

Combating terrorism through leadership and dialogue

by John Quigley

The global scourge of terrorism is an affront to societies based upon the rule of law, democracy and the promotion of universal human rights. As the pace of globalisation quickens, the trans-national dimension of terrorism has assumed a much greater importance that the few supporters might have otherwise hoped to achieve on a national level. Rather than waiting for the United Nations to take the lead, the EU must be prepared to shoulder the burden of fighting terrorism and provide the example of tackling both terrorism and its root causes within a legal framework. The EU response must be measured, direct and considerate.

The EU has structures in place to engage with Asia in building a coalition to tackle global terrorism. The **measured** response must involve a starting point of knowing where the EU is coming from. Since the founding of the European Economic Community, EU leaders have been seeking to project European values beyond its borders. Most recently, the project to export European norms was reinvigorated in a Commission Communication from November 2005. Concerned about the pace of globalisation, the Commission suggested that the EU and its Member States, by sharing common values and strong institutions, could help shape globalisation, in areas including in security issues. The EU would “project its values beyond its borders” through external instruments including through the European Neighbourhood Policy and via development policy. These values include respect for the rule of law, democracy and the promotion of human rights. Terrorism and its supporters pose a severe threat to these principles.

Despite many decades of domestic terrorism in several Member States, it has taken the EU quite a while to wake up to the threat posed, in the first instance, by international groups and to develop a common response. Regrettably, not until the 2004 Madrid and 2005 London attacks were minds concentrated sufficiently on the issues affecting much of the rest of the world, including Asia.

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Over the course of 2005 and into the early days of March 2006, the Sixth Committee of the United Nations has been trying to reach agreement on a new draft Convention on Combating Terrorism. The text has become mired in legal definitions and bogged down by some States demanding that armed resistance groups fighting occupation or colonial powers be outside the definition of terrorism. The EU can not afford to wait for such a draft Convention to be agreed in its present format. Indeed, there are some signs that the EU is prepared to press ahead and get its own house in order. As the deliberations in the Sixth Committee were breaking down, the European Council, in December, adopted a Strategy on Counter-Terrorism.

The new Strategy forms part of the **direct** response to the threat posed by terrorism. The Strategy calls terrorism a threat to all States and all peoples and identifies four pillars for EU action including, prevention, protection, pursuit and response. It identifies several priority regions, including South-East Asia for enhanced EU co-operation and assistance in fighting terrorism.

One of the key institutions tasked with ensuring a common EU response to the Strategy will be the Council and through the Council the EU's Counter-Terrorism Co-ordinator, Mr Gijs de Vries. Appointed by Javier Solana in 2004, Mr de Vries believes that the terrorist threat faced by the EU is as strong as ever certainly more so than several years ago. Part of the EU response must be to tackle inequality, promote dialogue and facilitate long-term integration. The biggest terrorist threats facing the EU, he said recently, are from Kashmiri groups with links into the EU and from North African groups.

As the UN Sixth Committee has found out, deciding who to call a terrorist and who a freedom fighter is a tricky business. Recently, and not for the first time, the EU issued a direct call to Iran to engage with the international community more responsibly. The EU called on Iran to end support for groups which advocate or engage in acts of terrorism. The level of EU reaction to Iran's response could be seen as a defining moment for the seriousness with which countries in Asia take EU policy. Now that it has declared its position, the EU must follow through and not let the issue slide. The EU must be prepared to demonstrate that there are consequences for nations that do not respect international norms.

One way to demonstrate this would be to insert an anti-terrorism clause into Co-operation Agreements the EU signs with third countries. Currently, most of these Agreements include a provision on respect for human rights and the rule of law. However, past practice has been dismal. The EU must end the loose attitude it has to enforcing clauses in such Agreements starting with

the human rights provision but including an anti-terrorism requirement from those who wish to trade and build a political relationship with the EU. The Security and Defence sub-committee of the European Parliament is beginning work on a Report into the external dimension of the fight against terrorism. The new clause should be a focus of their work to show third countries that Europe means business.

Equally, perhaps the EU may also have to think outside the box in order to help find a solution. In a report, published in 2005, by the Spanish-based Foundation for Analysis and Social Studies, on "NATO: an Alliance for freedom", a former Spanish Prime Minister, José María Aznar, calls for a revitalised NATO. The new NATO, he says, must take on more of a counter-terrorism role. Calling the security of its members an "essential value of the Alliance" Aznar suggests that to realise this goal NATO must adopt a "homeland security dimension". It is not clear that his view of a re-organisation of NATO's objectives is shared by NATO command but it may have some added value in co-ordinating intelligence and the sharing of resources, not least in the response to a terrorist attack either within the EU or outside.

To talk of the **considerate** response to the challenges posed by terrorism the EU will have to tackle some of the issues noted by Gijs de Vries including fighting inequality and promoting dialogue. Any dialogue with third countries will have to be based upon tolerance, respect and a commitment to universal norms. In the words of EU Commissioner for External Relations, Benita Ferrero-Waldner, if we want to make the EU a safer place and be able to export stability then the EU will have to adopt a common approach in foreign policy across all its instruments. Her Austrian compatriot, Hans Winkler, State Secretary for Foreign Affairs, said if the EU wants to promote peace and stability in the world then it will have to build up its values. Clearly, the European Union is not a military power, therefore, it must rely on preventive diplomacy within a multilateral framework.

With a sense of European values, but cognisant of others, dialogue between cultures can form part of the considerate response. The controversy over the publication of cartoons in Denmark, some of which depicted the Prophet Mohammed (but others depicted European insensitivity or lack of understanding of other religions) showed that no matter what kind of structures for dialogue the EU and parts of the Muslim world have in place, they are clearly not sufficient. Europe will have to expand the range of dialogue partners it engages, in order to ensure that the agenda for debate is not left in the hands of extremists. Leaving it to the extremists risks breeding radicalisation and further terrorist attacks. Moderate Muslims owe it to themselves and the EU to be fruitful partners for dialogue to help eradicate terror, everywhere. ■

Human rights in Cambodia

by Graham Watson, MEP

The Cambodian regime, headed by ex-Khmer Rouge soldier Hun Sen, has a long history of persecuting and imprisoning dissenters in flagrant violation of the country's constitutional guarantees on freedom of expression. However, in an unprecedented gesture, it decided to pardon two leading pro-democracy campaigners. Within hours of the announcement on 5th February, MP Cheam Channy, who had served one year of a seven-year prison term, was released from jail and Liberal opposition leader Sam Rainsy given leave to return from self-imposed exile in France where he has lived since he was sentenced.

The European Parliament should, I believe, take much of the credit for this change of heart. It has maintained consistent pressure on the Phnom Penh authorities to pardon the men, who are members of the Council of Asian Liberals and Democrats and leading opposition activists. Since 2004, Parliament has adopted no less than three Urgency Resolutions condemning Cambodia's human rights record. The most recent of these was passed on 19th January - a mere fortnight before the two men were released.

As last year's Sakharov Prize winner, Robert Menard from Reporters Without Borders made clear when collecting his award, if "someone's name appears on a Resolution, that person is protected - even on the other side of the planet". Cambodia's decision to cave in to international pressure indicates how Parliamentary Resolutions can have a concrete impact if they have the courage to 'name and shame' States which transgress fundamental rights and freedoms. Similar tactics were used to persuade the Turkish authorities to drop charges against novelist Orhan Pamuk, who was accused of 'denigrating Turkishness' for publishing an article on the hotly-contested Armenian Genocide. As the world's largest aid donor Europe holds a great deal of clout in developing countries, particularly those like Cambodia which rely on international aid for fifty percent of its annual budget. It is surely no coincidence that Sam Rainsy was released one month before the International Donors Conference convened in Phnom Penh on 2nd March to discuss the future of the country's aid programme. This is especially likely given the wording of January's European Parliament Resolution which warned that EU aid would be conditional upon an improvement in Cambodia's human rights record.

Hun Sen's regime strongly denies that pardoning Sam Rainsy and Cheam Channy was in any way a PR stunt. So long as individuals such as Chea Poch continue to be persecuted for dissent it is hard to see how it could have been anything else. As Human Rights Watch

noted, releasing people from prison who should never have been arrested and jailed in the first place can not be seen as meaningful progress. Many NGO's fear that the pardon of high-profile figures may prove detrimental to lesser-known individuals, whose cases risk falling from the public eye.

When the International Donors Conference concluded on 3rd March it was clear that the regime's gamble had paid off handsomely. Rather than penalising the government for its repeated failure to uphold Human Rights and carry out judicial reforms and improvements in the management of natural resources International Donors decided to accept the pardon at face value. Moreover, they chose to reward the "significant progress" made by Cambodia by allocating it US\$601 million in grants and loans in return for action on judicial reforms and fighting corruption. Not only was this sum much larger than the US\$504m awarded in 2005 but it was significantly more than the US\$513m that the regime had actually requested.

The international community should have paid more attention to the government's repeated failure to live up to its promises. This legacy, coupled with a poor record in enforcing the human rights and rule of law provisions in the EU-Cambodia Co-operation Agreement, raises severe questions about its potential as an effective development partner - questions which the Donors Conference did not even begin to address. True, the regime has now decided to do away with the law on defamation which was used against the dissidents. It may have a free press and allow NGO's to function. Yet, as Kem Sokha (a human rights activist freed from prison last month) has pointed out: "democracy is in the hands of the Prime Minister. He can give it and he can take it away at any time".

Not for the first time, ill-timed rewards from donor countries are encouraging the regime to pay lip service to Human Rights while continuing to flout its international obligations. A prime example being the IMF's decision to drop Cambodia's debt days after Sam Rainsy was originally sentenced for dissent. Instead of trusting that the leopard would change its spots, the EU should have used this opportunity to increase assistance to non-governmental organisations who promote human rights, the rule of law, media freedom and development initiatives. However, by taking the regime's reforms at face value it has allowed its trump card to slip from the pack and, in doing so, lost much of its leverage. A better chance to exert pressure for change will not come around again for several years. One can only hope that by then our negotiators will have learned what not to do. ■

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India and the EU: The charade of a Strategic Partnership

by Dr Christophe Jaffrelot

Each day that passes sees confirmation of India's increasingly important position on the international scene. India's rising economic might is unquestionable including, and above all, in the area of high technology. As for her military power, this now includes unashamed expertise in strategic weaponry from nuclear to ballistic missiles and a sizeable task force in the Indian Ocean.

This giant of tomorrow, and not the day after tomorrow to labour a point, as far as its external relations are concerned, is looking in two directions, directions which as recently as fifteen years ago were largely neglected: East Asia and the United States. The "look east" policy initiated by Narasimha Rao when Manmohan Singh was Finance Minister, has borne fruit. In 2005, East Asia overtook the EU as India's first trading partner largely due to burgeoning Sino-Indian trade. While the "look east" policy may have had essentially economic objectives, it has also resulted in India's entry into the only functioning regional security arrangement in East Asia, the ASEAN Regional Forum. So far as the US are concerned, the recent visit of President George W. Bush demonstrated that relations have hit new highs in both the political and economic areas. The United States is now India's largest single national trading partner and the biggest source of FDI mainly as a result of the massive arrival of US high tech multinationals. In the political arena, the two countries signed an Agreement in 2004, the Next Step Towards a Strategic Partnership, a military agreement in June 2005 and significant steps forward have been made in the realm of civil nuclear energy during the visit of Bush in February 2006: every year something more happens!

Within this global context it is disappointing, to say the least, to find that the EU hardly figures on the Indian "radar screen", despite tangible efforts to relaunch co-operation between the two political entities. If remediable action is not undertaken quickly, Europe may well find itself completely sidelined by this new first order Asian – and indeed international – actor.

Which Strategic Partnership?

In the early part of this decade considerable efforts were made to kick start co-operation between India and the EU. The first EU-India Summit held in Lisbon in June 2000 heralded a new political willingness to foster closer *bilateral* relations in all areas. Since 2000, annual summits have been held, accompanied by the setting up of joint working groups and a plethora of

joint initiatives, such as on the Enhancement of Investment and Trade, dating from 2001. The culmination of these rapprochement initiatives was the signing, in June 2004, of a New Strategic Partnership Agreement which defined five priority areas of co-operation:

- (a) Multilateral co-operation in the international sphere with a stress on conflict prevention, anti-terrorism, non-proliferation, the promotion of democracy and the *defence* of human rights
- (b) Strengthened economic co-operation involving sectoral dialogues and jointly drafted regulatory policies
- (c) Co-operation in development so as to enable India to achieve the UN Millennium Goals
- (d) Intensifying intellectual and cultural exchange
- (e) Improving the institutional framework of Indo-EU relations.

While there have been some tangible results of these efforts in improving co-operation the overall balance sheet is mixed. Some concrete achievements deserve mentioning. For example, India has become a participant in the ITER and GALILEO programmes, thus significantly improving the potential for much enhanced co-operation between the European Space Agency and its highly innovative Indian counterpart, the Indian Space Agency. Furthermore, a €33m scholarship scheme, within the Erasmus Mundus framework, has been established in order to encourage student exchange between India and the EU. The creation of a Jean Monnet Chair in European Studies at the University of Delhi in 2002 should also contribute to achieving these objectives. Nevertheless, these specific achievements do not, in themselves, remove the overall sense of unease engendered by an examination of Indo-European relations in all areas.

While it would be misguided to underestimate the importance of student exchange and the recruitment of Indian students in European universities, the dozen of thousands Indian students in Europe (essentially in the UK) pale into comparison compared to the 80,000 studying in the United States (India having overtaken China as the largest source of overseas students there). Not only are those students (and their graduated predecessors) a vital element in strengthening US-Indian relations, they are also a precious source of qualified manpower for the US economy.

