

Contents

v	<i>Friedrich-Ebert-Stiftung in Southeast Asia</i>
vii	<i>Editorial</i> <i>Norbert von Hofmann</i>
1	European Lessons in Peace and Reconciliation – The View of an International Mediator <i>Wolfgang Petritsch</i>
9	Vietnam and ASEAN – A Case Study of Regional Integration and Conflict Management <i>Ramses Amer</i>
23	Vietnam-ASEAN Relations in Retrospect: A Few Thoughts <i>Luu Doan Huynh</i>
32	North Korea: Soviet-style Reform and the Erosion of the State Economy <i>Peter Gey</i>
44	North Korea in Six Nation Talks <i>Rolf Mützenich</i>
48	North Korea's Strategic Objectives and Approaches toward the European Union <i>Hun Kyung Lee</i>
56	The Nuclear Problem on the Korean Peninsula and a Security Mechanism for Northeast Asia <i>Wang Baofu</i>
61	ASEM: Post-September 11, Post-Copenhagen towards Hanoi <i>Paul Lim</i>

Friedrich-Ebert-Stiftung in Southeast Asia

Friedrich-Ebert-Stiftung has been present in Southeast Asia for more than 30 years. Its country offices in Bangkok, Jakarta, Manila and Hanoi have been active in implementing national cooperation programmes in partnership with parliaments, civil society groups and non-governmental organizations, academic institutions and 'think-tanks', government departments, political parties, women's groups, trade unions, business associations and the media.

In 1995, the Singapore office was transformed into an Office for Regional Cooperation in Southeast Asia. Its role is to support, in close cooperation with the country offices, ASEAN cooperation and integration, Asia-Europe dialogue and partnership, and country programmes in Cambodia and other ASEAN member states where there are no Friedrich-Ebert-Stiftung offices.

Its activities include dialogue programmes, international and regional conferences (e.g. on human rights, social policy, democratization, comprehensive security), Asia-Europe exchanges, civil education, scholarship programmes, research (social, economic and labour policies, foreign policy) as well as programmes with trade unions and media institutes.

Dialogue + Cooperation is a reflection of the work of the Office for Regional Cooperation in Southeast Asia of Friedrich-Ebert-Stiftung in Singapore: it deals with ASEAN cooperation as well as the Asia-Europe dialogue.

- *Dialogue + Cooperation* will tell you about our activities in Southeast Asia by publishing important contributions to our conferences and papers from our own work.
- *Dialogue + Cooperation* will contribute to the dialogue between Asia and Europe by systematically covering specific up-to-date topics which are of concern for the two regions.
- *Dialogue + Cooperation* will be an instrument for networking by offering you the opportunity to make a contribution and use it as a platform for communication.

Head of Office: Norbert von Hofmann

Address: 7500A Beach Road
#12 - 320/321/322 The Plaza
Singapore 199591
Tel: (65) 62976760
Fax: (65) 62976762

E-mail: enquiries@fesspore.org

Website: <http://www.fesspore.org>

Editorial: Dialogue + Cooperation 1/2004

Dear Reader

In October 2003, the Friedrich-Ebert-Stiftung Office for Regional Cooperation in Southeast Asia, together with the Asia-Europe Foundation (ASEF) and the Singapore Institute of International Affairs (SIIA) organized the Third Asia-Europe Roundtable in Hanoi, Vietnam. The local host of this event was the Institute for International Relations (IIR) in the Ministry of Foreign Affairs of the Socialist Republic of Vietnam.

The theme of the Third Roundtable was 'Peace and Reconciliation: Success Stories and Lessons in Asia and Europe'. The meeting was attended by about 50 people: politicians, diplomats, government officials, academics and representatives of 'think-tanks' from 22 different countries in Asia and Europe.

During the two-day meeting, case studies from Asia and Europe and the roles and limits of external actors in the reconciliation process were discussed. Three major issues emerged:

1. How can 'reconciliation' be defined?
2. Who are the actors?
3. What could be Europe's contribution to reconciliation processes in Asia?

Following are some of the findings of the deliberations:

1. Reconciliation is a process that has to take place once preventive diplomacy has failed, a conflict has emerged, and conflict management and conflict resolution have taken place. Conflict prevention should therefore be given the highest priority. Already in the nineteenth century the French diplomat, Charles Maurice Talleyrand, stated: 'When it is urgent, it is already too late'.

The shortest description of 'reconciliation' given was 'coming to terms'. Three types of 'reconciliation' were identified: partial, substantial and full reconciliation. It was also noted that while all conflicts are manageable in one way or another, not all conflicts can be reconciled.

So how can success in reconciliation be measured? Reconciliation is a long process from the moment when bullets stop flying up to the time when the healing process is completed. Truth and justice are just two very important steps within this process.

Some of the preconditions for 'reconciliation' are:

- The timing has to be right; it is not always easy, however, to find the most suitable moment to embark on 'reconciliation'.
- 'Reconciliation' needs pushing. The more time that has passed the more difficult it becomes.
- All parties involved have to accept their ownership in a respective conflict.
- All parties have to be included in the reconciliation process – even 'extremists' or 'terrorists'. The exclusion of any party could undermine the process.

- A certain amount of shared identity or even fraternity between all parties is necessary.
- All parties should understand the economic and social benefits of peace and reconciliation.
- In many cases, a non-partisan outsider – a regulator, a mediator, a third person – is required.

The question was raised, to what extent is ‘democracy’ an essential prerequisite for reconciliation? There was no common position among the participants. From a European point of view, political stability – one of the ingredients for ‘reconciliation’ – depends on functioning democratic institutions with balanced rights for both majorities and minorities.

Measures undertaken to achieve ‘reconciliation’ require political, economic, social and security instruments – all at the same time. However, no consensus on the ranking of these measures was reached, but security was seen as one of the most important aspects for the development of a peace culture or at least a culture of the ‘rule of law’.

‘Documents’ agreed upon by all parties can contribute towards the stopping of violence and fighting, and can help to get the peace process going, but ‘documents’ are not enough to sustain peace. It is important, however, that ‘documents’ include mechanisms for pushing the process forward.

The development of a common history is another important step towards ‘reconciliation’. Carefully written schoolbooks for the education of children and youth play a crucial role in this context.

A civil society has to develop from the grass roots. Civil society development cannot be enforced from outside, nor can foreign-sponsored non-governmental organizations (NGOs) substitute civil society.

There is a close interdependence and link between ‘reconciliation’ and regional integration, as evidenced by the cases of France/Germany and Vietnam/Southeast Asia. There is, however, no clear opinion about the nature of such a link and the sequence: Is it necessary to have ‘internal reconciliation’ first before regional integration can take place, or can regional integration support ‘internal reconciliation’?

2. There are internal actors as well as external actors in ‘reconciliation’ processes. Internal actors are first of all the perpetrators and the victims, and then there are various groups within societies, be they political parties, trade unions, churches, civil society groups, the media or local NGOs. The media can be the root of a conflict but with the growing tendency towards peace journalism, it can also contribute to the healing process.

Security organizations such as the military and the police are key actors in many conflicts. Their roles within societies have to be clearly defined.

Local NGOs are a conglomeration of many different groups. NGOs are not necessarily the same as civil society groups and cannot replace other actors within a society.

Many participants demanded an increased role for NGOs in reconciliation processes, limited state power and empowered NGOs. But there were also many comments critical

of NGOs: their lack of accountability, their foreign funding and therefore foreign influence, and their lack of democratically established mandates.

If parties in certain conflicts are so deeply divided that they are not capable of embarking on 'reconciliation' on their own, at least not in the initial stage, external help is required. External actors could be, for example, neighbouring countries, regional organizations or international institutions, such as the United Nations (UN), the Organization for Security and Cooperation in Europe (OSCE), the Association of Southeast Asian Nations (ASEAN), the ASEAN Regional Forum (ARF) etc., but they could also be international NGOs, think-tanks and global civil society groups.

In this context, it was discussed to what extent it is necessary to have similar political systems among the members of a regional grouping. Without certain common norms and values, such as international human rights standards, governments based on similar rules of law, governments being signatories to the same UN Conventions etc., it would be difficult to identify the correct moment for interference or intervention in a member country's internal affairs.

It was agreed that there are conflicts that can only be solved internationally. External actors could, on one side, be mediators accepted by all the parties involved, but on the other side could also intervene in internal affairs of sovereign states.

How can such cases involving national sovereignty be dealt with? Many Asian states are still struggling to develop their own national identities and sovereignty, and are hardly prepared to discuss the handing-over of certain rights to an international or regional organization.

Many questions were raised in this context:

- What kinds of intervention are acceptable? Are so-called 'democratic interventions' tolerable in addition to 'humanitarian interventions'?
 - Does the failure of a state to protect its citizens give the right for external intervention?
 - Is a mandate of the UN always a pre-requisite?
 - Who sets and defines the rules for any type of intervention?
3. Europe and the European Union have considerable experience in 'reconciliation', most of it gained in painful processes.
- Europe has experiences in institution and capacity building for supporting regional integration and regional reconciliation processes.
 - The European Union is a value-oriented and not an interest-guided regional organization.
 - The discussion on 'comprehensive security' and 'human security' is well advanced in Europe.
 - The strength of Europe is far more in 'soft power' than in military conflict solutions.
 - Europe's concept of human rights gives equal priority to collective rights (such as the right to develop) and to individual rights.

This edition of *Dialogue + Cooperation* includes three major papers presented during this Third Asia-Europe Roundtable.

The first is the keynote paper by Wolfgang Petritsch, the former United Nations High Representative to Bosnia and Herzegovina. This is followed by two papers on Vietnam's regional reconciliation and integration – one from a European and the other from a Vietnam perspective.

Wolfgang Petritsch gives in his paper a practitioner's perspective. He starts off with the history and causes of the Balkan conflicts and then recounts his experience in Bosnia. In his view, peace was finally achieved in Bosnia because of the coordinated and multi-pronged approach taken by the international actors. The hardware was there with the right mix of police and military presence, and besides the International Criminal Tribunal on Yugoslavia (ICTY), local courts were put in place to deal with issues of justice. In terms of software, there was an emphasis on education, especially that of young people, to create a sort of 'common history'. A Truth and Reconciliation Commission based on the South African model was established to hear victims' stories, investigate the role of individual soldiers and examine the part played by the media, religious groups, political parties and the international community.

The study by Ramses Amer examines the process of Vietnam's regional integration into the framework for regional cooperation under the umbrella of ASEAN. The main focus is on the process leading to Vietnam's admission into ASEAN in 1995. The relative importance of three key factors – economic, political and security – in the process leading to Vietnam's admission into ASEAN is assessed. Particular attention is devoted to the conflict management dimension of the regional integration of Vietnam, both in the process leading to membership in ASEAN and in the management of border disputes between Vietnam and other ASEAN members. The analysis displays that the political factor seems to have been crucial in creating the necessary basic conditions for an expansion of membership in ASEAN in the first place. Also, the security factor is relevant given the history of internal conflicts as well as inter-state conflicts in the region. From the ASEAN perspective the economic factor does not seem to have been crucial in explaining the urge to expand ASEAN membership, but it was of considerable importance for Vietnam.

Luu Doan Huynh's paper confirms many of Ramses Amer's assessments. It is a frank and critical analysis of Vietnam's policy towards its Southeast Asian neighbours in the last 50 years of the twentieth century. He states that because of the struggle to unify the country and the physical and intellectual exhaustion of the leadership and their officials, unified Vietnam was unprepared for the situation that would develop after the war in the political, economic, social and diplomatic fields. The complete miscalculation of ASEAN's reaction with regard to Vietnam's occupation of Cambodia is just one proof for this thesis. Later, the end of the Cold War not only left Vietnam without allies, but also with a deep sense of freedom coupled with what amounted to 'a crisis of identity'. Only then was the time right to accept ASEAN's hand of friendship.

From the papers of Ramses Amer and Luu Doan Huynh it becomes clear what enormous progress Vietnam has made over the last 30 years (since 1975) to reconcile with its neighbours in Southeast Asia. Looking towards the other corner of the continent, to Northeast Asia, the story is quite different. The Korean Peninsula is, apart from Taiwan, one of the two remaining unresolved or unreconciled controversies with a great impact on regional peace, stability and prosperity. This edition of *Dialogue + Cooperation* includes four papers on the Korean issue, two by German authors and two by Asian authors.

Peter Gey takes a closer look at the recently introduced Soviet-style economic reforms in North Korea. However, he sees their chances of success as rather bleak. Erosion of the state economy is barely being slowed down. Rather, the measures introduced will cause further misery for the country's population. Nor are there alternative reforms within the socialist model in sight.

For Rolf Mützenich the 'six-nation talks' are a unique opportunity to contain the Korean nuclear crisis, perhaps even to bring about a solution. Unfortunately the American side still seems unable to opt for a coherent North Korea policy and the military option remains on its table. On the other hand, the second great power in the region – China – has a major geopolitical interest in the existence of a North Korean buffer state. Beijing wants neither the collapse of the regime nor a North Korea that plays with nuclear weapons. To prevent such a scenario is also in the interest of Germany and Europe. Therefore, in his opinion, the German government and the European Commission should give constructive backing to the multilateral talks.

