

An effective EU security policy needs careful handling

by John Quigley

These are heady days for Europe's Security and Defence Policy. With 10 missions worldwide, including one now in Asia, Europe has much to celebrate and, indeed, much to be proud of. Demonstrating its commitment to a multilateral world order, to our allies and a profound sense of purpose in assisting those less fortunate than ourselves are fundamental principles for the EU. Yet, as these military and civilian operations grow more numerous, the EU should take time to step back and assess where this path may lead. The danger of a militarisation of Europe's external relations is real and, apart from creating internal divisions, could radically alter the perception of Europe to our allies and partners.

The European Union is based upon certain fundamental values. Its origins lie in the effort to end the cycle of war and destruction on the European continent, particularly between France and Germany. Europe has succeeded where others failed because of its commitment to peace and to promoting a rules-based international order. Adding a military dimension to the EU's external relations mechanisms has been underway for a long time and substantial progress is being made. It is now two years since the European Council adopted a Security Strategy, in December 2003, to try and provide a strategic framework to European actions and policies. Perhaps the time is right to undertake a review of the Strategy to help assess what direction Europe is taking.

The 10 Missions operating under the European Security and Defence Policy (ESDP) range over three continents. The first-ever initiative involving Asia, the Aceh Monitoring Mission, was launched officially in September to monitor the compliance of the Indonesia government and Aceh pro-independence fighters with a peace agreement brokered in August. The Mission is run in co-operation with several countries from ASEAN, Norway and Switzerland and should serve as a useful model of how the EU can co-operate with other regional organisations. Involving third countries

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in such Missions adds legitimacy to the operation and authority to EU action. Certainly, ASEAN thinks so. Their recent Heads of State Summit declared that the Mission could act as a model for other conflict resolution actions, including between ASEAN and other regions. A UK Presidency Report on European security policy, published on 12th December, agreed, saying that co-operation with ASEAN countries had been enhanced.

The Mission raises an interesting question however. Does the EU have sufficient guidelines in place to scrutinise the conduct of peacekeeping missions, particularly when third countries or regional organisations are involved? Thus, while the Aceh Monitoring Mission is proving a success, in terms of the implementation of the peace agreement and in terms of cementing EU-ASEAN relations, the EU should exercise some caution about extending this aspect of its external relations.

The involvement of regional organisations in peacebuilding, -making or -keeping missions has taken on a new significance. In late December, the United Nations established a Peacebuilding Commission to co-ordinate international support for countries affected by conflict. UN Secretary General, Kofi Annan, speaking in New York, called on regional and sub-regional organisations to place troops for conflict prevention or peacekeeping missions at the disposal of the Commission. Britain, as the current Presidency of the European Council indicated that the EU would support and contribute to the work of the Commission. The implications of the UN relying on regional organisations for troops and capabilities does not appear to have been thought through sufficiently.

As noted earlier, the origin of the EU, as a regional grouping, is found in its commitment to end the cycle of wars. The same is not true of other regional organisations and adding a military component to their objectives seems inherently dangerous. Despite the growing number of regional groups registered with the UN as Observers, clearly most of them are not suitable partners for peacekeeping or peacebuilding missions. Indeed some of the States are more likely to be involved in an inter-State war or intra-State conflict!

Equally, the EU can not afford to risk having a Mission, composed of perhaps only several Member States, operating solo in some third country or region. Just as only five Member States of ASEAN are involved in the Aceh Mission, the EU will have to identify clear criteria for those countries willing to send forces overseas at the behest of the Peacebuilding Commission. The scope for co-operation with other regional organisations would seem limited, for the moment. Although the South Asian Association for Regional Co-operation (SAARC) held a successful Heads of State summit in Dhaka, Bangladesh, in early

November, co-operation with the EU in the security sphere is unrealistic.

It would also seem worthwhile for the EU to build more effective alliances within the UN with like-minded countries. Hopefully, the membership structure of this Commission should help prevent the kind of situation that occurred in the old Commission on Human Rights, where countries including Zimbabwe lectured the EU on human rights. Nevertheless, there is a danger that regional organisations could become militarised to an unhealthy extent by UN demands.

Equally, it is not clear how involving some regional organisations in this kind of structure will help serve the EU's security interests in Asia. For example, what kind of role would regional or sub-regional groups, through the Peacebuilding Commission, play in resolving Europe's concerns about a nuclear weapons programme or proliferation in the Democratic People's Republic of Korea (DPRK)? While the EU has no role currently in the existing negotiation process, known as the six-party talks, there is a suggestion that if the talks remain bogged down then there might be a role for the EU as an independent arbiter. (See Aidan Foster Carter 'North Korea: Defiance as Science' in this issue). If there was any settlement that needed, for example, a monitoring mission force, North Korea may decide, like Indonesia did about the Aceh Mission, that any involvement by the United Nations or its Peacebuilding Commission would be too sensitive.

A lot has been written and said about Europe's growing role in the world - Europe as a world partner. With a growing number of ESDP missions, now expanded from beyond Europe's traditional backyard and near-abroad, for the first time in Asia, there is a sense that makes some feel giddy at the magnitude of it all. While such missions are welcome, Europe must be mature enough to learn from the mistakes of others and proceed down the path of greater militarisation cautiously. The values Europe seeks to promote worldwide will never be accepted if Europe is seen to lose its traditional sense of independence and neutrality.

Europe's relationship with third countries has to be based on more than trade objectives. Going beyond economic co-operation, Europe can offer lessons from its valuable experience of 50 years of integration and the values that have helped make a success of the post World War and post Cold War order. There must be more to the EU than simply Europe - throwing money at problems and countries without a strategic sense of what it is we want to achieve. While possessing the right capabilities is an obvious must, expanding its military dimension is a process the EU should pursue with caution. ■

Europe-Afghanistan: two paths crossing

by H.E. Humayun Tandar

On 16th November 2005, Afghanistan and Europe signed a Joint Declaration at the European Parliament in Strasbourg in the presence of President Hamid Karzai. This was a long-term common engagement, the result of a process which began four years ago.

Since the fall of the Taliban, a fanatic fascist movement, Afghanistan has already come a long way: The achievements include the authority of Central Government now covers almost all national territory, the training of the Afghan police and army is well on the way to completion, the “Disarmament, Demobilisation and Reintegration” of armed groups has been completed and the disarmament of illegal militias has begun.

The government has successfully implemented monetary reform, the exchange rate between the Afghani and international currencies (the euro and the dollar) has stabilised and we have witnessed economic growth into two figures since 2003. An estimated 3,000 companies have been created in the last two years and just this year Afghanistan began exporting its products, thereby gradually reducing its enormous trade balance deficit. The building industry is the most active in the entire region and over 300 foreign construction companies are working in Afghanistan. Thousands and thousands of foreign workers, mainly Pakistani, have been absorbed by the Afghan economy

In terms of infrastructure, over 1,500 km of tarmacked roads have been built, there are two international telephone companies operating in Afghanistan, the national airline Ariana flies twice a week between Afghanistan and Europe there are plans to double this frequency in 2006. Regarding education and health services, over five million boys and girls are at school, over 5,000 schools have been built and hundreds of health centres have been built in almost all provincial capitals and districts. Afghanistan has achieved all this while over four million refugees have returned from abroad without plunging the country into any kind of crisis.

Considerable progress has also been made in the establishment of a democracy, a State governed through protection of rights, respect for human rights and public liberties. The Constituent Assembly voted for the Fundamental Text guaranteeing political, public, cultural and economic rights. Our Constitution stipulates equal rights for all citizens, without distinction between men and women.

The Afghan people went to the 2004 pluralist Presidential elections en masse. Over 42% of its women exercised their voting rights. There was a female candidate in the first pluralist elections in the history of the country. Hamid Karzai was elected President in the first round with over 55% of the vote. Legislative and provincial elections were held recently on 18th September 2005. The National Assembly elected, composed of 249 MPs, met on 19th December. Female members accounted for 27% of the Assembly, and this brings Afghanistan up to the level of countries with the highest percentage of female representation. This percentage is higher, for example, than many EU Member States.

The two sets of elections arranged jointly by Afghanistan and the UN were held in the presence of international observers from the EU, the OSCE, and representatives of political parties and civilian bodies. The Constitution guarantees a free press and freedom of opinion. Over the last four years, more than 100 daily, weekly and monthly publications, dozens of independent radio channels, and 4 private television channels have been created.

Over 70 political parties are registered with the Ministry of Justice. Many of them are represented in the National Assembly. A voluntarist policy has been set in place to re-establish rights for women, the prime victims of Taliban extremism. In addition to constitutional rights, the Women’s Ministry organises permanent information campaigns on their rights nationwide through its offices in the provinces. The Ministry is also in charge of organising training courses and easing women into employment to give economic autonomy to the most vulnerable section of Afghan society. The first organisation of female business heads has been created, and now boasts over 100 members.

The government has three female ministers and ten deputy ministers. Women’s presence is again visible throughout public administration. The Constitution authorises the President of the Republic to appoint one third of the Senate – 34 representatives. President Karzai appointed 17 women and 17 men. None of this, however, would have been possible without massive support from the international community, and the EU and its member states in particular. The EU and its member states played a major role in achieving these results. They provided €3.1 billion for material and non-material reconstruction of the country between 2002 and 2006.

The presence of the NATO international stabilisation force ISAF, to which almost all European countries contributed with the largest number of troops, is, and will continue to be for some time, the keystone of stability and security in Afghanistan. Within the framework of the “Enduring Freedom Operation”, the



United States and certain European countries are carrying out anti-terrorist action against Al Qaeda and Taliban units.

But some immense challenges lie ahead. The destruction and suffering caused by approximately a quarter of a century of full-scale war brought on by foreign military intervention and, in particular, by one of the two superpowers at the time, the USSR, cannot be rebuilt and thought through in four years. Afghanistan is in better shape now, but is not fully cured. Acquisitions are fragile.

The fight against terrorism by Al Qaeda and fascist sectors of the Taliban is a priority, as is the disarmament of illegal groups. Eradicating the poppy culture with a responsible support policy for peasant farmers, the majority of the population, is one of the priorities of the Afghan government and the international community. The culture of substitution, improvements to the irrigation system, all but destroyed during war, easier access to markets for agricultural products by the construction of roads, and energy supplies form the cornerstones of Afghan government policy. Drug trafficking is a threat to the country's stability, the young Afghan democracy and the lives of people, and wreaks much harm among youth in other countries, particularly Europe. To put an end to this menace, action must be taken at the level of supply, demand, and actual trafficking.

The institutionalisation of democracy as the best model of government is a strategic objective. The rise of women to power in all sectors of daily life is the only guarantee to eradicate Taliban fascism forever. The appearance and growth of the middle classes is the best economic solution for the country's future. The fight against poverty, misery and illiteracy is a priority, since democracy cannot be compatible with this abominable and inhuman reality. Unfortunately, Afghanistan has the highest mother and child death rates in the world.

To ensure social order, progress and welfare in the country, the Afghan government under President Karzai chose democracy with the approval of the people. For long-term peace on the regional front, we feel the best way is through regional co-operation, particularly economic. The best proof lies in history. During the Taliban's reign of terror, the exchange volume between Afghanistan and Pakistan was just 100 million dollars. By 2004 this had risen to over one billion dollars. The Afghan Foreign Minister, Doctor Abdullah, spends most of his time in pursuit of just such a strategic objective. To this end Afghanistan has requested the initiative to organise a regional conference in Kabul in December 2005 with EU Presidency.

We want Afghanistan to be a good country to live in. We wish to be a pole of stability, progress, prosperity,

understanding and regional co-operation. Our History and our geostrategic position dictate this. Our goals and our dreams cannot come true without the help of our Friends on the international stage, and certainly not without Europe. For us Europe is not a territory. It incarnates a set of ethics, morality, generosity, solidarity, hope, an experience, a memory, a vision of Human Beings. Europe is a future project by its desire for supranational entente in the collective interest. We invite Europe to share this vision of the future with us, to help us benefit from its experience, its expertise, its savoir-faire, to accompany our perspective.

This is why signature of the Joint Declaration between Afghanistan and the European Union is just one more step in a long journey which began with the resistance in Afghanistan. This played a most decisive role in the fall of the Soviet empire, which put an end to the division of Europe. Without the Afghan resistance, European security would still be under threat, and enlargement would not have been possible. Without Europe in Afghanistan, internal peace and regional security can never be achieved. ■

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Parliament calls for UN SC intervention on Burma

by Simon Coveney, MEP

What continues to happen in Burma is awful. It is time the international community forced change through pressure at UN Security Council (UNSC) level. The effort to get the issue of Burma on the agenda of the UNSC is gathering momentum, being driven by the US it will soon succeed, and not before time.

I recently spent a week in the border towns of North Western Thailand and Karen State in Eastern Burma visiting refugee camps, ethnic villages, emergency health clinics, political leaders and voluntary organisations working with tens of thousands of refugees fleeing conflict in Burma.

What I found were gentle, hospitable and striking looking ethnic people with a story to tell. Adults were weary and battered by years of repression and conflict, but wanted the opportunity to return to their country if stability could be guaranteed. The children, some clearly damaged by their experiences, but most were just getting on with adjusting to life in the confinement of a refugee camp or war zone.



Most of my time was spent on the Thai side of the border, as accessing Burma's conflict areas is not easy. However, we did cross the border into Burma, into Karen Province by boat, a dug out canoe to be precise, without permission as visas are not available. A moment of light relief was provided when our small boat nearly sank on the river crossing, it took in water at an alarming rate from the bow. Our guide looked somewhat embarrassed and relieved to make it to the other side. Obviously my colleagues and I were somewhat heavier than his usual cargo.

We trekked a short distance into the jungle under the protection and guidance of the Karen Resistance Army and spent an afternoon in small village inside Burma close to the Thai border. I must admit to being somewhat wary as this is very much a war zone, where government forces and the Karen resistance are continuing to fight a bitter conflict. My greatest concern was that I might step on a land mine as they are used extensively by both sides, particularly on the perimeter of villages to prevent movement or attack. So I was glad to be walking behind a soldier with 45 years experience, who gave the impression that he knew every inch of the terrain that we were travelling.

The sole focus of the military dictatorship in Burma is retaining power at all costs. It is brutalising and raping the country, which they have renamed Myanmar, while imprisoning, intimidating and attacking legitimate voices for change and democracy.

The consequences are dramatic and tragic. Mass displacement of persons within ethnic areas of Burma is clearly documented. Some 2,500 villages have been burnt to the ground, since the mid 1990's, by government forces in an effort to crush opposition. Human rights violations are clear, with some soldiers acting with impunity. Rape and forced labour on a massive scale are inflicted by Burmese authority troops.

Almost 700,000 refugees have poured out of Burma into the neighbouring countries of Thailand, Laos, Bangladesh and India in recent years, causing a political and humanitarian mess.

Due to the conflict an estimated 1000 landmine victims a year, from all sides, suffer death or have limbs blown apart. Mines are commonly used as a weapon in the jungles of Burma by government and resistance forces. The use of child soldiers is also common; up to 60,000 children are involved in armed conflict. I spoke to two 16 year old boys who had recently defected from the Burmese Army and escaped into hiding in Thailand.