For economic relations the tendency is equally worrying. East Asia (ASEAN plus China, Japan and South Korea) became the first trading partner of India in 2004, accounting for 20% of overall trade, eclipsing the EU. More alarming are the shares of total international trade and investment: in 2004 India accounted for a mere 1.7% of imports and exports with the EU, making it the twelfth trading partner. As far as investment is concerned, India received a derisory



0.3% of the EU's total FDI in 2004. France, for example, with its 2.63% of total FDI in India was behind South Korea and just before Singapore. India, in my view, is still a victim of a European obsession with China: for every euro invested by the EU in India, some twenty euros are invested in China!

It is, however, on the political level - involving both diplomatic and strategic objectives - that EU-Indian relations appear the most bogged down. Chris Patten, the former Commissioner for External Relations, was *probably* the only European Commissioner in recent years to have taken India seriously.

Responsibility for deteriorating EU-India relations should not be entirely laid at the door of the Europeans. Some responsibility for this parlous state of affairs can be found in India itself. Media hostility to the EU is *partly* explainable by a series of disagreements over, for example, the International Criminal Court or the Ottawa Convention against anti-personnel mines, two matters on which the Indians are very reticent. There is also a perception of European interference in Indian domestic affairs over human rights questions, the Kashmir conflict or child labour - being symptomatic of a greater malaise.

But the problem is deeper. It reflects large-spread sentiments in the Indian society. A significant section of the Indian elite, that of the *nouveaux riches*, seemingly drunk with a sense of newly acquired power, does not bother to hide its disdain for a Europe seen as mired in its economic stagnation and content with the bourgeois comfort of elderly retirees. For this part of the elite, Europe is a "has been", morally and intellectually exhausted, its Welfare State untenable and doomed to decline.

The EU can easily - and sometimes legitimately! - be seen as a target of this rhetoric because in some of its paternalistic behaviour it demonstrates an enduring colonial mentality. The Mittal Affair provides a perfect example of this attitude. If the CEO of Mittal Steel, Lakshmi Mittal; is Indian - and vaunted as a national hero - his company is not, nevertheless the way the OPA bid was handled by political actors in Europe and by the representatives of Arcelor, compounded a sense of racial prejudice. The Indian media had a field day in vilifying the double standards of the EU, ever ready to play the capitalist game when it suits them, but refusing to play it when it does not. After all India saw no objections in allowing Lafarge to become a giant of the Indian cement industry. The Indian Minister for Commerce and Industry, Kamal Nath, warned the EU Commission that opposition to the bid violates norms of the WTO and nobody in Europe paid attention to Mittal's argument that his firm and Arcelor were European companies which should better join hands to resist China's ambitions. Equally, France was accused of treating India as a giant garbage bin by carelessly

sending the aircraft carrier Clemenceau laden with asbestos to be broken up in the scrap metal yards of Gujarat.

This being said, the assertive post-colonial nationalism of a rapidly modernising India, one directed at decadent Europeans with seemingly no sense of fair play, does not in itself, explain the widening gulf between the EU and India. Underlying the chronic nature of present EU-India misunderstanding is the fact that new forms of Indian nationalism are calling into questions India's commitment to the rules of multilateralism.

Myth and reality of Indian multilateralism

Unfortunately Europeans have the illusion that, India and the EU share a vision of the world founded on multilateralism. This is not the case. Indian discourse on multilateralism and the need for a multipolar world is, at least to some extent, a smoke screen, designed in particular for European consumption. It should be noted that the legacy of India's commitment to the Third World within the Non-Aligned Movement is one tinged with a kind of anti-imperialist rhetoric directed, above all, at US hegemony. Apparently this would seem to have affinities with France's desire to develop Europe as one of the poles of power in a multipolar world and to the European project of promoting a system of international norms.

In practice, however, successive Indian governments are basically pragmatic and, in point of fact, since the 1990s have shown in their behaviour a more neo-realist or *realpolitik* view of international relations. In the minds of Indian leaders the United States offers leadership which can not be easily dismissed, while Europe seems still to be looking for an international role, and is not a major international actor due to its own internal divisions and the lack of any credible way of projecting its power. This perception of an *effete* Europe cuts across the Indian political spectrum: while the nationalists of the BJP were the first to propagate such a view in the 1990s, the Congress Party has taken on board the same view. Evidence for the salience of this view can be found in the explanations proffered by Manmohan Singh to his Communist allies, the only political group to have shown any misgivings over closer US-Indian relations. Moreover in both the very warm congratulations offered to President Bush after his re-election and in the absence of high-ranking Indian dignitaries at the funeral of the Palestinian leader Yasser Arafat, can be discerned a realist concern for India to align itself with the only world super power.

The overwhelming importance attributed in India to hard power largely explains the disdain in India for the EU. Europeans see themselves as heralds of a form of

world governance based on norms and embedded in international law and in multilateral institutions. The United States, on the other hand, is not averse to justifying the use of force in international relations. While Nehru, like Gandhi before him, may have believed in the importance of values, the India of today is fascinated by hard power. Strategic specialists in many Indian think tanks feel that making India the “world’s largest democracy” has brought far fewer benefits to India than did the nuclear tests of 1998.

For the US, “playing the India card” to use a widely heard cliché in Washington, is seen as an effective way of counter-balancing China. In this light, the June 2005 strategic and military agreement between the US and India - by dint of which the two countries have agreed to co-operate together in overseas peace-keeping operations - is highly significant. This agreement will probably dampen the interest of India for similar types of co-operative activity with Europe, even though this was precisely one of the objectives of the Strategic Partnership Agreement signed a full year earlier between India and the EU!

What is to be done?

For this unfavourable climate in EU-India relations urgent action is required if a further deterioration is not to become irreversible. In my view, four types of action are at the EU’s disposal, even if there are elements in the present situation beyond its control.

The first of these is to strengthen a sense of European unity and to fight against the over-riding trend of each Member State to go it alone in its relations with India. This occurs even in areas where common European policies have been agreed. While Europe remains incapable of unifying its own strengths, not only will it deprive itself of its major advantages, it will compromise any chance of being *perceived, and respected*, as a single entity. In India the “every member state for itself” approach is not merely unworkable, it is counterproductive. Given India’s size, its burgeoning economy and its increasing *political and military* power, the only possible European partner for India is the European Union as a whole. The sooner this reality is accepted the better for all of Europe.

Secondly, European diplomacy in relation to India *vis à vis* China needs to be rebalanced. In India, the pro-Chinese bias of the EU is ill received. For Indians, the Sino-centrism of Europeans is paradoxical, given Europeans’ purported concern with promoting democracy and the Rule of Law, two areas in which China’s record leaves a great deal to be desired. Why should such a country be favoured over India? In such a context, the US seems far less hypocritical for in American discourse, including amongst the Neo-conservatives, denouncing Chinese authoritarianism and promoting democracy go hand in hand. A more

balanced European policy would be well received in India if it also involved actively supporting India’s campaign for a permanent seat on the UN Security Council, an objective opposed by China and one on which the US is very reticent. Supporting India’s permanent membership of the UNSC would have the added advantage of bringing India back to the multilateralist fold. India has shown that it valued multilateralism during the 2005 campaign of the G4 and demonstrated its sense of responsibility in a multilateral context with its votes at the IAEA.

Thirdly, Europe needs to play on its industrial strengths to relaunch its co-operation with India. Two areas are of primary importance, namely infrastructure and environmental protection as they are both areas of vital necessity for India. Problems arising from pollution and the shortage of *drinkable* water will soon compromise India’s economic growth. Given longstanding European sensitivity to environmental questions, as well as its technological capacities, this is clearly a field in which Europe can offer solutions to India’s problems. Regarding infrastructure, the priority area is that of energy, for India is experiencing serious shortages and is over-dependent on petrol and coal two expensive or polluting fossil fuels. India’s efforts to secure gas supplies and to develop nuclear energy are two tangible results of this situation. The EU’s lead in the latter technology is recognised by India.

Finally, we must turn to initiatives that would help relaunch EU-Indian co-operation in areas that are both symbolic and substantive, those of visas, higher education and work experience. By being far more flexible in providing visas to Indian students and professionals, considerable progress could be made in removing one of the continual thorns in the side of EU-India relations. Above all, by introducing greater flexibility over visas for students and former students one of the factors that today limits the ability of Europe to attract the best Indian minds would be removed. The EU should emulate the US and allow Indians who have finished their studies to stay on and to look for a job in Europe. Such a change would make EU countries more attractive (especially *vis-à-vis* students who have to repay their debts in hard currencies) and would justify the investments of European higher education systems which trained them. ■

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Will the 21st Century be Asian – or Western?

by Malcolm Subhan

The year is 1972, the place Nairobi, Kenya, the event the third meeting of the UN Conference on Trade and Development (UNCTAD). There is tension in the air, because the developing countries, organised as the Group of 77, are demanding the creation of a common fund for commodities. The fund would help stabilise prices of primary commodities by intervening on commodity markets, and ensure developing countries a steady stream of financial resources for their development. The idea was so strongly resisted, however, by the leading free market advocates, led by the United States, Britain and Germany that most of the attempts at reaching a compromise were made behind closed doors.

A representative of the developed countries, a German, left one of these meetings, to find himself surrounded by journalists, who were waiting in the corridor for news of fresh developments. Was a compromise in sight, he was asked. Visibly angry, he told them that the developing countries were claiming that their primary commodities belonged to them, and were not for sale at knockdown prices. If that was the case, the German went on, then the developed countries would treat their gray matter as their property, and deal with it accordingly. Some 15 years later the U.S. President, Ronald Reagan, showed just how important grey matter had become when he pointed out that the microchip, which was revolutionising the way in which we live and work, consisted of sand and grey matter.

The plain truth is that no country, group of countries or even of people has a monopoly on grey matter, on intelligence, and on its fruits. This has become abundantly clear in the last 25 years or so. I was one of 3 or 4 graduate students from India at Northwestern University, just outside Chicago, in the late 1940s. None of us, and least of all our American classmates, could have imagined that one day, in the not too distant future, the Dean of the University's prestigious Kellogg School of Management, and six of his faculty, would be Indians. Today Indian academics are to be found in many of America's leading business schools. They include Prof. C. K. Prahalad, at the University of Michigan, and their writings are helping American business meet the challenge of globalisation.

But Indian academics have not been alone in fostering the rapid development of American business; so have Indian businessmen – as venture capitalists and as the driving force behind numerous start-ups, particularly in the information technology sector. There is Sameer Bhatia, for example, who arrived as a student and

founded one of the fastest-growing free web-based email services, Hotmail, which he sold to Microsoft for US\$400m when he was just 28 years of age. Silicon Valley was, and remains, the breeding ground for numerous start-ups by Indians. At the same time, Indian businessmen and engineers have contributed to the success of many of America's leading IT companies, including Microsoft, Intel and Google. The fact is that if a growing number of American multinationals now conduct research and development in India, it is because of their favourable experience with the Indians on their business and research staffs.

Even more striking, perhaps, is the number of Indian scientists who are important members of the American scientific establishment. When US President, Ronald Reagan, launched his Star Wars initiative in 1983 he appointed two co-chairmen to its scientific committee; one of them was from Holland, the other from India. Indian scientists work for NASA and for Intel; one of them led the team that developed the Pentium processor. A leading Indian neuroscientist is Dr V. S. Ramachandran, Director of the Centre for Brain and Cognition at the University of California at San Diego – and the first Indian to deliver the BBC Reith lectures (in 2003).

I have focused on how Indian academics, scientists, engineers and business leaders have used their grey matter to promote American business, industrial and scientific leadership over the last 25 years. They have not been alone, of course; Chinese and South Koreans have also been contributing their grey matter, their intelligence, to reinforcing the role of the United States.

I want to use the Indian example, however, to pose two questions:

- (1) What is the explanation for this late flowering of Indian intelligence, especially in the field of science and technology, and
- (2) How will this rapidly growing contribution of Indian – and Chinese, South Korean, Malaysian and other Asian – grey matter influence global developments?

Western domination of Asia has been discussed mainly in political and economic terms. But once established, this domination was maintained by the colonial powers partly through ensuring a virtual monopoly of the grey matter which had secured their domination of Asia. In India, for example, the seminal document for the introduction and development of education was Lord Macaulay's Minute on education of 1835, which he wrote to guide the ruling powers – essentially the East India Company – in the choice of language in which education was to be given. The Indian "dialects," wrote Macaulay, "contain neither literary nor scientific



information,” and concluded that the “English tongue” would be “the most useful to our native subjects.”

Lord Macaulay was quite prepared to enable Indians, especially upper class Indians, who had already recognised the importance of English, to acquire both literary and scientific knowledge – in short, to use their grey matter in scientific pursuits also. The East India Company, however, needed clerks far more than it needed scientists or even engineers and mechanics. The practice followed by the Company was continued by the British government, after it had abolished the Company in 1858, following the Great Indian Mutiny. It was accompanied, however, by a strongly rising tide of racism. The native clearly was so inferior to the British that he could only occupy subordinate roles, whether in the administration of India or in the development of commerce and industry.

This is not to say the educational system was not further developed by the British government at all levels. Universities were established in various parts of the country, and their most gifted students could even read for degree courses at Oxford and Cambridge. The growing railway network in India, for example, required an ever larger army of engineers and mechanics to maintain it; hence the establishment of engineering colleges.

