of planning, the respective ministers of Home, Finance, External Affairs, and Defence, the respective military chiefs of staff, and a new national security advisor (NSA)—who also serves as principle private secretary to the prime minister.

Uncertainties about the command-and-control structures and nuclear doctrines of India and Pakistan further increased worries about the possibilities of them going to war. The NDA did not announce its official nuclear strategy until January 2003. In the meantime, confidence in the government's management of its nuclear arsenals responsibly rested on their "no first use" policy announced back in August 1999—as well as the country's history as a democratic state which had always maintained undoubted civil supremacy of rule over the military. In contrast, Pakistan, then and now, is under a military government led by the chief architect of the 1998 Kargil Conflict, during which elements of its armed forces had been suspected of manoeuvring nuclear weapons independently of the country's elected civilian prime minister. Not until the day after India's announcement of its NCA did the Pakistan press carry reports that its own nuclear National Command Authority (NCA)—consisting of the president, chiefs of the three military services and the civilian prime minister—had been in control of the country's nuclear arsenal for four years, and that no one individual, not even Musharraf, had sole say as to the use of nuclear weapons. With Pakistan refusing to embrace a "no first use" nuclear weapons strategy the path to nuclear war remains highly volatile.

There are further notes of caution to be sounded. Thus, whereas deterrence may be argued to have worked during the Cold War as both sides had enough nuclear weapons and delivery systems to ensure the complete destruction of the other side, this is not the case for India and Pakistan. After a first and even second strike (India has always maintained that its nuclear doctrine includes a second strike capability), the military forces of these two neighbours may well "still be intact to continue and even escalate the conflict". Also, while the geographic distance between the US and Soviet Union allowed for perhaps a 30-minute gap between the launch of a nuclear warhead and its projected impact during which the nature of the threat (mistaken identity, rogue launch, etc.) might be analysed, the proximity of India and Pakistan allows no such luxury. In such circumstances, immediate and full retaliation might be the only option considered.

Peering into the abyss of nuclear war in the summer of 2002 influenced the NDA into rethinking its strategy for ensuring national security towards a doctrine I call "Strong at home, engaged abroad".

Strong at Home

The first part of this new national security doctrine entails a continued focus on force as the chief guarantor of national security. Therefore, as had the BJP-led coalition government, the NDA continued to increase the defence budget in absolute terms, from \$9.39 billion in 1998 to \$12.88 billion in 2002. Indeed, since coming to power in 1998, BJP-led governments have increased the defence budget by an average 6.28% per annum between 1998 and 2002. Note that these figures do not reflect the government's total spending on national security. Much of the expenditure on the research and development of nuclear weapons and their delivery systems is thought to be contained within the respective budgets of the civilian Department of Atomic Energy and Department of Space. The budgetary requirements for maintaining internal order also need to be added to the total cost of national security.

The charge that national security costs under the NDA are too high for a developing nation like India, in which almost 30% of the population live below the official poverty line and over 40% remain illiterate, is not easy to answer. However, successive Indian administrations of whatever political ideology have rarely seen defence expenses in a "guns or butter" light—except in the notable case of nuclear weapons. Otherwise, various governments have adjusted defence spending in a reactive and/or ad hoc manner rather than as part of a long-term, proactive strategy.

Engaged Abroad

One aspect of the second part of what I am describing as an NDA national security doctrine of "strong at home, engaged abroad" may be seen from the administrations' embrace of India's historically favourite expression of military power; that is, international peacekeeping. As described above, Prime Minister Nehru countered the "with us or against us" demands of the Cold War by leading the NAM, and backing up this ideological commitment by deploying Indian armed forces in support of UN peacekeeping operations. Under the NDA, in 2003 over 2500 Indian military personnel deployed in UN peacekeeping duties overseas, including those in the Congo (MONUC), Ethiopia and Eritrea (UNMEE), Lebanon (UNIFIL), Ivory Coast (UNMIC), and Burundi (UNOB). While working with their foreign counterparts in an international milieu improves the professional skills of Indian officers and the balance of the Indian treasury, the chief aim of recent administrations in participating in UN peacekeeping has been to emphasise the country's importance in the international order. Whether this has had any effect on India's claim to a permanent seat on the UN Security Council remains to be seen.



A more recent demonstration of the NDA's national security doctrine that has emerged post-2002 is its growing defence co-operation as a means of becoming "engaged abroad". This is clearly stated by the Ministry of Defence: "the enhancement and strengthening of defence co-operation with foreign countries continued to be an important objective and component of our overall defence and foreign policy".