As if the humanitarian crisis was not bad enough a growing drugs trade for Opium continues to develop, along with an alarming rise in HIV infections spreading into bordering countries. Burma is

increasingly a serious source of instability in South-East Asia generally.

Burma is a complex make up of different ethnic groups living in different regions. However, the solution to Burma's problems may not be so complex. Aung San Suu Kyi is the leader of the National League for Democracy, the party which won over 80% of the vote in the 1990 general election in Burma. The military dictatorship responded by ignoring the result and jailing many members of the opposition. Aung San Suu Kyi has spent the majority of time since then under house arrest. Many believe she has the capacity to unite the country, including the ethnic regions, through democratic political leadership if allowed to do so.

What is required for Burma at this stage is an end to all armed conflict and the commencement of tripartite talks between the military, ethnic groups and Aung San Suu Kyi's NLD party. Perhaps most importantly Burma needs a new constitution based on a federalist structure whereby ethnic groups can achieve a certain amount of autonomy within their regions, while keeping Burma as a whole together through a central democratically elected government in Rangoon. The military dictatorship currently rejects and frustrates such change, despite claiming to have "a road map to democracy" plan under way. Only the international community at its most powerful at UN Security Council level can bring about pressure to force the change that's required.

I was the author of a recent European Parliament Urgency Motion calling on the UNSC to take up the case of Burma by increasing the pressure on the military government of Myanmar to accept and facilitate change. The Motion was strongly supported in Parliament. As to the latest developments, the British government has also pledged support for UN Security Council referral. The UNSC recently agreed to hear a briefing on Burma. Let us hope that after this briefing, they may finally decide to put Burma formally on their agenda. ■

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The NATO Parliamentary Assembly in Copenhagen

by Paulo Casaca, MEP

The 51st Session of the NATO Parliamentary Assembly, which was held in Copenhagen from 11th-15th November 2005, could be characterised by the recognition of the increasing role of the European Union in security and defence. The European Security and Defence Policy of the European Union is now taken seriously by the NATO partners (there are currently 9 ESDP missions under way) and the creation of the European Defence Agency is considered as a proof that the EU is decided to go further with its efforts to make this policy credible and efficient. As NATO is becoming more and more a political organisation, as it was stressed by the US Ambassador to NATO, Mrs Victoria Nuland, EU and NATO have to work in close co-operation as it is already the case in the Balkans or in Darfur. Complementarity and not competition is the word.

The session was attended by 356 parliamentarians from some 40 countries, including delegates from all 26 NATO member countries, 15 NATO-PA associate delegations and 12 other delegations with the status of parliamentary observer. The NATO PA's five committees (Political, Defence and Security, Economics and Security, Civil Dimension of Security, and Science and Technology) met during this session on Saturday and Sunday 12th and 13th November, followed by the plenary session held on Tuesday 15th.

The Delegation of the European Parliament may consist of up to ten members and has a special status within the NATO-PA: it is more than an observer delegation and less than an associate delegation. This means that the EP delegation has the right to participate in all the activities of the NATO-PA but the Standing Committee, which is its lead body, and has even the right to present reports.

The discussions which took place in Copenhagen were of the utmost importance for the future of the security environment of Europe and stressed the role of the European institutions in this context. For example, the Political Committee of the NATO-PA discussed among other subjects the future role of NATO and its co-operation with the EU in Kosovo. The meeting was also attended by Mr Kai Eide, Special Envoy of the UN Secretary General to Kosovo. In the debate, it appeared that there was a consensus on the need to reinforce the role of the EU in this region and to create a new political environment which could help to find a solution to the definitive status of this region, in the framework of the EU policy towards the Balkans. It was also reminded how the EU, while taking over from

NATO, played a positive role in the Former Yugoslav Republic of Macedonia, which could soon lead to the opening of accession negotiations with this country.

The Defence and Security Committee debated NATO's ongoing operations, its commitments and funding. Mrs Ana Gomes, Member of the European Parliament, underlined the constructive role of the recently established European Defence Agency, the EU Green Book on Defence Procurement and the efforts made by the EU Member countries to spend their national military budgets in a more efficient way.

Other issues were discussed in Copenhagen: terrorism preparedness, security in Central Asia and South Caucasus, WMD material in Russia, 2005 NPT Review Conference and the use of nano-technology.

The plenary session was held on 15th November with addresses by Mr Anders Fogh Rasmussen, Prime Minister of Denmark, Mr Recep Tayyip Erdogan, Prime Minister of Turkey and Mr Jaap de Hoop Scheffer, NATO Secretary General. It adopted important policy recommendations, amongst others:

- On Belarus: an agreement to support the forces of opposition to the regime of President Alexander Lukashenko. Key opposition figures spoke at the session and the Assembly offered to monitor the presidential election in July 2006,
- On Georgia: the NATO-PA said it would be watching with great attention the withdrawal of Russian troops from their bases in Georgia as this would greatly contribute to security and stability in the South Caucasus,
- On Ukraine: the NATO-PA declared that the Alliance should help as a priority Ukraine to eliminate dangerous surplus weapons and munitions dating from the Cold War,
- On Azerbaijan: the NATO-PA stated the parliamentary elections of 6th November were not up to international democratic standards. Serious abuses were registered, despite some positive signals in the process.

The NATO-PA reflects the concerns of the Euro-Atlantic community. In this sense, it is an important element for helping NATO, which is by nature a military alliance with now political ambitions, to become more aware of the expectations of the citizens of its member countries. It is also the place where the parliaments of the countries belonging both to the EU and NATO can make their voices heard, thus creating a bridge between both organisations.

NATO and the Persian Gulf

Shortly after Copenhagen's Parliamentary Assembly gathering, Mr José Maria Aznar came to Brussels to present a radical proposal for NATO reformulation



drafted by the think-tank he now chairs (*Fundación para el análisis y los estudios sociales*) under the title "NATO: An Alliance for Freedom", which transforms it into a World organisation.

His proposal was refreshing and gave rise to a lively debate that most likely will continue and develop in the context of NATO institutions - parliamentary ones, to start with - but reality is that less radical globalisation is certainly on the way, Afghanistan being the main country where NATO armed forces are engaged at the moment, the Persian Gulf being - in my view - the present hottest topic in NATO's political agenda.

Although the global challenge posed to the North-Atlantic by the rise of Far-East Asian powers has a defence dimension, it is certainly not a defence question in itself, whereas the threat posed by the rise of religious fundamentalism in the Islamic World (Jihadism, might be a good expression) is primarily a defence question, and actually the most important defence threat to the West, although it naturally cannot be seen either as a pure defence question.

This is the reason why I believe that the discussions of the ongoing report by the German Christian Democrat Ruprecht Polenz "NATO and Persian Gulf Security" produced in the context of the Sub-committee on Transatlantic Relations and discussed by the Political Committee were very crucial ones.

Particular attention was paid to the Iraqi situation and the elections of 15th December. As I pointed out, the absence of international parliamentary observers teams to these elections makes no sense, specially when - as I can personally testify from my presence in Iraq - the complaints against vote rigging in last February elections by the dominant Iranian sponsored militias, even in a very ethnic and religiously diverse province as Diyala, were widespread.

The invitation for NATO and EU countries to send observers to Iraq was warmly backed by Ruprecht Polenz himself. On December the seventh, finally, the EU Presidency invited the European Parliament to form a team of observers and guaranteed logistical support to a visit of this team to Basra. Indeed, if security problems are indeed circumscribed to the areas dominated by Sunni insurgent militias and Al-Qaeda or to mixed areas such as Baghdad or the Diyala province, it does not make sense that in the Southern provinces - specially Basra - where the so-called "Shia-list" controls almost completely the grips of power, no observers are expected.

To request an observation mission a week before the elections are held is not the best of the methodologies to approach a situation such as the Iraqi one, but it is certainly better than nothing whatsoever.

As I was repeatedly told while visiting Iraq last July, and as since then been recognised by the Western media, the security situation in Iraq is dramatic. The Iranian backed militias, on their own or through their presence in the national police and army, keep a network of private prisons where torture and arbitrary arrests are common place and death squads are organised against whoever opposes them. The conclusion taken by the former Prime Minister appointed by the Allied forces, Al Alawi, that the situation is now worse than during Saddam's dictatorship, is a confirmation of this state of affairs.

The other countries of the region - and most specially the Gulf States - follow with dismay these developments, and they rightly perceive as very dangerous to their own security the situation of Iraq where an intervention, originally designed to push aside an old-style and decaying dictatorship, actually helped the expansion of the Iranian fanatic dictatorship into a new country.

The situation in Iraq has been very instrumental for the Iranian regime to reinforce itself internally, hardening the control over its own people, to speed up its armament - and in particular the nuclear programme - and to reinforce its leadership on the International Jihadist movement.

The public threats of the President of the Islamic Republic to wipe out Israel from the map - as well as the less publicised but mentioned in the same speech commitment to destroy the US, supposed to be a second fatherland to "Zionism" - seem to have been forgotten. Both the US and its EU allies are now more fully engaged in diplomatic conversations with Iran than ever before, in the vain hope of avoiding an humiliating defeat in Iraq, to put an halt to terrorism and to stop the military expansionism of the regime. I think we do not need to have a crystal ball to guess what will result from this course of action.

In this context, the article of Wesley K. Clark, former NATO supreme allied commander for Europe on the New York Times of 6th December gives certainly a sign of hope, since he seems to be the first high ranking political commentator to have the courage to say the obvious: Iran is transforming Iraq into a puppet state of its own. ■

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Taking care of the Dragon: How the EU should handle China

by Dr Godelieve Quisthoudt-Rowohl, MEP

This is a time of rapid change in Asia, mainly due to China's emergence as a global superpower. There is no doubt that China has benefited tremendously from globalisation during the last couple of years. Regional inequalities between the rural provinces in the West and the coastal areas in the East, it is clearly visible to anybody who has recently visited the country. China's growth since the late 1970's - averaging almost 9% annually *per capita* - has been nothing short of spectacular.

In 1999, its foreign trade was equivalent to that of the Netherlands. In 2002, it overtook the United Kingdom. Now China ranks third in the world in terms of its volume of foreign merchandise trade, after the European Union (EU) and the United States (US). Given that China has still relatively low levels of *per capita* income, it has the potential for stellar growth rates for decades to come. It will be crucial for its own future how Europe responds to the resulting tectonic shift in the global economy. Unfortunately, the European Commission has been rather slow in grasping this point and has not devoted enough attention to this issue.

This Summer's textile crisis is a case in point. After the lifting of tariffs on Chinese textiles at the beginning of the year, a flood of textile imports from China was followed by an outcry among European competitors. Thereupon, the EU's Trade Commissioner Peter Mandelson flew to Beijing and hastily negotiated a bilateral agreement, which limited Chinese textile exports to Europe. But this was not the end of the story. In the weeks after the agreement entered into force, millions of Chinese-made garments, ranging from pullovers to underwear, were impounded because they exceeded the negotiated annual import limits. The retailers had ordered their autumn stock months before the deal was struck. And consequently, Mr Mandelson had to rush back to Beijing to re-negotiate. This looks like a patchwork approach to coping with a phenomenon that is vital to our future.

To be sure, I am not suggesting that Europe should resort to protectionist measures as a response to China's integration into the global economy. This would be a great mistake. Europe's wealth has been dependent on our success in the world markets for decades. And China's remarkable transformation creates tremendous new opportunities for us. Rising real incomes in China are driving domestic demand for high-quality industrial goods, offering tremendous export opportunities to European companies. Indeed, China is already Europe's

second-biggest export market after the US. Just earlier this month, Airbus has sold about 150 aircraft to China. European consumers benefit from China's integration into the global economy as well, because increased competition means lower prices.

Yet the whole process is far from frictionless. The net effect of China's insertion into the global economy is to intensify competition, and with it the need for mutual adjustment and adaptation. *Vis-à-vis* Europe, China has a clear-cut comparative advantage in labour-intensive manufactured exports, and this will remain the case for some time ahead. Its foundation is seemingly limitless supplies of cheap labour pouring from the countryside into the cities, particularly on the coast. China has already become the world's workshop for toys, textiles, clothing, footwear, leather goods, bicycles, refrigerators, electric fans, microwave ovens and other household appliances, TV sets, DVDs, mobile phone handsets, and furniture.

As a result, low-value low-wage industries in Europe that compete directly with Chinese exports are under a considerable amount of pressure. This is a challenge that Europe has to face, and it is important that we manage it. There is no doubt that we have to raise our game significantly in helping our people and industries to adjust to changing world economic balances brought by China's rise.

We have to do more than that. I have already emphasised that the ongoing transformation of China's economy the tremendous brings with it potential opportunities for Europe. But we can only seize these opportunities if China fulfils its WTO obligations and opens its markets to European companies. In its 2001 accession agreement to the WTO, China agreed to extensive, far-reaching commitments, and committed to execute a number of comprehensive reforms that required it to lower trade barriers in virtually every sector of the economy. It pledged to provide national treatment and improved market access to goods and services imported from the EU and other WTO members, and to protect intellectual property rights.

China also agreed to special rules regarding subsidies and the operation of state-owned enterprises. Implementation should be substantially completed – if China fully adheres to the agreed schedule – by 11th December 2007. How are things looking so far? There is no doubt that China has already taken considerable steps to comply with its WTO commitments. But in some areas that affect products and services where Europe has a competitive advantage big problems remain. This is especially the case in the field of intellectual property rights (IPR).

Counterfeiting and piracy in China is out of control. And European products are the main victims. Just to give you an idea of the dimension of this problem:



Over and above what it costs in terms of job losses, the piracy of brands and of counterfeit products costs us over ten times more than the common agricultural policy, which comes in for criticism from all sides for allegedly distorting competition. According to a recent report, in China, counterfeiting is an economic system all of its own, employing five million people, with its own specialist factories in areas which are hard to access, with surveillance cameras and security guards to sound the alert if the authorities approach.

In the cities, there are markets for the bulk sales of counterfeit products, along the lines of the permanent trade fair, and which are attended by business people from Russia, South Asia, the Middle East and Africa. These sites have the protection of the local police because, for some cities, they are the only noteworthy source of income. To be sure, China has recently undertaken a number of serious efforts at the national level to remedy this situation, such as lowering the value thresholds that trigger criminal investigations and prosecutions. But these steps have not significantly reduced IPR crime across China.

In European public opinion, the transformation of China's economy is increasingly regarded as a threat to Europe. I do not share this view. Yes, the growing economic power of this part of the world represents a new source of competition. Yet it can also represent a new source of economic growth. Europe can profit from China's economic transformation. But in order to do so, it has to maintain its competitive advantages in the development and production of technology- and knowledge-intensive goods and services. Thus, in the near future Europe must maintain an extremely firm and strict stand on the issue of counterfeiting and piracy. If push comes to shove and all other avenues are exhausted, it must not shrink from using all available WTO procedures to bring China into compliance with its obligations. ■

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Might is right. Right?

by Malcolm Subhan

"Might is right" – not only when armies clash but also in trade wars and trade negotiations. Might is right, in short, on the battlefield, in textile wars and in the WTO. The Hong Kong meeting of WTO trade ministers provided the most recent and most striking proof of this time-worn adage. As exhausted trade ministers caught their homebound flights, Oxfam's Brussels office pointed to "worrying signs that (the European Union and the United States) are reverting to their traditional 'might is right' negotiations." The EU and US certainly fielded the biggest battalions in Hong Kong – well over 300 delegates each, as compared to Burundi's three delegates. But they also made it clear that their interests were paramount, particularly in that highly sensitive area where politics and economics meet and the fate of politicians hangs in the balance.