The education imparted to Indians was essentially literary, however. The Indian Institute of Science was established as early as 1909; but it was the creation of a Parsee family, the Tatas, that had built India’s first steel mill only a few years before. The family also established the Tata Institute of Fundamental Research in Bombay in 1945. Its industrial and business activities today range from steel to software; the Tata Consultancy Services (TCS) is one of India’s largest multinationals in the information technology field. Scientific research was being conducted in India even during colonial times, of course; witness the award of the Nobel Prize for physics in 1930 to Sir C. V. Raman. (The poet and playwright Rabindranath Tagore was the first Indian to receive the Nobel Prize – for literature in 1913). But when Dr. Hargobind Khurana won the Nobel Prize for medicine in 1968 it was for research conducted in the United States.

In other words, Indian scientists, academics and business innovators had to leave India, most went to the United States, in order to develop their intellectual capacities to the full. This is partly because independent India lacked the financial resources to overhaul its educational system from top to bottom. What the Indian government did, however, was to focus its resources on the creation of a network of Indian Institutes of Management (IIMs) and Indian Institutes of Technology (IITs), with American educational institutions as the model. So high is the

educational level of these Institutes that many of their graduates embark on their careers in the United States.

India’s intellectual diaspora – its scientists, academics, IT specialists and business leaders – has had a very favourable impact in India itself. It has dramatically changed the way Indians think of themselves; in short, they have largely escaped from the shackles put on them by the colonial power. A growing number of IT specialists are returning to India, in order to take advantage of the economic opportunities offered by the country, opportunities due as much to this radical change in how Indians perceive themselves as to the opening up of the Indian economy since the early 1990s.

But what of the impact on the global intellectual and economic communities of the Indian diaspora, on the one hand, and the newly energised and revitalised Indian middle classes, on the other? Are Indian scientists, academics and businessmen, together with their counterparts from other Asian countries, helping create a global community which is the Western world writ large, with its values and behaviour patterns? In other words, is the grey matter from the former British, French, Dutch and American colonies in Asia helping ensure Asia’s continued domination by the West? The Western monopoly on grey matter, which the German representative to the 1972 meeting of UNCTAD saw as for all time, has been broken. But will the 21st Century belong to the West, after all? ■

Amartya Sen Lecture Series on Sustainable Development

The European Institute for Asian Studies (EIAS), in close association with the Cambridge and Oxford Societies of Belgium, and the Harvard Club of Belgium, are honoured to announce the launch of a series of lectures on sustainable development in the name of Professor Amartya Sen, Nobel Laureate in Economic Sciences 1998. The inaugural lecture will be on 16th March 2006 in the Charlemagne Building of the European Commission, Brussels. The lecture will be introduced by Professor Amartya Sen and will be given by Sir Nicholas Stern.

Sir Nicholas Stern leads a major review of the Economics of Climate Change. The review is conducted jointly by the Cabinet Office and HM Treasury of the United Kingdom and will report to the Prime Minister and Chancellor in Autumn 2006. The review has been requested to understand more comprehensively the nature of the economic challenges that climate change poses and how these can be met, in the UK and globally. This lecture will provide one of the first presentations of the initial findings of the ongoing review. ■

Asylum and Immigration, Justice and Home Affairs

Human Rights 2005

On 20th February, the Sub-Committee of Human Rights of the Foreign Affairs Committee held a debate on the "Annual Report on Human Rights in the World 2005". Parliament's Report on the issue is being prepared by Richard Howitt (PSE-UK). Speaking before the Sub-Committee Mr Howitt said that, after a discussion between the main political groups in Parliament, he had decided to end the traditional practice of commenting upon individual countries in the Report and to instead focus on the activities of the EU Institutions in their human rights policies in external relations. While countries would not escape criticism they new policy would try to emphasise the contribution of EU policy towards improving the human rights situation.

Despite being called the EU Report on Human Rights the involvement of Parliament was less than perfect, Mr Howitt said. The role of Parliament had now been discussed with forthcoming Presidencies of the EU Council and hopefully Parliament's influence will be greater during the drafting process. The United Kingdom and Luxembourg Presidencies had opted for informal troika meetings rather than seeking to meet with third countries by themselves. What has transpired however is that while the EU may raise human rights issues in multilateral fora this does not follow through into the bilateral talks the EU pursues with third countries. Clearly, EU policy is too focussed upon internal co-ordination and less so on influencing countries in crisis.

Regarding the EU policy of conducting a Human Rights Dialogue with particular countries, perhaps the EU should instead identify "countries of concern" on an annual basis in order to help heighten public interest. Parliamentary scrutiny of the activities of the Council is less than ideal. Although some Parliamentarians are briefed, on a confidential basis, on some issues of concern the role of the Council Working Group on Human Rights should be built up, bringing in specialists from the Brussels-based Permanent Representations to the EU. In the context of Commission funded programmes under the European Initiative for Democracy and Human Rights (EIDHR) Parliamentary scrutiny is similarly uneven and the impact of such projects is not systematically analysed.

The human rights dimension of European Security and defence Policy (ESDP) mission has, probably, not been fully understood and could be an accident waiting to happen. The EU Guidelines on Human Rights should be improved and the human rights clause in Trade and Co-operation Agreements needs to be invoked more

systematically, when appropriate. This would include having a dedicated post in the European Commission's Delegations to third countries devoted to human right issues and, equally, the human rights unit in the Directorate General for External Relations should be adequately staffed.

Speaking during the debate in the Sub-Committee, the author of Parliament's Report in 2004, Simon Coveney (PPE-ED/IRL) said that in order to be coherent, the 2005 Report should refer to the Annual Report on Arms Exports and to the Resolutions Parliament adopted in human rights issues every month. If Parliament is to perform a greater supervisory role on EU human rights policy then the Sub-Committee would need to be financed more appropriately in order to allow for more frequent missions to third countries of concern. Elisabeth Lynne (ALDE-UK) said that if the EU was going to comment upon the human rights situation in third countries then it should also report upon the situation inside the EU. The Report being prepared should include a reference to Kashmir, bearing in mind that if India is mentioned then surely Kashmir will have to be mentioned. Mr Howitt said he was content to have a stronger condemnation of China's performance on human rights and that Parliament's Report would be debated in plenary in May, in order to maximise its impact upon the Commission and Council.

Political Relations

EU-China Framework Agreement

In the European Parliament, on 22nd February, the Delegation for Relations with the People's Republic of China heard a presentation from Mr Jean-Christian Rémond, Deputy Head of Unit, European Commission, on Europe's relations with China. Mr Rémond said that although there are some points of contention between the EU and China, generally the relationship is good.

The EU and China are negotiating to update the 1985 Agreement on Co-operation which, Mr Rémond said, dealt almost exclusively with trade. Therefore, the basic legal instrument needs to be upgraded and Europe is attaching priority to the talks with China. A new Agreement would cover co-operation, commercial issues, human rights and terrorism issues and immigration matters. Whereas the EU wants one single Agreement covering all issues China, it seems, would be happy to update the 1985 Agreement to include political co-operation and conclude separate agreements, over time, on sectoral issues.

On human rights, Mr Rémond said, there was a bilateral meeting in Beijing in October 2005, although not a lot of progress was reported. A commitment that the Supreme Court would review the application of the death penalty does seem to be emerging. It has been



suggested that police investigations will, in future, be monitored and there will be some measure of the videotaping of interviews of suspects. China gave a commitment that the United Nations Special Rapporteur on Torture would be allowed to visit and, in November 2005 Manfred Nowak was in China. (After a two-week visit, Mr Nowak reported that although torture in urban areas seems to be on the decline, its use across China remains widespread - Ed.).

In China, the Commission has noted a hardening of the political line, Mr Rémond said, with more frequent restrictions on freedom of expression, including the use of the internet. The activities of non-governmental organisations have also been targeted, particularly those financed from outside China. At a meeting in Vienna, on 3rd February, with the European troika and Chinese officials, the Commission raised the ratification of the Covenant on Civil and Political Rights, questions surrounding forced labour and administrative detention and, lastly, demands for the freeing of those still in prison due to Tiananmen Square. Apart from the ratification of the Covenant, the Commission is unable to report a lot of progress on the other dossiers. The EU would recommend that China should invite the UN Rapporteur on Religious Freedom, Ms Asma Jahagir.

Regarding trade matters, the Commission does not have definitive figures for two-way EU-China trade in 2005, although a high increase in the volume of trade is expected, in the direction of €200bn. It is estimated that there may be a trade deficit of approximately €100bn *per annum*. Therefore, the EU has stressed the need for China to open up its markets progressively. The EU has identified three key sectors including automobile manufacturing, banking and telecommunications. In this context, it is important that China should implement its World Trade Organisation (WTO) obligations. Another concern in the EU-China relationship is the issue of intellectual property rights. The EU started a dialogue with China in October 2005, with a further round in December, however little progress has been made. The Chinese Council of State has established a Task Force to try and tackle counterfeit goods. China has been demanding market economy status for some time. The Commission is still working on the basis of the 2004 evaluation of the economy, which is a technical and not political evaluation.

Similarly, not a great deal of progress has been made on migration issues. The EU is seeking to conclude a re-admission agreement and although China has agreed in principle, their authorities want a freer visa regime. The EU was prepared to negotiate on this issue until it became obvious that, under the Tourism Agreement, Chinese nationals were over-staying their visas. While China has made complaints about the treatment of some of its nationals at EU points-of-entry, EU

Member States are increasingly reluctant to grant visas. The prospect of the EU lifting the arms embargo has not brought about any improved atmosphere in China and no real progress can be reported.

On sectoral issues, Mr Rémond recalled that during the last EU-China Summit, both sides had agreed to establish a partnership on climate change and to adopt a Joint Declaration. In Shanghai, in mid February during a conference on energy, both sides signed a Memorandum of Understanding on zero-rated emissions. Within the context of environmental issues, the EU and China will have to consider engaging in a proper energy dialogue, particularly as China is continuously seeking energy resources to continue its economic development. Europe's Commissioner for Development and Humanitarian Aid, Louis Michel, has been to China in December 2005 and had fruitful discussions with his Chinese counterparts about possible Chinese contributions to international development aid. Responding to questions from members of the Delegation, Mr Rémond said human rights was a priority for the EU even if the results were not exactly to the EU's liking. China is not an economic threat to the EU but rather an opportunity, however, the success of the Chinese economy needs to take place within WTO-approved rules.

Nuclear technology in Iran

Iran's Foreign Minister, Manouchehr Mottaki, addressed a meeting of the European Parliament's Foreign Affairs Committee, on 20th February. Referring to a wide range of issues, including the nuclear question, Minister Mottaki said that Iran's "red line" was that it will not give up its "rights to nuclear technology". The new government of Iran, Minister Mottaki said, bases its co-operation with other countries and the international community on principles of dialogue and of spirituality.

For peaceful nuclear activities Iran is pursuing the objective of completing the nuclear knowledge cycle, for peaceful uses, in accordance with the national right of all countries and particularly those States operating under the Nuclear Non-proliferation Treaty (NPT). Iran is committed to the rules of the International Atomic Energy Agency (IAEA). It is estimated that Iran will need 20,000 megawatts of energy in the coming years which equates to a demand for between 10-20 new nuclear power plants. Traditional energy sources such as oil and gas belong to future Iranian generations, Minister Mottaki said. Iran has started uranium enrichment, at the research level, and is fully committed to co-operation with the IAEA and its rules.

However, the issue of trust is paramount and is a two-way road. Both Iran and the EU-USA should take steps to help build confidence. Unfortunately, Iran does not sufficiently trust the EU-USA. There have been 1400



man days of inspections with full disclosure of all documents, even from military sites. However, to our consternation, military information has been published in the press. Iran reserves the right not to trust its interlocutors when the EU has the capacity to build an atomic bomb and some members of the United Nations Security Council have actually used them. Additionally, low-grade uranium was used in the Gulf War. In contrast, Iran voluntarily implemented the Additional Protocol, as a confidence building measure, and suspended uranium enrichment for three years. And still the EU has not agreed to Iran's right to access to peaceful nuclear technology.

Although Iran is ready to start industrial-scale enrichment, Tehran is also ready to start negotiations - Iran is quite open to Europe and wants a constructive dialogue. The proposal that enrichment take place inside Russia could be acceptable to Iran if certain additional elements were include such as the timeframe of enrichment, where it would take place and delivery. If Iran's right of access to nuclear technology is accepted then we would be free to continue our research at laboratory-scale only. Following my discussions with Javier Solana, Minister Mottaki said, I believe the EU could agree to such a proposal if Iran and Russia can reach agreement.

Elmar Brok (PPE-ED/D), Foreign Affairs Committee Chairman, said that the Iranian missile programme would not seem to make much sense if the nuclear programme is exclusively for peaceful purposes. Unfortunately, there did not seem to be an opening in the Minister's comments for the prospect of fruitful negotiations. The EU, Mr Brok said, believes in certain values and should stick to them. No EU Member State has violated international rules or values.

In response to questions from members of the Committee, Minister Mottaki said he agreed that Iran should not have a nuclear bomb but, equally, those countries that do possess bombs should disarm. Iran is willing to accept a control regime under the auspices of the NPT. With the Austrian Presidency of the European Council, Tehran has had discussions on the human rights dialogue. Iran hopes the dialogue can create a more realistic and constructive approach to protecting human rights. (Iran's President, Mahmoud Ahmadinejad, proposed creating an "Islamic human rights body" during a speech before the Extraordinary Islamic Summit, that took place in early December 2005 - Ed.).