Hun Kyung Lee examines the reasons behind the attempts of North Korea to open up towards the European Union (EU). He sees this as part of North Korea's survival strategy, not only to overcome its economic difficulties, but also to overcome its diplomatic isolation. North Korea is hoping that the EU may be able to soften the Bush administration's hardline policy, as many European governments are worried about the present United States diplomatic line of unilateralism and hegemony.

Colonel Wang Baofu presented his paper on the nuclear problem on the Korean peninsula at an International Workshop on 'Regional Security Architecture and Global Peace and Stability', jointly organized in Shanghai by the Friedrich-Ebert-Stiftung and the Shanghai Institute for International Studies in September 2003. He reiterates that the Korean Peninsula is one of the biggest factors affecting China's peripheral security environment. In his opinion, the only way to settle the nuclear issue on the Korean Peninsula is to hold peace talks. The 'six-nation talks' can provide a possible framework for the peaceful settlement of the nuclear issue on the Peninsula, but the key to whether a breakthrough can be made lies in the positions and attitudes taken by the United States of America (USA) and the Democratic Peoples Republic of Korea.

The final paper of this issue is by Paul Lim. He takes a critical look at the achievements of the last Asia-Europe Meeting (ASEM) in Copenhagen in 2002, which passed among others an 'ASEM Copenhagen Political Declaration for Peace on the Korean Peninsula'. Paul Lim lists a number of issues that have to be taken up at the next ASEM Summit in Hanoi in October 2004, i.e. the question of ASEM's common values and its future membership. September 11 and the issue of international terrorism held centre-stage at the Copenhagen Summit, unfortunately, as Paul Lim writes, at the expense of 'Human Rights'. With the growing unilateralist attitude of the USA in world affairs, it is for him more necessary than ever before that Europe and Asia rediscover their own rich cultural and intellectual traditions. As a cultural rapprochement underlies the political and economic rapprochement between Asia and Europe, the most important aspect is to understand the different ways of thinking and the different ways of doing things in the two continents.

All papers and statements reflect the opinions of the individual authors. The Singapore Office of Friedrich-Ebert-Stiftung would like to express its sincere appreciation to all the

contributors to this edition, and also to the 'Blätter Verlagsgesellschaft' and the 'Internationale Politik und Gesellschaft/Friedrich-Ebert-Stiftung' for giving permission to translate the articles of Peter Gey and Rolf Mützenich into English and to re-print them in this issue of *Dialogue + Cooperation*.

The Editor
Friedrich-Ebert-Stiftung
Office for Regional Cooperation in Southeast Asia
Singapore

European Lessons in Peace and Reconciliation – The View of an International Mediator

Wolfgang Petritsch*

'Reconciliation' in post-conflict societies as an integral part of a political strategy rather than just a moral imperative is a more recent arrival on the European scene. It is

very much tied to post-World War II integration efforts, whose final status – a truly 'United Europe' – is a vision ever more tangible.

The European Context

A look into the history of nineteenth and twentieth century conflicts on European soil demonstrates a change in political thinking. Without a radical departure from the past politics of war, without a fundamental change of attitudes by the political and intellectual elites in those nation states that not so long ago considered themselves 'arch enemies', Europe would have become ever more insignificant on the world stage.

Apart from far-reaching economic, social and political reforms as a precondition for liberal democracy and market economy, the 'mental rapprochement' between the peoples of the Old Continent was of the utmost importance. In this sense, the integration of Europe – its eventual unification – is intimately tied into the concept of reconciliation.

Both hampered and fostered by the Cold War – which pitted the two competing ideas of 'capitalism' and 'communism' against

each other – integration and reconciliation became the twin pillars of the New Europe. This is a historic first for Europe. Both integration and reconciliation were instrumental in overcoming the terrible legacies of the past: National Socialism and the Holocaust; Stalinism and the Gulag; the murder and 'ethnic cleansing' of millions in the former Soviet Union, Eastern and South Eastern Europe – to name (and not to compare) just the tip of Europe's 'iceberg of genocide'.

Although Europe swore 'never again' when, in the early nineties, the wars in Yugoslavia brought back memories of the past, this very Europe – and the world – stood by passively. It took the international community almost four years to put an end to the savage killing in Bosnia and Herzegovina. At the dawn of a new century the lessons of the bloody twentieth century seemed forgotten.

What had happened, why was this possible?

* Wolfgang Petritsch is presently Austria's Ambassador to the United Nations in Geneva. He previously served as his country's representative in Yugoslavia and was the European Union's Special Envoy for Kosovo and the European Chief Negotiator at the negotiations in Rambouillet and Paris. Between 1999 and 2002 he was the International Community's High Representative for Bosnia and Herzegovina, charged with overseeing the implementation of the Dayton Peace Accords.

I want to share with you my insight and experience as someone who spent five years in the crisis region of the Balkans – first as Austria’s Ambassador to Belgrade, the capital of the then Federal Republic of Yugoslavia; then as Special Envoy of the European Union for Kosovo and Europe’s Chief Negotiator in the Kosovo Peace Talks in Rambouillet and Paris; and finally, between 1999 and 2002, as the International Community’s High Representative, the civil administrator in Bosnia and Herzegovina.

My perspective is thus one of an engaged outsider, of a ‘practitioner’ rather than a diplomat or scholar. Consequently, both in the Serb-Albanian conflict in Kosovo and in the post-war reconstruction efforts in Bosnia, I saw my primary role as that of a mediator and facilitator between the estranged ethnic camps on the ground.

At the outset, two questions seem crucial to me:

1. What are the conditions for peace and reconciliation in a given conflict environment?
2. What are the necessary preconditions for progress towards healing – material/ financial and non-material; in other words, what is the ‘hardware’ and the ‘software’ of peace implementation?

I very much rely on my practical experience in Bosnia and Herzegovina and Kosovo on the one hand, and on the other on the European experience post-1945, the European integration process in general and the Franco-German reconciliation efforts in particular. My understanding of reconciliation is thus a broad one – a complex web of economic, social and political elements interwoven with ‘soft’ issues like truth, trust, tolerance and empathy.

The Memorial as Symbol

Only recently a significant event took place on the territory of the former Yugoslavia which sheds new light on the issue of reconciliation in post-war societies in Europe.

Roughly eight years after the end of the bloodiest war in Europe in half a century, which led to the single worst war crime on European soil since the end of World War II – the massacre near the town of Srebrenica, when Bosnian-Serb forces systematically executed more than 7,000 Muslim men and boys – a cemetery and memorial for the victims were officially inaugurated on the very site where the crime had taken place in July 1995. This was a landmark event for Bosnia on its way towards reconciliation, towards joining the peaceful process of European integration.

‘Srebrenica’ – the name of a small town in

eastern Bosnia, close to the border with Serbia – has taken on a symbolic meaning. It has become a metaphor for the genocide committed at the end of the twentieth century, committed on a continent that has witnessed the unspeakable crimes of National Socialism and the Holocaust as well as other horrific crimes perpetrated in the name of inhumane ideologies. ‘Srebrenica’ – the way we Europeans deal with its legacy – will determine the pace and eventual success of peace and reconciliation in Bosnia and Herzegovina and in the wider region of Southeast Europe.

This memorial ceremony on 20 September 2003 – solemn and peaceful – would not have been possible a few years ago. Because of the refusal of the local Serb authorities of Bosnia throughout the post-war period between 1996 and 2000, the location of

the cemetery and the memorial had to be decreed by the international civil administrator, the ‘High Representative’ – an assignment which I held at the time. My decision had to be taken against the fierce resistance of the Serb nationalist political establishment, which was unwilling to acknowledge their army’s role in this crime. I was acutely aware at the time that this decision about the venue of the cemetery was of pivotal importance for the

survivors, the victims’ relatives, in fact for the country’s healing process as a whole. We know that symbolism matters, that monuments set the tone for any reconciliation discourse. Only three years on, the Prime Minister of the Serb Entity of Bosnia and Herzegovina took part in this ceremony. This constituted a first and important step away from official denial, towards recognition and eventual acceptance of responsibility.

The Conflict in Former Yugoslavia

In order to understand better the significance of this welcome development one has to take a look back at the complexity of the conflict which resulted from the break-up of the Socialist Federal Republic of Yugoslavia (SFRY) in the early 1990s. We need to fully comprehend the tragic consequences of the bloody dissolution of a state created in the aftermath of World War II by the communist leader Josip Broz Tito.

The centre of this ‘ethnic’ conflict – a war of aggression initiated by the leadership of Serbia, interspersed with features of a civil war – was the former Republic of Bosnia-Herzegovina, one of the six federal states of the SFRY, which, after two other members (Slovenia and Croatia) of this ‘second’ Yugoslavia had declared independence, had voted in a referendum in favour of independence (1992). This vote was immediately recognized by the international community. Nevertheless, those against independence, the Bosnian-Serb nationalist leadership, supported by Belgrade, declared their community’s secession from the newly independent state in order to join their ethnic ‘fatherland’ the

Serb-dominated Yugoslavia of Slobodan Milosevic.

Very quickly a brutal military campaign for territorial domination, accompanied by systematic ‘ethnic cleansing’ of the non-Serb population ensued. This lasted almost four years (1992-95), pitting the three South Slavic communities – Serbs, Croats and Bosniaks (Muslims) – against each other. The result for a country of 4 million inhabitants can only be described as devastating: more than 200,000 killed; more than 2 million refugees and internally displaced persons (IDP); the country’s economy and infrastructure in shambles.

This all happened under the eyes of a deeply divided international community. The European Community (as the European Union [EU] was called back then) was incapable of acting, the United States of America (USA) – still in shock from the Somalia disaster – was unwilling to assume leadership in the Balkans.

Where there was no peace to keep, the United Nations’ (UN) role as a neutral broker was seriously shattered.

Humanitarian Intervention

After almost four bloody years it was the USA who belatedly decided to step in and stop the carnage. One of the largest and most ambitious 'humanitarian interventions' ensued.

In September 1995, a two-week-long campaign by UN-mandated North Atlantic Treaty Organization (NATO) forces bombed the Serb leadership to the negotiating table. The result was the USA-sponsored Dayton Accords which formally preserved the sovereignty and unity of the State of Bosnia and Herzegovina, but allowed for two highly autonomous so-called Entities with separate political, economic, administrative and military structures: the Bosniak-Croat Federation and the slightly smaller Republika Srpska, kept together by an overly weak central government in Sarajevo.

The real masters of this war-torn country, however, became the international community, which to this day holds the decisive power both in civilian and military matters. An international NATO-led military force of initially 60,000 soldiers guarantees the overall security of Bosnia. The so-called High Representative is the 'final authority' when it comes to the implementation of the civilian aspects of the Dayton Accords. This all has the blessing of the UN Security Council – although it is, unlike Kosovo, not a UN Mission. The supervisory role is held by the 55 countries and international agencies assembled in the 'Peace Implementation Council' (PIC).

I cannot go into more detail, but it can be said that – against all odds – the peace and reconstruction efforts in Bosnia and Herzegovina are well under way and my successor as High Representative, Lord

Paddy Ashdown of Great Britain, envisages a successful termination of the massive international humanitarian intervention in the course of 2005. It will then be up to the Europeans to fully take charge of the peace and normalization process and pave the way for Bosnia's eventual full integration into the European Union.

Undoubtedly, the engagement of the international community in Bosnia and Herzegovina is of historic proportions. Roads, railways, water and electricity supply, and other infrastructure has been fully restored; a large proportion of the refugees and IDPs have returned to their homes; almost all property, predominantly houses and apartments, has been returned to the rightful owners. Unemployment, at over 90% at the end of the war, is down to between 20% and 40%; the delayed economic transition is picking up speed; growth is at a steady 4%; inflation is low and the currency is stable.

While this constitutes a great success and an important contribution to confidence building among the three communities, the 'weak-state-syndrome' – inefficient public service, corruption, organized crime – is still of great concern, as it indeed is in the rest of the region.

Still, the large investment on the part of the international community – both financially (a US\$5 billion reconstruction package provided by the members of the PIC was implemented with considerable success) and politically (particularly by the EU and the USA) has paid off. Now the stage is set for normalization and reconciliation, so that the peace process in the Balkans can finally be made irreversible and self-sustaining.

The 'Software' of Reconciliation

It is by now a truism that knitting together post-conflict societies – particularly those ravaged by civil war – affords a multi-pronged approach with a long-range perspective. I have briefly elaborated on the international military and civilian assistance – most of it 'hardware', such as the peacekeepers from around the world who provide the necessary 'safe and secure environment' both for the population and for the civilian helpers who are engaged in socio-economic and democratic reform, as well as in the cumbersome task of institution and state building (police, judiciary, public administration). Let me at this stage briefly sum up those areas relevant for our topic in a more narrow sense ('software').

While the victims' perspective remains in the foreground, I also include that of the perpetrators, which I deem indispensable for achieving full reconciliation.

The return of refugees and IDPs is the core task as defined in the Dayton Peace Accords. More than one million Bosnian citizens have so far returned to their original homes. In its report for 2000, New York-based NGO Human Rights Watch called the result a 'breakthrough'. It is indeed a success of historic proportions compared to conflict regions like the Middle East or other war-affected parts of the world, where many years after their forceful displacement, refugees are still unable to return; many of them probably never will.