Perhaps the most surprising manifestation of the "engaged abroad" national security doctrine is the NDA's recent dedication to improving relations with China. After all, it was the BJP-led coalition government which reversed decades of (painfully) slow but steadily improving relations with their neighbour to the north by publicly stating that the threat posed by China was the main reason for the 1998 Pokhran tests. This claim was repeated in the Indian Military of Defence *Annual Report, 2001* which noted the overwhelming superiority of Chinese versus Indian nuclear weapons, that all major Indian cities are within range of Chinese missiles, and that China was co-operating with Pakistan in developing missiles and nuclear weapons. More recently, however, Vajpayee reversed course when, following a visit to Beijing in June 2003, it was announced that India would acknowledge the Tibet Autonomous region as Chinese territory. In return, China effectively conceded India's sovereignty of Sikkim by signing a border trade protocol to facilitate trade through the Tibet-Sikkim. India and China then conducted joint naval exercises in November, shortly after China and Pakistan had completed joint exercises.

Lessons Learnt

A national security doctrine, which I characterise as "strong at home, engaged abroad" became the operative policy of the NDA. In simple terms of law-and-order, to be strong at home is primarily a function of the local, state and CPFs; at least if and when the outstanding issue of securing the Kashmir border is settled. As Pakistan has nuclear weapons and the means to deliver them, this issue cannot be resolved by force alone. Thus, ensuring the internal security of India is best served by normalising relations with Pakistan. For the NDA, the best means of doing this is by using the economic self-interest of both countries to propel a slow but steady progression of normalisation, including the opening of transport links, sporting exchanges and people-to-people contact.

While concentrating on the more traditional military aspect of national security means this paper cannot fully judge whether "strong at home, engaged abroad" has made India more secure under the NDA, it can offer some indications as to how defence-related decisions have impacted/will impact the country's safety as a whole. The most momentous defence decision made in recent years was not to overtly

demonstrate the country's nuclear weapons capabilities in 1998, but to refrain from using them during the Kargil Conflict in 1999 and the build-up of armies along the Indo-Pakistan border in 2002. For, while the first decision brought down global opprobrium and economic sanctions upon India, and caused Pakistan to become the seventh declared nuclear weapons state, it did little to change the nuclear war-fighting doctrine of either country. Indian strategists had always envisaged an Indian nuclear bomb as a defensive weapon only. Similarly, their Pakistani counterparts always saw their bomb as a means of negating India's superiority in conventional arms in the event of a war which threatened...what exactly?

The answer to the above question is why the latter decisions—refraining from using nuclear weapons during the 1999 Kargil Conflict and the 2002 border build-up—are more important than the 1998 nuclear tests themselves, for they taught Indian and Pakistan leaders the rudiments of fighting a war when both sides have the power to inflict unprecedented horrors on their enemy. In the Kargil example, the Indian leadership learned one vital lesson: if India could fight a relatively high-intensity but geographically limited war, nuclear weapons need not enter into the equation.

While this prudence, in terms of resisting attacking supply lines and bases across the LoC, cost additional hundreds of military lives, it prevented an escalation which, if it had resulted in a nuclear response, would have killed many millions of Indian civilians. Pakistan, on the other hand, seemed to learn very little; once again their strategic planning in terms of calculating the probable outcome(s) of their actions was abysmal, once again, they found themselves reacting to Indian moves rather than controlling them.

The 2002 border build-up taught different lessons. The Pakistan defence decision-making hierarchy, now under the direct control of Musharraf, the architect of the Kargil misadventure, was once again reacting to rather than controlling events and, as such, was predicating its responses wholly on decisions made by the Indian leadership. Now that the burden of escalation rested with itself only, the NDA administration forwent the muscular response of war many were advocating as a suitable response to the unprecedented attack on the *Lok Sabha* and other bloody provocations. Instead, they decided that as the chance of nuclear war, however remote, could not be discounted as an option which might exercised by the Pakistani leadership—*under just what circumstances the Indians still could not predict with any certainty*—the best option available was to use international pressure to wring promises of concessions from Musharraf regarding securing the LOC from infiltration. It seemed little reward for so much effort in the face of so much provocation. Yet, the lessons learned were vital:

- (i) Force as a means of settling major international disputes between South Asian states—at least between those equipped with nuclear weapons—is finished.
- (ii) India cannot take its rightful place in the world if relations with Pakistan continued to fester.

From these lessons came the NDA's focus on economic, technological and diplomatic engagement with the world.

Future Prospects

The idea that it took the overt demonstration of nuclear weapons by *both* India and Pakistan to bring them to their senses is attractive—though flawed. It was not nuclear weapons *per se* that forced this conversion (at least, not for the NDA), but their near use. Who is to say that the outcome could not have been different; that in 1998 or 2002, Indian forces crossing the LoC to attack Pakistani bases and supply lines would have provoked a full-scale nuclear response, millions of Indian deaths, then a retaliatory strike and millions of Pakistani deaths? To say that such a scenario is unprecedented is true, but only until it happens. Indeed, on 30 December 2002, Pakistan President General Musharraf told an Army Air Defence Corps reunion in Karachi that he had personally warned Indian Prime Minister Vajpayee to expect “an unconventional war” if Indian forces had crossed the LoC or the international border earlier that year. Although an army spokesman said that Musharraf had not been referring to nuclear weapons, Indian Defence Minister Fernandes, attending a conference in Hyderabad on 7 January 2003, replied by saying that the “Pakistan leadership should not get into the idea of committing suicide because we can take a bomb or two”, which Pakistan Information Minister Sheikh Rashid Ahmed then called the “ravings of a crazy man....We do not want war but if war is imposed on Pakistan, we have the will to give a crushing reply”.