Afghanistan

On 18th January, the European Parliament adopted a Resolution, by urgency procedure, on Afghanistan. Ahead of the international donors conference, taking place in London on 31st January, Parliament adopted a Resolution addressing the framework of the EU's

relations with Afghanistan and the range of domestic and regional problems facing the Kabul government. With the convening of a National Assembly, in December 2005, following national elections in September 2005, the Bonn Process has, effectively, come to a conclusion.

The greatest challenge for the international community present in Afghanistan is to define an appropriate post-Bonn Process, in order to provide aid and expertise to the Afghan government on a sustainable basis. The London Conference is due to make substantial development aid funds available and to indicate that international security forces will remain in Afghanistan at the invitation of the Kabul government. Historically, Afghanistan has been a pivot point between Central Asia and South Asia. Parliament's Resolution recognises the regional role Afghanistan will have to play if the sovereignty of the country is to be strengthened and maintained. Thus, Afghanistan's membership of the South Asian Association for Regional Co-operation (SAARC) is welcomed in the Resolution, although there has not been an official EU response. Parliament calls on the Council and Commission to draw up a programme for Stability and Democracy for greater South Asia, perhaps in line with conclusions adopted on the European Neighbourhood Policy.

At European level, the Council should build upon the Joint Declaration signed in November 2005 by considering drawing up an Association Agreement. The Resolution somewhat optimistically calls for greater awareness of gender issues which, while no doubt important, are hardly the first priority of the Kabul government still struggling to assert its authority in the South and South-East provinces. Moving outside the remit of the European Initiative for Democracy and Human Rights (EIDHR) programme, Parliament suggest that it could take on a role in training Afghan parliamentarians and associated officials.

Trade Relations

Refrigerators from South Korea

The European Commission adopted a Commission Regulation, on 28th February, imposing a provisional anti-dumping duty on imports of certain side-by-side refrigerators originating in the Republic of Korea. Following a complaint in April 2005 by an EU producer of refrigerators, Whirlpool Europe, the Commission launched an investigation into allegations of dumping by South Korea exporting producers, Daewoo, LG Electronics and Samsung in the EU market. The investigation covered the period April 2004 to March 2005. Side-by-side fridges have two external doors and perform a fridge and freezer function.



The investigation concluded that the three exporting producers were setting prices which varied between regions, with significant volumes, almost 50% of imports into the EU, exported at low prices to the United Kingdom and to France. The dumping margin was found to vary between 4.4-14.3% of Community prices. The volume of imports into the EU increased by 157% between 2002 and 2005 to 456,000 units, while the market price declined by 11%. The Commission found that South Korea exporters were undercutting EU prices by up to 42%. Thus, the Commission has adopted a provisional anti-dumping duty on South Korea exports to the EU of 4.4% for Samsung, 9.1% for Daewoo and 14.3% for LG Electronics. The duties will be applied for a period of six months.

Castings from China

On 14th February, the Council adopted a Council Regulation amending Regulation EC/1212/2005 imposing a definitive anti-dumping duty on imports of certain castings originating in the People's Republic of China. In July 2005, the Council adopted definitive anti-dumping duties on imports of castings from China. During the original investigation into dumping practices, several Chinese exporting producers had indicated they wished to present an undertaking to maintain a certain price level but failed to submit a proposal within the deadline. Subsequently, the China Chamber of Commerce for Import and Export of Machinery and Electronic Products (CCCME), in association with twenty companies, offered a joint undertaking. The Commission proposed to accept this undertaking which would eliminate the effect of dumping and would limit the possibility of the Chinese companies circumventing EU rules. In order to be exempt from the duties in force against other Chinese companies, the new exporters must present a commercial invoice to EU customs. Companies who apply a market economy treatment will be subject to 0% duty and other companies an average duty up to 28.6%.

Security and Defence

EU Battlegroups, MILEX 2005

At the European Parliament, on 21st February, Lieutenant-General Jean-Paul Perruche, Director General of the EU Military Staff, presented an overview of two elements of the European Security and Defence Policy. Speaking before the Sub-Committee on Security and Defence, Lieut-General Perruche outlined the current development of the EU Battlegroup concept and reviewed the military exercise that took place in late 2005, MILEX05.

The concept of the EU Member States making available rapid reaction forces for missions abroad was launched at the European Council in Helsinki in

December 1999. Initially, it was planned that this Rapid Reaction Force (RRF) would be made up of 60,000 troops, available on a stand-by basis. In 2004, the RRF proposal evolved into smaller battlegroups comprising 1500 troops, based around an infantry battalion. Lieut-General Perruche said the battlegroup would have pre-identified capabilities and a command chain through combat, support and logistics forces. Such a group could undertake missions lasting one month but sustainable for up to one year if necessary. To date, thirteen battlegroups have been promised by the Member States with the goal of having a total of nineteen available. By January 2007, the first group will be on stand-by, typically for a six-month period.

While the rapid reaction capability of the troops is necessary so too, Lieut-General Perruche said, is the political decision making structures. Once a political decision has been made, the troops must be able to deploy within five days and be on the ground after ten days. As such troops belong to the contributing Member States, this timeframe also includes national decision making processes. The EU group is different from NATO's Rapid Reaction Force which exists with a permanent operational command. The EU groups will intervene in all areas identified by the European Security and Defence Policy (ESDP) and the European Security Strategy. Mainly, the group would focus on evacuating EU nationals from third countries in crisis and on providing assistance to humanitarian aid operations. A United Nations mandate, Lieut-General Perruche said, would not strictly be necessary. The Indonesian government requested assistance for Aceh and, therefore, the Aceh Monitoring Mission established by the EU did not require UN approval. The issue of rapid deployment means that EU forces will have to identify strategic transport capabilities. The EU is also considering the issue of operational and strategic reserves and how any such requirement could be satisfied once a group has been deployed.

Regarding the military exercise that took place between 22nd November and 1st December 2005, Lieut-General Perruche noted that this was the first such exercise to use an operational chain of command. Similar to previous such exercises, MILEX05 concentrated on a crisis management mission and did not involve the actual deployment of troops. Through the ESDP, the EU does not have a permanent chain of operational command thus requiring it to be re-established for every exercise. The EU has several options for this including using NATO resources through SHAPE where the EU can set up an operational (command) unit. Or, the EU can use a Framework Nations Option, where five EU Member States can provide their national headquarters, this includes the United Kingdom, France, Germany, Italy and Greece. The third option is under development. The EU is in the process of establishing an Operations Centre, in line with the guidelines set out by the



European Council meeting in Brussels in 2003. This Centre, Lieut-General Perruche said, should be ready by September.

The MILEX05 test worked under the Framework Nations Option. Effectively, this was an autonomous EU exercise, testing the capability of multinational headquarters to work together and the ability of a fixed headquarters to operate in tandem with mobile units. Lieut-General Perruche described the exercise as very effective and as a major step for the EU to run an operational autonomous mission. The cost of the exercise was €117,000.

Replying to questions from members of the Sub-committee, Lieut-General Perruche noted that the Council had originally envisaged that the Operations Centre should be ready by January 2006. There have been infrastructure difficulties, he said, and other Council staff were still making way for the new offices. It is now planned that the Centre should be ready by the end of the Summer. The concept of battlegroups is significant qualitative progress with the rapid reaction capability of the EU significantly improved. Although the same troops may be identified for both EU and NATO stand-by arrangements, any improvement in their tactical training or deployment will be beneficial for both organisations. Politically, the EU decided to establish a capability to intervene in countries in crisis, this should not necessarily be taken to mean there will be duplication of forces or roles.

Regarding EU-NATO relations, Lieut-General Perruche said that NATO retains the exclusive right for the collective defence of the Member States. In terms of crisis management operations, the EU has given itself the capability to operate in third countries and as this capability becomes more effective it will be up to the Member States to decide whether to use EU or NATO structures and troops. There is no geographic limitation on the use of EU missions. The EU will also have the capability to intervene in land missions, air or sea missions. It is intended that a battlegroup of 1500 troops will respond to a crisis; such a force would not be able to deal with an intensive conflict.

External Relations Budget

The Sub-Committee on Security and Defence of the European Parliament, on 21st February, discussed budgetary issues relating to security and defence at EU level. Reimer Böge (PPE-ED/D), the author of Parliament's Report on the Financial Perspectives 2007-13, outlined recent developments with regard to the trilateral negotiations between the European Commission, Parliament and Council on the Financial Perspectives for 2007-13. He noted that Parliament had declared the Council negotiating position, as agreed in December 2005, to be unacceptable. Parliament had expressed its concern that, particularly in the external

action priorities, that its rights were being eroded. The EU's political priorities have changed over time, he said, and the new budget Perspective should respond to this change.

In 1999, the EU established a Flexibility Instrument to provide money for general external crises that had not been budgeted for. Currently, the Instrument has €200m available but the Commission is proposing increasing this to €700m. While welcoming the funding increase, Mr Böge said the money was being simply reallocated from other priorities so some further measure of reform of the Instrument may be necessary.

According to a Committee proposal, endorsed by the European Commission, Parliament should be given a more substantial role in analysing politically the various budget lines and programmes that the Council is funding. Parliament has called for higher levels of spending in external relations that the Commission proposal and now it is apparent that the funds from the EU budget directed towards development co-operation aid will decline. This would make it difficult for the EU to meet its commitments to Iraq, Palestine and applicant countries including Croatia, Mr Böge said. Parliament should reject Council pressure to force and agreement by April.

Alain Lamassoure (PPE-ED/FR), a member of the Budgets Committee, is preparing a Report on the European Communities own resources. Regarding the financing of the CFSP and the ESDP, Mr Lamassoure said Parliament is encountering major difficulties in effectively monitoring the external relations activities of the EU. Despite the presence of common objectives in external relations, it can be difficult to determine who is responsible for implementing policy. For example, when determining the use of military forces, Member States have the ultimate authority. Some Member States are members of NATO, others are not, so the burden of EU defence is spread between different partners.

At Member State level, resources for defence and security have decreased as part of the 'peace dividend' since the fall of the Berlin wall, which creates a worrying situation. About half of EU Member States are breaching budget deficit rules under the Stability and Growth Pact, which could have a major impact on future defence budgets.

Mr Lamassoure proposed that the general EU budget could be complemented by an inter-governmental budget here Member States declared in advance the level of funding they propose to contribute to a specific project, for example, an EU Battlegroup. This would be a political commitment and not a legal instrument like the Financial Perspective. Then, through an inter-governmental conference-style meeting Parliament could offer its opinion.



A representative of the European Commission said that under Article 28-3 of the Treaty on European Union some restrictions on the financing of military operations by the EU exist. Under Article 28, where the Council does not adopt a Decision providing rapid access to funds for CFSP actions then the Member States must establish a start-up fund instead. In contrast to the proposal made by Javier Solana at the informal meeting of EU heads of State and government at Hampton Court, which took place on 27th October 2005, that a system to administer Member State contributions should be established, the Commission believes that there should only be one single financing framework. When measures are financed from the Community budget, Parliament retains control of expenditure. This control is lost when the funds come directly from the Member States. Equally, in order to maintain the coherence of EU actions in civilian crisis management operations the Commission should be involved. If there is a need for flexible financing procedures then this can take place from within the existing Financial Regulation.

External Assistance and Development

Maldives tsunami aid

The Council of Ministers adopted a Council Decision, on 27th February, amending Decision EC/24/2000 in order to include the Maldives in the list of countries covered, following the Indian Ocean *tsunami* of December 2004. The Decision will allow the European Investment Bank to add the Maldives to the list of countries in Asia eligible to receive loans for development projects and that the EU lending will be covered by a Community guarantee. The Council adopted the Decision after receiving the opinion of the European Parliament through the legislative consultation process. Parliament adopted a Legislative Resolution, on 17th January, approving the proposal to add the Maldives to the list of beneficiary countries. The author of Parliament's opinion, Esko Seppänen (GUE-NGL/FIN) said although substantial grant support had been made there was nevertheless a major gap between the level of funding actually committed and the amounts outlined in needs assessments.

Financing Development Aid

The European Parliament adopted a Resolution, by urgency procedure, on 16th February, on new financial instruments for development in connection with the Millennium Development Goals. The Resolution notes that a report on the level of progress in meeting the Millennium Development Goal (MDG) targets, published in 2005, shows that unless additional political and financial commitments are made by governments then it is unlikely the Goals will be reached by 2015. The report suggests there will have to be improvements both in the quantity and quality of aid

if developing and least developed countries are to make any progress.

Parliament's Resolution welcomes the proposal put forward by the French government to introduce a cess on the sale price of airline tickets. This levy would provide additional development money to existing commitments of the French government to official development assistance. Parliament suggests that a "solidarity contribution" on airline tickets could be used to finance the fight against HIV/AIDS, for example. Currently, the UN Global Fund to fight AIDS, tuberculosis and malaria has raised only an estimated 15% of monies needed. It is expected that the French government will impose the levy starting in July 2006. Other EU Member States may join but taxation policy is not a Community competence.

Humanitarian Aid

DIPECHO: The European Commission adopted a Commission Decision, on 14th February, granting €6m in aid to the Disaster Preparedness ECHO (DIPECHO) programme for South Asia. Identifying South Asia as an area extremely vulnerable to the effects of natural disasters, the Decision will provide funding to international NGO's working to assist local communities and governments to improve their capability to respond to natural disasters. The €6m will be spent in Bangladesh, India, Nepal and Pakistan. Separately, the Commission also has DIPECHO programmes for Central Asia and for South-East Asia.