It has to be mentioned in this respect that the Dayton Peace Accords contained the key elements and guarantees necessary to

achieve progress in the very complex field of refugee and IDP return. It is of interest to note that, with regard to IDPs, the so-called 'Guiding Principles on Internal Displacement', which are today providing the main standards when it comes to the protection, assistance and durable solutions for IDPs, were presented to the UN Human Rights Commission for the first time only three years after the Dayton Peace Accords were adopted. However, at the time of the negotiations in Dayton these standards were in fact well reflected therein.

They include civil and political rights, in particular the return of property or the participation in local elections while being displaced, as well as social and economic rights, such as the enjoyment of social welfare or medical treatment. All these rights are based on the overarching concept of non-discrimination, in particular for ethnic reasons. These rather recent achievements help pave the way to eventual reconciliation with the former enemy.

The fate of the missing, and the exhumation and identification of the victims is of equal importance for reconciliation. Again, tremendous progress has been achieved with the help of such organizations as the International Committee of the Red Cross (ICRC) through its tracing mechanisms,¹ in accordance with the core principles of international humanitarian law, or the United Nations with a 'Special process on missing persons in the territory of the former Yugoslavia'.² This process was further supported by the jurisdiction of the Human Rights Chamber, referred to below,

1. According to Article V, Annex 7, of the General Framework Agreement for Peace in Bosnia and Herzegovina '(t)he Parties shall provide information through the tracing mechanisms of the ICRC on all persons unaccounted for. The Parties shall also cooperate fully with the ICRC in its efforts to determine the identities, whereabouts and fate of the unaccounted for'.

2. See, *inter alia*, expert report submitted to the United Nations Commission on Human Rights, UN Doc. E/CN.4/1997/55.

which held respondent Parties (Bosnia and Herzegovina and the two so-called Entities, namely the Federation of Bosnia and Herzegovina and the Republika Srpska) responsible for the violation of the right of family members to be informed about the fate of their missing relatives.

Besides the right of refugees to return to their own home and the right of the survivors to know about the fate of their missing relatives, the peace treaty provides for a host of further human rights instruments relevant for our topic.

Take the Constitution of Bosnia and Herzegovina, established under Annex 4 of the Dayton Accords. It contains a considerable list of human rights that even goes beyond general European standards. Under Annex 6 of the treaty the Human Rights Agreement, a Commission on Human Rights, has been set up, composed of a Human Rights Ombudsman and notably the Human Rights Chamber, which introduced a high standard of human rights protection and decided thousands of individual human rights cases. This institution had, in particular through the majority of international judges (its function was transferred to the Constitutional Court of Bosnia and Herzegovina by the end of 2003), a high reputation and gave the citizens of Bosnia and Herzegovina a sense that justice was being done.

In view of the systematic atrocities committed in this war, the idea of an international *ad hoc* tribunal was launched. With its Resolution 827 of 25 May 1993 the UN Security Council established the International Criminal Tribunal for the former Yugoslavia (ICTY), headquartered in The Hague, The Netherlands.

Since its creation, the ICTY has singled out the worst cases of war criminals and brought them to justice. Out of the 55 accused, 22 have received their final sentence. Through its ongoing trials against the main political actors, such as former Yugoslav President Slobodan Milosevic, this UN body assists the successor states of Yugoslavia – mainly Bosnia and Herzegovina, Croatia, and Serbia and Montenegro – in their quest for justice and reconciliation.

Together with the Rwanda Tribunal, the ICTY can certainly be considered a ‘testing ground’ for the recent establishment of the International Criminal Court (ICC). However, at this point a ‘caveat’ is warranted. All these institutions and instruments, set up almost exclusively by the international community, will only become self-sustaining and durable if accepted and eventually ‘owned’ by the people.

It is for this very reason that I attach the utmost importance to an active and self-confident civil society. It is the individual citizen, the ‘citoyen’, who – in concert with non-governmental organizations and other grass-roots movements – will eventually secure full reconciliation. The international community or public institutions alone cannot finish the job satisfactorily. This is the very personal lesson I took with me from Bosnia and Kosovo.

While space does not allow any elaboration on the essential role of the education system as well as that of religion in the reconciliation process, their respective roles and impact on our topic cannot be overestimated.

Truth and Reconciliation

I would like to close my deliberations on peace and reconciliation with one last example which, to my mind, best illustrates how the reconciliation process – slowly but surely – is taking root in the Balkans.

While the judiciary, law enforcement, public administration and education, are classical 'state functions' and important preconditions for a harmonious society, they are all very much 'top down'. Full reconciliation needs to 'grow' from the 'grass roots'; clearly a difficult and time-consuming endeavour in post-war societies. In Bosnia, too, it took several years until the idea of a Truth and Reconciliation Commission found a positive response from civil society. It was the head of the small yet highly prestigious Jewish community in Sarajevo who first proposed such a commission, modelled on earlier successes in South Africa and Latin America.

The Bosnian Truth and Reconciliation Commission, as envisioned by its initiator, Jakob Finci, aims at providing for a common understanding of past atrocities and human rights violations perpetrated among the three ethnic communities. It was established with the consent of the International Criminal Tribunal for the former Yugoslavia (ICTY) thus extending the single case approach of the tribunal to a broader basis.

The Commission, not yet fully functional at this date, will deal with the following groups of the Bosnian population:

- victims (these will clearly be the majority);
- military conscripts/soldiers who were granted amnesty;
- those who acted to protect victims (it will be important for the reconciliation process to provide examples of civic courage);
- the media;
- religious communities;
- political parties.

The Commission also intends to scrutinize the role of the international community before, during and after the war. In this context, the tragedy of Srebrenica and the international response will be central.

The Commission intends to work in parallel with ICTY and local courts, and thus complement the task of the judiciary. The rules and procedures are already well worked out: 12 nationals of indisputable credibility and high integrity from across the country and seven people nominated by the parliament will act as commissioners. There will be offices throughout the country in order to facilitate access for witnesses. After a two-year period, a final report with a set of recommendations will be forwarded to the Parliament of Bosnia and Herzegovina for deliberation and eventual implementation. This civil-society-induced attempt at reconciliation is undoubtedly courageous, even risky. Only time will tell if it is successful.

Learning from History

In conclusion, what are the European lessons?

I have presented the European region's

difficult and highly complex task of coming to terms with its past, which is characterized by a two-fold transition – from war to peace and from the communist

legacy to democracy and market economy.

This is not the first time this has happened in Europe post-1945. Germany and Austria went through similar experiences with massive assistance from the international community, in particular from the USA.

But the international humanitarian intervention in Bosnia and Herzegovina as well as in Kosovo constitutes undoubtedly the most comprehensive and inclusive effort – very much driven by the tragic experience of the continent's past and the proven ability of Europe to overcome seemingly insurmountable obstacles. International standards of human rights (such as the right to return and property), humanitarian efforts (fortunately, we cannot look at

human suffering without emotions any longer), democracy and the rule of law are the tools for success.

Can the peoples of ex-Yugoslavia – can we Europeans – succeed in building a peaceful continent, including the recent war zone of the Balkans? If you ask me, my answer is a qualified 'yes'.

- Yes, if both the citizens and political/intellectual elites of these post-conflict societies and their European neighbours really want it to happen.
- Yes, if the EU – this largest and most successful 'peace project' in history – offers the peoples of the Balkans a clear European perspective of full integration and equal partnership.

Vietnam and ASEAN – A Case Study of Regional Integration and Conflict Management*

Ramses Amer**

Purpose and Structure

The main purpose of this study is to examine the process of integration of Vietnam into the framework for regional cooperation under the umbrella of the Association of Southeast Asian Nations (ASEAN). The main focus is on the process leading to Vietnam's admission into ASEAN in 1995. The relative importance of three key factors – economic, political and security – in the process leading to admission into ASEAN is assessed. Particular attention is devoted to the conflict management dimension of the process of regional integration of Vietnam leading up to its membership in ASEAN.

The conflict management dimension is also addressed in relation to the border disputes between Vietnam and other member states of ASEAN.

There are two main parts to the study. The first part encompasses an overview of the pattern of interaction and relation between ASEAN and Vietnam from the creation of ASEAN in 1967 up to Vietnam's admission into ASEAN in 1995. The second part encompasses an analysis and assessment of the process of regional integration of Vietnam. The study is concluded by a summary of the main findings.

Vietnam-ASEAN Relations¹

The Pre-Cambodian Conflict Period, 1967–1978

ASEAN was established in August 1967 by Indonesia, Malaysia, the Philippines,

Singapore and Thailand, at the height of the war in Vietnam. The Democratic

* This study is a revised version of a paper entitled 'Regional Integration and Conflict Management – The Case of Vietnam', prepared for Session One on 'Lessons to be Learnt, Success Stories of Peaceful Reconciliation', at the Third Asia-Europe Roundtable: 'Peace and Reconciliation, Success Stories and Lessons', organized by the Asia-Europe Foundation, Friedrich-Ebert-Stiftung, the Institute for International Relations and the Singapore Institute of International Affairs, Hanoi, 20-21 October 2003. The study is based on the author's on-going research on Vietnam's foreign policy and regional collaboration in Southeast Asia, including ASEAN's expansion, with a focus on conflict management.

** Ramses Amer is an Associate Professor and Research Associate at the Southeast Asia Programme (SEAP), Department of Peace and Conflict Research, Uppsala University, Sweden, as well as Senior Research Advisor, Department of Research Cooperation (SAREC) of the Swedish International Development Cooperation Agency (SIDA).

1. The information relating to the pattern of relations between Vietnam and ASEAN is derived from Ramses Amer, 'Vietnam and Southeast Asia Since the Fall of Saigon in 1975', in *Sydstasien* (Southeast Asia), Skrifter utgivna av Sällskapet för asienstudier 7 [Writings published by the Society for Asian Studies No. 7], ed. by Farid Abbaszadegan (Society for Asian Studies: Uppsala, Sweden, 1996), pp. 58-73 (hereafter Amer, 'Vietnam and Southeast Asia'); Ramses Amer, 'Le Viet Nam et l'Asie du Sud-Est depuis 1975' [Vietnam and Southeast Asia since 1975], *Réalités Vietnamiennes*, 9, Cahier d'études du Centre d'Observation de l'Actualité Vietnamiennne (CODAVI) (Aix-en-Provence: Institut de Recherche sur le Sud-Est Asiatique (IRSEA), Jan-Mar 1997), pp. 19-29; and Ramses Amer, 'Conflict management and constructive engagement in ASEAN's expansion', *Third World Quarterly*, Special Issue on New Regionalisms, 20(5) (October 1999), pp. 1037-103 (hereafter Amer, 'Conflict Management').

Republic of Vietnam (DRV) (North) had diplomatic relations only with Indonesia among the ASEAN countries. Two other ASEAN members – Thailand and the Philippines – contributed troops to fight alongside the Republic of Vietnam (RV) (South) and the United States of America (USA) during the Vietnam War, and there were USA military bases in those two countries. Thus, the stage was set for a diverse and complicated co-existence between Vietnam and the member states of ASEAN following the end of the war in Vietnam in 1975.

The pre-1975 legacy can be seen in the relationships between the re-unified Vietnam and different ASEAN members. Overall Vietnam's relations with the ASEAN countries improved after the end of the war in Vietnam in 1975, and diplomatic relations were established with Malaysia, the Philippines and Thailand. Vietnam's attitude towards ASEAN was inconsistent with a lingering Vietnamese perception of the Association as being anti-Vietnamese. When Vietnam attempted to diversify its overall foreign relations out of the limited orbit of socialist countries in 1976 and 1977, efforts were made to improve and expand contacts with the ASEAN states. However, Vietnam also continued to criticize the ASEAN countries, one accusation being that the Association was too closely linked to the USA. Vietnam's policy of engagement was reinforced in 1978 as Vietnam sought to gather diplomatic support in the region for its conflict with Cambodia, while at the same time countering Cambodian attempts to break out of its self-imposed isolation.

The starting point of Vietnam's endeavour to improve relations with the ASEAN members came in July 1976 when the country's foreign minister outlined the basis of Vietnam's policy in the Southeast Asian region in an announcement. The policy included such principles as respect for the independence, sovereignty and territorial

integrity of Southeast Asian countries, as well as non-aggression, non-interference and peaceful co-existence between them. Furthermore, Vietnam proposed that Southeast Asian countries should not allow foreign countries to use their territories as bases for intervention and aggression against other states in the region. The policy also called for cultural exchange and economic cooperation among Southeast Asian states. Another central theme of the new policy was the call for independence, peace and genuine neutrality in the Southeast Asian region. The announcement coincided with a tour of the ASEAN states by one of Vietnam's deputy foreign ministers that paved the way for establishing diplomatic links with Thailand in August 1976. Despite the positive evolution Thai-Vietnamese relations continued to be tense, partly due to the Thai-Lao conflict.