Finally, now that India has nuclear weapons, where will the NDA—or any other future Indian administration—go with them? As the Cold War showed, once begun, the qualitative development and quantitative deployment of nuclear weapons is almost relentless. How many nuclear warheads are enough? How much is India prepared to spend? There is a danger that, if continued by future administrations enjoying the country's current 8-10% yearly economic growth, the NDA's pursuit of military weapons which make a qualitative difference to the regional security environment may lead to a costly and highly dangerous arms race in Asia. ■

Dr Kundu is EIAS Senior Research Fellow. This presentation is abstracted from an EIAS Briefing Paper written by Dr Kundu. The full text may be found at www.eias.org/briefpapers.html. The summary was prepared by *EurAsia Bulletin*.

General Discussion

by John Quigley

Dr Apurba Kundu delivered a version of the paper “India's national security under the BJP: Strong at home, engaged abroad” to a meeting of the European Institute for Asian Studies on 18th March. Dr Kundu's presentation was followed by questions and answers.

Hasan Kazmi, Treasurer, EIAS, elaborated on the enormous amount of financial resources spent on defence by both India and Pakistan. In light of the recent warming of relations between New Delhi and Islamabad, would it be foreseen that such expenditure would fall? Dr Axel Berkofsky, Research Fellow, EIAS, wondered, given the India defence budget of some US\$30bn, how did the general public view the military, particularly given the widespread poverty to be found in India? Antti Turunen, Council of the EU, asked for clarification on what command and control systems either India or Pakistan had in place to prevent nuclear war. David Fouquet, Asia-Europe Project, said that India's desire to have a permanent seat on the UN Security Council might offer some leverage for scaling down deployment of nuclear weapons. Helmert recalled border disputes between India and China and wondered whether territorial disputes would soon encompass naval activities.

In reply, Dr Kundu said it is unlikely that any improvement in relations between India and Pakistan would lead to any short term reduction in defence related expenditure. The figures on expenditure by country may seem skewed, as in percentage terms, India's proportion is declining as the economy expands. But in Pakistan, the expenditure as a percentage of Gross Domestic Product is probably as high as the economy can bear.

The Indian armed forces have a very high reputation amongst the public; the Telhelka scandal notwithstanding, in general the military is not seen as corrupt. However, public discourse on defence issues or the national interest is low. In terms of nuclear arms control, neither India nor Pakistan are signed up to the Non-proliferation Treaty. This prevents the West selling technology that would actually help regulate access to nuclear weapons and reduce the chances of a mistaken launch.

Even though the navies of India and China have held joint exercises, India has also held exercises with Japan and South Korea off the Chinese coast. The momentum in Indo-China defence expenditure is occurring outside of concerns about Kashmir. With both countries seeking greater ties to countries in South-East Asia, the potential for a naval clash exists but this may be offset by growing links between their economies. ■

Kashmir: What prospects for a lasting settlement?

by Dr Robert W. Bradnock

The resumption of talks between India and Pakistan in the wake of last April's announcement by Indian Prime Minister Vajpayee, followed much more recently by the Indian decision to meet the leadership of that part of the All Parties Hurriyat Conference (APHC) which was willing to talk to it, has prompted a new optimism as to the likelihood of a resolution to the long running Kashmir dispute.

How well grounded is that optimism? How far are the recent steps likely to lead towards a permanent rapprochement between India and Pakistan? And how far will the Kashmir dispute itself prove susceptible to the new approach?

Grounds for pessimism are legion. It can be argued that few in India have any understanding or sympathy with Pakistan's historical case over Kashmir:

- (i) that the Maharajah's accession flew in the face of the logic of Partition, which India was so keen to assert in the case of Junagadh or Hyderabad;
- (ii) that the geography of the Princely State ensured that its only land access to the rest of India was via Rawalpindi; and
- (iii) that Pandit Nehru had accepted the accession explicitly on the terms that the Maharajah's wish to accede would be subjected to a plebiscite to ascertain the wishes of the people, a commitment subsequently enshrined in the UN Resolutions of 1948-49.

Equally, it can be contended that there is very little understanding in Pakistan for India's position over Kashmir:

- (i) that it was at the insistence of Jinnah that Princes were given the right to accede to whichever of the two post-Independence States they wished to choose;
- (ii) that the Maharajah's wish to accede to India in October 1947 was evident and internationally legal;
- (iii) that Pakistan, no less than India, failed to comply with the preconditions set out in the UN resolutions for a plebiscite, namely a withdrawal of troops from all of Kashmir so that the UN could hold a plebiscite; and
- (iv) that in signing the Simla accord in 1972, Pakistan committed itself to accepting a bilateral resolution of the dispute without international intervention.