As if it could be otherwise. As if, when the chips are down, the world's most powerful trading nations will allow themselves to be swayed by their own rhetoric. It is this rhetoric which makes a realist analysis – one based on facts, not fancies – so difficult. The rhetoric is to be found in the very title of the current round of WTO negotiations – the Doha Development Agenda. WTO trade ministers, meeting in Doha in 2001, noted that "the majority of WTO members are developing countries," and undertook "to place their needs and interests at the heart of the work programme adopted in this declaration." Recalling the preamble to the 1994 Marrakesh Agreement, the trade ministers agreed in Doha to "continue to make positive efforts designed to ensure that developing countries, especially the (49) least developed among them, secure a share in the growth of world trade commensurate with the needs of their economic development."

Those "positive efforts" have yet to pay off. Africa's share of world exports was 3.1 percent in 1990; it had fallen to 2.3 percent in 2000, according to the WTO. South Africa's share of world exports fell from 0.7 percent to 0.5 percent over this same period. The picture is not more encouraging when it comes to trade between the European Union (EU) and the 70+ African, Caribbean and Pacific (ACP) countries linked to the EU through the Cotonu agreement. Their share of EU imports, excluding South Africa, stood at 2.9 percent in 2000 and at 2.8 percent in 2004, having averaged 3.2 percent during the intervening three years, according to the EU. The 49 least developed countries fared no better: their share of EU imports stood at 1.3 percent in 2000, averaged 1.5 percent over the next three years, then dropped to 1.4 percent in 2004. (The two groups overlap, of course.)



You could say that the ACP and least developed countries have only themselves to blame for their poor export performance. After all, the ACP countries have preferential access to the EU market, going back some 30 years in the case of more than half of them. And the least developed countries have had preferential access to the EU market since 1971, when the 9-nation European Community (EC) introduced its generalised system of preferences (GSP) scheme. Since Bangladesh alone accounts for a third of the exports of the least developed group of countries, it is clear that the benefits available to them can result in a substantial increase in their exports to the EU – provided they make the necessary effort. And if large numbers of ACP and least developed countries are unwilling to make the effort, it may be because their elites find that development assistance offers an easier route to riches than competing on world markets against bigger, industrially more advanced countries, like China and India.

It is worth pointing out, however, that the EU and US have found it easier to provide development aid than to promote imports from developing countries. When the United Nations Conference on Trade and Development (UNCTAD) recommended in 1968 that the industrialised countries extend tariff preferences to all developing countries, it was assumed that the new scheme(s) would provide for duty-free entry for all products of export interest to these countries. The scheme introduced by the EC was highly selective, however, and not generalised, in that many products for which developing countries had a comparative advantage were designated as “sensitive,” when they were not purely and simply excluded from the GSP scheme. What is more, access to the EC market was further restricted in the case of manufactured products, such as clothing, through rules of origin which many developing countries could not meet. Even today the EU is finding it very difficult to revise these rules to accommodate the wishes of developing countries.

That the industrialised countries put the interests of their own producers before those of developing countries was most evident as regards their import policy for textiles and clothing. In the early 1960s both industrialised and developing countries agreed that if the latter were to close the trade gap, they had to industrialise, in order to develop their exports of manufactured products. What is more, the textile industry was admirably suited for this purpose, particularly in the case of countries like India and Pakistan – large-scale cotton producers with an abundance of cheap labour. What they got was an agreement aimed at limiting their textile exports, the 1962 Long-Term International Arrangement on Cotton Textiles (LTA), despite the fact that only a handful of developing countries were in fact exporting these products at that time. India’s total exports to the then

6-nation European Economic Community amounted to ECU 492 million in 1960.

The LTA was extended in 1970. Then, despite earlier assurances that exports of products made from man-made fibres would not be restricted, developing countries had to sign up to the Multifibres Arrangement (MFA) in 1973. Although intended to give the textile and clothing industry in the U.S. and Europe a “breathing space,” the MFA was extended five times. Replacing the LTA with the MFA may have taken no more than a year or two; dismantling it was to take a decade. The industrialised countries were allowed a further breathing space of some 10 years in which to phase out their MFA quotas. Even so, within months of these quotas having been finally eliminated, both the EU and US reintroduced import quotas on a wide range of textile and clothing imports from China.

Analysis based on facts, and not the rhetoric which has dominated North-South relations for the last half century, would quickly reveal that nations exist to defend their national interests. It was not simply the desire to save jobs or keep uncompetitive industries alive that led Europe and the United States to curb textile and clothing imports from developing Asian countries. It was the threat to their economic power and, ultimately, to their political power. Hence the need to curb the rise of China and India as economic powers, before it leads to the erosion of the West’s political domination of world affairs. And hence the need to prevent developing countries from acquiring nuclear weapons, which offer the quickest route to the exercise of political power.

Developing countries have been fighting back, in defence of their national interests. In the late 1950s Nehru, Nasser and Tito took the lead in seeking to introduce the concept of trade-linked development into the GATT. They were instrumental in the creation of the United Nations Conference on Trade and Development (UNCTAD), which held its first meeting in Geneva in 1964. Their hopes that UNCTAD, as a UN agency, would take the lead over GATT in defending the export interests of developing countries proved unfounded. Europeans and Americans were prepared to go along with the rhetoric of “trade, not aid,” but not to the point of giving UNCTAD parity with GATT. Unlike GATT, whose decisions were binding, UNCTAD could only make recommendations. Hence its failure to (1) impose a universal, generalised system of preferences and (2) set up a commodities fund, in order to guarantee developing countries stable, even rising, prices for their commodity exports. (The EU and US today view UNCTAD as a think tank for developing countries.)

Developing countries quickly realised the need to work together in order to be effective. Hence the creation, during UNCTAD I, of the Group of 77. In order to take



differences among developing countries into account, meetings of the G-77 were preceded by its members meeting on a regional basis first. But if the industrialised countries form a relatively homogenous group, differences among developing countries are so great as to make it impossible for them to operate effectively as a single grouping. Hence the emergence at the Cancun meeting of WTO trade ministers of the G-20, led by Brazil, India, South Africa and China, although China has shown a preference for acting from the wings. But the creation of the G-20 was followed by the emergence of the G-90, consisting of the less advanced, more vulnerable developing countries.

As you would expect in any power struggle, the EU and US have tried to play off developing countries against each other. The EU has been able to count on the support of the African, Caribbean and Pacific (ACP) countries linked to it through the Cotonu agreement. It has tried to do the same with its "Everything But Arms" system of generalised preferences for the 49 least developed countries. Through its European Neighbourhood policy the EU has tried to draw the developing Southern Mediterranean countries ever more closely into its economic orbit. The US has used the offer of regional free trade agreements to divide developing countries.

The implications for the WTO are clear. It cannot be an effective body as long as it contains so many competing and conflicting economic, and ultimately political, interests. Progress towards the execution of the Doha Development Agenda has been slight. An agreement of some kind will probably be cobbled together by the end of 2006 or by early 2007, simply because President Bush's "fast track" authority ends in mid-2007. Until then the US Congress will have to vote on any WTO agreement as it stands; after that date it will be able to reject those features it does not like. Not surprisingly, both industrialised and developing countries are actively negotiating free trade agreements with each other, undermining the effectiveness of the WTO even further.

Given that might is right, the obvious solution is the creation of a body whose membership is limited to countries that have a significant share of world trade, or have shown the capacity to become global players. This would break the fallacious link between trade, as the vehicle of economic growth, and therefore of development. It would allow countries like India, China, South Africa and Brazil to play a more effective role in setting the rules of international trade. It would also allow the majority of developing countries to seek their own paths to development, free of the ostensibly value-free development model, based on the modernisation of economic and political systems, which is being thrust on them. ■

Biogas – a tool for women's emancipation

by Anne Coulon

The ownership of the development process should belong to the developing countries themselves. In keeping with this principle, the European Commission is of the view that the success of the EU's development co-operation policy depends on the input of developing countries. The participation of civil society thus forms an important component of co-operation policy.

Under the development co-operation strategy agreed by the EU and India in 1994, the focus has been on supporting poverty reduction programmes and projects that promote a more efficient and sustainable use of natural resources. Since 1994, a long-term partnership between the EU and the Aga Khan Foundation based on the EU's bilateral co-financing mechanism for NGO's has developed.

Under this partnership the EU supported the Community Management of Natural Resources (CMNR) programme from 1994 to 2002. It evolved into the Sustainable Community Based Approaches to Livelihoods Enhancement (SCALE) programme, which is currently under implementation, with a total project budget of €37.8 million, €25.5 million of which is being co-financed by the European Commission over a 10-year period (2002-2012).

Led by the Aga Khan Foundation (AKF), working closely with the Aga Khan Rural Support Programme (India), the SCALE project aims at poverty reduction through the development of community-based approaches to natural resource management. Communities in rural areas in India depend heavily on natural resources, primarily forests, for most of their fuel and energy needs. This inevitably puts heavy pressure on these resources. Promoting access to clean, efficient and low-cost alternative energy in rural areas has thus emerged as a major challenge for the government, NGOs and other development agencies.

To enhance and protect the livelihoods of disadvantaged rural populations in the resource-poor areas of Central and West India, the Aga Khan Rural Support Programme (India) – AKRSP(I) – has developed a two-pronged strategy. The focus is on (a) developing and promoting community-based natural resource management approaches at the field level, and (b) facilitating wider outreach and conducive policy.

AKRSP(I) has encouraged the rural population to adopt alternative energy technologies, including the use of solar cookers, windmills and biogas. A mixture of methane and carbon dioxide, biogas is highly

combustible, and is used primarily for cooking in rural India. It is particularly relevant in rural areas, as it is simple in design and low-cost, since the key raw material, animal dung, is readily available, as most rural households keep livestock. In addition, slurry, which is a by-product of biogas, is very effective organic manure.

AKRSP(I) initiated a biogas programme in a few villages in Gujarat in 1986, which expanded to other villages and districts under the CMNR and SCALE projects. It worked specifically with the main stakeholders of the technology – women, the primary collectors of firewood. AKRSP(I) encouraged women to form self-help groups at the village level for a better ownership of the programme. It provided training and capacity building inputs to individual women and women's groups, through motivational meetings, demonstrations on building and maintenance of biogas plants.

The programme has been very effective in reducing drudgery, improving health and raising the social and economic status of women. With biogas available for cooking, women save up to six hours a day and demand for firewood has fallen by more than three tonnes per household per year.

The use of biogas has also resulted in fewer respiratory infections and eye irritations. In addition, the construction of toilets attached to biogas plants has significantly improved sanitation for rural households. For women, having access to toilets has meant not only convenience but also greater safety and dignity.

With more free time, women can take up other activities, such as attending literacy classes. A number of women have been trained as biogas plant mechanics, repairing biogas plants and thus earning a livelihood. An additional benefit has been an increase in the personal status of women, both within the family and the wider community, and a great role in decision-making – no small feat in the traditional gender power imbalance which characterises tribal areas of Gujarat.

The biogas programme implemented by the Aga Khan Foundation through its rural support programme is among the 150 or so NGO projects currently being implemented in various parts of India, with co-financing from the European Commission. The aim is to explore alternative and innovative approaches to the delivery of anti-poverty interventions and, over the long term, to contribute to more effective national and state environment policies, by sharing the results of projects such as that implemented by AKRSP(I) in rural Gujarat. ■

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Asylum, Immigration, Justice & Home Affairs

EU Plan against trafficking

The Council of Ministers adopted an EU Plan, on 9th December, on best practices, standards and procedures for combating and preventing trafficking in human beings. The Plan forms part of the Hague Programme requirements, which was adopted in December 2004. The Plan calls for a co-ordinated EU policy response to the problems of trafficking and the protection, support and rehabilitation of victims of trafficking. EU policies including justice and home affairs, development, external relations, social affairs and employment would be co-ordinated to tackle the problem both in the EU and in countries of origin.

Referring to 'standards', the Plan states that the EU Member States should consider adopting proposals to criminalise human trafficking and that the protection of victims should be undertaken at national, EU and international level. The Plan also envisages initiatives to target "vulnerable groups" including women and children with preventative programmes. To effect change in third countries, the EU should strengthen political dialogue both on a bilateral basis and in multilateral organisations. This dialogue, the Plan says, should stress the protection of human rights in anti-trafficking policies. Where trafficking takes place for the purposes of labour exploitation, then government authorities responsible for the control of working conditions and financial matters should be involved.

The Plan describes a long list of actions with a general timetable of when they could be implemented but does not give a financial reference amount. In external relations, these actions include using Country Strategy Papers (CSP's), Regional Strategy Papers (RSP's) and Indicative Programmes to address factors that facilitate trafficking from third countries. The European Commission will have to conduct a review of EU strategies with third countries by the middle of 2006. The Asia-Europe Meeting (ASEM) is given as an example of a "regional consultative process" through which the EU could engage in dialogue with third countries. Also in external relations, a forthcoming strategy for "JHA EU External Relations" is meant to propose anti-trafficking initiatives as a priority.

International Criminal Court

The Presidency of the Council, currently held by the United Kingdom, issued a Declaration, on 28th November, on the International Criminal Court (ICC) Assembly of State Parties. The Assembly was held in the Netherlands between 28th November and 3rd December. The Declaration called the agenda for the 4th Assembly "substantive" but stressed that the Court should be provided with the necessary tools and



resources to tackle challenges set out for 2006. By the end of March 2006, the Court is meant to publish a Strategic Plan to help organise the work of the Court. The Declaration states that the 100th ratification of the 1998 Rome Statute, establishing the Court, represented a significant milestone and would make the “prospect of universal jurisdiction” more likely.

Subsequently, on 6th December, the EU Council of Ministers published a draft Agreement, to be signed between the European Union and the President of the ICC. The Agreement would expand upon the 2003 EU Common Position to define the terms of co-operation and assistance between the EU and the ICC. Apart from governing the exchange of information between the two parties, the Agreement would cover the waiving of the rights of confidentiality and immunity from prosecution of EU officials. The EU undertakes to adopt initiatives which would promote the principles and values of the Rome Statute and other Court instruments.

Terrorist financing

On 25th November, the Council published the Directive of the European Parliament and Council on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing. The Directive expands upon a 1991 Directive on money laundering taking into account recommendations made in 2003 by the Financial Action Task Force. This legislation seems more concerned about protecting the integrity of the financial system, no doubt a worthy goal in itself, than preventing the financing of terrorism as such.