As noted, Vietnam stepped up its efforts to improve relations with ASEAN countries in 1978. As early as December 1977, Vietnam's foreign minister toured four ASEAN countries – Indonesia, Malaysia, the Philippines and Thailand. This was followed in July 1978 by an ASEAN tour by one of Vietnam's deputy foreign ministers. However, the most important Vietnamese initiative was Prime Minister Pham Van Dong's tour to all ASEAN countries in September and October. In Thailand he made an explicit pledge that Vietnam would not support communist parties in ASEAN countries. During the tour he also proposed a treaty of non-aggression. The ASEAN response was cautiously positive but it was obvious that suspicion remained. The most positive response to Vietnam came from Indonesia. Thus, by late 1978, Vietnam's attempts at improving relations with the ASEAN members had not removed the mutual feeling of suspicion. However, Indonesia continued to enjoy better relations with Vietnam than the other members of ASEAN.

The Cambodian Conflict Period, 1979–1991

The Cambodian conflict overshadowed Vietnam's relations with the ASEAN countries during the whole period. Other bilateral or regional issues had lower priority. However, during the second half of the 1980s and into the early 1990s, relations were gradually improved, although the formal settlement of the Cambodian conflict was necessary to decisively bring Vietnam's relations with ASEAN into a new era. In the following, the major differences between Vietnam and ASEAN with regard to the Cambodian conflict are outlined and the slow improvement in relations, brought about by shifting strategic interests during the second half of the 1980s, examined.

The Confrontation Phase up to Mid-1980

ASEAN reacted negatively to Vietnam's military intervention in Cambodia in late December 1978, the subsequent overthrow of the existing government, and the establishment of a pro-Vietnamese government – the People's Republic of Kampuchea (PRK) – in early January 1979. ASEAN criticized the intervention as such, called for the withdrawal of foreign forces from the country and refused to recognize the PRK. Of particular concern to the ASEAN countries was the security of Thailand in view of the presence of Vietnamese troops along the Thai-Cambodian border and the spilling over of fighting into Thailand. ASEAN supported the Cambodian groups that opposed Vietnam's presence in Cambodia and the PRK. As part of this support, ASEAN was instrumental in the creation

of the Coalition Government of Democratic Kampuchea (CGDK) in June 1982.² A key element in ASEAN's effort to bring about a Vietnamese withdrawal from Cambodia was the Association's lobbying for support from other countries in the United Nations (UN). This lobbying proved highly successful as a growing majority of UN member states supported the ASEAN position in the General Assembly throughout the 1980s. During those years, the General Assembly adopted on a yearly basis resolutions calling for the withdrawal of foreign forces from Cambodia, criticizing the military intervention in the country (albeit without mentioning Vietnam by name) and expressing support for the struggle of the opposition coalition. The success of ASEAN in generating international condemnation and isolation of Vietnam can partly be explained by the policies pursued by both China and the USA, aimed at achieving very similar goals.³

Vietnam took a diametrically opposite standpoint in the Cambodian conflict. Vietnam recognized the PRK as the sole legitimate representative of the Cambodian people and saw the presence of Vietnamese troops as a protection against a return to power of the Party of Democratic Kampuchea (PDK) backed by the ASEAN states, China and the USA. At the outset, the withdrawal of Vietnamese troops, not only from Cambodia but also from Laos, was conditional on the removal of a perceived China-backed threat to the security of the two countries. The attitude

2. The CGDK was a coalition between Democratic Kampuchea (DK), i.e. the overthrown government, also known as the Party of Democratic Kampuchea (PDK), and two smaller non-communist groups, the Khmer People's Liberation Front (KPNLF) led by Son Sann, and the Front Uni National pour un Cambodge Indépendant, Neutre, Pacifique et Coopératif (FUNCINPEC) led by Prince Norodom Sihanouk.
3. For more details on ASEAN's perspectives and policies during the Cambodian Conflict see Johan Saravanamuttu, 'The ASEAN Perspective and Role in the Cambodian Peace Process', in *The Cambodian Conflict 1979-1991: From Intervention to Resolution*, ed. by Ramses Amer, Johan Saravanamuttu and Peter Wallensteen (Penang: Research and Education for Peace, School of Social Sciences, Universiti Sains Malaysia and Department of Peace and Conflict Research, Uppsala University, Sweden, 1996), pp. 37-62.

towards the ASEAN countries was rather ambivalent. On the one hand, Vietnam criticized ASEAN's Cambodia policy and its close association with China and the USA with regard to that issue, and on the other hand, Vietnam together with Laos and the PRK made proposals for improved relations between the two groups of countries as well as between individual countries.⁴

The Rapprochement Phase, 1986-1991

During the second half of the 1980s, relations between Vietnam and the ASEAN countries gradually improved. The first concrete signs of an improvement could be identified in the Indonesian-Vietnamese dialogue which, by 1987, led to an agreement on holding informal discussions between the Cambodian parties, with the ASEAN members, Laos and Vietnam joining in such informal discussions at a later stage. This evolved into the Jakarta Informal Meeting (JIM) framework during 1988. The change in the political leadership in Thailand in 1988, with Chatichai Choonhavan becoming Prime Minister, was another important event, as it brought about a shift in Thai foreign policy towards Vietnam as well as Laos and Cambodia from confrontation and isolation to dialogue and cooperation under the slogan 'turning Indochina from a battlefield to a market place'.⁵

Vietnam was responsive to the moves by some of the ASEAN countries as they provided avenues for Vietnam to break out of its international isolation in both the economic and political fields. Improving relations with ASEAN countries had

already been an aim during the first half of the 1980s, but the time was not ripe for such a major shift in foreign policy during that period. With global and regional changes in inter-state interaction, improved relations between Vietnam and the ASEAN members became a possibility.

The improved relations between Vietnam and the ASEAN countries went hand in hand with the search for a political settlement of the Cambodian conflict. After slowly sorting out their very deep differences during the second half of the 1980s, with some differences persisting despite the total withdrawal of Vietnamese troops from Cambodia in September 1989, Vietnam and ASEAN eventually came to a *de facto* agreement as displayed by their support for the first unanimously adopted resolution by the UN General Assembly with regard to the situation in Cambodia in October 1990.

Despite these positive developments it was not possible to fully normalize and expand relations between all the ASEAN members and Vietnam until the Cambodian conflict was formally settled through the Paris Agreements in October 1991. This state of affairs made it possible to move further ahead in improving relations between Vietnam and those ASEAN members with which it had established full diplomatic relations, i.e. Indonesia, Malaysia, the Philippines and Thailand, but not with Brunei Darussalam and Singapore. Nevertheless, this did not prevent Singapore from emerging as one of Vietnam's major trading partners during this period.

4. For more details on Vietnam's perspectives and policies during the Cambodian Conflict see Amer, 'Indochinese Perspectives of the Cambodian Conflict', op. cit., pp. 63-117.

5. For details see Surin Maisirikrod, "The Peace Dividend" in Southeast Asia: The Political Economy of the New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, 16(1) (June 1994), p. 49.

The Road to Vietnam's Admission into ASEAN, 1992-1995

The trend towards improved and strengthened relations between Vietnam and the ASEAN countries, which had become evident by the late 1980s, has been further reinforced following the settlement of the Cambodian conflict. With the Cambodian conflict removed from the agenda, relations between Vietnam and ASEAN were allowed to flourish. This can be seen from Vietnam's gradual integration into the existing regional framework in Southeast Asia. In 1992, Vietnam acceded to the Treaty of Amity and Cooperation in Southeast Asia (TAC),⁶ Vietnam was a founding member of the ASEAN Regional Forum (ARF) that held its first official meeting in 1994, and was granted membership in ASEAN in late July 1995.⁷

This period also saw the further strengthening of relations between Vietnam and individual members of ASEAN. This can be seen from the establishment of full diplomatic relations between Vietnam and

Brunei Darussalam and between Vietnam and Singapore, respectively. Bilateral agreements in various fields were signed between Vietnam and its ASEAN neighbours. Economic cooperation, trade and investments in Vietnam by other ASEAN countries increased during these years.⁸ There was also an increase in the frequency of high and middle-level official visits between Vietnam and ASEAN countries.

Less dramatic progress was made in relation to Vietnam's border disputes with other ASEAN member states, i.e. Brunei Darussalam, Indonesia, Malaysia, the Philippines and Thailand (for more details relating to the border disputes see the next section). The most notable progress was made between Vietnam and Malaysia with talks resulting in an agreement in 1992 on the joint development of the disputed areas in the Gulf of Thailand pending their formal delimitation.⁹

6. TAC is also known as the Bali Treaty and was signed in Denpasar, Bali on 24 February 1976.

7. For details on Vietnam-ASEAN relations during the first half of the 1990s, see Amer, 'Vietnam and Southeast Asia', op. cit., pp. 70-73; Hoang Anh Tuan, 'Why Hasn't Vietnam Gained ASEAN Membership?', *Contemporary Southeast Asia*, 15(3) (December 1993), pp. 280-291; Hoang Anh Tuan, 'Vietnam's Membership in ASEAN: Economic, Political and Security Implications', *Contemporary Southeast Asia*, 16(3) (December 1994), pp. 259-273; and Nguyen Vu Tung, 'Vietnam-ASEAN Cooperation in Southeast Asia', *Security Dialogue*, 34(1) (March 1993), pp. 85-92. For a recent study on this relationship in the post-Cold War era see Nguyen Vu Tung, 'Vietnam-ASEAN Co-operation after the Cold War and the Continued Search for a Theoretical Framework', *Contemporary Southeast Asia*, 22(1) (April 2002), pp. 106-120.

8. This can be illustrated by comparing the total trade turnover between Vietnam and the ASEAN Six in 1991 and 1995, respectively. In 1991, trade turnover totalled some US\$1,626 million and it increased to some US\$3,171 million in 1995. The figures are derived from Table 1 in Vo Tri Thanh, 'The "China Factor" and Implications for Vietnam in the Process of Economic Integration', *Vietnam's Socio-Economic Development, A Social Science Review*, 33 (Spring 2003), p. 57. The table provides information about the total foreign trade of Vietnam and the percentage of trade with ASEAN out of the total.

9. For an overview of border disputes among the member states of ASEAN including Vietnam see Ramses Amer, 'Expanding ASEAN's Conflict Management Framework in Southeast Asia: The Border Dispute Dimension', *Asian Journal of Political Science*, 6(2) (December 1998), pp. 45-48. See also Ramses Amer, 'Managing Border Disputes in Southeast Asia', *Kajian Malaysia, Journal of Malaysian Studies*, Special Issue on Conflict and Conflict Management in Southeast Asia, XVIII(1-2) (June-December 2000), pp. 31-36 (hereafter Amer, 'Managing Border Disputes'); and Ramses Amer, 'The Association of South-East Asian Nations and the Management of Territorial Disputes', *Boundary and Security Bulletin*, 9(4) (Winter 2001-2002), pp. 81-84 (hereafter Amer, 'The Association'). With regard to the case of Brunei Darussalam, a conflict over overlapping claims to a 200-mile exclusive economic zone could emerge if Brunei and Vietnam would begin to assert such claims from islands and reefs which they claim in the South China Sea (see Mark J. Valencia, *Malaysia and the Law of the Sea: The Foreign Policy Issues, the Options and their Implications* (Kuala Lumpur: Institute of Strategic and International Studies (ISIS Malaysia), 1991), pp. 48-50 and 66-67).

Developments Since Vietnam's Entry into ASEAN

Developments since Vietnam's entry into ASEAN display a continued strengthening of the overall relations between Vietnam and other individual members of the Association. Economic cooperation, trade and investments in Vietnam by other ASEAN countries continued to expand directly after membership, but investment in particular was negatively affected as a result of the Asian Financial Crisis from 1997 onwards. The situation has stabilized as the region has slowly but unevenly recovered from the crisis.

It could be argued that the relations between Vietnam and other ASEAN members are as good as they can be and that the future expansion of relations will be more quantitative than qualitative in nature. However, as noted, during the process of gaining membership of ASEAN and also since accession, border disputes have complicated Vietnam's relations with some of its fellow ASEAN members. In the following, the extent of the disputes as well as the progress in managing them are outlined.

Although these border disputes relate to maritime areas they all differ. The nature of the border dispute between Vietnam and Indonesia is that the two countries are claiming overlapping continental shelf areas in the South China Sea to the south of Vietnam and to the north of the Indonesian Natuna islands. Vietnam's border disputes with Malaysia relate to overlapping claims to continental shelf areas in two parts of the South China Sea. One, situated to the southwest of Vietnam and to the northeast of the east coast of peninsular Malaysia, also partly overlaps an area claimed by Thailand. The other, situated to the southeast of Vietnam and to the north/northwest of the coast of East Malaysia, is

connected to the third conflict over some islands, cays and reefs in the Spratly archipelago. Vietnam claims sovereignty over the whole Spratly archipelago, whereas Malaysia has claims to the southern part. The border dispute between Vietnam and the Philippines is about conflicting claims of sovereignty over the Spratly archipelago. The Philippines' claim is more extensive than Malaysia's, thus expanding the area of dispute with Vietnam to almost the whole archipelago with the notable exception of Spratly Island itself, which is controlled by Vietnam and not claimed by the Philippines. The border dispute between Vietnam and Thailand relates to overlapping continental shelf claims in an area of the Gulf of Thailand to the southeast of Thailand and to the southwest of Vietnam. Furthermore, as noted above, part of the area overlaps with an area claimed by Malaysia.¹⁰

The on-going negotiations between Vietnam and the other countries over the border conflicts deal primarily with the bilateral disputes. The overlapping sovereignty claims to the Spratly archipelago, which also involve China and Taiwan, cannot be subject to formal bilateral negotiations due to the multilateral nature of the dispute. However, in November 1995, Vietnam and the Philippines agreed on a *de facto* 'code of conduct' to be observed by the two sides in the South China Sea. Between Vietnam and Malaysia the dispute over the Spratlys has not led to any publicized tension and is thus managed by the two sides. In 1997, talks between Vietnam and Thailand resulted in an agreement on maritime boundaries in the disputed areas of the Gulf of Thailand. Following this agreement, Vietnam, Thailand and Malaysia have initiated talks on an area in the Gulf of

10. For details relating to the disputes see references listed in note 9.

Thailand in which the claims of the three countries overlap. All three sides agree that a joint development scheme should be implemented, but the modalities have yet to be agreed upon. In 2003, Vietnam and

Indonesia, after years of negotiations, managed to agree on a delimitation of their continental shelf boundary in an area to the north of the Natuna Islands.¹¹

Assessing Vietnam's Regional Integration¹²

Why Rapprochement?