Strategy 2006: The European Commission adopted its Operational Strategy on Humanitarian Aid for 2006, on 6th January. While primarily responsible for providing funding to international aid organisations to provide emergency food aid, the European Commission's Humanitarian Aid Office (ECHO) also works on a fine line between emergency aid and development co-operation. Officially, this process is known as linking relief, rehabilitation and development (LRRD). One method ECHO pursues to draw attention to ongoing crises is to identify, on an annual basis, "forgotten crises". In Asia, for 2006, ECHO has declared Burma, Nepal and Kashmir forgotten crises.

In terms of geographic priorities, ECHO has identified Afghanistan (and its refugees in Pakistan and Iran), India, Nepal, Bangladesh, Sri Lanka, Burma, Thailand, Laos, Cambodia, Vietnam, Indonesia, East Timor, the Philippines and North Korea as countries which will continue to receive aid. This pre-planning of strategy for 2006 excludes any kind of emergency response to a particular natural or political disaster. It is estimated that the EU Member States and the European Commission provide one half of global humanitarian aid. ■

John Quigley

Japanese development aid and peacebuilding policy

by Norbert Palanovics

A major international study exploring how people view other countries concluded that Japan is the most widely regarded among the surveyed countries as having a positive impact on the world. The poll, conducted by BBC's World Service together with the polling firm GlobalScan and the University of Maryland, questioned almost forty thousand people in thirty-three countries between October and December 2005.

Japan, is indeed delighted to be seen as "helpful" and as "peaceful" as possible and this trend can long be observed in Japan's international co-operation policy record. Since 1954, the country started to provide technical co-operation to other, particularly Asian countries to assist them in their development efforts. The aid policy has also contributed to improve Japan's image as a peace-loving and friendly country. Conversely, the aid proved to be more than a move of a helpful nation's spirit and has always had a more practical aspect. In the first years of aid administration, for example, besides contributing to the recipient's growth, it showed its strategic gains by promoting the internationalisation of Japanese companies and facilitating their exports.

Aid for international "visibility"

When Japan became the world's largest donor of development aid in the 1990s – since then it has provided one fifth of the world's development assistance – its international role and contribution to the stability of the post-Cold War period raised several questions. As the US-drafted Japanese constitution of 1947 – which is under revision now – prohibits the use of military force and denounces war, aid had become Japan's forefront measurement for its "visibility" in the international community; semi-ironically called worldwide as chequebook diplomacy. Meanwhile, Japan also increased its presence in international organisations. The country is either the leading or the second largest contributor to the World Bank, the International Monetary Fund, the United Nations, and the Asian Development Bank, as well as being one of the largest contributors to other major multilateral institutions.

Nevertheless, the aid policy provoked strong criticism from the world community. The reason for this tone was that the Japanese aid, in some cases, targeted governments with questionable reputations, provided loans rather than grants and channelled the kind of financial contribution to Japanese construction

companies that won tenders for the development projects of the recipient countries.

New winds after the Cold War

The end of the Cold War brought changes to the Japanese foreign policy and aid administration. Japan did not want to be only a major economic power anymore, but a stronger player in the diplomatic scene and also, a leader in Asia. These political perspectives were to be recognised within the framework of the US-Japan security co-operation as well. In line with these, Japan expressed its strong desire and lobbied to become a permanent member of the United Nations Security Council. The country also started its collaboration with the UN Peacekeeping Operations. This was followed by a bitter experience in the Gulf War, in 1991, where Japan's reluctance to participate meant that when its minesweepers eventually arrived to the theatre of war the conflict was almost over. Although Japan contributed US\$13bn to the cost of the war, the policy backfired in the end. Japan was criticised again as willing to send money to a conflict but not personnel. The negative Iraqi experience was one of the driving forces behind the 1992 enactment of the International Peace Co-operation Law (PKO Law) which defines the major principles for Japan's co-operation in peacekeeping operations.

This Law enabled the Japanese government to dispatch its Self-Defence Force on UN peacekeeping operations. Based on the new regulations, the first larger scale participation was the 1992 Cambodian mission. This operation was generally regarded as a success. The 1990's also introduced changes to Japan's aid policies. By attempting to deal with the economic recession of the late 1990's, as well as to bring Japan's aid policy closer to its diplomatic goals and to the US-Japan security alliance, a larger emphasis was placed on the more effective use of the Official Development Assistance (ODA). The first Japanese ODA Charter was introduced in 1992 with the goal that development assistance should be shifted from a "quantity"-based aim towards more "quality" aid. Another aim was to improve the reputation of Japanese aid policies.

ODA and peace diplomacy

When Sadako Ogata, current President of the Japan International Co-operation Agency, and Yasushi Akashi, a former UN Under-Secretary-General and Special Representative of the Secretary-General to Cambodia, returned from their UN assignments they started to promote a new shift in Japanese aid policy. One part of their efforts was the revision, in 2003, of the 1992 ODA Charter. The modifications were explained by "the dramatic changes that had occurred in the domestic and international situation surrounding ODA since the previous ODA Charter was adopted".



The UN Millennium Development Goals became major pillars of the new ODA reform which also identified the perspective of “human security”. The objectives of the new ODA Charter are “to contribute to peace and development of the international community and thereby help to ensure Japan’s own security and prosperity”. The Charter was further expanded with the term “consolidation of peace” in 2002 when Japan was asked to participate in Afghanistan’s “reconstruction” process. This time, the goals of the reforms were to balance the drop in the amount of aid provided, to contribute to Japan’s bid to become a permanent member of the United Nation’s Security Council and, also, to co-operate further with the United States’ new foreign policy goals in launching a strong worldwide anti-terrorist drive.

Japan’s strategy as peace promoter has also been pushed by Prime Minister Junichiro Koizumi under his agenda for national reform which recommends that Japan should place priority on “peace consolidation”. Foreign Minister, Nobutaka Machimura, at the Sixtieth Session of the General Assembly of the United Nations last September, highlighted that Japan is ready to take a more active role in peacebuilding operations and in the newly established UN Peacebuilding Commission.

Meanwhile, Tokyo hosted several donor conferences on the rehabilitation and reconstruction of Asian countries torn by conflict. In 2002 and 2003, conferences related to the reconstruction of Afghanistan, Indonesia’s Aceh and Sri Lanka were held in Japan. The Sri Lankan case is introduced and considered by Japan as a “litmus test” and “model case” for Japanese diplomacy. It is said to be a new, independent initiative by Japan and a test case where aid would be used as a diplomatic tool and as a catalyst for building and consolidating peace. Following this new policy approach, in October 2002, the Japanese government appointed Yasushi Akashi as the representative of the Government of Japan for Peacebuilding, Rehabilitation and Reconstruction in Sri Lanka. Japan is the largest donor to Sri Lanka and Sri Lanka is one of the largest recipients of *per capita* assistance from Japan.

Nevertheless, Japan does not offer its aid and efforts in peacebuilding for free. In the beginning, when the relations between Sri Lanka and Japan commenced, personal networks of Japanese academics and diplomats without any “second thought” dominated the relations, Japan could easily prove in the South Asian Buddhist country its determination to promote peace. These conditions have been gradually changing and now Japan sees various strategic outcomes to its contributions to the peace process. A 2004 report by the Council on Security and Defence Capabilities on Japan’s Visions for Future Security and Defence Capabilities, remarks that Japan should take its own initiatives in controlling sea lines of communication,

taking own initiatives in peacebuilding, and further strengthening the US-Japan alliance. A positive outcome of Japan’s participation in a peace process could also be a strong argument for gaining a new permanent seat on the reformed UN Security Council.

More things to do

For 10 years, beginning in 1991, Japan was the world’s largest ODA donor. In 2001, however, it slipped back into second place. A marked drop in the amount of Japan’s net ODA contribution can be observed for the last six years. OECD reports that Japan’s net ODA fell by 4.8% between 2003 and 2004 in real terms to US\$8.9bn or 0.19% of its Gross National Income. In spite of the decrease in amount, there have been many significant developments in the administration of the Japanese ODA. These include patterns of pro-activism rather than re-activism, further moves from “quantity” to “quality” aid and the proposed creation of a new or transformed aid implementation agency under the supervision of the Ministry of Foreign Affairs. Japan is about to take other steps to use ODA as a stronger diplomatic tool. Prime Minister Koizumi emphasised this trend in his January 2006 policy speech when he highlighted that international co-operation, the strategic use of ODA and personnel contributions are important foreign policy and security goals.

If Japan truly wants to use its peacebuilding efforts combined with ODA as an important foreign policy tool, it must integrate these policies with the country’s overall strategic interests. The BBC World Service poll concluded that there were only two countries of the thirty-three surveyed where Japan was seen negatively - in China and South Korea. These neighbours, and probably most important for Japan, suffered under Japanese rule in the first decades of the twentieth century and see Japan through different lenses than the rest of the world does.

Leading Japanese politicians and ministers voice nationalist ideas and hesitate to renounce fully the country’s past. This makes Japan unable to mend fences with China and South Korea and puts her true commitment to peace into question. Japan’s relations with its neighbours are an important issue to be solved. Without it, the efforts and initiatives in building peace by using development aid as a tool have lower chances to transcend. The same problem lowers the capability of peacebuilding as a tool for Japan’s monetary and diplomatic dominance and subsequently, questions the honesty of the real efforts by amplifying the importance of the strategic and diplomatic goals. ■

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ESDP in Asia - Aceh Mission extended

by John Quigley

The mandate and timeframe of the Aceh Monitoring Mission has been extended from mid-March for another three months. EU Foreign Ministers, meeting in Brussels at the end of February, voted to extend the timeframe of the Mission until 15th June 2006. The Aceh Mission is the EU's first-ever crisis management mission in Asia and was due to conclude once the initial mandate was fulfilled.

The Aceh Monitoring Mission was established in September 2005 with objectives including demobilisation of rebel fighters, decommissioning of their weapons and monitoring the relocation of Indonesian armed forces. In association with five Member States of the Association of South-East Asian Nations (ASEAN) and with Norway and Switzerland, the EU-led civilian Mission was due to conclude by 15th March. Following a report from Pieter Feith as Head of Mission, the EU proposed extending the mandate to include monitoring the forthcoming local elections in Aceh, Indonesia, and to follow-up on the remaining objectives.

Feith was able to report to the EU that, by 5th January, the relocation of Indonesian armed forces, including army and police units, had been completed. Since the Mission began, some 26,000 army and 6000 police have left the province of Aceh. By the end of December, the Mission had supervised the destruction of 850 weapons handed in by the rebel Free Aceh Movement (GAM), also bringing that part of the Mission mandate to an end. As part of the extension of the Mission into June, over 100 monitors from Europe and ASEAN will leave Aceh, leaving behind 80 personnel. In mid-March the Deputy Head of Mission from ASEAN, General Nipat Thonglek, of Thailand, will be replaced by Major-General Dato Mohd. Rozi Baharom, from Malaysia. GAM forces used Malaysia during the Suharto regime as a base for training and re-supply.

Indonesia's Foreign Minister, Dr N. Hassan Wirajuda, wrote to the EU's High Representative for CFSP, Javier Solana, on 13th February, requesting the extension of the Monitoring Mission in order to fulfil the remaining tasks including the re-integration of former GAM fighters into society, monitoring the general human rights situation, ruling on disputed amnesty cases of former fighters and monitoring the process of legislation change. On 27th February, Ursula Plassnik, Austria's Foreign Minister, approved the extension, in light of Pieter Feith's report.

Of these objectives, two stand out. Firstly, the re-integration of former GAM fighters into society is proving more complicated than expected. The Indonesian government has given the GAM leadership US\$300,000 to provide 3000 fighters with capital for livelihood projects. However, with fighters, intelligence personnel, supporters and widows to contend with, the GAM leadership has been forced to spread the money very thinly. "To stem growing discontent, Aceh needs quick impact livelihood projects to help re-integrate GAM's followers" said Ms Sidney Jones of the International Crisis Group. Secondly, the Indonesian parliament is meant to draft a law providing for the autonomy of Aceh. A draft sent to Jakarta from Aceh demanded the right to form local political parties, to fight the local election due before June. The GAM are also unhappy with a provision in the draft law that would divide Aceh into three provinces. How the government reconciles these concerns may have major implications for the ongoing peace process.

The significance of the success, to date, of the Aceh Mission should not be under-estimated in terms of giving the EU a new confidence in its Security and Defence Policy. The Mission allows the EU to talk of its ability to deploy rapidly outside the borders of the Union and to co-ordinate a range of instruments in a foreign policy objective. Nevertheless, while the EU has declared the Aceh Mission a good example of closer EU co-operation with ASEAN, the feeling may not be mutual. ASEAN does not have any comparable civilian or military structures to the EU to agree on crisis management missions or review their performance. The EU role in the Aceh Monitoring Mission did not even get a mention at the last ASEAN Heads of State Summit, held in Kuala Lumpur in December. The Summit Statement could only refer to the Mission as a model for co-operation between ASEAN and other regions, possibly including the EU.

In contrast, Javier Solana was able to recognise the role of the five contributing ASEAN States. "The joint EU-ASEAN Mission", he said on 27th February, "has proven its worth" and has "been very effective". Indeed, Lieutenant-General Jean-Paul Perruche, Director General of the EU Military Staff, speaking in the European Parliament in February about the European Security and Defence Policy (ESDP) said that, following a review, there was no longer any geographic limitation to the deployment of EU crisis management (civilian or military) missions. A mission could be deployed on a case-by-case basis to anywhere in the world, he said. Although there may seem plenty of scope for similar Missions to other parts of Asia, a senior Malaysia government figure, speaking to *EurAsia Bulletin*, appeared to rule out further co-operation with the EU saying ASEAN would be able to fend for itself. ■

The future of Japan-EU relations & security concerns in East Asia

by Prof Akiko Yamanaka

Political dynamics in the international arena have changed radically since the end of the cold war. Both developed and developing countries need to establish a new economic and political framework in order to fulfil their roles as leading members of a peaceful world community. After the Cold War, the international landscape has been extensively marked by an increase in ethnic and religious conflicts, drugs, terrorism, and a proliferation of weapons of mass destruction in addition to natural disasters like *tsunami*.