Political Relations

Tibet and Hong Kong

The European Parliament adopted a Resolution, on 15th December, on the human rights situation in Tibet and Hong Kong. The Resolution comes as a response to the introduction by China of a “patriotic education” campaign across Tibet, which involves forcing native Tibetans to sign a declaration denouncing His Holiness the Dalai Lama and declaring that Tibet is part of China. This campaign started in October and, since then, one monk has died and others have been arrested and imprisoned. The Resolution notes that some may have been tortured while in prison. Manfred Nowak, Special Rapporteur of the United Nations Commission on Human Rights, visited China between 20th November and 2nd December and has stated that the use of torture in China remains widespread.

Parliament calls on the Chinese government to end the patriotic education campaign and to release those religious figures currently imprisoned. This includes the case of Tenzin Delek Rinpoche. China should

enforce an immediate moratorium capital punishment and work towards the abolition of the death penalty. Although the EU engages in a Human Rights Dialogue with China, Parliament suggests this process should be more effective in tackling the “poor human rights record of China”. The arms embargo imposed by the EU following the Tiananmen Square massacre in 1989 should be maintained. Regarding Hong Kong, the Resolution calls on the administration to publish a timetable for introducing universal suffrage, as provided for in the Basic Law, and to ensure the election of the Chief Executive on this basis. In terms of accountability, the administration should enforce an electoral system consistent with multi-party democracy and abolish appointments to District Council and corporate votes for constituencies to the Legislative Council.

Cambodia, Laos, Vietnam

The European Parliament adopted a Resolution, on 1st December, by urgency procedure, on the human rights situation in Cambodia, Laos and Vietnam. These three countries were identified and addressed together s Parliament feels they share a similar level of economic development but, despite Co-operation Agreements with the EU, have yet to make sufficient progress on either political or civil rights.

Regarding Cambodia, the Resolution identifies concerns about the treatment of opposition political figures, including Sam Rainsy, the harassment of journalists and trade union workers, the treatment of women and the absence of an impartial judiciary. Unlike, Laos and Vietnam, Cambodia does not have a Working Group with the EU on “Institution building, administrative reform, governance and human rights”. Although Cambodia agreed with the United Nations, in June 2003, to establish a Tribunal to try former leaders of the Khmer Rouge, the process is not yet underway. Parliament says the Tribunal should be established “as soon as possible”. The government should build a democratic State by promoting political and institutional reforms.

Regarding Laos, Parliament states that the rights to freedom of expression, the media, association, assembly and of religion continue to be affected by government measures. The plight of the Lao-Hmong people “remains appalling” and international human rights advocates are denied access to Laos. After political prisoners and prisoners of conscience have been released, Parliament requests that multi-party elections should be held, under the auspices of international monitoring, in order to help promote “national reconciliation. Prior to such elections, Laos should ratify the International Covenant on Civil and Political Rights.



Regarding Vietnam, restrictions on the freedom of the press and expression are still in place and the persecution of indigenous minorities, including the Montagnards, continues. Church organisations and their leaders continue to be harassed and detained in prison for periods up to 25 years. However, the Resolution does mention elements of progress in EU-Vietnam relations including Hanoi's adoption of an Action Plan for 2005-10 on relations with the EU and progress on economic and social rights. This progress should be expanded to launch multi-party democracy and a "genuine dialogue" with minorities to facilitate the political and economic development of Vietnam. Montagnards who fled the country should be allowed to return as stipulated in the Cambodia-Vietnam-UNHCR agreement on repatriation. This return process should be monitored by international observers, the Resolution states.

The Resolution addresses a number of general issues relating to the prerogatives of Parliament. This includes a demand that Parliament should be involved in the EU-third country Working Groups and that Parliament may have to send ad hoc delegations to third countries to gauge civil, political and economic rights. Equally, Parliament wants to have a greater role in monitoring third countries' compliance with Article 1 of Co-operation Agreements which stipulates they must respect human rights, the rule of law and democratic principles.

Peace process in Nepal

The Presidency of the Council issued a Declaration, on 1st December, on the agreement between the political parties and the Maoists in Nepal. In September 2005, the Maoists, who have been conducting a rebellion to overthrow the constitutional monarchy system of government since 1996, announced a unilateral three-month ceasefire. This was extended to include December with a call for the government armed forces to commit to a truce. After talks between the seven political parties and the Maoists, both sides issued a 12-point Letter of Understanding, on 22nd November, calling for an end to the "absolute monarchy" as an essential first step to establishing "absolute democracy". The agreement states that only by forming an interim all-party government in a restored parliament, with subsequent elections, can the conflict in the country be ended. Elections could be held if the United Nations agreed to monitor standing-down of the Royal Nepal Army and the Maoist rebel force. One of the major criticisms of the political parties in Nepal has been their venality while in office. In the agreement, both the parties and the Maoists undertake "not to repeat the mistakes of the past". The Presidency Declaration said the EU will "consider in detail" such proposals bearing in mind the "positive moves" the agreement seems to represent in the peace process. The EU calls on King Gyanendra to negotiate a truce and to

begin serious engagement on a solution to the conflict. For a "meaningful peace process" the Declaration states the EU would be able to offer support, probably financial, but no specific initiative is mentioned.

Death penalty in the Philippines

The European Parliament adopted a Resolution, on 17th November, by urgency procedure, on sentencing to death of Francisco Larrañaga in the Philippines. The Resolution states that Mr Larrañaga, who was convicted of rape and murder offences, was sentenced to death in July, after exhausting the final appeal process. It suggests that the trial did not meet international legal standards and can be characterised as an unfair trial. Parliament asks Philippine President, Mrs Gloria Macapagal-Arroyo, to re-introduce a moratorium on the use of the death penalty and to propose legislation to remove it from the statute books. As well as commuting the death sentences already handed down, the Resolution calls for an absolute pardon for Mr Larrañaga. Although EU influence with the government may be limited, Parliament suggests that there may be some leverage with third countries who have Partnership or Co-operation Agreements with the EU. The Council and European Commission should consider the abolition of the death penalty and a moratorium on executions as an "essential element" in such Agreements, Parliament says. Finally, the Resolution urges the Philippine government to undertake a radical review of the "national law enforcement and criminal justice system".

EU-Afghanistan Joint Declaration

On 16th November, the European Union and Afghanistan adopted a Joint Declaration with the title of "Committing to a new EU-Afghan Partnership". In Strasbourg, France, Afghan President, Hamid Karzai, and UK Foreign Secretary, Jack Straw, signed the Partnership with Commissioner for External Relations, Benita Ferrero-Waldner also present. The Declaration represents the EU's intention to continue engaging with Afghanistan after the completion of the tasks set out in the Bonn Agreement in December 2001. These tasks included holding parliamentary elections, in September 2005, and presidential elections, in October 2004.

The Joint Declaration sets out a range of commitments from the EU to support Afghanistan, in the 'post-Bonn phase'. In turn, the Afghan government has committed itself to building its political system, establishing accountable institutions of government, strengthening the rule of law and protecting human rights. In terms of political and economic governance, the Declaration states that work to expand the Bonn Agreement will be undertaken by the government and the EU. This would include support to the parliamentary process and to building national and provincial institutions governed



by the rule of law. The EU pledges to provide Afghanistan with technical assistance to help promote regional economic co-operation.

In terms of development co-operation, the Declaration identifies poverty reduction as a mutual objective and places an emphasis on the Millennium Development Goals. Once the government is in a position to ensure that the annual budget can be financed from revenue collected nationally, then the donor funds could be used for “sustainable poverty reduction” and economic and social development.

On human rights and refugee return, the Afghan government has pledged its support to an Independent Human Rights Commission. The role of the Commission will be to address human rights violations, from the past, through a “process of transitional justice”. The EU will offer assistance to this process, but the Declaration does not specify whether this would be technical or financial.

Although some EU Return Programmes have come to an end, the EU has said it will provide additional assistance to help the integration of returned refugees and further assistance to those still outside Afghanistan’s borders. Although not a Co-operation Agreement, the Declaration provides for annual meetings at ministerial level. This political dialogue would identify measures to help strengthen bilateral co-operation.

Elections in Kazakhstan

Britain, as the Presidency of the EU Council, adopted a Statement in the Permanent Council of the Organisation for Security and Co-operation in Europe (OSCE), on 18th November, on the Presidential elections due in Kazakhstan. The election took place on 4th December and reigning President, Mr Nursultan Nazarbayev, was declared the winner. The EU statement urged the government to respect OSCE guidelines on the conduct of elections. The Central Election Commission had adopted some OSCE recommendations on the management of the electoral process but the EU statement criticised continuing restrictions on freedom of expression, harassment of opposition parties and restrictions on the media. An opposition politician, Mr Zamanbek Nurkadilov, was shot dead on 12th November. He was a former government minister who had indicated he would speak openly about corruption in the administration. On 5th December, the OSCE, who had sent an Election Observation Mission to monitor the election, declared it “did not meet a number of OSCE commitments and other international standards for democratic elections”. Despite some improvements in election administration prior to polling day, the possibility for a meaningful competition was limited, the OSCE stated.

Trade Relations

Ring binders from Laos

On 9th December, the European Commission adopted a proposal for a Council Regulation extending the definitive anti-dumping duty imposed by Regulation EC/2074/2004 on imports of certain ring binder mechanisms originating in the People’s Republic of China to imports of the same product consigned from the Lao People’s Democratic Republic.

In 1997, anti-dumping duties were imposed on imports of ring binder mechanisms from China and, in 2004, were extended until 2009. These duties were at the rate of between 51.2% and 78%. After shipments from Vietnam were added, the Commission received a request, in February, to investigate alleged dumping then coming from China through Laos.

The Commission investigation into exports from Laos covered the period January to December 2004. No producers or exporters from either China or Laos responded to the Commission investigation. The commission established that exports from Laos rose from nothing to almost 500 tonnes over the course of 2004. Having established the existence of dumping by comparing the average export price of a third country to prices from Laos, the Commission proposal is to impose anti-dumping duties of €325 per 1000 pieces on one ring binder mechanism type and 78% for all others.

EU-Far East projects

The Council adopted a Council Regulation, on 21st November, amending Regulation EC/382/2001 concerning the implementation of projects promoting co-operation and commercial relations between the EU and the industrialised countries of North America, the Far East and Australasia.

The new Regulation extends the timeframe of the 2001 Regulation and extends the areas of co-operation to include grants to individuals, as opposed to only organisations. Due to the continuing debate between the EU Institutions over the Commission proposals for external assistance and development and the growing likelihood that the matter will not be resolved soon, the Council has decided to extend the 2001 Regulation until December 2007, in the hope that the matter will be resolved by then. Also, the Council had decided to extend the procedure for awarding grants to include individual, and that such grants may take the form of scholarships. Such projects include education and training initiatives, such as Executive Training Programmes, which are currently in operation in Japan and South Korea.



Security and Defence

Aceh Monitoring Mission

On 22nd December, the Council adopted the Agreement between the EU and the Swiss Confederation on participation in the EU Aceh Monitoring Mission in Aceh, Indonesia. This Agreement had been approved on 14th November and had applied on a provisional basis since then. The Council Action, dating from September, provides for the participation of third countries in the EU Mission, to monitor the implementation of the agreement between the government of Indonesia and the rebel Free Aceh Movement (GAM) to end the fighting and grant the province of Aceh autonomy. In the Agreement, Switzerland undertakes to provide personnel to the civilian crisis management operation, bearing any costs for them and agrees to permit them to operate under the authority of the Head of Mission, Peter Feith. Switzerland will also contribute to the operational Mission budget, although no amount or proportion is specified. On 15th November, the Council adopted a Decision of the Political and Security Committee establishing a Committee of Contributors to the European Union's Aceh Monitoring Mission.

Flexibility Instrument 2006

The European Parliament adopted a Resolution, on 15th December, on a proposal for a Council and Parliament Decision regarding the mobilisation of the Flexibility Instrument in favour of the EU's external actions. Stating that it is imperative to fund adequately the EU's external relations priorities, the Resolution provides funding for the 2006 budget of the EU in several areas including the Common Foreign and Security Policy (CFSP). Following negotiations between the Council and Parliament, as the two EU institutions responsible for concluding the EU budget, the value of funds committed to individual priorities was amended. Thus, for CFSP, the budget for 2006 will be increased by €40m. This Decision would also affect reconstruction aid to *tsunami*-affected countries, increasing the budget by €95m. The total amount of the Flexibility Instrument for 2006 was agreed at €275m.

External Assistance and Development

Aid to Kashmir

On 17th November, the European Parliament adopted a Resolution by urgency procedure on access to humanitarian aid to Kashmir. Following the earthquake centred in Kashmir of 8th October an estimated 70,000 people are believed to have died with several million people made homeless. Housing, infrastructure and communications have been destroyed. Unless rapid and sustained humanitarian relief is made available then, with the onset of Winter, a huge crisis may well get out

of hand. The European Commission has proposed funding of €94m. The United Nations has estimated that between October and March 2006 the value of aid required could exceed US\$550m and that longer-term reconstruction and rehabilitation costs could exceed US\$5bn.

Addressing the EU response, Parliament called for greater co-ordination between the EU's Humanitarian Aid Office (ECHO) and the United Nations, in particular the High Commission for Refugees. This co-ordination would aim to ensure that EU aid is delivered quickly to Kashmir. The Resolution also looked at the EU aid budget and noted that as the earthquake had occurred late in the year, the budget reserve had been almost expended responding to other emergencies. Parliament made two comparisons to the response to the December 2004 *tsunami* including the impact it had on the peace process in Aceh, Indonesia, and the provision of improved trade preferences.

Welcoming the rapprochement between India and Pakistan, the Resolution stated that this could be some "first steps towards reconciliation" and expresses the hope that this could develop into a peace process. Similar to the review of the Generalised System of Preferences (GSP) that took place to benefit *tsunami*-affected countries, Parliament suggests something similar should be granted to the earthquake-affected region.

Addressing the South Asian response, Parliament noted the commitment made during the Summit in Dhaka of the South Asian Association for Regional Co-operation (SAARC), in early November, to co-operate in the field of disaster management. This would mean establishing a preparedness and disaster management centre in India. The decision of the Pakistan and India governments to open border crossing points between the two parts of Kashmir would facilitate the relief operation, Parliament said. If there was a peace process centred around the Kashmir issue, then this should include the withdrawal of military forces. The EU, it is suggested, could have a role in helping to negotiate any peace settlement.

Development - The European Consensus

The European Parliament adopted a Resolution, based upon the Report prepared by Anders Wijkman (SV-PPE/ED) in the Development Committee, on the EU's development policy "The European Consensus". The Committee Report is based upon A Communication from the European Commission proposing a Joint Declaration between the Council, Commission and Parliament on the future of EU development policy. This Joint Declaration would be a successor to the 2000 Statement on EU development policy. Subsequently, on 15th December, Parliament adopted a

Resolution on the response of the Council to the November Resolution.

EU budget 2004

On 15th November, the European Court of Auditors published the Annual Report on the implementation of the EU budget of 2004. The Annual Report includes the eleventh consecutive Statement of Assurance that is negative. In general terms, the Report states that the accounts “faithfully reflect” the revenue and expenditure undertaken in 2004, even though the accounting system used by the EU “cannot ensure that all assets and liabilities are recorded”.