The fact that relations between Vietnam and ASEAN went through a qualitative change in interaction and that the rapprochement took place are evident. The importance of Vietnam's policies in that process is documented and is widely acknowledged. However, there are differences relating to the relative importance given to the changes in the policies of Vietnam and ASEAN, respectively, in creating conditions conducive for the rapprochement. One line of explanation stresses that the 'positive'

changes in Vietnam's foreign policy, brought about by both international and domestic factors, led Vietnam to seek a rapprochement with ASEAN, and that ASEAN was merely responding to the change in Vietnamese policy. Another line argues that the Vietnamese policy towards ASEAN was no more decisive than ASEAN's policy towards Vietnam in bringing about the rapprochement, but rather that it was a mutually reinforcing process of interaction.

Why Regional Integration and Membership in ASEAN?

After outlining the pattern of rapprochement between Vietnam and ASEAN leading up to Vietnamese membership in the Association in 1995, it is important to assess the relative importance of key factors in that process. In the context of this study the focus is on the relative importance of three factors: economic, political and security.

In analysing the relevance of these factors, one must take into consideration that there was an ASEAN perspective and motivation, as well as the perspectives and motivations of individual member states within ASEAN

influencing its decisions on rapprochement with neighbouring countries and on expanding membership to include them. Furthermore, Vietnam also had its own perspectives on, as well as motives and goals for seeking better relations with ASEAN, integrating into the regional framework for regional cooperation and eventually attaining ASEAN membership. Given the fact that it is the ASEAN member states that decide if a new member should be allowed into the Association, the focus will be on the ASEAN perspective, but will take into consideration the Vietnamese perspective.

11. For details on the talks and agreements with Malaysia, Thailand and the Philippines see Amer, 'Managing Border Disputes', op. cit., pp. 31-36; and Amer, 'The Association', op. cit., pp. 81-84. For information about the recent agreement with Indonesia see 'Vietnam-Indonesia Boundary Agreement Benefits Regional Stability', in *News Bulletin*, 1306 (27 June 2003), from the website of the daily newspaper of the Communist Party of Vietnam, *Nhan Dan* (<http://www.nhandan.org.vn/>).

12. The approach applied in this section is derived from Amer, 'Conflict Management', op. cit., pp. 1037-1043.

Another pertinent aspect to take into consideration is the interconnection between the three factors. This can be displayed by looking at conflict management and constructive engagement, respectively. Successful conflict management creates conducive conditions for both economic and political cooperation, and it contributes to enhancing the security of the countries in Southeast Asia. Constructive engagement aims at creating better relations and mitigating potential threats from countries, i.e. increasing security through expanded political and economic cooperation. The connection between the three factors is also displayed by the growth triangles and sub-regional economic zone schemes that have been initiated or that are at the planning stage. Such schemes display that they are spurred not only by purely economic

considerations, but also serve as vehicles to enhance political cooperation and thus contribute to enhanced security through expanded overall cooperation between the involved countries.¹³ Thus, economic, political and security considerations are inter-connected and mutually reinforcing as part of the efforts to enhance and expand overall regional cooperation in Southeast Asia.

In the context of this analysis and assessment, it is also important to recall that from the outset the expressed goal of ASEAN was to promote social and economic cooperation among its members. However, several observers favour the assessment that more has been achieved in terms of cooperation in the political and security fields than in the economic field.¹⁴

Economic Factor

The economic factor encompasses several components and aspects. Some of the core aspects range from the more specific, i.e. to increase trade and to encourage investment, to the broader, i.e. to enhance economic cooperation within the region and to promote economic growth and overall development in the countries of the region. Given the disparity in the level of economic developments among the ASEAN-Six and between them and Vietnam, the priority given to the different factors varies considerably.

As seen from the ASEAN-Six perspective, the economic rationale for expanding

membership in the Association in Southeast Asia can be identified as creating a larger market for intra-ASEAN trade within an expanded ASEAN Free Trade Agreement (AFTA), facilitating investment in Vietnam, and more generally facilitating and creating conducive conditions for overall economic cooperation with Vietnam. It has to be taken into consideration that these economic considerations were made at a time when the economies in most of the ASEAN-Six were growing at a fast pace and when AFTA was agreed upon in 1992 and started to be implemented.¹⁵

13. For more in-depth discussions on the inter-connection see Amitav Acharya, 'Transnational Production and Security: Southeast Asia's "Growth Triangles"', *Contemporary Southeast Asia*, 17(2) (September 1995), pp. 173-185; and Donald E. Weatherbee, 'The Foreign Policy Dimensions of Subregional Economic Zones', *Contemporary Southeast Asia*, 16(4) (March 1995), pp. 421-432.
14. See the observation made about 'broad consensus' on this issue in Chin Kin Wah, 'ASEAN the Long Road to "One Southeast Asia"', *Asian Journal of Political Science*, Special Issue on ASEAN, 5(1) (June 1997), p. 2.
15. An overview of the specific documentation relating to AFTA can be found on the web site of ASEAN (<http://www.aseansec.org/>). For a relevant analysis of the developments relating to AFTA in the early years following the agreement on establishing AFTA see Shaun Narine, *Explaining ASEAN. Regionalism in Southeast Asia* (Boulder and London: Lynne Rienner Publishers, 2002), pp. 126-133.

As seen from the Vietnamese perspective, the economic benefits of closer cooperation and membership in ASEAN were to increase investment by the ASEAN-Six, to increase export opportunities to these countries and to get more assistance in development efforts from the ASEAN members.

The pattern of economic interaction between the ASEAN-Six and Vietnam shows that prior to the Asian Financial Crisis in the late 1990s, there had been an increase in ASEAN-Six investments. ASEAN-Six investment was an important contribution to overall foreign investment in Vietnam.¹⁶ In terms of trading, Vietnam's major partner was Singapore.¹⁷ Thus, as seen from the perspective of Vietnam, the ASEAN-Six taken together, and Singapore in particular, were indeed

of major importance both through investments and as trading partners.

The picture is different when assessed from the ASEAN-Six perspective for two main reasons. First, trade with Vietnam was a limited part of the overall trade of the ASEAN-Six,¹⁸ and second, the investment by the ASEAN-Six in Vietnam was limited in comparison with the amount of foreign direct investment (FDI) in the ASEAN-Six themselves. However, the amount invested in Vietnam constituted a fairly important share of the foreign investments made by investors from Singapore and Malaysia, respectively.¹⁹ As noted above, the Asian Financial Crisis had a major impact on both investment and trade patterns. Investment levels in particular dropped considerably.²⁰

16. The relative importance of ASEAN-Six investment can be illustrated by the following statistics. According to statistics from mid-1998 (as of 9 July 1998) the ASEAN-Six accounted for about 31% of foreign direct investment (FDI) in Vietnam, with Singapore the number one foreign investor (*Vietnam Investment Review*, 363 [20-26 July 1998], p. 19). Although comparing different years will not provide a fully satisfactory comparison, it can be noted that ASEAN-Six investment in Vietnam amounted to US\$ 10 billion by July 1998 (*ibid.*, p. 19). It can be noted that overall registered FDI in Vietnam peaked in 1996 while implemented (disbursed) FDI peaked in 1997. The fact that East and Southeast Asian countries accounted for a considerable proportion of FDI in Vietnam indicates the negative impact of the Asian Financial Crisis. For two articles examining the development during the decade 1991-2000 see Le Dang Doanh, 'Foreign Direct Investment in Vietnam: Result, Challenges and Prospects', *Vietnam's Socio-Economic Development, A Social Science Review*, 31 (Autumn 2002), pp. 15-26; and Nguyen Bich Dat, 'Foreign Direct Investment in the Process of International Economic Integration', *Vietnam's Socio-Economic Development, A Social Science Review*, 34 (Summer 2003), pp. 33-52.
17. Statistics indicate that in 1995, Singapore, with 12.7% of total, was the second largest export destination after Japan and the major origin of Vietnam's import with 17.5% of total (*Country Report. Vietnam* [London: The Economist Intelligence Unit (EIU), 2Q (1998), p. 5]).
18. This can be exemplified by the fact that in 1996, Vietnam was not among the most important trading partners of Brunei, Indonesia, Malaysia and the Philippines, respectively, (*Country Report. Malaysia and Brunei* [London: The Economist Intelligence Unit (EIU), 2Q 1998], pp. 6, 35 and 43; *Country Report. Indonesia* [London: The Economist Intelligence Unit (EIU), 1Q 1998], p. 5; and, *Country Report. Philippines* [London: The Economist Intelligence Unit (EIU), 2Q 1998], p. 5).
19. Two examples can be given. First, in 1994, Vietnam was the fourth largest target of Malaysian reverse equity investment (*Business Report. Malaysia* [London: The Economist Intelligence Unit (EIU), 4Q 1996], p. 27). Second, the cumulative investment of Singapore in Vietnam during 1988-1998 (up to 9 July 1998) was almost US\$7 billion compared to US\$13.5 billion in Indonesia during 1967-1996 (up to 15 September 1996).
20. For a detailed analysis of the implications of the Asian Financial Crisis on regional cooperation in Southeast Asia see Ramses Amer and David Hughes, 'The Asian Crisis and Economic Cooperation: Implications For an Expanded ASEAN' in *Southeast Asian-Centred Economies or Economics?*, ed. by Mason Hoadley, NIAS Report Series, 39 (Copenhagen: Nordic Institute of Asian Studies, 1999), pp. 113-136. This study examines the impact on the whole region whereas many other studies neglect the impact on Vietnam and the other new ASEAN member states, i.e. Cambodia, Laos and Myanmar. One example is Shaun Narine who only devotes half a page to the impact of the Asian Financial Crisis on the new members compared to the major part of two chapters devoted to the impact on and response of the ASEAN-Six to the Asian Financial Crisis (Narine, *op. cit.*, pp. 139-192).

Political Factor

As seen from the perspective of the ASEAN-Six, admitting Vietnam into the Association was an important step in a process aiming at achieving the fulfilment of the overall aim and goal set out in 1967 – to bring about or create an Association encompassing all ten countries in the Southeast Asian region, i.e. fulfilling the notion of ‘One Southeast Asia’.²¹ This fundamental vision and goal is the major underlying political motivation and rationale for initiating the process aimed at achieving an expansion of ASEAN.

The rapprochement between ASEAN and Vietnam can be viewed as politically motivated or initiated because a political interest existed in improving relations. The willingness and interest of both sides to first improve and then strive to expand relations with each other display that there was a mutual political willingness to do so. This willingness was brought about by changes at the domestic, regional and global levels, which made it possible to re-think earlier foreign policy priorities and to re-shape inter-state relations. Amongst the major changes was the initiation of reform and renovation in Vietnam, the process leading up to the resolution of the Cambodian conflict through the Paris Agreements of October 1991, and the end of major power confrontation with normalization between China and the Soviet Union and rapprochement between the Soviet Union and the USA, i.e. the end of the Cold War.²² These developments contributed to the creation of conducive conditions for the re-shaping of relations between ASEAN and Vietnam.

Political willingness was displayed by the fact that ASEAN actively sought to build better relations with Vietnam by gradually integrating it into the ASEAN framework for regional cooperation, and eventually by granting Vietnam full membership in the Association. Vietnam began at an early stage to work actively on improving relations with the ASEAN member states through expanding economic interaction, by acceding to the Bali Treaty in 1992 and by applying for full membership in the Association, thus accepting the code of conduct for inter-state relations established by ASEAN and displaying Vietnam’s political willingness to join ASEAN.

It is important to highlight the fact that changing the political system of Vietnam was not a prerequisite for being accepted as a member state of ASEAN. In other words, ASEAN did not place political conditions on Vietnam for admittance into the Association. Nor did ASEAN try to impose a particular political system on Vietnam. Thus Vietnam joined ASEAN even though it was and still is governed by the Communist Party of Vietnam (CPV). The co-existence of countries with different political systems is not a novelty within ASEAN. It has been in evidence ever since ASEAN was established back in 1967. At different stages, countries with different types of regime, e.g. multi-party rule, one-party rule, military rule and absolute monarchy, have co-existed. However, never had a member-state of ASEAN been governed by a communist party. In fact, the ASEAN-Six had been combating communist insurgencies at different stages

21. For an overview of the various views expressed on the issue of a wider regional organization within Southeast Asia in the late 1960s see Chin, *op. cit.*, pp. 6-7.