The tide of history

I would like to point out three elements which indicate where we are and which direction we should take. The first element is transition. We are in a transition period from traditional approaches to new ones across a range of issues. This means at any time unexpected circumstances can jeopardise peace and stability in many regions of the world. Therefore, solid regional and global institutions and ties are necessary in order to develop systems of co-operation amongst States and peoples.

The second element is the changing nature of security. The nature of security has been evolving since the end of the cold war from “against” to “with”. During the cold war, security meant being “against” certain countries. However, the concept of security now should be “with” every nation/State that is a part of each region. This means that we must make efforts to establish trustworthy relations among countries so that peace and stability can be established in the each region on the globe. We must also recognise that security is increasingly complex and multifaceted. In addition, most of us would agree that the concept of security is being broadened considerably and continuously, to incorporate military, political, economic, societal and environmental dimensions, and the inter-linkages between them.

The third element is coalition. After the terrorist acts on 11th September 2001, the need for international co-operation that transcends national borders has become more important than before. Even the United States, the sole superpower, cannot function without a coalition of States. In international relations, this is recognised as the post, post-cold war phenomenon.

Japan and Europe undoubtedly occupy favourable environments in the global community, politically as well as economically. We must not forget, however, that both Japan and Europe once experienced the

ravages of war, and that the extraordinary wisdom, courage and endeavours of our forerunners in the post-war years have enabled us to enjoy the prosperity of the current day. I want to point out, as one aspect of such wisdom, that the firm belief in freedom, democracy, human rights, the rule of law and other fundamental values, has been instrumental in economic revivals in both Japan and Europe.

The bonds linking Japan and Europe lie in these shared values. It is because we share these beliefs that Japan and Europe have recognised the need for partnership, and continue to promote co-operation in that direction. The “partnership” between Japan and Europe was first mentioned in the 1991 Japan-EC Joint Declaration. This statement reconfirms the consciousness of both Europe and Japan of their common values. Since 1992, Japan has been a partner of the Organisation for Security and Co-operation in Europe (OSCE). Japan also has been enjoying its status as the only Asian nation observer in the Council of Europe since 1996. Europe, in particular has actively continued its effort to introduce common fundamental values to be shared in the region, and this promotion of values has been instrumental in successfully bringing about political and economic stability in Europe. Japan highly commends this success, and is supportive of such efforts made by Europe.

Japan-Europe Co-operation

As a symbol of the co-operation between Japan and Europe, I point out the consolidation of peace and the support for democracy in the Western Balkans region. For the elections held in Kosovo and in Bosnia and Herzegovina, Japan contributed on the human front, in the awareness that Japan’s participation as a non-European State is significant in maintaining fairness and neutrality in both the supervising and monitoring of the voting process. Japanese personnel continue to be active in the current OSCE Macedonia mission. On the financial front, Japan has furnished a total of some US\$1.3bn in assistance to the Western Balkans since the fall of the Yugoslav Republic, as the biggest contributor to economic reconstruction. Moreover, a Western Balkans Tourism Development Regional Conference took place last October in Sarajevo, as a follow-up to the “2004 Ministerial Conference on Peace Consolidation and Economic Development in the Western Balkans” held in Tokyo through joint sponsorship with the EU.

The OSCE approaches the issue of security not solely from the political and military perspective, but rather under a concept of comprehensive security which embraces human, economic and environmental dimensions. This concept is similar to the idea of “human security” – a theory on which we Japanese set a very high value, because the “human security” concept encompasses a wider range of areas including



traditional and non-traditional security such as water security, energy security, and environmental perspectives. Thus, value-driven organisation like the OSCE, which introduced the “human security” vision to its operations, would provide a vital key for enlisting greater participation and co-operation from countries in other regions and international organisations.

Differences between East Asia and Europe

I would like to promote successful Japan-Europe co-operation to be carried out in other parts of the world, especially in Asia. In comparison to Europe, East Asia is richly diversified in terms of political systems, stages of economic development, ethnic groups, religion, and on other fronts. The perceptions of security and the awareness of threats also differ from country to country, while not all nations in the region share the same fundamental values that Japan and Europe possess in common. On this point, the origins of the attempt to evolve an “East Asian community,” a vision currently being advanced by Japan and its Asian partners, differ from those of the European Union – a community founded by countries that share fundamental values, culture, and their stages of economic development.

East Asia Summit

Yet, last year, the countries of East Asia have taken the first step toward community building in the future, while paying close consideration to the region’s diversity. The “East Asia Summit,” held for the first time in December 2005, brought together the heads of 16 countries – the ASEAN nations, Japan, China, Republic of Korea, India, Australia and New Zealand – for frank debate on the right road to a future of regional co-operation. At the Summit, Prime Minister Junichiro Koizumi clearly stated “I aspire to further develop the East Asia Summit as a forum for strategic discussions from broader perspectives on the basic principles of regional co-operation, and the approaches to common issues, with a view to building an East Asian community in the future”. The Summit concluded with the adoption of the “Kuala Lumpur Declaration,” that the East Asia Summit “could play a significant role” in community building in this region, providing an open, inclusive and transparent framework in which the participating countries strive to strengthen global norms and universally recognised values as well as regional peace and stability.

East Asia security environment

The security environment in the East Asia Region differs from that in Europe. In particular, East Asia has not seen the major changes in its security environment that Europe experienced with the end of the Cold War

era. It can be said that in East Asia the Cold War structure continues to exist today in some respects. The degree of existing military transparency also widely differs from country to country. For example, there are countries in East Asia that face the issues of nuclear missiles, tense cross-strait relations, and real security problems. And there are others that face internal secession and independence movements, as well as who possess territorial disputes.

Since 2002, the international community has once again heightened its concern regarding the nuclear issue in North Korea. From Japan’s point of view, we could be surrounded by nuclear nations if the Korean Peninsula is unified. The human rights issue in North Korea has also emerged as a concern for the international community. In December 2005, through diplomatic efforts by the EU, Japan and other co-sponsor countries, a resolution on the “human rights in the Democratic People’s Republic of Korea” was adopted by a plenary session of the UN General Assembly for the first time. The victims of abductions apparently are not limited to Japanese citizens.

China’s economic growth is bringing major opportunities to Japan, Europe and other world regions. It is understandable that recent European interest in China is due to this development. Japan also welcomes China’s dynamic economic development and regards this as its “opportunity”. Examining Chinese defence spending in 2005, the National People’s Congress last year announced the figure at 244.7 billion yuan (approximately US\$29.5bn), a 12.6% increase over 2004. The Chinese national defence expenditures announced for 2005 are roughly double those declared in 2000 and triple those from 1997. These figures truly suggest a swift-paced expansion of military expenditure and may not include areas such as arms purchases, research or development.

According to the 2005-06 edition of “The Military Balance,” the total number of submarines is increasing from 52 in 1995 to 69 in 2005 which include 4 Kilo-class tactical submarines and 3 Song-class. In the same way, China possesses 251 modern type 4th generation fighters in 2005 (62 J-10s, 73 Su-30s, 116 Su-27s) compared to 26 in 1995 (22 Su-27s, 4 Su-27Bs). It is hoped that China increases its transparency on its national defence policies, and military capabilities as the EU countries have done. China also possesses high level rocket technology, which has much in common with ballistic missile technology. There is a need to pay serious attention, together with objective evaluations, on whether China’s military modernisation and sharp military budget growth are contained within the limits truly necessary for its own national defence.

Therefore, the lifting of the arms embargo against China depends on whether or not it meets EU humanitarian standards as reliable democratic practice.



The EU introduced an arms embargo against China following the Tiananmen Square Incident of 1989. At the regular Japan-EU Summit Meeting held last May, an agreement was reached to enhance dialogue on the East Asia security environment. For its part, the Japanese government is determined to strengthen further such exchanges.

I believe that a strengthened dialogue between Asia and Europe is important in order to deepen understanding and to share recognition of the respective regions. We are confident that we can expand the range of Japan-Europe co-operation to establish a mutual relationship which contributes to the peace and stability of the world community. This year we celebrate the 10th anniversary of the Asia-Europe Meeting (ASEM), which has provided a forum for direct dialogue and co-operation between Europe and Asia. Recent European expansion of its role in the security field to support peace operations in the international community is most welcome. NATO also intends to play a more active role in peace building, peace support and natural and man-made disaster relief outside the European region and the EU is also reinforcing its security capability in such places as Aceh. Japan, for its part, wishes to make as great a contribution as possible in these areas.

Age of Balance

The 21st Century is the age of balance. This struggle for balance is being waged on an international, State and individual level, between dichotomies of competing values. These include Development vs. Environmental Protection, Globalisation vs. Regionalisation, High Tech Information vs. Individual Privacy, Group Orientation vs. Individualism, Work vs. Leisure, Materialism vs. Spiritualism and Male vs. Female. And it even includes Military Solutions vs. Non-Military Alternatives. I would like to add one more element to the list, national interest vs. international interests.

Conclusion

In 1997, as an MP, I met with Professor Galbraith of Harvard University in Boston. He said to me "Akiko, there will be three problems in the 21st Century: Firstly, the rich and the poor; secondly, nuclear issues; and, thirdly, traditional discrimination such as race, religion and gender. When I met him in 1994 as a Professor of Intercultural Studies, he said, "Akiko, the US and Japan have succeeded in producing high quality material goods, but it is doubtful that we have succeeded in producing truly happy people". When I met him in 2001, he said to me, "Akiko, Japan should stop following the US, and establish its own identity!". We still have a lot left to do together. ■

Professor Akiko Yamanaka is Vice-Minister for Foreign Affairs, Japan.

The future of Japan-EU relations

by John Quigley

The European Institute for Asian Studies (EIAS) hosted a lunch briefing, on 12th January, with Prof. Akiko Yamanaka speaking on the "Future of Japan-Europe relations and their impact on the security environment in East Asia". Professor Yamanaka, Vice-Minister for Foreign Affairs, Japan, (see text above) told the meeting that the government in Tokyo hoped that the successful example of Japan-EU relations could be extended throughout East Asia and Europe's expanding role in security issues, both at home and in East Asia is to be welcomed. The meeting was chaired by Dr Willem van der Geest, Director, EIAS.

Questions and Comments

Bernard Jarzynka, EuropeAid, European Commission, raised the role of development co-operation aid in Japan's external relations policy and wondered where the main focus of delivery took place. Frazer Cameron, European Policy Centre, noted that the presentation did not touch upon trends in Sino-Japan reconciliation. Politicians in Europe have expressed concern about the dearth of progress on reconciliation and the strength of popular reactions to government-level events. Has Japan ever considered following the example of the Franco-German reconciliation process and applying it to relations with China. Stephen Payton, Deputy Head of Mission, New Zealand Mission to the EU, asked whether the remark of Prof Galbraith, that Japan should stop following the United States and seek to establish its own identity on the international stage, could be explained in greater detail.

Glyn Ford, Member of the European Parliament, noted a comparison between China and Iran, in both countries there are large numbers of young people that actively campaign against the United States. In China, there is a feeling that a much greater effort needs to be made, by both sides, to improve relations with Japan and establish a genuine reconciliation process. Expressing his support for Japan's stance on the question of Japanese citizens having been abducted by North Korea, Mr Ford said, nevertheless, Japan has not apologised for taking 130,000 North Koreans prisoner during the war.

Regarding the wider security context in East Asia, Mr Ford said he supported the lifting of the EU's arms embargo against China saying the embargo is now only a political gesture and ending the sanction probably would not increase the current level of sales. Equally, the EU could send a message that it is taking China out of a basket of countries with sanctions, including Burma and Zimbabwe. In the context of calls in Japan for a stronger Japan-EU Partnership, including the

strategic partnership, why is Japan resisting EU participation in the six-party talks on North Korea, particularly when it may be considered that if there is a deal, the EU may well be asked to help pay for it.

Dick Gupwell, Secretary General, EIAS, noted that the political culture in Japan seemed very vibrant at party level. Is the inter and intra-party debate reflected in any divergence of views on the conduct of Japan's foreign relations policy. Dr Axel Berkofsky, Senior Policy Analyst, European Policy Centre, raised the issue of China's military build-up and the increasing size of the military budget on an annual basis. Although the growth seems large by Western standards of military expenditure increases, if the Chinese budget is placed in comparison to Japan's budget, perhaps a more realistic comparison can be found. Willy Fautré, Director, Human Rights without Frontiers, said that this part of the world had the Organisation for Security and Co-operation in Europe (OSCE) to engage on security concerns. What kind of framework does East Asia have and would it be foreseen that Japan might support the Helsinki Process (a government, business and NGO initiative to address global governance and development issues).

Dr Sebastian Bersick, Senior Research Fellow, EIAS, noted the role of the Asia-Europe Meeting (ASEM) process in furthering Europe's relationship with East Asia. With European support, could the ASEM process provide an alternative to Japan's dependence upon the United States in many foreign policy objectives. A representative from the Council of the EU wondered whether Japan might support a revised role for the OSCE towards promoting democracy in Asia.