Regarding the spending in the budget heading ‘External Action’, the Report states that the Court of Auditors could not strictly guarantee the “legality and regularity of underlying transactions”. Despite some measure of reform undertaken by the European Commission, the Court of Auditors believe that further progress in the internal control system of accounting is necessary in order to ensure “operational effectiveness”.

Spending under External Action in 2004 reached €4.6bn out of a total budget of €105bn for the EU as a whole. The Report for 2004 found that the organisations responsible for spending money allocated by the European Commission, including NGO’s, governments of third countries and international organisations continue to suffer from poor internal control. Thus, despite some improvement inside the Commission regarding the supervision and control systems of spending, there was still a “relatively high incidence of errors at the level of payments”. Regarding the operations undertaken in EuropeAid, the Court concluded that it would be unable to “draw assurance” from EuropeAid’s annual activity report.

Speaking in the European Parliament, on 15th November, the President of the Court of Auditors, Hubert Weber, said that for external actions, internal policies, structural measures and agricultural spending he was not in a position to offer “an unqualified opinion” on the state of the EU’s accounts. While criticising the implementing organisations that the Commission deals with, Mr Weber noted that the Court found only a “few errors” at the level of Commission Delegations in third countries. In response, Commission Vice-President, Siim Kallas, said that the Court now seemed to be satisfied with the systems of control and spending in “roughly one third of the EU budget”. Mr Kallas made no mention of spending in the context of external policies. ■

North Korea: Defiance as a science

by Aidan Foster Carter

If a single word could sum up the Democratic People’s Republic of Korea (DPRK, North Korea), it is “defiance.” The very fact that Kim Jong-il’s regime is still there, 15 years after communism collapsed in the USSR and eastern Europe, defies much prediction – including this writer’s – and (in some quarters) hope: a reminder of the pitfalls of wishful thinking.

While hardly in rude health on any level, the DPRK remains unsunk even by fierce storms. The 1996-98 famine, which may have killed a million people – some estimates run higher – saw the regime survive even if many of its subjects did not. And though malnutrition is still rife, North Korea is now defiantly curbing the work of UN aid agencies and western NGOs. Defiance also characterises the seemingly interminable nuclear saga, now in the fourth year of its second act (the first, which was scarier, was in 1993-94). As of mid-December, the US and DPRK have reverted to puerile slanging matches. It is unclear if the fifth round of six-party talks – both Koreas, the US, China, Japan and Russia – will resume any time soon. So all the efforts by Beijing and others to drag the DPRK back to the table may prove wasted.

Yet the dear leader is far from isolated. In an intriguing post-Cold War line-up, the DPRK’s neighbours – South Korea, China and Russia – form an ‘axis of carrot’: prepared to engage North Korea seemingly unconditionally. China is moving beyond life-support aid to major investments, while the ROK is keen to expand cross-border ties. Even Japan, though ready to wield the stick of financial sanctions, also seeks talks. If anything, it is thus the US that is isolated – as well as still divided, after five years of Bush, on how to deal with Pyongyang.

Nuclear charade

Though nuclear defiance is only one of a long list of worries raised by North Korea, it tends to hog the limelight. When six-party talks resumed in July after a year’s hiatus, Christopher Hill, the new US assistant secretary of state for east Asia, set a fresh tone. His predecessor James Kelly had stuck to a tight script, reined in by hawks like vice-president Dick Cheney. Hill by contrast had more flexibility to talk to the DPRK’s vice foreign minister Kim Kye-gwan. Three weeks of talks, ending after a recess in September, at least implied seriousness of purpose and produced a statement of principles. But Pyongyang and Washington at once parsed this quite differently; the



former ludicrously demanding light water reactors (LWRs) upfront, as unfeasible technically as politically. Meanwhile, messily, other LWRs already part-built by the KEDO (Korean Peninsula Energy Development Organisation) consortium, created after the first DPRK nuclear crisis, were wound up. KEDO itself may soon cease to exist, thus depriving the EU (a board member) of its sole hands-on role on the peninsula.

Scepticism whether Kim Jong-il would ever 'do a Libya' and give up all weapons of mass destruction – including chemical and biological weapons (CBW), as yet undiscussed – is matched by continuing confusion about, or in, Washington's stance. It has long been clear, from busts over many years, that the DPRK state engages in crimes such as counterfeiting, drug trafficking, and other smuggling. Noxious as that is, it is also crucial that interlocutors strategically prioritise and co-ordinate their agendas. Hence it is odd that the US chose this of all times to discover that North Korea is "a criminal regime" – as its new envoy in Seoul, Alexander Vershbow, bluntly put it on December 7, sparking off a dreary slanging match.

Such outbursts also divide Washington from its South Korean ally, as does another thorny issue: human rights. A major US-funded conference in Seoul in December criticised the ROK's reluctance to prioritise this area for fear of jeopardising wider talks with the DPRK. Striking the right balance here is hard. The EU experience suggests it is possible to include human rights in an engagement agenda; yet its future is unclear, since the EU sponsored the first ever resolution critical of DPRK rights abuses passed by the UN General Assembly on November 17. Here too North Korea's stance is to defiantly deny all charges, despite ample evidence, and accuse the US of seeking its downfall: a red herring, but perhaps not untrue.

Spurning aid

A less predictable defiance is the DPRK's decision to bite the hand that has literally fed it for the past decade. As often, both facts and motives are murky. But Pyongyang now says it no longer needs humanitarian aid, though it still welcomes developmental assistance. That nice distinction is belied by its ordering a dozen mainly European resident NGOs, most of whose work (forestry, sanitation etc) is clearly developmental, to leave by the end of 2005.

Similarly the UN World Food Programme (WFP), which has fed up to 6.5 million of North Korea's most vulnerable – children, mothers, the old – since 1995, has been told to rein in its activities; negotiations continue at this writing. Since October the market sale of staple grains has been banned, and rationing via the public distribution system (PDS) revived. All this looks like a state bent on reasserting control, fearful of the

political effects if a function so basic as food supply is abandoned indefinitely to foreigners or individual foraging. Enabling this reassertion – whose impact remains to be seen – are two factors: an unusually good harvest, and food aid from Beijing and Seoul whose distribution is lightly monitored if at all. With even the WFP's stricter inspections criticised by some as inadequate, this is yet another instance of the dilemmas intrinsic in any effort to grapple with North Korea.

China invests

As in other parts of the world, such mainly western scruples are increasingly undercut by a State playing by different rules. If a politically assertive China, hungry for resources to feed its economic boom, does not scruple to strike deals in (say) Sudan, *a fortiori* it will shore up its own borders. Following Beijing's more proactive diplomacy on North Korea under Hu Jintao, seen in its hosting the six-party talks, a second phase now appears under way.

With little fanfare, China is starting to make major investments in restoring the DPRK's infrastructure and industrial base, crippled by years of under-investment and the abrupt end of Soviet aid in 1991. Besides well-publicised aid projects like a new \$25m glass factory at Taean near Pyongyang, less reported ventures include a Chinese steel firm investing in the DPRK's main iron ore mine, at Musan in the northeast. In the same region, the Chinese city of Hunchun has reportedly taken a 50-year lease on North Korea's ice-free port of Rajin: part of the Rajin-Sonbong (Rason) special economic zone declared in 1991, the DPRK's first. Remote Rason has had few takers; its main investment, a casino by Hong Kong's Emperor group, is dormant since China cracked down after a local official blew a large amount of public funds there. Most ambitious of all, a Hong Kong millionaire is said to be behind a new Sino-DPRK corporation to modernise North Korea's decrepit railways.

Much as they chime with South Korea's 'sunshine' policy, and also spread the burden of what will be a huge bill for rebuilding North Korea's antiquated physical capital base, such Chinese moves are watched warily in Seoul for their geopolitical implications. Meanwhile, ROK firms are making their own inroads. Hyundai's tourist fief at Mt. Kumgang has taken over a million tourists since 1998; they now travel overland across the long-impermeable Demilitarised Zone (DMZ). Another corridor sees Southern managers commute from Seoul to the new Kaesong industrial zone just north of the DMZ, where a few (so far) Southern SME firms pay Northern workers \$57 per month to make household goods for export.

The hope is that Kaesong will become as Shenzhen has to Hong Kong: a growth-pole both cross-border and for its own hinterland. That may take time, with the DPRK



keener to talk co-operation than implement it: the same two corridors also have rail links, but no trains yet run. At regular inter-Korean ministerial talks on December 13-16, held for the first time on the resort island of Cheju, the South was expected to urge the North to go faster – and also to return to the six-party talks. No doubt Kim Jong-il will consider both, if the price is right. For if Sino-ROK competition gives North Korea a new variant on its old game of militant mendicancy, their shared pacifism permits Kim to defy any truculence from Washington.

Succession struggle

Yet to conclude that the dear leader is sitting pretty would be to overlook, as many do, the domestic political dimension. For other seemingly stable communist states, succession has proved an Achilles' heel. North Korea's strikingly heterodox solution, a *de facto* hereditary monarchy, took some twenty years to bring off. In February 2006, Kim Jong-il will turn 64, or perhaps 65. By that age, his late father, North Korea's founding leader Kim Il-sung, had already begun the initially secret process of anointing his son as his heir. Even so, when the great leader died in 1994 it took four opaque years before Kim Jong-il emerged clearly in control –and with the Korean People's Army (KPA) playing a much greater political role.

And after him? A complex marital history puts at least three sons in contention: all young, and none an obvious choice. Already intrigues and assassination plots are rumoured, in best Borgia fashion. DPRK media are silent, bar the odd hint, and the dear leader has reportedly declared the whole topic off-limits. Yet there is no room for complacency. True, Kim Jong-il might soldier on for another twenty years yet: still leading the world a merry dance (and his people a grim one), but sustained by his neighbours who fear the DPRK's collapse even more than the rocky status quo. But what if he should drop dead tomorrow? Regime collapse, internecine strife, or worse.

For now, with the US bogged down in Iraq (a dire warning against imposed regime change) and unable even to form a consistent policy on North Korea, sunshine is the only game in town. While the hope must be that Chinese and ROK carrots will persuade Kim Jong-il to change course definitively, the record so far is not encouraging. The DPRK chose long ago to be Sparta; it may be unable to imagine, much less accept, a Libya-style coming in from the cold. Europeans and others should continue to engage – but be ready for anything. ■

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Failure to Translate Social Justice into Development

-Exploring Backward Caste (BC) Politics in Bihar -

by Dr Ravi Kumar

Never before, perhaps, had elections to State Assembly been so closely monitored as the November 2005 elections in the province of Bihar. It was not only a litmus test for the Rashtriya Janata Dal (RJD), which had been ruling the state on the plank of social justice (without adding much to improve the situation), but also for its rival National Democratic Alliance (NDA), which had been trying to seek votes on the plank of development. The defeat of RJD and its partners not only throw vital questions about the persistent underdevelopment of the state but also pose the vital questions about the way social justice-political power linkages have been seen till now.

Development and Social Justice

When the model of economic development followed by most nations in the first decade of freedom failed to achieve the required aim due to many politico-economic constraints it came under severe criticism and questioning (Gore, 2003). It was believed that industrialization will lead to capital accumulation which will ultimately “lead to making available to masses goods and services that will raise their standards of living, and thus in the end narrow inequalities, eradicate poverty and lead to an era of prosperity...” (Kothari: 1997: 37).

The persistent poverty, stagnant educational status, worsening health situation *et cetera*, raised doubts about this “assumption of an automatic transition from accumulation to distribution” (*ibid*). Concerns raised demonstrated the enmeshed relationship of social policy, development and social justice. The idea of social justice, as equal distribution of resources irrespective of differential identities, has constituted, implicitly, the basis of discourses going on at global or local level at corresponding historical stages.

Though this idea experienced transformation over years with assertion of multiple subjectivities and subjective experiences, social justice remained intrinsically wedded to discourses of development. By now it has been universally accepted that social justice implies “a political and structural commitment by society to direct the resources of modern civilization to benefit all people” especially those at the margins of society (Swartz: 2004: 153).

The ideas were inbuilt in many of international commitments such as in the Article 22 and Article 25

of *Universal Declaration of Human Rights*, which emphasized on everybody's right to social security, a standard of living or linked the issue of economic, social and cultural rights to 'dignity'. The International Covenant on Economic, Social and Cultural Rights furthermore made clear this relationship. Other UN documents have also stressed that "the ultimate goal of development is to improve and enhance human well-being and the quality of life of all people. Social development is best pursued if Governments actively promote empowerment and participation in a democratic and pluralistic system respectful of all human rights and fundamental freedoms. Processes to promote increased and equal economic opportunities, to avoid exclusion and overcome socially divisive disparities while respecting diversity are also part of an enabling environment for social development". Hence, what we come across is a notion of development that is sensitive to the economic as well as social needs.

This development model got further strengthened by the linkages established between social and economic opportunities and development. Amartya Sen's capabilities approach redefined the idea of social justice in terms of capabilities and opportunities and linked them to the idea of 'freedom'. Describing freedom as central to the process of development he argued that "development can be seen... as a process of expanding the real freedom that people enjoy" (Sen: 2000: 03). He further argued that development should eliminate sources of "unfreedom" such as "poverty as well as tyranny, poor economic opportunities as well as systematic social deprivation, neglect of public facilities as well as intolerance or over-activity of repressive states" (*ibid*). Social justice theorists and practitioners have been demanding the same by saying that the discrimination on basis of social identities must be eliminated in order to bring every citizen at par in terms of development.

Emergence of BC Collective Formations

Indian society has been characterized by a unique complexity – the intermeshed class and caste dynamics, which is supplemented by other social variables such as gender. The caste hierarchy in Indian society has historically resulted in marginalisation of a vast section of population, especially those characterized as Dalits (Scheduled Castes) and Backward Classes. The development indicators of these communities bear testimony to their position in society. They have been discriminated in every aspect of development. The division into castes has also implied differential social and economic rights according to caste. Despite recognition of their exclusion and discrimination by the state, which effected certain positive changes in their economic and social condition, they continue to suffer from socio-economic deprivation.

Voices of resistance against this discrimination have consistently echoed in Indian history, especially among the Dalits and tribals. Indian history is replete with accounts of their organized rebellion in different forms. However, the most effective leadership to the Dalit movement in the country was provided by Bhimrao Ambedkar, who provided a sound ideological support to the movements going on in different parts of the country. It was the result of this consistent opposition to socio-economic, political and cultural discrimination that after independence Indian State recognised it as a formidable challenge and constitutional provisions for protection of rights of Dalits were made. The system of reservation for Dalits in jobs and educational institutions was another significant step taken in this direction.

Another section of Indian population, categorised as backward castes, began to assert quite prominently from early 20th century. Their associational politics sought to improve their condition through demands for higher ritual status. This beginning of a strong associational politics has been argued to be a fall out of the caste based enumeration and ranking in Census initiated by Commissioner Risley. Gradually these organisations became "collective enterprises with economic and political objectives which brings to mind the image of political 'lobbies'" (Jaffrelot: 2003: 147 – 149).