22. For more details concerning major power relations see Robert S. Ross, ‘China, the United States, and the Soviet Union. Tripolarity and Policy Making in the Cold War’, in *Studies on Contemporary China* (An East Gate Book) ed. by Robert S. Ross (Armonk and London: M.E. Sharpe, 1993).

of their modern history. If this is taken into consideration, the admission of Vietnam governed by the CPV is an

important development and is of major symbolical relevance.

Security Factor

The security factor should be seen as an ambition to create a more stable regional environment for individual countries to concentrate on development efforts as well as enhancing the possibility of inter-state cooperation by creating better relations between the various countries. Seen from this perspective there are at least two dimensions of security, one relating to the internal development in the various countries and assuring that other countries in the region do not undermine efforts aimed at enhancing internal security and stability, and the other at the inter-state level aimed at bringing about a more secure regional environment through the establishment of better relations among states and through the management of potential disputes between neighbouring countries.

The threat perceptions and animosity that existed between ASEAN and Vietnam during the Cambodian conflict, in particular up to the mid-1980s, are relevant when discussing security. There was also tension and confrontation in bilateral relations between Thailand and Vietnam, mainly due to the conflict in Cambodia and the Vietnamese military presence there for a decade up to 1989.²³ Rapprochement, normalization of relations, expanding cooperation and the integration of Vietnam into the ASEAN framework for managing inter-state relations within Southeast Asia was motivated by a desire to secure a more stable security environment within the region. In other words, it was about establishing a regional order based on shared perceptions about the necessity for enhanced regional cooperation and respect for agreed rules and norms for inter-state behaviour.

Relative Importance of the Three Factors

The political factor seems to have been crucial in creating the necessary basic conditions for an expansion of membership in ASEAN in the first place, i.e. that the ASEAN-Six had from the outset formulated the vision and goal of 'One Southeast Asia' with all ten Southeast Asian countries as members of the Association. As noted earlier, this was a necessary condition for an expansion to take place at all. Vietnam also had a strong interest in improving relations with the ASEAN countries and to gradually integrate with the regional framework for regional cooperation. Changes within the countries concerned, the region, as well as in

relations between the major outside powers, i.e. China-Soviet Union relations and Soviet Union-USA relations, contributed to the creation of conducive conditions for rapprochement and the gradual integration of Vietnam.

The security factor is relevant given the history of internal conflicts as well as inter-state conflicts in the region. Expanding the acceptance of the Bali Treaty as a code of conduct for inter-state relations and expanding ASEAN membership are processes aimed at enhancing the overall security in the region by promoting regional cooperation. Thus, the security factor is

23. See notes 2 and 3.

relevant in explaining the expansion of ASEAN.

The economic factor does not seem to be so crucial from the ASEAN-Six perspective in explaining the urge to expand ASEAN membership within Southeast Asia, but it is of considerable importance for Vietnam, as other ASEAN members were major foreign investors in Vietnam as well as major trading partners. It has to be pointed out that the assessment of the economic factor is not influenced by the impact of the Asian Financial Crisis. The relative relevance and explanatory value of the economic factor is assessed on the basis of the situation and conditions prevailing during the period leading up to Vietnam's accession to membership in ASEAN, i.e. the first half of the 1990s.

All three factors are of relevance in the context of what could be termed as ASEAN's policy of 'constructive engagement' towards Vietnam. The basic idea behind this policy is that by engaging a state which is perceived as threatening or aggressive into a framework of dialogue and other confidence-building measures (CBMs), improved relations are brought about and thus threatening states are less inclined to engage in aggressive behaviour. The CBMs can range from diplomatic initiatives and expanded political contacts to upgrading economic cooperation through expanded trade and increased investments. The main target of ASEAN's policy of 'constructive engagement' has been China, but ASEAN's policy towards Vietnam also fits within this pattern of foreign relations behaviour.

Achievements Thus Far: Focus on Conflict Management

The management of border disputes with some of the original member states in ASEAN is a gauge of the considerable progress Vietnam has made since it became a member of the Association in 1995. This has certainly been facilitated by Vietnam's membership, since overall relations have been further strengthened with its fellow ASEAN members. This goes some way towards explaining why the disputes have become more manageable but not why a number of them have been resolved either through joint development schemes or through formal delimitation agreements. After all, other ASEAN members still have

unresolved border disputes with fellow members some 36 years after the creation of the Association. Vietnam has also made considerable progress in managing border disputes with China and has committed itself to the peaceful resolution of its border disputes with Cambodia. Thus it can be argued that the active and committed policy of peaceful management of border disputes implemented by the Vietnamese government is paying dividends. The progress achieved indicates that several of Vietnam's neighbours are pursuing similar policies.²⁴

24. Vietnam and China reached agreements on the land border in 1999 and on the Gulf of Tonkin in 2000. For details on the Sino-Vietnamese borders disputes see Ramses Amer, 'The Sino-Vietnamese Approach to Managing Boundary Disputes', *Maritime Briefing*, 3(5) (Durham: International Boundaries Research Unit, University of Durham, 2002). Less progress has been achieved between Vietnam and Cambodia. For details see Ramses Amer, 'The Border Conflicts Between Cambodia and Vietnam', *Boundary and Security Bulletin*, 5(2) (Summer 1997), pp. 80-91; and, Amer, 'Managing Border Disputes', op. cit., pp. 40-42.

Conclusion

The process of rapprochement and Vietnam's admission into ASEAN brought to an end the animosity and mutual suspicion that had characterized ASEAN's relations with Vietnam. The Vietnamese military intervention in Cambodia in late 1978 led to open animosity and confrontation between ASEAN and Vietnam. A deadlocked diplomatic situation prevailed for the first half of the 1980s before early Indonesian-Vietnamese contacts and dialogue brought about a wider dialogue process and the Jakarta Informal Meetings on the Cambodian situation from 1988. This rapprochement continued during the process leading up to the resolution of the Cambodian conflict and also after the signing of the Paris Agreements of 1991.

With regard to 'conflict management', the expanded acceptance of the Bali Treaty as a framework for handling inter-state disputes by peaceful means and as a code of conduct to be observed in inter-state relations between the old ASEAN members and Vietnam provides for a situation which is conducive to the peaceful management of existing inter-states disputes and potential future disputes.

Bringing a country which had been perceived as a potential or real threat, even as an outright enemy, into the framework of regional cooperation, as developed by the ASEAN members, and eventually accepting Vietnam into the Association as a full member can be seen as an exercise in conflict management by ASEAN. This process can also be seen as an attempt to expand the ASEAN framework for and approach to conflict management within the Southeast Asian region for the sake of regional peace, security and stability. In fact, expanding membership in ASEAN and expanding the acceptance of the ASEAN framework for conflict

management within the region can be viewed as a process of conflict management brought about by various means towards Vietnam and also to other countries of the region, i.e. Cambodia, Laos and Myanmar.

The progress made in managing, and in some notable cases formally resolving, border disputes between Vietnam and other member states of ASEAN shows that the process of peaceful management of disputes is being implemented in Vietnam's relations with its ASEAN neighbours. This is another indication of Vietnam's commitment to and continued integration into the regional framework of collaboration and integration in Southeast Asia.

An issue that can be addressed after assessing some 36 years of relations between Vietnam and ASEAN is whether or not the full potential of rapprochement was explored during the period 1975 to 1978. Once the Cambodian conflict came to dominate the relationship from early 1979 further rapprochement was not possible. But could more have been achieved before the emergence of the Cambodian conflict? In order to assess this issue it is necessary to take into account the specific conditions prevailing during that period of time and not assess the developments through the lenses of the situation that prevailed in the 1990s. First, the importance of ideology in inter-state relations was of great relevance in the 1970s but less relevant after the end of the Cold War. Thus, this factor was detrimental to an enhanced rapprochement between Vietnam and ASEAN in the period 1975-1978. Second, the legacy of the Vietnam War and the perception of ASEAN as being too closely linked to the USA did influence relations in the 1970s but it was of less or no relevance in the 1990s. Third, the international status of ASEAN was much

less developed and prominent in the 1970s compared to the early 1990s when ASEAN had emerged as an important actor through its influential role in the international diplomacy of the Cambodian conflict. Fourth, in the 1970s, the member states of ASEAN had yet to emerge as fast-growing economies, while in the 1990s, the majority of the member states went through a process of fast economic growth and development. Thus, from the Vietnamese perspective, ASEAN and its individual member states were not perceived as being able to assist Vietnam in its economic development in the 1970s. This study shows that the Vietnamese

perception of ASEAN had changed by the early 1990s.

By way of concluding it can be argued that the rapprochement during the period 1975-1978 went as far as was possible in the prevailing climate and context. Had the Cambodian conflict not emerged from early 1979, the rapprochement could have continued and possibly been further reinforced. However, the above analysis does not support the assumption that the prevailing conditions were conducive to a development that could have led to Vietnamese membership in ASEAN in the 1970s.

Vietnam-ASEAN Relations in Retrospect: A Few Thoughts*

Luu Doan Huynh**

Vietnam is located in Southeast Asia and its ethnic origins are similar to those of many other regional countries. But its relations with Southeast Asia were deeply influenced by the Cold War, the constraints of two hard-fought and long-drawn-out wars of resistance against mighty imperialist powers and the ideological blinkers inherent in its long-standing struggle for national freedom dating from 1858 (against French conquest) and particularly from 1930 (the Communist Party of Indochina assuming the leading role in the national movement). Therefore, in the absence of extraordinarily clairvoyant vision – which the national movement of a country deprived of formal education in modern social sciences could hardly have, particularly after Ho Chi Minh's death – the end of the Cold War and the demise of the socialist camp were the necessary prerequisites for a breakthrough in relations between Vietnam and the Association of Southeast Asian Nations (ASEAN).

During the anti-French war, the Ho Chi Minh government, which was located in the deep jungles of North Vietnam, had almost no access to the outside world, and therefore could not undertake any substantial research on the world situation and in particular the relations among big

powers. This information gap and long-standing ideological blinkers caused it to have full faith in international proletarianism. As a result, it had to accept the advice of the Soviet Union (USSR) and China on a partition of Vietnam at the 1954 Geneva Conference. This subsequently gave rise to a most tragic situation for the people in South Vietnam and, therefore, from 1959 onwards, the Vietnam Workers' Party had to allow them to resort to armed struggle combined with political struggle. By coincidence, USSR-China unity also broke down by the end of the 1950s. Hanoi did not take sides with either the USSR or China, and succeeded, partly because of the rift, to win aid and support from both socialist big powers for the national liberation struggle in South Vietnam. It did so while maintaining an independent line and strategy with respect to war and negotiations over South Vietnam, as evidenced, among other things, by the Tet Offensive, which took the United States of America (USA), USSR and China by surprise, and its determination to hold talks with the USA since 1968 in spite of China's opposition. That was indeed a glorious page in Vietnam's history and its war-time diplomacy.

Yet, in spite of Vietnam's dual line of 'friendship and independence' and –

* The first part of this article is based on a paper entitled 'Paris Agreement of 1973 and Vietnam's Vision of the Future' which was delivered by the author at the Conference on Tri-polar Diplomacy and the Third Indochina War, Cumberland Lodge, London, 13-16 May 2003.

** Luu Doan Huynh is a Senior Research Fellow (Retired), Institute of International Relations, Hanoi. The views expressed in this article are the author's own and do not represent the views of the Government of Vietnam and the Institute of International Relations, Hanoi.

increasingly big changes in the world (the emergence of the European Union [EU], the rise of Japan's economic might, the serious Sino-Soviet rift, the increasing deadlock of socialism in USSR and Eastern Europe, the disastrous effects of the Cultural Revolution in China), from 1959 to 1975, Vietnam's foreign policy remained based on the old notion of two camps, three revolutionary currents¹ and proletarian internationalism. This was so because Vietnam had to concentrate all its resources, including intellectual ones, on the military and diplomatic struggle over South Vietnam and also because of a lack vision.

Hanoi mistakenly thought ASEAN was just SEATO (the Southeast Asia Treaty Organization)² in disguise. This assessment, which was not in keeping with the real policy evolution of ASEAN countries since 1967, was ideologically comforting and seemed plausible to Vietnam because, since the mid-1960s, Thailand and the Philippines had participated in the American war by sending troops to South Vietnam and allowing the USA to use their bases for the war. But the gap became larger in the early 1970s when Thailand and the Philippines started withdrawing their troops from South Vietnam (March 1973), Thailand refrained from giving direct assistance to the Lon Nol regime,³ ASEAN started to distance itself from the Indochina War and began to work out a post-war

policy *vis-à-vis* Vietnam, Laos and Cambodia, taking into account the possibility of the latter's victories. While agreeing to establish diplomatic relations with Malaysia (March 1973) and Singapore (August 1974), Vietnam rejected the repeated invitations for a Vietnamese observer to attend the 1973 and 1974 ASEAN foreign ministers meetings and did not respond to other overtures from ASEAN, including the ZOPFAN (Southeast Asian Zone of Peace, Freedom and Neutrality) initiative. This ran counter to an 1972 report of the Foreign Ministry of Vietnam on relations with ASEAN countries which said that 'Developing relations with neighbouring countries is a diplomatic task of primary importance for any state, as its security and development are bound to be deeply affected by the former. For Vietnam, this task is even more urgent'.⁴ Presumably this dichotomy shows that there were different views within the leadership.