At the same time, at no point has there been any evidence that either India or Pakistan was willing to take seriously any Kashmiri view other than that wholly compatible with its own political agenda. For

India, this has meant integration into the Indian Union; for Pakistan, a plebiscite with only two alternatives: to join Pakistan or to remain with India.

The lack of any mutual understanding has only been deepened by the fifty-year history of bitter distrust punctuated by violent conflict. Since 1988, this distrust has been the backdrop to campaigns of terrorist violence, the rise of a secessionist Independence movement, the pogroms against minority communities, a war over the Siachen Glacier, more than 7000 metres above sea level, and a border struggle which in the eyes of many in the international community threatened nuclear conflict as recently as two years ago.

Not surprisingly, each period of intense conflict over Kashmir has spawned a spate of studies and proposed solutions. Especially since the 1988 crisis, teams of domestic and international scholars have argued a range of explanations and potential scenarios. To date none of the possible options has met with the slightest sign of political broad acceptance.

Full independence for the whole of the original Princely State of Jammu and Kashmir is ruled out both by India and Pakistan. Yet, without the support of both, such independence would be politically unsustainable. Conflict between the various communities of the old Princely State offers up the possibility of splintering along a wide range of fault lines in Kashmiri society. Shias and Sunnis in Gilgit deeply divide the communities over their view of a possible integration into any putative Kashmiri State. Guarantees for the security and freedom of the Kashmiri Pandits in the Vale would be a precondition for their acceptance of an independent state; a freedom conditional on the emergence of a state with a liberal and secular constitution. At the same time, both for Buddhist majority Ladakh and Hindu majority Jammu the prospect of an Islamist led Sunni state whose control lay in the Vale would be anathema.

No amount of re-defining borders seems likely of itself to provide the territorial basis for political security. The deep divisions within Kashmir's APHC only highlight the chasm that separates Kashmiri political parties and militant organisation over the nature of a putative Kashmiri state and of the path to such an outcome.

To these already apparently intractable problems can be added the depth of distrust which has coloured India-Pakistan relations over the last five years. The escalation of terrorist attacks on Indian soil, including the attack on the Indian Parliament in 2001, simply deepened the seemingly unbridgeable credibility gap which President Musharraf left behind him in the wake of the Agra summit. Prime Minister Vajpayee's earlier peace initiative, the Lahore agreement with Prime Minister Nawaz Sharif had been left in tatters by



Pakistan's campaign in Kargil, and it would seem to take a shift of seismic proportions in Indian political opinion to persuade any Indian government or the Indian press to place the slightest trust in a Musharraf-led government.

The scenario could scarcely be bleaker. Yet, to establish whether the current steps offer prospects of a real and long lasting solution, it is necessary to go beyond the immediate history or the divergent cultural identities of the Kashmir region to analyse the geopolitical context within which the conflict is set.

Throughout its history, the Kashmir dispute has been rooted not just in the diversity and internal conflicts within Kashmir but in the geopolitical relationship of India and Pakistan and their wider region. The changes in that geopolitical context over the last decade which, despite appearances to the contrary, could be argued to give the current India-Pakistan *détente* a better chance of success than at any time since Independence in 1947. ■

Dr Robert W. Bradnock is Senior Lecturer in Geography, King's College, University of London. He will shortly publish a book on "The political geography of South Asia".

General Discussion

by John Quigley

Dr Bradnock's presentation to the European Institute for Asian Studies on 12th March was followed by a general discussion and questions and answers from the floor. Dr Tazeen Murshid, Maître de Conférence, Université Libre de Bruxelles, raised the issue of diversity, wondering how changes in the majority and minority ethnic groups affected how Kashmiri's see themselves. Would these changes increase the chances for a solution to the conflict? Dick Gupwell, Secretary General, EIAS, recalled the demand by the government of Pakistan for a plebiscite in Kashmir based upon the United Nations Resolution and whether Islamabad still insisted upon this as an essential requirement for progress. How important is the issue of the military alignment of the regional powers in the Kashmir issue, with Pakistan looking towards China and India looking towards Russia for military technology? Would the Kashmiri's be prepared to accept the Line of Control as an international border? Malcolm Subhan, Vice-Chairman, EIAS, commented on the UN Resolution and the debate in the General Assembly where, Pakistan realised early on that Kashmir was a political issue whereas India stuck to legal considerations. Dr Willem van der Geest, Director, EIAS, wondered what role outside players, such as either the US or the EU, could play. If Kashmir had economic benefits to offer, could this help reach a settlement.

In reply, Dr Bradnock indicated that the issue of diversity in Kashmir is fundamental, as there are substantial political implications. Any solution will have to include some system to assist the communities to live together. India could serve as an example of a country with a secular constitution but which allows free religious practice. The diversity within Kashmir also means that many sections of the population will have to be engaged from the outset in the process towards reaching a solution. The breadth of the diversity is bewildering but nothing new. Indeed, the Hurriyat Conference suffered from constantly shifting alliances. It should be seen as a positive thing that people are open to new ideas and that leaders can change positions, even though this has sometimes cost them their lives.