Associations belonging to different castes were formed as early as 1891 in province of Bihar. The caste associations among the 'backwards' raised issues of employment and minimum wage, mobilised against the landlords (*zamindars*) demanding an end to practice of force labour (*begar*), demanded higher ritual status and position in caste hierarchy etc., apart from many social issues such as widow remarriage. It has been argued that the demands for better ritual status of these associations were closely linked to the local socio-economic dynamics. The backwards/Dalits took their low position in caste hierarchy to be responsible for their exploitation in terms of *begar* (forced labor) and exorbitant *lagaan* (taxes). Therefore, the backwards started staking claim to a higher position because the upper castes had to pay less of tax or no tax.

BC's in Post-Independent India

The democratic machinery established in post independence phase provided sufficient space to the caste associations to expand their activities and initiate a process of consolidating their support base more vigorously through agenda of 'social justice'. The need for a renewed assertion by backward caste politics also emerged from the fact that though the land reforms in Bihar was a sham it did transform many tenants from backward castes into landowners. Their new avatar was represented by socialists, who provided the political and ideological backbone, and by associations such as



AIYS (All India Yadav Sabha). These associations became very active on issue of reservation in 1960s which further more crystallised the identity of backward caste collectivities. Growing under the ideological leadership of socialists the backward caste movement in Bihar produced leaders like Karpooori Thakur (who gave the clarion call for 60% reservation for backwards) and Bindeshwari Prasad Mandal. In the process of this politicisation the number of representatives in government increased and of the nine chief ministers who governed the state from 1967 to 1971 only two were from upper caste.

While the land reforms transformed many backward castes from tenants to land owners the Green Revolution further strengthened their economic position. In due course a significant change in their land ownership pattern has also been noted. A re-survey of 12 villages carried out by the Institute for Human Development during 1999-2000 (first survey being carried out by ILO-A N Sinha Institute of Social Studies, in 1981-82), showed that the dominant backward castes, Yadavas and Kurmis, moved up further in the class hierarchy.

The changing land ownership pattern indicates towards their increasing economic dominance in the state. Similarly, the agrarian conflict in Bihar has also seen an increased participation of these two caste groups. They began identifying themselves with the landed interests and therefore followed the same pattern of war with the landless agricultural labourers over the wage issues, and their means of repression mirrors that of hegemonic upper caste landed interests.

With accumulating economic power what the emergent elite among backward castes required was power sharing which was denied to it even in the post-independent India. An opportunity came when Mandal Commission recommendations for reservation of jobs for backward castes was announced by the Prime Minister V.P. Singh in 1989, nearly a decade after it was submitted to the Congress Party government.

While on the one hand the whole of North India was engulfed in violence between upper castes and backward castes on the other hand the backward caste leadership was catapulted to seat of power in states like Bihar and Uttar Pradesh. The backward caste politics in these states were hijacked by the Yadavas, represented by the leadership of Laloo Prasad Yadav and Mulayam Singh Yadav. They came to power on agenda of 'social justice' highlighting the deprivation of backward castes at the hands of hegemonic upper castes. Commitments to end the dominance of Bhumihar, Rajput, Brahmin, and Kayasthas were made to the Yadav people on the grounds that these sections of population never allowed the backward castes equal opportunity of development in course of history.

Laloo Prasad Yadav remained the longest serving chief minister of the state of Bihar, for a long fifteen years. In every election the agenda of social justice was reiterated and promises to develop the hitherto marginalised section of population were made. After fifteen long years of rule it is argued by many that Bihar has not made any progress as far as furthering the agenda of social justice in terms of development is concerned. There is an overall absence of infrastructure, employment opportunities and tremendous resource wastage in the state persists. Not only the over all situation in the state has been dismal but the condition of the section which constituted the agenda of the government, the backward castes, has also not shown much improvement.

The current condition of the province of Bihar, ranked at the lowest side in terms of all human development indicators, which fare much badly for the backward castes, raises the larger question of whether social justice means development of the hitherto deprived mass or not. Even if it does why do governments fail to deliver it despite being in power for decades? Social scientists and development practitioners need to explore an answer to this which is more convincing than just attributing it to corruption.

What has become evident from the experience of last fifteen years is that meagre sloganeering and rhetoric does not imply social justice. It is important to look at the character of the State and the interests it serve through constituting a homogenous collective identity because it is ultimately this complex relationship between identity formation, class interests and social justice that would explain many of the puzzles attached with the underdevelopment of Bihar. ■

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Intervention in Myanmar

An emotional demand or preferable reality?

by Simone Eysink

In September 2005, former President of the Czech Republic, Vaclav Havel, and Archbishop Desmond Tutu issued a Report urging the United Nations Security Council to put the humanitarian situation in Myanmar on its agenda and to take on actions of humanitarian intervention. A few weeks later, a number of ministries started moving from the capital of the South-East Asian country, Rangoon, to the strategically secured city of Pyinmana. The official reason for the move was a pre-existing fear by the military regime of an American invasion of the country.

The Bush Administration is, at present, searching for ways to put the issue on the agenda of the Security Council without insulting China, one of the main allies of the military government in Myanmar. It is likely that Beijing will exercise its veto when it comes to the issue of humanitarian intervention. Despite the consequences of Beijing's veto, the report of Havel and Tutu is not the only one advocating for action in Myanmar. Human rights organisations, such as Human Rights Watch and Amnesty International have called upon states to take further action. Nevertheless the question remains, whether this will result in steps forward for Myanmar's population and their current situation. In other words, what effects will an action of humanitarian intervention have on the stability in the South-East Asian region?

Internal situation

Myanmar is a ethnically divers country. Since its 1974 constitution, the country formally consist of seven ethnic minorities, which merely reflect the larger ethnic groups. Several of these ethnic groups are in armed conflict with the military government, which started more or less at once following the independence in 1949, when the negotiations over the independence of the Karen minority failed. After the collapse of the Communist Party in 1989, cease-fire agreements were signed among some ethnic minorities and the military regime. Though, as a result of the different status and wishes for the future of the various ethnic groups, these agreements did not bring out the needed stability and peace. What is more is at the one hand the presence of groups with a strong political agenda, demanding full independence from Myanmar, while others are more economically oriented and wish for more autonomy. These differences and personal conflicts, have resulted in disputes over strategy and ideology. This situation has weakened the position of the ethnic minorities in general, making them less able to combine forces and stand up against the military regime.

It is likely that an action of humanitarian intervention aimed at overthrowing the government in Rangoon, will result in a power vacuum. The internal differences and conflicts between the varied ethnic groups, could be stirred up by the desire to fill in this vacuum. Consequently, in this sense humanitarian intervention can only be effective if the international community has a clear plan for its follow-up. But, even then, bearing in mind the situation in Kosovo, an easily inflammable situation could occur.

China and India

Myanmar is strategically situated between China and India, the two rising powers in East Asia. Both countries very much monitor each other's actions in this regard. At first, Myanmar was more in India's sphere of influence. However, as the economic and political star of China is rising, an increasing number of smaller states bordering the two Asian giants became influenced by Beijing for, strategic and other purposes. Beijing supports the military government in Rangoon, because it fears a re-flaring up of a border conflict, which in the past caused turbulence in South China.

Aside from social stability, Myanmar is attention-grabbing due to its natural resources. Both India and China have an interest in the gas pocket under Burmese territory and India needs Myanmar as a gateway to the South China Sea, one more main source of oil and gas. India's policy towards South-East Asia in general and Myanmar in specific is therefore aimed at neutralising Chinese dominance in the region and to prevent the region from becoming an exclusive Chinese sphere of influence. Beijing on the other hand, has shown its disapproval of the tightening relation between South-East Asia and India. The question is which one of them will jump in once the military regime in Myanmar collapses due to an external military action. Currently, the Chinese dominance in the country is more present on the economic and social level. Myanmar is a market for Chinese products and a massive immigration flux in the north of Myanmar causes a rapid change in demographic structure of that part of the country. The consequences of this immigration is that local inhabitants are forced to move to further located areas, which are less suitable for agriculture or other economic activities. If this stream remains uncontrolled, violence could flare up in a possible ethnic conflict.

On the other hand, the historical ties with India are there as well, and India is one of the top four investors in Myanmar. The forecast is that resource scarcity is a potential cause for confrontation or even conflict in the East Asian region. China will do everything to expand its naval power to secure its oil supply routes, which sharpens the recent conflict over the South China Sea with its South-East Asian partners and India. Because



of its strategic position and its resources, a possible military intervention in Myanmar and the resulting power vacuum could lead to increasing tensions or a direct confrontation between both nuclear powers, unless they join forces and co-operate. Taking into account latest political relations, the chances for collaboration are rather unlikely.

ASEAN

The member states of the Association of South-East Asian Nations (ASEAN) have chosen to approach Myanmar with the policy of 'constructive engagement' rather than through harsh confrontation as the United States and the European Union have done. So, Myanmar became member of ASEAN in 1997, together with Laos and Cambodia. The Association was able to remain regional stability even in the Cold War, when the region was on the cutting surface in the ideological struggle between the two Powers. ASEAN was founded by six US oriented states, which diverted this orientation by adopting more controversial states like Myanmar. Despite the pressure from their European and American counterparts, the ASEAN states have on various occasions repeated the argument that the human rights situation in Myanmar is an domestic matter of that country. Nonetheless, due to refugees, the rapid spread of HIV/AIDS and the drug traffic there is growing fear for the regional stability.

A growing development is taking place away from the standard of non-interference in internal matters towards more public criticism. This year, ASEAN member states almost clashed with their European counterparts over the participation of Myanmar in the ASEM (Asia-Europe Meeting) Summit. A confrontation was tending off at the last minute through heavy lobbying by the Netherlands Presidency to the EU. Then, a new problem arose: the ASEAN Presidency of Myanmar in 2006. Both the US and the EU announced not to accept this Presidency and the US even declared to boycott any joint meeting with ASEAN. This caused friction within ASEAN, because of differing ties with the US and the EU: Thailand and the Philippines as US allies were faced by states like Vietnam and Cambodia. Eventually ASEAN put pressure behind the scenes on the military regime and was able to persuade Rangoon to pull out of this obligation.

No permanent solution can be found as long as the South-East Asian states uphold their unspoken support for the military government. Their approach has a lot to do with the fact that some of them also struggle with separatist movements or other human rights questions. Thailand, Indonesia and the Philippines are examples of this. More instability in the region could start a snowball effect. A Western action against Myanmar, which could certainly lead to greater instability, could also result in anti-Western or anti-American sympathies, resulting in terrorist attacks. Accordingly,

if an action of humanitarian intervention is undertaken it should be done by a coalition representing at least China and India.

The issue of Myanmar is now getting in the way of the planned security co-operation within the ASEAN region, as is supposed to be developed by 2020. If ASEAN can not even keep one of its member states in line with the others, how can it guarantee more security in the region at all?

Humanitarian intervention undertaken by an external Western coalition will very unlikely result in a stable and democratic Myanmar, at least not in the short and middle term. The sudden collapse of the military regime creates a power vacuum, which might lead to a renewed civil conflict between the various ethnic minorities in the country. Besides, Myanmar is of great value, both economically and politically, for the two regional giants - India and China. Unrest and instability could result in to a power struggle between both countries, very eager to maintain their flow of natural resources and the stability at their borders.

An ethnic conflict in Myanmar could also have a spill-over effect to Thailand, Bangladesh, and Laos, which democracies are rather young and developing and not able to deal with this kind of instability. This Burmese conflict could also inspire other separatist movements in neighbouring countries, which could seriously endanger the well kept regional stability. Within this context ASEAN too is not ready to deal with such a major threat to regional security. The Association is developing towards stronger security co-operation, but this co-operation is still in a very early stage of development. One necessary step the Southeast Asian nations have to take is to move away from the strict interpretation of the principle of non-interference in domestic affairs. Myanmar has to be dealt with, and hiding behind this principle is not a solution nor a desired path to follow.

For the moment, the international community can not do more than remain engaged, maintain pressure and make an effort to join forces. The question is how long this military government will be able to withstand the pressure of the domestic and external audiences. And whether the stepping down of one military regime will not lead to the establishment of another, as was the case in the past. In spite of the fact that the humanitarian crisis in Myanmar continues to exist, the situation is preferable over the possible scenario as was described above after a possible action of humanitarian intervention. This is Pandora's box one does not want to open. ■

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China's economic development

by John Quigley

On 7th November, the European Institute for Asian Studies held a lunch briefing on "Chinese economic development and its global impact" with Dr Liu Xu, Director, Department of International Trade of the Institute for International Economic Research (IIER). The IIER is part of the National Development and Reform Commission, People's Republic of China. The meeting was told that China's economic development was important for the East Asian region and that uneven social development had been caused by economic disparities between different sectors of the economy and between different regions of China.

Speaking in a private capacity, Dr Xu said that China's economic development, over the last 26 years, within a global context could be defined as rapid, with estimated Gross Domestic Product (GDP) growth rates of 9.4% annually. In 2004, the economy earned a value of an estimated US\$1.68 trillion rising to an expected US\$1.85 trillion in 2005. This level is more than nine times the size of the level generated in 2000. This has meant that the income levels of the urban and rural citizens has risen dramatically and has raised China's international status. Over the next 5-10 years it has been estimated that China will need an 8% growth rate, in part to accommodate an increased urbanisation process with rising consumption of consumer goods including cars, televisions, washing machines and housing.

It is expected that future economic development in China will be fuelled by the growth in high savings rates and major inflows of foreign direct investment (FDI). Political and social stability, improvements in labour productivity and technological advances will also play a major role. Nevertheless, some obstacles to economic development remain. Forecasts suggest that the global economic environment will become more difficult. There will be greater competition for natural resources. In domestic terms, issues such as the environment and promoting sustainable development will require greater focus. In a time of global economic uncertainty, the government's pro-poor policy may come under challenge. Equally, it could be expected that gaps between rural and urban incomes will have an impact upon social stability.

On 1st January 2006, China will launch its eleventh 5-year programme for economic development on national economic and social development issues. These issues will be confirmed and examined by the National Congress meeting due to take place during 2006. The eleventh programme will have four major themes. Firstly, on rural development, China plans to focus on bringing prosperity to the rural poor and working

classes. The programme promises to overhaul the rural tax system, to invest in agriculture and experiment with new methods of land control. Secondly, on natural resources and energy, the programme will seek to prevent and control pollution and exercise a measure of control over the state of the environment. This will include reducing power plant emissions, reducing green-house gasses and properly disposing of waste.

Thirdly, on fiscal, taxation and finance reform, such issues will require a major overhaul to help ensure economic stability and the security of the country. China can be expected to introduce a stockholding system for the State-owned sectors. Fourthly, in building a harmonious society, China will have to expand employment to meet future demands, develop social security and income redistribution. As a large developing country, China is a large market for foreign goods - the economy was valued at US\$10.9bn in 1978 rising to US\$561bn in 2004. As a major country in East Asia, China's development is a good engine for the region. Criticism of the Western media that jobs are being attracted to China unduly is misplaced. It seems more likely that economic restructuring and global changes are responsible. Through its membership of the WTO, China has been responsible for job creation in other WTO countries which can only be good for the world economy.