The Speaker in Reply

Professor Yamanaka said Japan's economic development has surpassed other Asian countries, with an estimated 80% of Japanese citizens considered to be part of the middle class. From this background, Japan has an active external development co-operation policy targeting the Middle East and Africa. In association with other donors, including the EU, Japan hopes to introduce a framework for the economic development of these regions. Inside Japan, the debate on the direction of the country continues unabated. The status of the education system is under constant scrutiny, particularly whether it is adequately geared towards producing the next generation of world-class leaders that Japan needs, both in a political and business sense. The government hopes to launch a programme to build capacity in foreign relations' studies emphasising preventive diplomacy including peacebuilding.

Regarding the state of China-Japan relations, Prof Yamanaka said the background to the conduct of Japan's foreign policy may not always be appreciated. Japan lost the second world war and had a long

experience of subsequent occupation by the United States. Japan hopes to be able to use this experience to understand how its neighbours feel but it is unlikely that both sides will be able to reach a common interpretation of history. In this sense, it may be difficult to incorporate lessons from the Franco-German model of reconciliation. Japan has common treaties with China and has provided large amounts of development aid in preference to compensation, which was refused. Japan's aid role is not recognised by ordinary Chinese citizens and this perception gap may feed the hostility faced by Japan.

Throughout Asia, Japan wants to contribute to the consolidation of peace and stability. There are active student exchange programmes both in the region and with the USA to encourage co-operation amongst the next generation of leaders. Largely, Japan has followed the American model of development and it may be the Prof Galbraith was suggesting that in the 21st Century Japan should rely more on its own identity - an Asian identity - to establish itself in the world order.

Domestic views of Japan's external relations policy are becoming more nuanced, particularly following the election victory of Prime Minister Junichiro Koizumi in 2005. Previously, the direction of policy may have been left to bureaucrats whereas, increasingly, policy is directed by ministers. The origin of the six-party talks initiative lies in Chinese diplomatic efforts to find a solution to a nuclear North Korea. Apart from the United States, the other countries participating in the talks are all based in Asia. The American role is considered essential in light of their large military presence in East Asia. The talks are underway but it is unclear where the process is headed. If it does not work then a new framework will be needed, perhaps with new players who may have a more impartial outlook.

China's overseas military procurement programme is looking for high-technology systems and without any transparency from Beijing on the reason for the build-up other countries in the region and unsure of their intentions. Therefore, the status of the arms embargo is something that Japan has to be concerned about. While there may be some comparison in the total size of Japan and China's military budget, the worrying aspect is the proportion of Gross Domestic Product (GDP) that China consumes. The actual number of North Koreans brought to Japan is unclear but the situation can not be improved while Pyongyang is still in a wartime mentality. East Asia has the ASEAN Regional Forum to conduct a dialogue on security matters. It may be time that the Forum moved beyond discussions towards a more operational level. This may mean some kind of involvement in the proposal of the UN to rely on regional groupings to provide peacekeeping troops. Japan favours a balanced relationship with the United States and other partners but it is unlikely that this will evolve to favour ASEM. ■



Ten years of EU Election Observation Missions to Asia

by Plamen Tonchev

The end of the Cold War saw a shift in the attention of the international community from the definition of international human rights norms and standards, to a more active implementation of those standards and democratic principles. Following the fall of the Berlin Wall, the 1990's were marked by a surge of election observation. The EU started observing elections in Russia (1993) and South Africa (1994), but Asia could not have stayed out of this development. Starting from Bangladesh (1996), the EU has so far deployed a total of seventeen missions to Asian countries. The list includes Sri Lanka (2000, 2001, 2004, 2005), East Timor (1999, 2001, 2002), Cambodia (1998, 2002, 2003), Indonesia (1999, 2004), Afghanistan (2004, 2005), Bangladesh (1996, 2001) and Pakistan (2002).

Background to EU EOM's

Relevant EU policy is grounded in fundamental documents, such as the *Treaty on European Union*, the *EU Charter on Fundamental Rights* and the Commission's Communication on the *EU's Role in Promoting Human Rights and Democratisation in Third Countries (2001)*. However, while EU election observation missions worldwide grew in frequency, they were largely held on an *ad hoc* basis. The Communication of the European Commission on *EU Election Assistance and Observation* of April 2000 aimed to contribute to the definition of a coherent European policy on the basis of lessons learned from previous experiences. The *Handbook for European Union Election Observation Missions* (published in 2002) provided the methodological tool, whereas the *European Initiative for Democracy and Human Rights (EIDHR) Programming Document 2002–2007* covered the operational level for the deployment EOM's.

EOM's to Asia have followed more or less the standard format of EU missions worldwide. The political decision for the deployment of an EOM is based on the findings of an exploratory mission ('needs assessment mission') to the country where elections are to be held. The task of each exploratory mission is to address three main questions, in particular whether or not a fully fledged EOM would be 'useful, feasible and advisable'. Once the decision has been made, EOMs are headed by prominent EU officials and over the past few years by Members of the European Parliament (MEPs). Heads of Mission, known as Chief Observers are supported by Core Teams of highly qualified experts recruited by the European Commission. Member States provide observers who fall into two

categories: for a long-term assignment covering most components of the electoral process and a short-term observation focusing on polling. It is common practice for EOMs to be joined also by delegations of the European Parliament as well as diplomatic staff from the embassies of Member States. All members of EOM's are bound by the *Code of Conduct of EU Observers*.

The methodology used by EOMs includes a number of aspects pertaining to the constitutional and legal framework, political developments and the role of the media as well as security and logistical parameters. Shortly after Election Day, EOMs issue Preliminary Statements containing key findings, whereas Final Reports published approximately two months later provide a comprehensive analysis and a list of constructive recommendations for improvements in view of future elections in the countries observed. Another EOM tool is issuing extraordinary press releases in case of serious concerns regarding the context and administration of the electoral process.

Impact of EU EOM's to Asia

An important issue to be assessed is whether EU EOMs to Asia have contributed to the quality of elections as well as stabilisation and long-term democracy in those countries? There are many examples of EU EOMs' beneficial effect on the elections in the countries observed. The 2002 EU EOM for the presidential election in East Timor may well be a case in point. The mission issued a press release ahead of Election Day informing voters that they could only vote for one of the two candidates - and not for both, as many voters were being told, which would have invalidated a large number of ballot papers. In 2005, a press release issued by the EU EOM to Afghanistan drew attention to worrying signs of fraud observed during the count and thus prompted the election administration to take corrective measures. Preliminary Statements and Final Reports of EU EOM's have also been marked by a high degree of acceptance, except for only one case (Pakistan, 2002).

The mission to Afghanistan for the presidential election in October 2004 is unique in many ways. It was not a full-fledged EOM, but a downsized Democracy and Election Support Mission (DESM) in light of severe security restrictions. The DESM to Afghanistan assessed, rather than observed, the electoral process and produced a final report and a comprehensive list of recommendations ahead of parliamentary elections in 2005. Thus, the DESM to Afghanistan was both a proof of Europe's commitment to stability and democratisation in the country and a useful analytical tool for conclusions to be drawn by the EU as to the quality of the electoral process. The DESM format could be retained and used in the future for challenging security environments.



Frequent recommendations made by the EU EOMs to Asia cover the following areas: Independence of the electoral management body; Capacity building and sustainability of the election administration; Production of a civil registry or electoral roll (final voters list), preferably linked to specific polling stations, the use of national identity cards or similar reliable documents; Inclusion of special needs voting (for handicapped, homebound, prisoners, military and police officers); Registration of returnees and out-of-country voters; Voter-friendly polling stations, in terms of distance and accessibility, but also in terms of layout that would ensure secrecy of the vote; Capacity building of domestic observer groups; Civic education, apart from mere voter education; Increased transparency of campaign finance as well as reasonable and enforceable provisions for monitoring; The role of (mostly State-owned) media.

Some afterthoughts

The expertise acquired so far and the credibility of EU election observation missions to Asia, are assets to be preserved and nurtured but also to be further developed. It is worth reflecting whether some improvements could be considered as follows:

An updated methodology? Future EU EOM's may well have to include electronic voting and counting in their expertise, as relevant procedures are likely to be increasingly used in the future (as was the case in Indonesia, 2004). Another aspect that may have to be looked into relates to the cost of elections and whether the contributions of international donors are wisely spent. Closer observation of campaign finance, despite the intricacy of such an exercise, would also have to be considered.

Relations with other stakeholders? Given the increasing significance of election observation, there are a growing number of institutions and observer groups (both local and international) present in Asian countries. Some fine-tuning may therefore be necessary as regards the forms of co-operation between EU EOM's and other stakeholders, for example, with domestic observers in need of training and technical expertise. Strictly speaking, an EU EOM may find itself in the awkward situation to have assisted local observer groups and then have to assess their performance.

Follow-up activities? It has now become common practice for Chief Observers to travel back to the countries observed to present the main findings and recommendations of EU EOM's at roundtables with stakeholders. What, however, could also be considered is some form of post-EOM assessment of whether or not EU EOM recommendations have been heeded by competent authorities. ■

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Ten years of EU Election Observations Missions to Asia

by John Quigley

On 26th January, the European Institute for Asian Studies (EIAS) hosted a lunch briefing on the lessons learned from ten years of the EU Election Observation Mission to Asia. Plamen Tonchev, Head of Asia Unit, Institute of International Economic Relations, Athens, said the EU had achieved much in ten years building on experience gained through the OSCE and the United Nations for its work in Asia. Although EU foreign policy can, at times, appear inconsistent in Asia, host countries generally welcome EU Missions. The lunch meeting was chaired by EIAS Director, Dr Willem van der Geest.

Questions and Comments

David Fouquet, Asia-Europe Project, noted that Election Observation Missions probably became more standardised due to the conditions established in the Memorandum of Understanding signed between the European Commission and the host country. Partly, it might also have to do with the professionalism or experience of the Chief Observer who may interpret the mandate of the Mission in a strict sense or not. Malcolm Subhan, Vice-Chairman, European Institute for Asian Studies (EIAS), wondered on what basis did the European Commission select countries to send Missions.

Patrick Dupont, European Commission, said that the independence of Election Missions was crucial. Such Missions do not speak on behalf of either the Commission or the European Union and this helps ensure their credibility. After gaining the experience of Observations Mission since 1993, the Commission recognises that further investment in staff resources and training is needed. It should be noted that Missions are just one element in the European Union's electoral assistance and democracy building programmes. Selecting which countries to send Missions to is an annual exercise in the Commission with six African-Caribbean and Pacific (ACP) countries chosen and six from the rest of the world. The Commission may have to look at improving institutional relations between the services responsible for election assistance including External Relations, Development and EuropeAid.

Bryan Rose, European Parliament, stressed that the Mission must ensure its independence from the Commission or the EU once it is in the host country. Regarding links with other observation missions, the EU Mission should be wary about accepting unconditionally their conclusions about the election. Some missions have completely different mandates and



may be determined to report a successful election regardless of its conduct or outcome. Dr Tazeen Murshid, Maitre de Conference, *Université Libres de Bruxelles*, wondered whether the recommendations for future Missions, and the expansion of the mandate, might compromise the independence of EU Missions.

Bo Jonsson, Consultant, wondered whether the guidelines on election campaign financing would apply also to elections taking place inside the EU. Dick Gupwell, Secretary General, EIAS, noted that although the EU had some ten years of experience of Missions to Asia, there was still some amount of amateurism to the Missions. Clearly, apart from making assessments of the conduct of the election and reporting malpractice, Missions must be involved in a follow-up process. He proposed sending the Chief Observer back to the host country to monitor the medium-term post-election situation. This would send a strong signal of the EU's commitment to the country. The Commission should examine to what extent the host country Election Commissions can be strengthened, through training and expertise, long before the election actually takes place. Perhaps there could be an EU Agency to undertake training for third countries.

Xavier Nuttin, European Parliament, noted that while the Commission authorise and EU Election Observation Mission, on occasion, Parliament also sent Missions, either jointly or separately to host countries. What kind of link should exist between the two types of Mission. Dr Sebastian Bersick, Senior Research Fellow, EIAS, wondered how the credibility of the Missions' observations across a country can be guaranteed, in light of the typically small number of observers. Boudewijn Jonckheere asked whether there were examples of host countries actually implementing EU recommendations set out in the final report.

The Speaker in Reply

Plamen Tonchev said the independence of EU Election Observation Missions was crucial and has to be maintained at all costs. When co-operating with any other observation group, maintaining impartiality is essential and EU Missions should perhaps liaise only at an informal level. At EU level, the Chief Observer has a large degree of independence. Once appointed by the European Commission, the Chief Observer consults with External Relations before releasing a Preliminary Statement and, again, for the Final Report. The content of the Final Report can depend on the personality of the Chief Observer, some tend just to produce a standard report, others seek to maximise the political impact the report can make. This could be an area where the Commission could consider issuing more detailed guidelines. One example of the independence of Missions is the 2002 Mission to Pakistan. The Danish Presidency of the Council produced a totally different statement to that of the Mission. Equally, it

can be an example of how inconsistent EU policy is, sending conflicting messages to the host country.

The selection of countries remains the responsibility of the European Commission who highlight priority countries recognising that, given limited resources, only 12 to 14 Missions can be sent worldwide in any one year. There seems to be very few examples of host countries refusing to extend an invitation to the EU to send a Mission. In 2002, the government of Pakistan never formally issued an invitation but did sign a Memorandum of Understanding with the Commission, allowing the Mission to go ahead. The question of the professionalism of EOM staff is essential to the success of the Mission and the credibility of its reporting. More highly trained staff are needed and this may mean that the current process of selecting recruits from the Member States may need to be re-examined.