Dr Bradnock said he did not believe Kashmiri's would ever accept the Line of Control as final. While privately, Pakistan recognises that there will have to be some compromise, neither side may have sufficiently estimated the significance of the two states that would emerge from the division of Kashmir, in any settlement. Any resolution of the issue will not be found in a settlement of the 1947-48 problem.

Following the significance of the events of 11th September 2001, there have been a number of changes within Pakistan. While those such as the end of co-operation with the Taliban or restricting *Al Qa-ida* are well known, others such as the growing urban population (estimated at 40%) and domestic economic concerns are less well known. Increasingly, Pakistani business wants to get involved in south Asia but the Kashmir problem prevents access to the largest market, India. The various assassination attempts on President Musharraf and other senior military personnel are coming from the fringe of society. In general, the military supports Musharraf and the shift towards greater economic liberalisation. There is also a sense that Pakistan is keen to move away from having Kashmir dominate the tone of its international relations.

Attitudes in the international community have changed over time also, with States no longer prepared to accept militancy as a means of achieving political objectives. India's attitude remains constant and, in any event, there is very little chance of India being forced out of Kashmir. India has placed a lot of emphasis on the peace talks and its leaders seem keen to arrive at a solution. This is more than Prime Minister Vajpayee seeking a gloss to the end of his career. Even under a subsequent government, India could be expected to continue on its current engagement course. One major economic benefit Kashmir can offer is water and through it, power generation. Another asset could be tourism but, of course, only if there is peace. ■



KEDO and North Korea

by John Quigley

Speaking in Brussels to the European Institute for Asian Studies on 2nd April, the Executive Director of KEDO, H.E. Charles Kartman, said North Korea has embarked upon a process of meaningful economic change, even if this was not as significant as the West would like it to be. Suggestions that the country might be facing imminent collapse were wrong in 1994 and, probably, are wrong now. To help resolve the nuclear question, KEDO was developed as a multilateral organisation to include the United States but also key Asian partners. As an organisation, KEDO operates by consensus and, as such, does not negotiate over policy considerations, only on operational specifics.

Outlining the background to the creation of the Korean Peninsula Energy Development Organisation, Ambassador Kartman noted that relations between North Korea and the United States, after the Korean War, were at a standstill. No effort was made to engage with Pyongyang and the state-of-war continued. By 1988, however, the United States and South Korea began a series of small initiatives trying to establish limited political contact with Pyongyang, through counsellors in Beijing. This process was interrupted following the disclosure that North Korea possessed a nuclear reprocessing facility, with the possible primary purpose of the production of plutonium. In effect, the policy of neglect had to be overhauled to take account of events and was replaced with a policy of eliminating the North's nuclear programme.

In strategic terms, the United States believed that a nuclear North Korea threatened the military balance, affecting not just South Korea but also even Japan. The potential for proliferation of nuclear weapons or technology to other States and non-State actors, was also a significant worry. To try to address US concerns, the Under Secretary of State for Political Affairs, Arnold Kanter, met with Kim Yong Sun, a high ranking Workers' Party official in New York. Kanter emphasised that if the North pursued a nuclear policy this could lead to isolation and eventually confrontation. The carrot was a process of normalisation leading to economic benefits. In return, the North offered to reduce the size of its military forces, if the US reciprocated on the peninsula. This should have started a rich dialogue, Ambassador Kartman said, as the elements of agreement were present. But, 1992 was an election year in the US and the proposals were not followed up, by either side.

The new US administration was not interested in foreign affairs yet the threat from the North became even more pronounced. In an effort to begin an authorised process of negotiation, the United States

went down the United Nations route but with the stick of possible sanctions. In the end, the UN adopted a Resolution calling for all sides to begin talks but it seemed that only the US would have sufficient credibility to conduct the negotiations. President Clinton did not want to become involved but his hand was forced once Pyongyang removed nuclear fuel from a reactor. Former President Jimmy Carter went to North Korea, a move that was not welcomed in the White House, and succeeded in securing a compromise that the North would halt nuclear production if the United States did not pursue sanctions through the UN. The resumption of talks, at this moment, led to the negotiations for the 1994 Agreed Framework.

Hindsight suggests, Ambassador Kartman said, that the US and North Korea were negotiating over two completely different objectives. The US was focussed on the issue of nuclear weapons only and did not address either US-North Korea relations in a wider context nor the role of the US in a regional setting. In contrast, North Korea attempted to play the nuclear card in order to secure guarantees about their own security. In general, it became apparent that the US lacked sufficient intelligence about the North Korean regime. The resulting Agreed Framework addressed Washington's needs profusely but contained only one sentence on normalisation of relations. The emergence of KEDO through the Agreed Framework allowed the Clinton Administration to forget about the terms contained in the agreement. The North Koreans had some justification for suggesting that the US was not acting seriously.