Dr Benedikt Madl, European Commission, spoke as Discussant noting that the National Development and Reform Commission was responsible for promoting economic reform in China and that much of the opening up of the economy is due to their research and policy analysis. Over many years, the Commission's recommendations have been regarded as forward thinking with valuable academic input. The eleventh 5-year programme will need to focus on social security, greenhouse gas emissions and rural development. In fact, these elements are similar to EU priorities and although each may have a different perspective, there should be some overlap. The suggestion that there are several different levels of economic growth between the regions in China is very interesting, especially for economic development relating to China's immediate neighbours and the global economy.

Questions and Comments

David Fouquet, Asia-Europe Project, raised the next 5-year programme for economic development and noted that some reports from China indicated that the Congress of People's Deputies may be able to propose amendments to the programme, before it is officially published. What kind of influence would local and regional authorities have in implementing the programme, particularly as in a country the size of China one size economic policy will not fit all regions. Bo Jonsson, EIAS Administrative Board, noted that in 2004, the government reported 74,000 incidents of



social unrest, up from 10,000 in 1994. Should these incidents be taken as a criticism of the government or of workers' organisations. How should trade unions reform themselves to help create equality in society. A European Commission participant wondered what the Commission was doing to promote the image of a responsible China abroad. In other developing countries and in the region, there is a perception that rising China might create difficulties.

Stanley Crossick, European Policy Centre, said that China has huge energy demands and has been scouring third countries for resources, irrespective of their governing regime. This could lead to a clash between China and the United States, for example about buying resources in Iran. Thus, if the West would like to take action against Iran, China would be unlikely to co-ordinate its position. Sylvain Plasschaert, Professor Emeritus, *Katholieke Universiteit Leuven*, raised the supply of food production - does China stipulate national supply or is it content to begin importing food, even though this would use up foreign reserves. Will China consider using genetically modified technology to increase food production. Dick Gupwell, EIAS Secretary General, said that as the State-owned sector of the economy declines, how is the representation of factory workers evolving, either in the State sector or the growing private sector. What kind of legal reforms can ensure their protection.

The Speaker in Reply

Dr Xu agreed that there has been social unrest in China which had been caused by uneven economic development across the regions. There are laws to protect workers rights and, in the social contract, workers' unions do play a role. Factories that treat workers badly are being prosecuted. The 5-year programme is representative of many stakeholders interests. In March 2006, the Peoples Congress will debate the programme which may recommend some revision while retaining the original spirit. Targets in the programme are not compulsory but suggest indicators that China should aim for in GDP growth and energy consumption, for example.

In the economy, China is aiming for balanced development, guarding against a large trade surplus. China hopes to reduce energy consumption by 20% *per annum* per unit of GDP. Where farm land is properly protected, China is capable of self sufficiency in food production. Some farms have become idle as urbanisation increases. Although China has started to export high-technology goods, often these are produced by foreign-owned companies. The backbone of the economy is still labour intensive industries but the next programme emphasises the importance of technological innovation. ■

East Asia Co-operation and China

by John Quigley

Examining the EU's strategic interests in East Asia, the European Institute for Asian Studies (EIAS), on 17th November, held a lunch briefing on the results of a study conducted by EIAS and an Italian partner, Nomisma, on the "Economics and politics of East Asian Co-operation and China's role in the process: Opportunities and challenges for the EU". Dick Gupwell, EIAS Secretary General, told the meeting that the study was undertaken for the European Commission to analyse the current situation in the region, identify long-term shaping factors determining co-operation in East Asia and between East Asia and the EU, to analyse challenges and to elaborate scenarios and policy aims for future EU policy.

Dr Willem van der Geest, Director, EIAS, who was Team Leader for the study, said 15 scholars from across Europe and Asia and from disciplines including political science, international relations, security and inter-cultural communication had participated. The study was awarded by the European Commission, in November 2004, and work was completed between January and August 2005. On the basis of a focus-group questionnaire, the scholars conducted 100 interviews in 18 countries around the world analysing reactions to EU policy. This resulted in 12 issue papers highlighting political, economic and socio-cultural issues which were subsequently presented and discussed in a two-day brain-storming workshop held in Brussels. The study made five recommendations including the EU should promote its soft power more effectively, the EU should support the emerging multi-lateralism in East Asia, co-operation with China should be more strategic focussed, culture should be central in developing inter-regional relations and the analytical capacity to engage with Asia needs to be reinforced.

Dr Sebastian Bersick, Research Fellow, EIAS, who was a Member of the Core Team of Experts provided analysis and recommendations on political and security issues for the study. The study, he said, had examined seven issues including the rise of China, challenges to China's rise, the EU's role in promoting China, China's role in the region and beyond, the emergence of East Asia, the EU's role in promoting East Asian regionalism and, lastly, the impact of a dynamic China.

Referring to the EU-China-USA relationship, Dr Bersick said at a conceptual level, there were two schools of thought in America about relations with China. Firstly, the engagement school argued that co-operation must be intensified whereas the second school suggests that China is a threat and must be contained. This includes fears about China's global role and the fact that, without a military of its own, the



Association of South-East Asian Nations (ASEAN) may fall under China's thumb. At the policy level, US-China trade ties are growing rapidly with the United States maintaining a large bilateral trade deficit with China. Currently, China finances an estimated two-thirds of the US trade deficit through purchases of bonds and securities. If there was a floating exchange rate for the Yuan, this could cause interest rates to rise. One expert suggested that as the growing power of Asian countries is reflected in their expanding economies, the relative power of the US and EU is decreasing.

In security terms, Dr Bersick said, China will seek to flatten security co-operation in an attempt to reduce US influence. In the future, America will have to respond to a Chinese-led East Asia grouping. Equally, as the United States increasingly focuses its security agenda upon the war on terrorism and Iraq, China is filling the vacuum. It has been suggested that the real reasons behind America's recent Global Defence Posture Review (GDPR) were concerns about China and North Korea. As the US pursues a military containment policy in East Asia, analysts in the US wonder why China is spending so much resources on the military when no other nation threatens it. Concern was also expressed that EU efforts to expand its influence in the region will only serve to complicate America's role in Asia and that if the EU does want to become more involved then it should consult with Washington more.

At the systemic level, the EU should take into account the regionalisation processes underway in East Asia. China is keen to develop a strategy to counter America's dominance of the global security structure. It knows that, today, few Asian countries would join an America-led alliance against China. This is driving China's efforts to integrate itself further into the region and Asia generally. The study, Dr Bersick said, notes that as integration between China and the US becomes greater then the cost of containment begins to become too high. While there can be a role for EU soft power, Europe may wish to pursue a dual policy of hedged engagement and containment.

Questions and Comments

Mr Hayakawa, Mission of Japan, welcomed the study saying that the EU should be congratulated for declaring its policy options publicly. It should be noted that efforts at delivering political reform will determine China's future. If the study recommends that the EU should increase its soft power diplomacy, would this mean that sanctions against Asian countries, for example Burma, would be weakened. In terms of East Asian regionalism, as the EU has not signed the Treaty of Amity and Co-operation with ASEAN then the EU could not take part in the East Asian Summit, due to take place in December.

Bo Jonsson, EIAS Administrative Board, wondered what the implications of a China attack on Taiwan could be. How does EU engagement with Japan, the other major player in East Asia, affect relations with China. Jan Willem Blankert, European Commission, welcomed the study saying it provided a very useful input into the development of EU policy. Regarding soft power, the EU has a very active dialogue process with China at sectoral level, for example in energy or competition matters, which could make a big difference irrespective of political development within China. Bonno Hylkema stated that the determining factors for China's economic growth will be China-US and China-India relations. If Europe believes in soft power then it must address the implications of China sourcing energy supplies without considering any political fallout. Soyoung Kwon, European Parliament, wondered whether the prospect of a North-East Asia Community was realistic in light of the forthcoming East Asia Summit. Dick Gupwell, EIAS Secretary General, noted that the growing economic disparities in China seemed to be affected the social contract between the State and the individual. Would this alienation have the ability to affect future growth.

The Speakers in Reply

Dr van der Geest said the study extensively discusses political reform in China concluding that the reform process will probably continue but that Western-style reforms are unlikely in the short to medium term. The link between the army and the Communist Party will continue and can be seen as vital for China's future. Although social unrest is growing, political chaos is unlikely. Equally, the prospect of a China-Taiwan war is unlikely, not least due to the huge economic implications for China and for global stability. There are threats to the social contract causing quite serious problems but it can be expected that the Party will continue to manage these.

Dr Bersick said EU policy will continue to stress the rule of law and promote democracy, where possible. The EU will need to co-ordinate its policy on East Asia with the US through a TransAtlantic Dialogue. For the East Asia Summit, EU participation is probably a step too far. However, it should be noted that the EU was the first dialogue partner of ASEAN and some form of observer status could be sufficient.

Regarding the political fallout of China's energy sourcing, it could be expected that when it invests abroad the least standard that China should uphold are those that it imposes on those who invest in China itself. Asian regionalism, whether South-East or North-East Asia, used to be defined in geographic terms. However, now countries like Australia, New Zealand and India was to be involved in the region but the region is unsure how to include them. ■



EU Aceh Monitoring Mission

by John Quigley

The European Union's first-ever European Security and Defence Policy (ESDP) operation in Asia is taking place in Aceh, Indonesia, monitoring a peace accord signed by the government and rebel fighters, in August 2005. The Mission marked the culmination of the EU's commitment to Indonesia which includes humanitarian and development assistance. On 29th November, the European Institute for Asian Studies held a lunch briefing on "The EU's role in the Aceh peace process monitoring". The meeting was told that the Mission has important implications for Europe's Asia policy, its relationship with ASEAN and the wider Islamic world.

Dr Timo Kivimäki, Senior Researcher, Nordic Institute of Asian Studies, noted that the conflict in Aceh for independence from the Jakarta government had claimed an estimated 15-20,000 casualties between 1976 and 2005. Negotiations to end the long-running conflict started in 1999 between the Swiss-based Centre for Humanitarian Dialogue and the representatives of the Free Aceh Movement (GAM). This process collapsed in May 2003. A series of private initiatives gradually led to new peace negotiations which in turn received a fillip following the change of government. These talks, in November-December 2004 included former Finnish President, Martti Ahtisaari, and the pro-independence Prime Minister of Aceh Malik Mahmud.

Mr Mahmud realised in 2004, Dr Kivimäki said, that while the international community would not support Acehenese independence there would be political support for guaranteeing protection of human rights in the province. The talks were then able to develop a proposal that allowed both sides some margin of victory in their demands. The rebel movement was granted a special self-determination status for Aceh while the government could claim that the province will remain within Indonesia. The devastation wrought by the December 2004 *tsunami* also played a role in concentrating participants minds. Both sides realised that effective reconstruction could only take place if there was peace. The presence of international donors in Aceh even before the *tsunami* meant neither side could really attempt to sabotage the negotiations.

The influence of Martti Ahtisaari was very useful and represented the prestige of a high profile former leader but without the burden of an official governmental position. The apparent weakness of Finland in the international community and the lack of any colonial history became a strength during the talks. Removing the talks from Indonesia also offered the GAM leadership a measure of trust and some degree of certainty in implementation of any outcome. Although

international actors helped to mediate the negotiations, the process stressed a win-win solution to the conflict allowing Aceh to combine freedom with autonomy and self determination within a special autonomy law. The implications for EU foreign policy are unclear. European participation was not on an institutional basis but rather driven by key individuals. The example of Aceh might demonstrate that it may be possible for the EU to move in external relations issues even if there is not broad-based high political consensus.

Tomasz Kozlowski, Head of Task Force for Asia, Council of the EU, said it would be a mistake to describe European involvement in Aceh and Indonesia generally as out of the blue. European engagement with Indonesia is significant although it would be fair to say that the outcome of the *tsunami* allowed the EU to consider in more detail the political consequences of its actions. The EU expressed its desire for a lasting political settlement to the Aceh question bearing in mind the urgency of the task of reconstruction and previous offers to assist any peace process. While the EU was not part of the peace talks, the EU did observe the Indonesian elections. Mr Ahtisaari contacted Javier Solana, High Representative for CFSP, in February 2005 wondering whether it would be possible for the EU to take a more overt role. During the Helsinki talks, the EU eventually became an observer and it was noted that in the event of a peace accord, a monitoring mechanism would be needed.

Despite Indonesian sensitivity to international involvement, Europe's good relationship with ASEAN meant it could be acceptable to both sides. The EU, Mr Kozlowski said, has a very good political profile in South-East Asia and is willing to take on more responsibilities in its role as a global player. Despite doubts expressed in the EU about a high risk adventure, the EU did send an assessment mission to Aceh in June-July to gauge the political will of both sides towards reaching a final settlement.

The mission identified a strong political will both from the government and the GAM leadership in Stockholm and on the ground in Aceh. The Indonesian armed forces insisted that there could be no ceasefire until a comprehensive agreement was in place and this pre-condition was accepted. The EU participated formally in the signing of the Memorandum of Understanding, on 15th August and established the Aceh Monitoring Mission to monitor the decommissioning of weapons, the relocation of troops, the integration of former fighters into society and to safeguard human rights. The Mission was established with a very clear mandate to act to monitor the implementation of the accord and not to conduct a peacekeeping operation.

The Aceh Mission, Mr Kozlowski said, is a practical implementation of the EU's 2003 Security Strategy. Although the Mission is just one of 10 similar ESDP



operations around the world, this is the first time that the EU had launched one in Asia. It is a good example of what the ASEAN Regional Forum (ARF) could do in Asia in security terms. This is also the first time that the EU has co-operated so closely with another regional organisation.

Questions and Comments

David Fouquet, Asia-Europe Project, noted that there is an evident sense of frustration in *tsunami*-affected areas that the reconstruction is proceeding slowly and wondered whether this resentment could affect the Monitoring Mission. Joseph Teo, Embassy of Singapore, queried the mandate of the Mission after March 2006 asking whether an Asian would take charge at that stage. Tomas Vasalek, Centre for Defence Information, raised the issue of progress in the decommissioning of weapons and how the EU reconciled a civilian mission with obvious military elements. Dick Gupwell, Secretary General, EIAS, wondered whether any lessons could be learned from the Aceh example, to help resolve other disputes in Indonesia such as West Papua. Glyn Ford, Member of the European Parliament, pointed out that there would be forthcoming elections but that the mandate of the Mission would seem to exclude election observation. However, it is understood that the Indonesian Election Commission is interested in receiving EU assistance.

The Speakers in Reply

Dr Timo Kivimäki said there does seem to be frustration at the pace of relief efforts and that it does represent a challenge to the peace process. Regarding the West Papua situation, there does seem to be a lot of enthusiasm for learning lessons from Aceh. However, perhaps in contrast to the rebel movement there, the GAM leadership is very disciplined and orders from Sweden were honoured in the field. Engaging the migrant West Papuan population would be essential in any peace talks and they would probably have to settle for some measure of autonomy within Indonesia.