Another element crucial to the outlook of EU Missions is the credibility and consistency of EU foreign policy. With twenty-five Member States and the European Commission, the message to third countries may not always be consistent or intelligible. What happens inside Europe is keenly observed by Asian countries so any policy of monitoring campaign finance issues in host countries may mean Europe will have to practice what it preaches.

Election Observation Missions no longer use the term 'free and fair' to describe the outcome of any particular election as the definition may be too unclear. Instead, the EU now prefers the UN term "genuinely democratic election". One of the roles of the Chief Observer is to return to the host country to present the Final Report but the suggestion that the Chief Observer should return on a more medium-term basis is welcome. It is unclear whether the EU needs a specific Agency to deal with overseas Missions. In Stockholm, the International Institute for Democracy and Electoral Assistance (IDEA), established in 1995, already provides some services to emerging democracies and in the training of election monitors. If needs be, perhaps their role could be expanded.

Where Members of the European Parliament (MEP's) participate in Observations Missions, there can be a tendency for them to produce individual statements without the authority of the Chief Observer. This practice should stop although, if MEP's want to improve their visibility there is nothing wrong with launching their own Mission. It can be difficult to guarantee the credibility of third-party reports although, given the limited resources EU Missions enjoy, such reports have to be relied upon occasionally. Some countries have implemented some of the Mission recommendations including Sri Lanka on the impartiality of the Election Commission, Cambodia on methods of seat allocation and Indonesia on election day conduct. ■

Notions of Governance in Asia: China, India and North Korea

by John Quigley

The European Alliance for Asia Studies, a grouping of eight leading European institutes specialising in Asian studies, held a roundtable meeting, on 21st February, reviewing concepts of good governance in Asia. Over two sessions, the meeting focussed on perceptions of good governance from China and North Korea and examined how China and India understood their responsibility for promoting good governance throughout Asia. The meeting was hosted in the European Parliament by the invitation of Glyn Ford, MEP.

THE FIRST SESSION, on “Concepts of ‘good governance’ in Asia - An overview and perceptions from China and the Democratic People’s Republic of Korea”, was chaired by Dr Günter Schucher, *Institut für Asienkunde*, Hamburg.

Introducing the Bertelsmann Transformation Index 2006, Dr Hauke Hartman said the Index was published once every two years as a measure of the development status of a wide range of countries. The Index measures 58 indicators including democracy and market economy factors. Dr Aurel Croissant of the Naval Postgraduate School, Monterey, who was the Asia Co-ordinator for the 2006 Index, said that comparing the 2006 Index to the edition published in 2003 demonstrates that there is no discernible trend towards democracy or market economy across Asia. In particular, countries including Burma, Laos and North Korea report no progress at all. In contrast, a trend towards liberal democracy can be seen in countries including Taiwan, South Korea and Indonesia.

The survey, Dr Croissant said, reports a decoupling of market economy conditions from social transformation issues. This represents continuity rather than change in the 2006 Index over 2003. In governance terms, there are four types of regimes in Asia including democracies, defective democracies, moderate autocracies and autocracies. Two countries, Singapore and Malaysia represent a version of liberal autocracy as they both are based upon the rule of law with some political participation. In market economy (ME) terms, Asia sees four types including development ME, functioning ME, deficient ME and rudimentary or no ME. Generally, it can be concluded that those countries that are higher in the political quality management index are probably better at using public resources and will demonstrate good consensus building.

Dr Geir Helgesen, Nordic Institute of Asian Studies, wondered whether notions of good governance actually

exist in North Korea. It would only be partially true, Dr Helgesen said, to paint North Korea as the last remnant of the Cold War and a Communist outpost. The political culture is based upon a mixture of Confucianism, shamanism and Buddhism, as practised in North-East Asia. The suggestion of strong links to Marxist theory is misplaced. If the EU wishes to establish a dialogue with Pyongyang then it will be necessary to understand their worldview and the theory of the State, which is based upon *juche*. Prior to the introduction of actual democracy in South Korea, the country would have shared many similarities with the North, including a paternalistic attitude to its citizens. Elections were for outside consumption and a largely autocratic regime ruled over many years.

The worst barrier for promoting change in North Korea, Dr Helgesen said, is its isolation. Although regime survival is a priority for the government, some elements in society are beginning to change. Party and military influence in the economy seems to be declining and the bulk of legislation announced since 2002 refers to economic matters. The minimum wage has been lowered to allow the country compete with other low wage producers in the region and, amongst ordinary people, the State is no longer seen as the sole welfare provider. Foreign consulting firms have opened offices in North Korea advising the government on international law. Regime diplomats are receiving training in China and in the EU and Pyongyang has declined further humanitarian aid calling instead for longer-term development aid. The South Korean policy of engagement has produced results and any similar EU policy would be welcome.

Dr Jørgen Delman, Nordic Institute of Asian Studies, outlined some of the challenges to governance and democratisation in China. With the contribution of the private sector to China’s Gross Domestic Product (GDP) rising from 50% in 1998 to almost 60% in 2003, the Communist Party is increasingly trying to attract private entrepreneurs. This category of membership now stands at one third of the total, representing some 1.3m people. By putting aside the old mentality, the Communist Party has been able to attract a more broad-based membership which, in time, may transform the Party from within. Certainly, it is a challenge for the political system.

For China’s economy to continue to grow, several internal and external factors including peace, security and stability will increasingly play an important role. As the level of modernisation has risen, China’s leaders have increasingly become concerned about unchecked growth and are looking at models of sustainable development. The State will have to address growing social and political concerns witnessed by the 74,000 demonstrations that took place in 2005. These are not ideologically based demonstrations but rather reflect grievances about



social or economic problems. The almost complete collapse of the health care service in China will be a major challenge for the political leadership. Another challenge to democratisation processes in China is growing restrictions on freedom of expression and association. Hardly any room for discussing political issues now remains and the acquiescence of international companies to restricting the internet does not help. The political system seems partly confused. It is hard to estimate whether it can survive the demands for reform coming in particular from young people. While there have been elements of administrative reform the political system is generally not open to judicial inquiry.

As discussant, Dr Sebastian Bersick, European Institute for Asian Studies, noted that the Bertelsmann Transformation Index for 2006 stated that as a result of the Chinese Communist Party's exclusive claim to power, there can be no room for any political competitors and that this harms the development of civil society. Government control of the media hinders efforts at liberalisation and Western companies seem happy to meet demands for censorship, or worse. The Index states that political management in North Korea has failed or is non-existent, Dr Bersick said, contradicting the claim that some change is slowly underway. An assessment of the possible contradiction between the State *juche* ideology and demands to open up the country to international co-operation could show profound implications for North Korea.

In response to questions, Dr Delman said village-level elections in China are a response to a crisis facing the Communist Party in rural areas. The exercise to introduce a participatory approach has been successful but the momentum in moving up the government structure has stalled. Although there will be town-level elections, the Party is unlikely to allow these to be conducted on a free and fair basis. Dr Hartmann felt that the ability of the international community to influence good governance in China was limited. While there can be student exchanges and dialogue on sectoral issues, the Index for 2006 shows that change will have to be promoted from within.

Dr Croissant stated that trade union rights are taken into account in the Index under the political and social integration section. Equally, the impact of village-level elections are assessed but this represents only one factor even in the election criteria. The management of the State by the Party has prevented social instability but as long as there is no competition in political matters China's standing in the Index will suffer. In North Korea, lowering wages would not be considered as a market economy criterion to include in the Index. Although this may be good for development, the Index would prefer to see the free ability to fix prices. Referring to North Korea, Dr Helgesen said the regime would do whatever it can to modernise the structure

and performance of the economy without letting in Western-style notions. However, in the end, this practice is futile as young people are increasingly exposed to other cultures and norms and will begin to demand reform no matter what the cost to the State.

THE SECOND SESSION, on "The responsibilities of China and India in shaping Asian governance" was chaired by Prof Elisabeth Croll, Vice-Principal, School of Oriental and African Studies, London.

Prof Taciana Fisac, *Centro de Estudios de Asia Oriental*, Madrid, presented some key cultural concepts for understanding good governance ideas in China. Posing the question of whether China was a Confucian civilisation, Prof Fisac said it might not be the only framework for ideas in China concerning good governance. Where there is a legacy of legalism, it will be difficult to understand a concept of citizenship when the ultimate aim of the law and the constitution is to reinforce the authority of the State.

In keeping with other regimes, authoritarian China looks for legitimacy from its neighbours and internationally. The reforms begun by Deng Xiaoping marked a significant break with the past. Currently, the Party bases its claim to legitimacy on a mandate or creed to improve the welfare of the people. Over time, nationalism has become more important in China than the old ideology of Communism. The Party has adopted an anti-colonial discourse and this has proved to be an effective policy for the legitimisation of the elites. Fomenting the nationalist aspirations of the people has helped to keep a lid on their demands for greater political participation.

It is estimated that 100m people may have benefited from the economic reforms of recent years. Despite this level of progress, pockets of extreme poverty continue to exist and, with better reporting, the incidence of HIV/AIDS has become a serious social and economic problem. Against this background one wonders whether there is any place for democracy in China. It seems that Chinese citizens are not advocating for democracy exactly equivalent to Western notions but would welcome the retention of a strong central authority.

At the moment, ordinary people, particularly in rural areas, are not concerned with Western-style notions of human rights but are focussed on ending corruption. Internal and external pressures have set in motion a process of reforms including to the judicial and legal system. Despite this seeming progress, there is not expected to be an impact on the political system. Efforts to improve good governance by the Communist Party will continue but this has a long-term perspective. The Party is facing the challenge of trying to legitimise its monopoly on power by building the



economy and delivering economic prosperity to ordinary people.

Dr Willem van der Geest, European Institute for Asian Studies, addressed the lessons to be learned from China and India's transformation paths. Describing the Bertelsmann Transformation Index 2006 as very ambitious and an exciting attempt to capture a multifaceted snapshot of a broad range of Asian countries, Dr van der Geest said there could be issues relating to the reliability of some of the data. Comparing China, a transition economy, with the situation in India, a mixed market economy, would always be difficult.

When considering the comparisons between China and India it is necessary to examine the links between market-based democracy and concepts and practice of 'good' governance. If these links are weak or diffuse this could be seen as an influence on the ability of the country to pursue soft power politics in authoritarian or non-democratic States. Interestingly, the United Nations Human Development Index and the Transparency Index on corruption presents a different perspective on China than the Bertelsmann Index.

A number of important differences between China and India can be identified, Dr van der Geest said. In terms of the political system in China, the monolithic party structure has impacted upon the transformation path. Constraints on democratic expressions and freedoms have created conditions where the States has begun to rely on performance-based legitimacy to maintain itself in power. In contrast, India represents a multi-party democracy and system of government and features a representation-based legitimacy.

This situation would therefore have possible implications for the soft power approach of the European Union. The EU may have to consider using wider concepts of good governance including factors that go beyond conditions of socio-economic performance towards consideration of human rights issues. Another implication could be the need to identify a range of critical preconditions for good governance. This might include rights-based approaches and have to address the quality of consultative processes.

Dr Christophe Jaffrelot, *Centre d'Etudes et de Recherches Internationales* (CERI), was unable to be present for the meeting. His presentation on the challenge of India's rise for the EU was delivered by Dr David Camroux of CERI. For details of the presentation please see page 4 in this issue.

As discussant, Dr Margot Schuller, *Institut für Asienkunde*, Hamburg, stated that the concept of economic nationalism could be added to the ideas developed by Prof Fisac. In China, economic

nationalism is outward oriented, with the State looking for integration processes in international organisations, such as the World Trade Organisation, and for Chinese companies to gain access to resources abroad, in order to feed development at home. There are, however, some losers in the economic transformation of the country including some urban workers and the employees of State-owned enterprises. Regarding the transformation paths of China and India, it should be expected that the share of world GDP of both countries would rise again. China is ahead of India economically, attracting most of the foreign direct investment that is directed outside of the OECD system. Unlike India, China is still based on the autocratic system.

In terms of regional co-operation, China has successfully integrated itself into the East Asia region and has used political links to boost its economy. Internally, China's federalist model is not associated with Western-style democratic notions. In China, Dr Schuller said, the relationship between the centre and the State has changed. Central government is increasingly adopting a new market oriented approach to economic development. Regarding India's transformation path, her economic and political emergence can be expected to put some pressure on China's transformation. India should consider it her strategic plan to increase co-operation at all levels with China.

In responses to questions, Dr Croissant said the Bertelsmann Index takes a broader approach to issues surrounding governance than the Human Development Index or the Transparency International corruption index. By including up to twenty five different criteria, India begins to rise above China in the 2006 Index. Prof Fisac said the concept of economic nationalism is evident in the types of new members the Communist Party is attracting. By attracting businessmen and entrepreneurs, the Party has begun to get the message that Chinese companies increasingly want to invest abroad but need an appropriate legal framework to do so.

Bringing the meeting to a close, Prof Elisabeth Croll offered some summary conclusions. The meeting had identified that the concept of good governance was made up of a number of different criteria and, in any particular country, reflected the balance of power between the State and the people. Over time, the concept has expanded to include notions of socio-economic performance and even environmental considerations. Although democracy is not high on the Chinese Communist Party's agenda there is an obvious interest in reducing disparities in society between urban and rural areas and between old and young people, for just two examples. The presentations in the meeting had highlighted the diversity of governance systems across Asia and the impact of good governance debates on governments or regimes. ■