As KEDO began its work on the east coast of North Korea, Pyongyang started to test the limits of the terms outlined in the Agreed Framework. Submarine intrusions into the South, insertion of commandos and missile flights over Japan seemed to be a policy to test international reaction. As the US Congress questioned the value of the Framework and KEDO, President Clinton appointed William Perry to review the US White Paper on North Korea. Perry concluded that the US should focus upon the threats to the US national interest namely, the North's nuclear programme and the long-range missile programme. However, Perry stated that, in turn, the US had to be serious about offering normalisation. In a visit to North Korea Perry said that a policy of pursuing nuclear weapons would force the US into containment and the isolation of the North or, Pyongyang could pursue normalisation, which would lead to benefits from the US. In other words, Ambassador Kartman said, exactly what Jimmy Carter had offered six years previously. With the US now offering humanitarian aid, the level of US-North Korea contact was unprecedented.

While North Korea did not provide a clear answer to the scenario outlined by William Perry, the US did secure agreement to enter an underground nuclear



facility and a moratorium on long range missile testing. These conditions proved enough for the first North-South Summit to take place in June 2000 with Seoul believing they could do business with Kim Jong-il. Subsequently, Kim Jong-il sent an envoy to Washington, Marshall Jo Myong Rok. As such, the US believed that he spoke for President Kim but there was speculation whether there was a difference in North Korean opinion between the military and the politicians. Marshall Jo Myong Rok wanted to deliver a letter to Clinton about the prospects of a deal to end the North's long range missile programme. The offer was very significant, Ambassador Kartman said, but hinged upon the deal being finalised between Clinton and Kim. In an effort to find out more about the North Korean leader, Madeline Albright went to Pyongyang, a visit which made significant progress. There was very little time left in the Clinton Administration and some believed that the issue did not warrant the attention of the US President. The prospect of a deal was a very important lead but much important work remained before it could be finalised.

KEDO was established with a mandate to build two light water reactors and to deliver 500m tonnes of fuel oil until the first reactor was operational. In turn, North Korea had to cease all nuclear weapons programmes. The commitment was intended to be a high hurdle, Ambassador Kartman said, and part of a two pronged diplomatic approach. From its beginning in 1995, KEDO has worked to build up a working relationship with Pyongyang based on trust and co-operation. To terminate the project, therefore, would be seen as ending this part of the diplomatic initiative. In the end, the process was suspended, rather than risk destroying the long relationship build since 1995.

The future of KEDO or, indeed, the six party talks, is uncertain. The building of the light water reactors has stopped but the initiative is still on the table for further negotiation. It is a possibility that the reactors could be replaced with another initiative. If the present crisis can be resolved, then there will still be a role for KEDO, not least in helping to implement whatever new agreement emerges. Acting as discussant, EIAS Research Fellow, Dr Axel Berkofsky, raised two issues from Ambassador Kartman's presentation. Firstly, the state of US-North Korea relations today is very similar to that faced in the early 1990's; isolation or the prospect of economic benefits leading to normalisation. Secondly, the current Bush Administration at the start of his Presidency but particularly after 11th September 2001, seemed to offer only the prospect of isolation for Pyongyang. This was a major departure from the negotiations that President Clinton pursued, albeit reluctantly at times.

Responding to questions, Ambassador Kartman said George W. Bush did seem interested in a 'bold proposal' with a willingness to put the prospect of

economic benefits on the table in exchange for concessions from the North. However, the events of 11th September changed the worldview of the US Administration and, in particular, the top echelons that there could no longer be a *quid pro quo* in international relations. KEDO was established as a multi lateral organisation with a complementary aim of involving South Korea more in peninsula affairs and regional issues. The USA is only one of four voices on the KEDO Executive Board. Decisions are made by consensus and it is a matter of debate whether the governments or, indeed, Europe, makes sufficient use of the expertise and relationship KEDO has built up.

James Foster, Deputy Chief of US Mission, noted that North Korea seemed to be interested in developing its own security and promoting some measure of regional stability. In contrast, the US is focussed solely on the nuclear question. However, there are question marks over the viability of the North Korean government and it seems that Beijing could be the key. China has to be interested in the stability of the Pyongyang regime as its collapse would have significant consequences for the China-North Korean border. Osamu Hayakawa, Mission of Japan to the EU, commented that the Pyongyang regime had concerns about the possibility of a US-led strike against North Korea. However, with the United States bogged down in Iraq, perhaps the North believes it can play a waiting game. It could be suggested that the Agreed Framework offered too much carrot to the North and not enough stick. Bram Brands, European Commission, recalled that the three-party talks were described as a completed disaster. China continues to participate, however, and the last round was believed to be vaguely promising. What explains the ongoing Chinese interest and determination to remain involved?