Democratic Republic of Vietnam (DRV) statements and the editorial comments in its press did not define the 'Nixon Doctrine'⁵ as a downward readjustment of USA commitments toward allies, but as a strategy which, along with the Vietnamization of the war, was designed to take advantage of the balance and *détente* among big powers in order to divide the key socialist countries, to impose USA neo-colonial rule by maintaining the Saigon

1. Vietnam's official policy on international relations from 1945 was based on, among others, these concepts:
 - the world is divided into two camps: the socialist camp led by the USSR and the imperialist camp led by the USA.
 - the three revolutionary currents that fight against imperialism are: the socialist movement, the world workers movement (the working class movement in all countries and particularly in the West), the world national liberation movement (movement for independence of the colonies).
2. SEATO is an alliance organized (1954) under the Southeast Asia Collective Defence Treaty by representatives of Australia, France, Great Britain, New Zealand, Pakistan, the Philippines, Thailand and the USA.
3. Lon Nol became Cambodian defence minister and army chief of staff in 1955. He served as premier (1966-67) under King Sihanouk. In 1970, he led the coup that deposed Sihanouk, and assumed control of the government.
4. Quoted by Nguyen Vu Tung in a paper 'The Paris Agreement and Vietnam-ASEAN Relations in the Early 1970s', presented at the Conference on Tripolar Diplomacy and the Third Indochina War, Cumberland Lodge, London, 13-16 May 2003, p. 3.
5. The Nixon Doctrine stated that the USA henceforth expected its Asian allies to take care of their own military defence.

regime and destroying the Provisional Revolutionary Government of South Vietnam. (*Nhan Dan*, 17 August 1972; *Pham Van Dong*, 2 September 1972). Trinh Xuan Lang, a former foreign ministry official in charge of its Southeast Asia Department, was quoted as saying that Hanoi was concerned that the 'Nixon Doctrine' would be applied to Southeast Asia with a view to opposing the Vietnamese revolution by other means, indirect but more sinister, in the post-Vietnam War period, and therefore Hanoi saw ASEAN as an important tool in this USA plan.⁶

From the late 1960s, the focus of Vietnam's foreign policy was on how to coordinate the military and political fronts in order to reach an early agreement with the USA and thereafter to overthrow the Saigon regime. Indeed, Hanoi and the National Liberation Front's (NLF) efforts to speed up the negotiation process took place in 1972 in the context of high-level USA talks with Beijing and Moscow and were designed to neutralize possible big power collusion over the Vietnam War.

The Paris Agreement of January 1973 only brought about a paranoid optimism. And from the end of 1973, strenuous efforts were made to achieve a complete victory in South Vietnam as quickly as possible so as not to allow a breathing space for Saigon forces and not to allow possible collusion among big powers which might undermine Vietnam's reunification. Therefore, the pace of the offensive was continuously readjusted upward: at first, liberation was to be achieved in several years, then two years, then at the beginning or end of 1975, then in 1975, and then in the early months of 1975, then prior to the onset of the

monsoon, that is, by end of April 1975.

The final general offensive was prepared and carried out without any detailed plan for dealing with the basic situation of South Vietnam and without a revised foreign policy for a reunified Vietnam. Because of this, and the physical and intellectual exhaustion of the leadership and their officials, unified Vietnam was unprepared for the situation that would develop after the war in the political, economic, social and diplomatic fields.

From 1975, in the absence of a new post-victory foreign policy, Vietnam was bound to use old recipes to deal with new issues. And its inflexible understanding of the changing world and ASEAN, which was further compounded by the euphoria and hubris of victory, was bound to produce disastrous results.

Indeed, Vietnam continued to focus on relations with the USSR and China, and paid less attention to ASEAN countries. It was shocked by Bangkok's refusal to return the military planes flown by Saigon officers to Thailand, and regarded this as an attitude of hostility. Furthermore, the fact that American troops, using bases in Thailand, launched a counter-attack following the *Mayagüez* incident⁷ stimulated further the apprehension and vigilance of Vietnam concerning possible ASEAN-supported bellicose schemes on the part of the USA, a gut feeling which could hardly be erased by the suspension of SEATO.

On 7 February 1976, Communist Party of Vietnam (CPV) General Secretary Le Duan stated that 'the Vietnamese people fully support the just and sure-to-win cause of the peoples of the countries of Southeast

6. Quoted by Nguyen Vu Tung, op. cit., p. 7.

7. The incident referred to took place on 12 May 1975, when the Cambodian navy seized the American merchant ship *USS Mayagüez* in international waters. The incident ended on 15 May when USA Navy and Marines raided the Cambodian island Koh Tang and recovered the *USS Mayagüez*.

Asia for peace, national independence, democracy and social progress and contribute actively to efforts of the nations in Southeast Asia to really become independent, peaceful and neutral. ... The Vietnamese people fully support the Thai people's struggle for a really independent and democratic Thailand without US forces and military bases'.⁸ The phrase 'fully support' was bound to create apprehension or at least displeasure in ASEAN countries, although whether Vietnam had any real intention of supporting communist rebellions in Southeast Asia was open to doubt, because by 1976 Hanoi had put an end to relations with the Malayan Communist Party and had less than warm relations with the Communist Party of Thailand that was suspected of being pro-China. Le Duan was also quoted as saying in CPV internal briefings that Vietnam's internationalist duty was confined to countries geographically close to it, such as Laos and Cambodia. But the statement clearly shows that Le Duan did not believe that ASEAN countries were really independent and neutral.

It is evident that Vietnam had difficulties in shifting from a war-time diplomacy – marked by close coordination between the battlefield and the negotiation table, and strong verbal attacks against the enemy – to a peace-time, classical diplomacy which involves, among other things, mastering the art of calmly fishing in troubled waters. Vietnamese policy makers regarded Thailand merely as a faithful ally of the USA, failing to take into account Thai-Vietnam relations prior to the French conquest and Thai sensitivities regarding Laos and Cambodia.

Things came to a head when Vietnam reacted harshly to the 25 February 1976

ASEAN Summit in Bali, which adopted the Treaty of Amity and Cooperation in Southeast Asia and invited Vietnam to accede to it. Hanoi rejected the proposal. Further, *Nhan Dan* published a commentary, accusing the USA of using ASEAN as a means to support all the reactionary and pro-USA forces against revolutionary movements in Southeast Asia. And when the Summit ended, *Nhan Dan* wrote that a new round of confrontation had started in the region between the Indochinese and the reactionary countries supported by the USA.⁹

Thereafter, a delegation headed by Deputy Foreign Minister Phan Hien visited ASEAN countries in July 1976. The delegation carried with it a four-point position on Vietnam-ASEAN relations, which said, among other things, that the 'Regional states should develop cooperation among themselves in accordance with the specific conditions of each state and in the interest of genuine independence, peace and neutrality in Southeast Asia, thus contributing to the cause of world peace'. Like the statement of Le Duan in February, this document clearly shows that Vietnamese leaders underestimated the nationalist credentials of ASEAN countries, refusing to consider them as independent and neutral. Speaking at the Non-aligned Summit in Colombo in August 1975, a Singapore leader quoted this phrase and asked: 'Is this a precursor of the kind of double definition of independence which will classify a Marxist state as being genuinely independent and the others as being not genuine ... and hence subject to overthrow?'¹⁰ It is no wonder that the delegation did not achieve much. It also did not address the apprehension of ASEAN countries about the big surplus of weapons in Vietnam, and implied non-

8. BBC broadcast of 7 February 1976, quoted by Nguyen Vu Tung, op. cit., p. 10.

9. Quoted by Nguyen Vu Tung, op. cit., p. 14.

10. Quoted by Nguyen Vu Tung, op. cit., p. 15.

recognition of ASEAN as a regional organization.

In 1977, and particularly in 1978, due to increasingly hostile relations with China and Cambodia, Vietnam endeavoured to improve relations with ASEAN countries. In July 1977, the deputy foreign minister, Phan Hien, again visited the ASEAN countries for discussions, and Vietnam agreed to hold talks with Indonesia on sea boundaries starting from November 1977. Then in December 1977, the foreign minister, Nguyen Duy Trinh, visited several ASEAN countries. He adopted a more friendly approach toward ZOPFAN and said that Vietnam looked forward to some new form of regional cooperation. During the same visit, a few agreements (economic, trade relations, air links, etc.) were concluded, while Vietnam and Thailand agreed to establish embassies in their respective capitals to solve pending problems in a peaceful and friendly manner, and to discuss the delimitation of sea boundaries. And in 1978, Prime Minister Pham Van Dong visited all the ASEAN countries.

Nevertheless, this did not constitute a basic change in attitude. While Vietnam no longer stressed the necessity for Southeast Asia to be genuinely independent and neutral, it did not really consider ASEAN countries as true friends or important neighbours whose regional interests and views should be respected. On the question of the war-like policies and actions of the Khmer Rouge, in 1977, Vietnam mainly consulted the USSR and Laos, and not ASEAN countries. During his visit, Prime Minister Pham Van Dong did not consult ASEAN countries on how to deal with Pol Pot. When Prime Minister Lee Kuan Yew warned him against taking major military action in Cambodia, Prime Minister Pham Van Dong did not react and did not explain. During that visit, Vietnam promised not to interfere in the internal affairs of ASEAN

countries, not to provide assistance to subversion in these countries and proposed a friendship treaty with each of them, mainly in the hope that they would not oppose Vietnam's subsequent military attack on Cambodia. Vietnamese policy makers, perhaps lacking in historical memory and perspective, did not remember that since the seventeenth century, both Vietnamese and Thai Kings had been competing for influence in Laos and Cambodia, and that Thailand was an important neighbour of Cambodia, and therefore any major military or political action in Cambodia should take due account of Thai strategic interests. When, on 4 January 1979, Vietnamese troops reached the right bank of the Mekong River in Cambodia with little resistance from Khmer Rouge troops, the order was given to liberate the whole territory of Cambodia. That order was given on purely military grounds and did not take into consideration regional political factors: Thailand might not react strongly if Vietnamese troops stopped at the right bank, but Thailand would react very strongly, including securing the support of China and forging a larger alliance, if Vietnamese troops occupied the whole of Cambodia and posed a threat to Thai long-term strategic interests. Also, during and following the end of the military operations, Vietnam did not carry out a comprehensive diplomatic *démarche* to explain its action to ASEAN countries.

At present, with the passage of time, most Vietnamese think that Vietnam's military action in Cambodia in December 1978 was an urgent necessity. First, because by destroying the bellicose yet weaker enemy (Khmer Rouge), Vietnam could protect the southern part of the country and more importantly, could avoid a two-pronged coordinated military attack from both the north and southwest, which would be a great danger to it. Second, Vietnam could help the Cambodian people, a neighbour

and former ally, by putting an end to genocide. But many now recognize that the 1978 surgical operation was not an optimal solution, not only because it was preceded by the conclusion of a Friendship Treaty with the USSR, but also because it was not preceded by intense discussions with ASEAN countries, which could have resulted in an agreed move, or at least could have avoided a severe confrontation between Vietnam and ASEAN.

Also because of its oversight, Vietnam was greatly surprised by ASEAN and particularly Thailand's strong opposition to its military occupation of Cambodia and support of the establishment of a new Cambodian government. Surprise and indignation went together, but the element of surprise was noteworthy, as Vietnam sincerely believed that its action in Cambodia was not designed to harm Thailand, but, on the contrary, that it would be beneficial to the latter as from now on there would be no more military attacks by the Khmer Rouge against Thailand. They failed to see that Thailand had a completely different view because of their poor understanding of the strategic interests and thinking of others. A blinkered outlook and in particular the demands of the 30-year war, had prevented Vietnamese leaders and officials from doing their homework on regional politics and history, and now they had to pay the price.

In December 1978, Vietnamese diplomats were instructed to reassure ASEAN countries that Vietnamese troops in Cambodia would not infringe on Thailand's territory. But that was not enough for ASEAN countries.

From January 1980 to August 1986, some 13 conferences of foreign ministers of Vietnam, Laos and Cambodia were held. These conferences discussed and successively put forward a number of proposals to ASEAN countries. The

proposals included the conclusion of bilateral treaties of non-aggression; the establishment of a demilitarized zone along the Cambodia-Thai border; the holding of discussions for the establishment of a zone of peace and stability in Southeast Asia, with the ZOPFAN proposal as a starting point for talks; the holding of a regional conference to discuss problems of mutual concern and a treaty of peace and stability in Southeast Asia for the purpose of inducing ASEAN countries to accept the *status quo* in Cambodia and also to find out the reasons for ASEAN's strong opposition to that *status quo*. These statements and proposals were accompanied by visits of the foreign ministers of Vietnam and Laos to ASEAN countries. That was a period of intense fact-finding.