Tomasz Kozlowski said there had not been any substantive discussion yet about the mandate of the Mission after March 2006. Although not formalised, there was an undertaking that an Asian might take over the leadership of the Mission, at some stage. The decommissioning phase will enter its most difficult phase in December as some district and local commanders may not be too eager to comply with the GAM leadership. The EU has learned some lessons from the nature of the rapid deployment of the Mission, not least the need for fast and appropriate financing decisions. The EU has pledged to remain engaged in Indonesia for the long term and this would include election observation, if asked. ■

Sri Lanka's Presidential elections

by John Quigley

On 1st December, following the election in Sri Lanka on 17th November, John Cushman, Chief Observer of the European Union's Election Observation Mission (EOM) presented a series of interim findings to a lunch meeting of the European Institute for Asian Studies. Based upon the EOM Preliminary Statement, issued on 19th November, the meeting discussed the "2005 Presidential elections in Sri Lanka - an Observer's assessment".

The Observation Mission to Sri Lanka, Mr Cushman said, was the fourth time the EU had deployed observers in the last five years. Despite an obvious commitment from the EU to assisting Sri Lanka, the European Commission expressed serious doubts about accepting the invitation from the Election Commission to monitor the election. There was a growing sense of frustration at the poor level of implementation of previous EOM recommendations and the European Commission department responsible is under-staffed and under-resourced. While monitoring elections in third countries on an independent basis can be very valuable there must be some level of willingness to heed the conclusions of the observer team.

Following the signing of a Memorandum of Understanding between the European Commission and the Election Commission, seven core team observers were deployed in Sri Lanka beginning on 13th November for three weeks. They were assisted by 22 long-term observers and 51 short-term observers. Although this was a large mission by previous standards, the team was in place for an unusually short period of time. The interim assessment of the election suggests that further progress by Sri Lanka is essential in ensuring respect for the highest international standards. Although the Sri Lankan election management body has not been appropriately set up in accordance with the decree adopted in 2001, the Election Commissioner, Mr Dayananda Dissanayake, was widely perceived to be impartial and he enjoyed the support and respect of all political parties. However, he and his staff suffered a significant amount of despicable intimidation.

Compared to previous years, the campaigning period witnessed a significant reduction in voting related deaths, down from 53 in 2000 to a handful. Apart from areas controlled by the Liberation Tigers of Tamil Eelam (LTTE) candidates were able to campaign freely and in the absence of violence. The Mission noted a number of abuses of State resources during the election period including the blatant advertising by State departments in newspapers, advocating the Prime Minister's candidature. There was also a mis-use of



public transport for campaigning purposes, which should be subject to an investigation by the Bribery Commission. Taken as a whole, the media presented a general view of campaigns, with the State media favouring the government and commercial media favouring the opposition. The Election Commission has the power to issue guidelines on the use of the media but a lack of resources means it can not monitor the media effectively.

Some shortcomings were identified with respect to voter registration. Anyone who was 18 years old by June 2004 was permitted to vote but not anyone who became 18 years between then and polling day. Compiling a voter registration list proved very difficult in LTTE-controlled areas. At central level, there was no mechanism to identify duplicate registrations in different provinces. The Election Commission generally did an excellent job in ensuring that citizens in *tsunami*-affected areas received the right to vote. On 9th November, the Supreme Court issued an interim order following a petition by two candidates that their fundamental rights were violated. The order, relating to provinces in the North and East, established a further 500m perimeter around polling stations restricting campaigning in LTTE areas too close to polling booths. The EOM believed that polling day should focus on voting only and the distance could have deterred some voters.

Compared to previous elections, there was less malpractice and allegations of fraud. Polling in the South proceeded normally but in the North the LTTE boycott was an attempt to ensure only the LTTE could speak for the Tamil community. If the Election Commissioner asked for re-polling in these areas then the EOM would support his call.

Questions and Comments

Dick Gupwell, Secretary General, EIAS, wondered whether Sri Lanka has now returned to a normal state of parliamentary democracy, apart from LTTE areas. It seems that apart from some instances of abuse of State resources and a lack of implementation of EU recommendations, things have returned to normal. The continued existence of the LTTE threatens all this progress. Tazeen Murshid, *Université Libre de Bruxelles*, wondered what advice the EU could give to the Sri Lankan government about either involving the LTTE further into electoral politics or should the government aim to neutralise them. One participant questioned what kind of outcome could have been foreseen if there had not been an LTTE-sponsored boycott. Another question raised the value of the EU's continued commitment to Sri Lanka in the face of poor implementation of EOM recommendations. In a time of scarce resources and competing commitments to other countries, is there any value in repeatedly returning to the country. Bo Jonsson, EIAS

Administrative Board, asked why the *tsunami* did not produce the same kind of peace process that helped Aceh reach a solution with the Jakarta government.

Mr A.K.K. Pereira, *Chargé d'Affaires*, Embassy of Sri Lanka, said the policy of the government towards involving the LTTE in the peace process was clear. On 29th November 2005, the government made a policy statement to the Parliament expressing its full commitment to a negotiated political solution and to not seek a resolution through armed conflict. The government has been prepared to consult all political parties, non-governmental organisations and other stakeholders to try and reach a common agenda in engaging the LTTE. The statement declared that the government is prepared to consider the maximum possible level of devolution and hope that through the involvement of the international community a resolution can be reached. Regarding the aftermath of the December 2004 *tsunami*, the government and the LTTE did work closely to deliver humanitarian aid including water, shelter and clean-ups. However, when the issue turned to reconstruction, the LTTE made no clear response to government efforts to involve them. Following the Presidential election, it is hoped that a new mechanism can be agreed to facilitate both sides in rehabilitation work.

The Speaker in Reply

Sri Lanka, Mr Cushnahan said, does indeed have a long tradition of parliamentary democracy and it suffered not just from the attacks of the LTTE but also from the behaviour of the mainstream political parties. Although there has been obvious improvement, there can be no room for complacency. Despite several administrations, no party has properly implemented the recommendations of the EU EOM. The EOM will ask the new President to establish an Independent Election Commission on a firm foundation. Politicians feel there are free to encourage violence because of a pervading attitude of impunity. Perhaps a Code of Conduct to regulate parties' behaviour is needed.

The presence of the EU EOM has had a clear impact on Sri Lanka's political life, not least to offer a reassurance to voters that their vote will be counted and the end result will have some degree of legitimacy. Regarding the choice of third country to monitor, Mr Cushnahan said the Mission is a partnership between the host country and the European Commission. This means that both sides have to respect the outcome and the recommendations. The EU's response must become more focussed and could include using Article 1 of Trade and Co-operation Agreements to address rule of law, human rights and democratic conditions with Sri Lanka. The reduction in violence compared to previous elections could be due to it not being a parliamentary election and due to stricter police enforcement of the electoral laws. ■



SAARC Summit: Outcome and assessment

by John Quigley

At the time of the 20th anniversary of the adoption of the Charter establishing the South Asia Association for Regional Co-operation (SAARC) and the conclusion of the 13th SAARC Summit, the European Institute for Asian Studies hosted a lunch briefing on “The outcomes of the 13th SAARC Summit: Integration and enlargement”. Speaking on 8th December, the Ambassador of Bangladesh to the EU, H.E. Maudud Ali, said the Summit Declaration contained a blueprint for the long-term vision and strategy for the regional group and that in this era of globalisation there is no alternative to greater regional co-operation.

H.E. Maudud Ali told the meeting that at the time of its creation, SAARC was envisaged as a new strategy for regional co-operation. However, twenty years later, the group has yet to realise its full economic potential. The recent Summit demonstrates that the bigger countries want to end the stagnation and make progress for all of the 1.5bn people in South Asia. Leaders have realised that the main obstacle to progress in the past was lack of trust. Now, Indo-Pakistan relations are improving and SAARC possesses the regional architecture to facilitate economic growth.

The 13th Summit produced a 53 point Declaration outlining a vision and strategy for the Association with a mixture of new initiatives and commitments to implement previous objectives. In its most important decision, the Summit declared that 2005-15 will be the SAARC decade of poverty alleviation. South Asia contains some 50% of the world’s poor. To combat this, a Poverty Alleviation Fund containing US\$350m was proposed and already India has committed US\$100m. In trade matters, the Summit agreed to boost intra-regional trade through the South Asia Free Trade Agreement (SAFTA) and to establish a SAARC Arbitration Council to help eliminate double taxation. Some elements of SAFTA will enter into force on 1st January 2006, while the sensitive list of products will remain to be sorted out. Current levels of intra-regional trade are very low in comparison to other regional groups.

SAARC leaders agreed to fund a study on prospects for the energy sector as, should trade growth expand, the need for new energy sources and production will increase. Currently, the tourism sector across South Asia remains underdeveloped. SAARC could promote the region as a single destination and the Summit agreed to explore means to simplify visa procedures. In light of the devastation of the 2004 *tsunami* and recent earthquake disasters, SAARC will establish a new

regional-level response mechanism. For the environment, SRAAC has declared 2007 to be the year of clean South Asia. Initiatives will be expected to focus on water conservation and sustainable development. Leaders spent a lot of time discussing terrorism and efforts to counter it. There was recognition that terrorist acts violate a fundamental element of the SAARC Charter. The Association will work towards concluding a protocol on the suppression of terrorism and how anti-terrorist measures can be implemented.

For the first time in its history, the Association agreed to expand its membership, to include Afghanistan, and to offer observer status, to China and Japan. It is suggested that South Korea has also subsequently applied for observer status. Generally, the Summit was conducted within a good political atmosphere and leaders recognised that the collective effort will be greater than the sum of individual countries acting alone. Trade and economic matters can be de-linked from the political concerns of SAARC and the Declaration highlights that SAARC must become a better and deeper project for regional co-operation. SAARC, Ambassador Maudud said, must move away from the bilateral tensions that blighted the first two decades of its existence. The fate of South Asian nations is intertwined and common problems need to be addressed by a common approach. The 13th Summit gave a strong and unequivocal signal from the political leadership - no other option would suffice in the 21st Century.

Invited Commentators

H.E. Saeed Khalid, Embassy of Pakistan, noted that for all regional organisations, the EU had been a tremendous inspiration for deeper integration. For South Asia, the impetus for integration had to come from within, when President Musharraf and Prime Minister Vajpayee issued their Joint Declaration in January 2004. Energy co-operation could be the spark to invigorate SAARC. Just like the EU, SAARC leaders will have to consider not just high-level political initiative but also consider how to engage ordinary people in ensuring SAARC’s success. H.E. Takekazu Kawamura, Mission of Japan, said Japan has been interested in peace and prosperity in South Asia for many decades. It is essential that SAARC become a vehicle for stability and for development in South Asia. Japan created the SAARC Special Fund in 1993 to promote economic integration and was quick to support the region after the *tsunami* and Kashmir earthquake. The decision to grant Japan observer status is welcome and coupled with enlargement demonstrates a new willingness to engage with its partners.

H.E. A.K.K. Pereira, *Chargé d’Affaires*, Embassy of Sri Lanka, emphasised the South Asia Free Trade



Agreement which had evolved out of the preferential trading arrangement. That arrangement had only covered a small group of selected products, decided after long and tedious negotiations. On 1st December 2005, a SAARC Committee of Experts decided to implement the SAFTA from January 2006. Several contentious issues remain, including the number of goods on the sensitive list. Pakistan and India have agreed to phase out the list over 7 years, Sri Lanka over 8 years and the other countries over 10 years. Another issue, rules of origin, will see changes to tariff headings and domestic valuation. Compensation for the least developed countries for lost revenue on non-sensitive goods will be paid at the rate of 1% in the first year, 1% in the second year and 5% for the third year. Mr Xuzhong Yu, Minister Counsellor, Embassy of China, said SAARC had played an important economic and social role in South Asia for over twenty years, an era in which regional co-operation across Asia was very diverse. With 1.5bn people in South Asia, the region contains enormous potential. At the Summit, China declared that the process of integration will contribute to the development and prosperity of the entire region. The presence of observer countries will serve to enhance SAARC's international standing. Stable Indo-Pakistan relations will help develop the region in a win-win scenario for all.

Mr Ashok Sajjanhar, Deputy Chief of Mission, Embassy of India, said SAFTA was essential to develop intra-regional trade, which stands at 5% for South Asia compared to 25% for ASEAN and 60% for the EU. With so many least developed and developing countries, greater regional economic integration will benefit all. The Summit demonstrated that leaders have recognised the tremendous potential of SAARC, latent for twenty years, but with a maturity that says political boundaries will not hinder the free movement of goods or ideas. SAARC is demonstrating a new confidence for the region and for its relations with the wider world. As the region shares a common destiny, all countries must move forward together. Mrs Neena Gill, Member of the European Parliament and Chair of the Delegation for relations with SAARC, welcomed the outcome of the Summit noting that there was a strong sense of frustration in the EU at the previous lack of progress. SAARC decisions must start to include a clear timetable for their implementation and should consider focussing on a small number of issues, such as energy, rather than developing too broad an agenda. SAARC should reflect upon the fact that other more successful regional groups have been better at securing development aid from the EU and should not be shy to ask the EU for either financial or technical assistance.

Questions and Comments

Dick Gupwell, EIAS Secretary General, noted that until the Summit in Islamabad in 2004, SAARC had

not really been thought of as a dynamic group. Hopefully, the Poverty Alleviation Fund would contribute to economic integration but had the Summit decided how the Fund was to be financed. Would the Secretariat being established to administer the Fund be part of the SAARC Kathmandu Secretariat or something different. With the admission of Afghanistan there is now an overlap in membership between SAARC and the Economic Co-operation Organisation (ECO), what would be the latter's future. Xavier Nuttin, Asia Desk, Policy Department, European Parliament, wondered whether the Summit had discussed the political situation in Sri Lanka or the crisis afflicting Nepal. A representative from the Embassy of Nepal noted that the focus on poverty alleviation was not the first time it had been raised at Summit level. The Poverty Alleviation Fund would have important role to play in promoting economic development, particularly for the least developed countries.

The Speaker in Reply

H.E. Maudud Ali said in reply that there already had been a positive response to the creation of the Poverty Alleviation Fund with a significant contribution from India. This was an important sign of the political willingness of SAARC leaders to begin and implement this process. The Fund will have two management tiers in order to deliver fast and focussed results. The SAARC Secretariat has seen a growing range of functions and services in recent years. The 13th Summit has added to these and SAARC leaders now recognise that it will have to adequately funded. SAARC will look to other regional organisations and donors to help the Secretariat in financial and technical terms.

Historically, Afghanistan has been seen as part of South Asia and SAARC leaders are willing to help it get back on its feet. The Economic Co-operation Organisation also includes Iran and Turkey, so SAARC will now be able to benefit from Afghanistan's influence in Central Asia. The granting of observer status is a further demonstration of the improving political situation. SAARC will have to seize this opportunity to make progress and respect deadlines for implementation. Despite the existing level of integration, GDP growth rates continue to fail to inspire confidence. The political situation in Sri Lanka was not discussed officially but at the informal leaders retreat.

SAARC has always been interested in co-operation with the EU, although there has been difficulty in the past in absorbing EU aid funds. If project aid can become more regular than in the past, perhaps the utilisation rate can improve. Sharing a common history and culture, SAARC now realises that the destiny of the region is intertwined. Further integration is essential. ■