In reply, Ambassador Kartman recalled that in 1994, there was every expectation that the Northern regime would collapse imminently. It would be foolish, therefore, to continue predicting the collapse today. Clearly, the North is concerned about sovereignty issues and the survival of the regime itself. In economic terms, the North has not always been a basket case and Kim Jong-il has launched a small process of economic reform which can be described as the single most important policy shift by the President in his reign. The Agreed Framework has a number of flaws, not least the process of monitoring the North's compliance. Equally, at the time, the US did not clearly understand the normalisation issue and the Republican dominated Congress chose to focus only on the nuclear question. The six party process should be continued in order to reach a diplomatic solution. China plays an important role as convenor but, with a less commanding US role in East Asia currently, we can expect that Washington will move to ensure China does not dominate the process. ■



Indonesia's General & Local Elections: the EU EOM verdict

by John Quigley

On 15th April, one of the European Parliament's most active members with regard to Asia addressed the European Institute for Asian Studies, following his return from Jakarta. Glyn Ford, a British Socialist, headed the largest ever EU Election Observation Mission (EOM) to Indonesia to monitor the general elections that took place on 5th April. Calling the operation the "biggest and most complex ever undertaken by an EU team", Mr Ford characterised the elections as peaceful and democratic, despite administrative shortcomings.

For the Indonesian general election and the series of local and regional elections that took place on the same day, the EU. Mr Ford said, deployed the largest ever observation team consisting of a thirteen-man core team, led by Richard Carter, sixty-six long term observers (LTO) deployed throughout Indonesia's 32 provinces, one hundred and twenty six short term observers (STO) assisted by a small group of locally recruited observers. The whole team was made up of 231 people. To underpin the scale of the task facing the EU team, Mr Ford explained that the objective was to monitor four different elections, namely, to the lower house, district elections, provincial elections and, finally, to the upper house. Some 600m ballot papers were issued throughout 560,000 polling stations across 6500 islands and 450,000 candidates.

As at 15th April, only some 60% of the ballot papers had been counted but this is an improvement on the 1999 elections where the count took a total of 68 days. Turnout should be somewhere in the region of 78-82% of the electorate. In addition to the EU team, Australia, New Zealand and the United States also deployed observation missions but none matched the EU for either personnel or duration of deployment. In compiling the terms of his assessment, Mr Ford indicated that the EU team had visited 1244 polling stations. The EU team considered the general environment, the ability of political parties to campaign freely and whether there had been any abuse of State resources for campaigning. Other important criteria include the general conduct of the poll and the count, whether there was any election-related violence and, finally, the tabulation of results.

In the pre-election phase, there were no reports of any major problems. The EU team's analysis of the media, including radio, television and newspapers, both in English and native languages, did not find any evidence of bias. On the election in Papua, there were significant administrative delays which has been

largely put down to the short time available to prepare election material. Papua was the only example where the Election Commission delivered election material only 10 days ahead of polling. Counts were painfully slow, in part due to the complexity of ballot papers, taking upwards of 6-7 hours in local polling stations. For the district level election, there were two ballot papers which caused a lot of confusion and meant a large number of invalid ballots were cast. This was an area of concern, particularly as it seemed to affect the elderly and first time voters disproportionately.

Deployment in several areas was late or delayed due to a combination of delays receiving permission from the government and the imposition of martial law. These areas include Papua, the Moluccas and Aceh. Although the EU team had its own security advisers, the deployment of the observers was limited in geographic terms. Otherwise, the team was not hampered by the Indonesian government. One point of contention was the fact that the EU observers only received permission to monitor polling stations between the hours of 8am-6pm even though the stations opened at 7am. The preliminary statement does not, therefore, draw conclusions on what happened before the observers were in place.

The EU Observation Mission team issued a preliminary statement of 8th April but will continue to monitor the outcome of the election for a further 60 days. In the statement, Mr Ford said he refrained from describing the election process as "free and fair" as this seemed to lose its meaning. Instead, he said he was happy to declare the process as peaceful and democratic, despite some administrative shortcomings. None of the other international or domestic observers have recorded verdicts at odds with the EU statement. In accordance with the terms of reference of an EU observation mission, the EU does not draw any conclusions on the results of the election, only the electoral process. As part of his mandate, Mr Ford said he would be in place in Indonesia to monitor the Presidential election, which is due to take place in early July, with the second round in September.

In reply to questions, Mr Ford said the elections were generally peaceful and democratic. The EU mission did not set any lower standard. While two deaths were reported it was not immediately clear whether they were directly connected to the election. In any case, while regrettable, this was very much lower than the 100's that died during the 1999 election. Whatever flaws did exist, Mr Ford said, did not affect significantly the electoral outcome across Indonesia. Or, in other words, the losers lost in a fair process. The influence of money politics received a lot of media attention but, in reality, the influence on polling seemed irrelevant. People were paid to attend pre-election rallies but, equally, parties in the West often offer food and drink to entice people to attend! In any



event, two small parties campaigned on an anti-corruption platform and did well. The most generous parties did not seem to acquire any electoral advantage.

The EU team did make one important criticism of the election, the fact that there is not universal suffrage: members of the police and armed forces can not cast a vote. Also, a ban on voting for the Communist Party was overturned by the Constitutional Court but too late for the Party to be able to stand in the election. For no apparent motive, the government introduced conditions raising the minimum standard of educational qualifications necessary for candidates. While some citizens complained that they were not on the electoral register, the feeling was that this was not malicious. The EU team is recommending that the electoral roll be re-opened for the Presidential election. Speaking personally, Mr Ford said it was perhaps too early to say that democracy had taken root firmly in Indonesia but the general election was handled very well, which augers well for the July and September Presidential rounds. ■

EU-China Security Relations

by John Quigley

Speaking at the European Institute for Asian Studies on 28th April, Mr Frank Umbach, Resident Fellow with the German Council on Foreign Relations (DGAP) said that EU-China relations were at a cross-roads. The relationship, as seen by some key EU Member States, is still focussed on economic and trade ties and lacks sufficient expertise, on the EU side, on hard security issues for China and for Asia in general. Both the EU Council and the European Commission need to develop a more coherent China policy including one which fits into a transAtlantic framework.

Europe's relationship with China, which developed out of economic and trade links, has increasingly taken on a political hue and this has consequences in a strategic sense. By developing a Security Strategy and the Common Foreign and Security Policy (CFSP), the EU is indicating where it sees itself in a global security framework. The coming EU enlargement may lead to a more fractured EU policy towards China, with some Member States content to overlook the security and strategic issues that have become integral to the relationship. Thus, the Franco-German initiative to lift the arms embargo could have important consequences for stability in the Taiwan strait.

In its paper on China-EU relations, Beijing declared that her interests rest in a multi-polar world, not dominated by the United States. Yet, this policy contains some contradictions. China favours a stronger EU but one that is not necessarily involved in conflict resolution affecting security issues in Asia. China

demanded that the EU not support Taiwan's request for arms sales or membership of international organisations. As part of China's request for closer military to military contacts, China has demanded that the arms embargo, imposed since 1989, should be lifted. This is due in part to a cooling of relations between Russia and China, where President Putin has become concerned about the strategic balance in the Pacific Ocean. The growth of China's military budget goes unremarked, in contrast to the focus on Beijing's political and economic reforms. It is growing faster than inflation and, according to official figures, could be US\$50bn by 2005. The real budget, Mr Umbach said, could by order of magnitude be 3-5 times larger.

In the EU, France and Germany have called for the lifting of the 1989 arms embargo, imposed after the Tiananmen Square deaths. Both countries insist that arms sales could be governed by the EU's Code on Conduct on Arms Exports, although this is not legally binding and, Mr Umbach said, its restraints on trade are insufficient. President Chirac had said that China made enough progress in political and human rights reforms for the embargo to be lifted. This unilateral initiative, by two Member States, does not have full EU support. It would also place the United States in a very difficult position *vis-à-vis* its own embargo. Discussions between the US and the EU have come very late in the day.

For its part, China is particularly interested in dual-use technology and has been very keen to participate in Galileo, an EU satellite navigation system. Partly, this is to reduce dependence on the USA for GPS but also because Galileo has both civilian and military implications. However, the EU must consider the proliferation risks associated with selling dual-use technology to China, due to Beijing's weak controls and the nature of the relationship between the military and political leadership.

Mr Umbach said that the EU Member States national decision making process demonstrated a sense of unilateralism that undermined the objectives of the EU's CFSP. In Germany, the Chancellor's office seems to be taking the decisions when the issue really belongs to the Foreign Office, where they would have the experience necessary to deal with the issue. At EU level, the questions concerning the effectiveness of the Code of Conduct are not being addressed. If the EU wishes to be taken seriously as a global player, then it must begin to address the strategic consequences of its decisions. A balanced policy towards China must address the hard security concerns including the long-term implications.

Acting as Discussant, Dr Axel Berkofsky, EIAS, noted that the EU was beginning to address concerns associated with the Code of Conduct both internally and from the United States. He wondered what could



be done to make the provisions of the Code stronger to prevent proliferation. In December 2003, the EU declared China a strategic partner. Now China is demanding the lifting of the embargo as an essential element to the partnership, what should the EU's position be? In support of lifting the embargo, China argues that the United States already exports weapons to Taiwan, thus the cross-strait balance would not be affected.

In the question and answer session that followed, Mr Umbach said that China had both civilian and military interests in participating in the Galileo programme, not least to end US dominance of the Global Positioning Satellite system.

Primarily, China was interested in participating to acquire dual-use technology for military means. The EU's Code of Conduct was ineffective on this type of technology. The EU can no longer afford to base its relationship with China around progress on human rights matters. Europe must develop a position on the security and strategic aspects to the relationship. In turn, China should address regional and world-wide uncertainty over the potential threat Beijing poses. Another of China's concerns is security of energy supply. China's dependence on the Middle East could be catastrophic for the economy if, for example, Saudi Arabia problems with Islamic terrorists became serious enough to disrupt oil production. ■

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