Through these closed-door discussions and sometimes open polemics, as well as close study of official ASEAN moves and statements, Vietnam found that ASEAN countries were motivated by a strong will of independence – no less so than Vietnam – were cooperating, disagreeing and bargaining with Western powers, which was more or less what Vietnam had done with USSR and China in the past, were peace-loving, and wanted Southeast Asia to be free from the dominating influence of big powers, and therefore were potential friends whose views could and should be respected, although their official position on Cambodia was inconsistent in view of their muted reaction to events in East Timor, the blind eye they turned on the crimes of the Khmer Rouge and their reluctance to take into account the dangerous circumstances that compelled Vietnam to take military action and Vietnam's humanitarian record in putting an end to genocide in Cambodia.

It was found that ASEAN countries did not instigate or support the Khmer Rouge to launch military attacks against Vietnam

from 1976 to 1978; Thailand regarded the Khmer Rouge as a shield against Vietnam's suspected expansionist designs, but that was a passive strategy and objective. In early 1979, Thailand started to ally itself with China against Vietnam, but that was a defensive move taken after Vietnam had completed the military operations in Cambodia, and in fact Thailand avoided any direct military confrontation with Vietnam.

Behind the ASEAN stand on Cambodia were two considerations which attracted Vietnam's sympathetic attention:

1. A peaceful solution in Cambodia involving Vietnam's complete troop withdrawal was important to dispel fears among certain ASEAN countries about Vietnam's suspected expansionist designs, a fear which was not shared by all ASEAN members but should be dispelled by such a solution in order to preserve ASEAN unity and pave the way for friendly relations with Vietnam.
2. ASEAN was not militarily able to drive Vietnam from Cambodia and was also not able to bring about a political solution on its own, as evidenced by the failure of the 1979 International Conference on Cambodia and other episodes. But the conflict in Cambodia must be solved in such a way as to justify ASEAN's policy of conflict management in Southeast Asia and its aim to make the region a zone of peace, freedom and neutrality, free from any form or manner of interference by outside powers. Vietnam shared this concern, as it had tried since 1976 to focus all its resources on economic rehabilitation but had failed to do so because of the bellicose policies and actions of certain neighbours. Basically,

Vietnam was for a political settlement provided it would really ensure peace.

In private discussions, ASEAN countries firmly stated that after a settlement in Cambodia they would no longer consider Vietnam as an enemy and would promote friendly relations with it. These statements were confirmed by their readiness to receive and hold discussions with Vietnam's high-level representatives and also by other small signals.

Singapore, 'the mouse that roared', continued to trade with Vietnam, while Thailand continued to maintain the Bangkok-Hanoi air links in these tense years. In early 1980, at the height of polemics, Singapore gave the Vietnamese officials coming to collect a hijacked plane all necessary cooperation and favourable conditions, without any provocative action or statement whatsoever; also in the early 1980s, a Vietnamese military plane from Cambodia strayed and crash-landed in Thai territory, but the crew received good treatment and was subsequently released and repatriated.

As is known, putting in troops was quite a difficult decision, but pulling them out proved even more difficult. The new perceptions outlined above and other considerations were translated into discreet and patient efforts to devise corrective measures, involving intense internal discussions in Vietnam and also between Vietnam, Cambodia and Laos, and some small but important steps such as the partial and annual¹¹ withdrawal of Vietnamese troops starting from July 1982 (leading to complete withdrawal by September 1989) and encouraging direct talks between Phnom Penh and King Sihanouk, etc. And ultimately, the Sixth CPV Congress of

11. Since 1982 Vietnam had been withdrawing its troops from Campuchea, one contingent of troops each year (17 July 1982, 1 May 1983, 23 June 1984, 3 April 1985, 28 June 1986, 29 November 1988 and 6 September 1989).

December 1986 took the decision to start 'all-round renovations',¹² including in the field of foreign policy. Emphasizing the necessity to 'coordinate the strength of the nation with the strength of the times', the Sixth Congress stated: 'It is our Government's policy to continue to withdraw Vietnamese volunteer troops from Cambodia and to cooperate with all parties in order to reach a correct political solution on Cambodia. The Vietnamese Government and people unremittingly strive to develop relations of friendship and cooperation with Indonesia and other Southeast Asian countries. We are willing and ready to negotiate with the countries in the region for solving various problems in Southeast Asia, establish relations of peaceful coexistence and build Southeast Asia into a zone of peace, stability and cooperation'.¹³ Two years later, the CPV Politburo adopted the Thirteenth Resolution of 20 May 1988 which no longer equated security with military might only and stressed that 'economic weaknesses, political isolation and economic blockade are major threats to our country's security and independence' and considered 'the establishment of a framework for the Indochinese-ASEAN peaceful co-existence as conditions for maintaining peace, developing the economy and consolidating the relationship of cooperation and solidarity among the three countries'. Following the Sixth CPV Congress there were numerous moves by both Vietnam and ASEAN to promote the process of a settlement in Cambodia, including talks between Vietnam and Indonesia, as the interlocutor of ASEAN, and the 'cocktail party' initiative was followed by a succession of Jakarta Informal Meetings (JIM) starting from July 1988. The JIM

forum was considered very important by Vietnam, although it has also opened and simultaneously activated several other forums with the USSR, China and the USA as it was clear that ultimately the main and decisive role would be played by the big powers. In activating the abovementioned Vietnam-ASEAN forum, Vietnam wanted to promote cooperation between Vietnam and ASEAN and to enhance their role in peace making, and also to indirectly express Vietnam's acceptance and support for ASEAN's conflict management efforts for the sake of future long-term cooperation for peace in Southeast Asia.

After the end of the Cold War, which was marked by the collapse of socialist regimes in the former USSR and Eastern Europe, at a summit meeting in November 1991, Vietnam agreed to China's proposal that the two countries should remain 'comrades but not allies', that is, there should be no return to the old alliance of socialist countries. As a result, by 1992, Vietnam was both free and without allies, with a deep sense of freedom coupled with something like 'a crisis of identity'.¹⁴ It was at that moment that ASEAN offered its hand of friendship, a gesture which was significant not only in the sense of 'a friend in need is a friend indeed' but also because it involved replacing old alliances with a new one, where there is real mutual respect of independence and sovereignty, mutual consultations, achievement of consensus through discussions on the basis of equality and respect for each other's views, and where agreeing to disagree pending agreed decisions is the rule. Further, the new alliance is a Southeast Asian one, which would signify a return of Vietnam to its place of origin. It is my feeling that for

12. 'All-round renovations' means in substance all-round reforms. The Vietnamese term '*doi moi*' means renewal or renovation, and the term 'renovation' was accepted as the official translation of '*doi moi*'. The euphemism (renovation) is designed to make it easier for the whole Party and the leadership to accept the idea.

13. Documents of the Sixth CPV Congress (Hanoi: Su That Publishing House, 1987), pp. 30 and 108.

14. See Nguyen Vu Tung, 'Vietnam-ASEAN Cooperation after the End of the Cold War and the Continued Search for a Theoretical Framework', *Contemporary Southeast Asia*, 24(1), (April 2003).

ASEAN, in the new world context of the 1990s, to have Vietnam as a peaceful nation and a friend was more important than other considerations, particularly when Vietnam had earnestly shifted from central planning to the market economy. For reasons that are justified in the context of Europe, the EU requires all aspiring members to have no ruling communist party and to meet the economic standards of the existing members. But for the purpose of rallying all nations in Southeast Asia to ensure common peace and security in the region, ASEAN only requires new members, in addition to acceptance of the aims, objectives and principles of ASEAN as mentioned in the 1967 Bangkok Declaration, to accede to the Treaty of Amity and Cooperation in Southeast Asia, and provides a longer time frame to meet the ASEAN Free Trade Agreement (AFTA) tariff reduction obligations.

Thus, while the end of the Cold War gave rise to rivalries and disputes in other corners of the world, in Southeast Asia it was marked by a new and happy friendship between Vietnam and its neighbours, while ASEAN became a regional organization covering the whole region. There was and is no Balkanization of Southeast Asia. That is indeed a benefit for all concerned.

Most Vietnamese did not conceive the settlement in Cambodia as a defeat for Vietnam and a victory for ASEAN countries. Vietnam was relieved because the settlement had taken off its shoulders a big burden, and this had made it possible for the country to devote most of its resources to economic development after over 40 years of war. Further, the Cambodia settlement had allowed Vietnam to have new ties of friendship and a bigger

group of close neighbours, almost similar in size, with concomitant possibilities of political and security cooperation for jointly ensuring stability in the region. With Cambodia and Laos becoming ASEAN members, future problems relating to these countries would be jointly discussed and solved by all ASEAN countries. Difficulties lie perhaps in the field of economic cooperation where, in the immediate future, Vietnam's weaknesses and the inadequate capacity of its officials, both in economics and English, do not allow it to realize the full potential of the new ties.

Vietnam's entry into ASEAN in 1995 did give rise to a lively discussion among the Vietnamese on the merits of Lord Palmerston's statement: 'We have no eternal allies and no perpetual enemies. Our interests are eternal and perpetual, and those interests it is our duty to follow (1848)'.¹⁵ A good number still disagree with this. Others like it. For me, while Palmerston failed to take up the question of traditional enemy, particularly in the case of big and bellicose powers, his statement is vindicated by the historical course of Vietnam-ASEAN relations: in 1945 when Vietnam had just emerged as a free nation and faced threats of Himalayan magnitude to its newly won independence, it sought and received some help and support from Southeast Asian countries, including Thailand, Burma and Indonesia. In the 1950s, because of the Cold War, Vietnam and some Southeast Asian countries became enemies. With the end of the Cold War, Vietnam and all Southeast Asian neighbours have again become friends with an enhanced quality in their friendship and cooperation and greater certainty about the future.

15. Quoted from *The Oxford Dictionary of Political Quotations*, ed. by Antony Jay (Oxford: Oxford University Press, 1996).

North Korea: Soviet-style Reform and the Erosion of the State Economy*

Peter Gey**

In contrast to the countries of Central and Eastern Europe, the political regime in North Korea survived the epochal collapse of communism. The shock waves unleashed by events like the opening of the Berlin Wall in Germany, the 'Velvet Revolution' in former Czechoslovakia and the banning of the once all-powerful Communist Party of the Soviet Union (CPSU) did not reach the northern part of the Korean peninsula, where socialism went into history's extra-time.

North Korea had failed by the mid-1990s at the latest, when between 600,000 and one million people starved to death.¹ Even before the collapse of North Korea's socialist trading partners, there had been little investment in replacements to modernize industrial plants and machinery, infrastructure and vehicles. Once North

Korea had to pay hard currency to purchase spare parts from them, there was nothing left to prevent the dilapidation of the capital stock. Since then, following a temporary improvement which was mainly due to substantial aid supplies from abroad, the situation has tended to worsen: the energy supply has collapsed, industrial production is generally at a standstill² and a new risk of starvation is looming.³

Under these conditions, the North Korean leadership is attempting to restructure the economy. An amendment to the constitution in 1998 introduced rules that would previously have been unthinkable in North Korea. The new rules were intended to encourage firms to fundamentally alter their behaviour. Instead of quantitative planning targets being imposed, irrespective of the effort needed to achieve

* This article was first published in German in *Internationale Politik und Gesellschaft* [International Politics and Society] 1/2004, Friedrich-Ebert-Stiftung, Bonn, Germany. The author held numerous discussions in South Korea between August 2001 and August 2003 about the development of the North Korean economy and about questions of the division and reunification of Germany and Korea. For their willing assistance and patience, he particularly thanks Kim Seok-Hyang and Kwon Young-Kyung, both from the Ministry of Education, the Institute of Political Education for Unification; Cho Dong-Ho, Korea Development Institute; Yoon Deok-Ryong, Korea Institute for International Economic Policy; Park Suhk-Sam, Bank of Korea; and Seo Byung-Chul and his staff at the Korea Institute for National Unification. Responsibility for the content rests solely with the author.

** Peter Gey is the Resident Representative of Friedrich-Ebert-Stiftung in South Korea.

1. Estimates range from 220,000 to 3.5 million deaths by starvation. Marcus Noland explains why the range cited in the text is more likely (see Marcus Noland, *Famine and Reform in North Korea*, Institute for International Economics, Washington DC, Working Paper 03-5, July 2003, pp. 11-13).
2. Hans-Günther Hilpert, from the German Institute for International and Security Affairs, estimates the degree of capacity utilization in industry at below 10% (see Hans-Günther Hilpert, 'Die wirtschaftliche und finanzielle Zukunft Nordkoreas. Ausgewählte Schlaglichter' [The Economic and Financial Future of North Korea, Selected Highlights], lecture given 3 July 2003, Friedrich-Ebert-Stiftung, Berlin, Germany, unpublished manuscript, p. 7).
3. Following the demise of Soviet-type socialism, there was a dispute about whether an abrupt or a gradual transition to the market economy would be better to keep the so-called costs of transformation, mainly caused by the collapse of decrepit companies and the rapid rise in unemployment, as low as possible. The costs that would have arisen if the 'critical mass' of the transformation measures had proved insufficient to keep the communist parties permanently out of power were generally overlooked. The decline and fall of the North Korean economy in the 1990s suggests what would have happened in this case, especially in the poorer southeastern European countries like Albania, Bulgaria and Romania, or in most of the Soviet republics.

them, companies were now asked to take account of costs and to earn profits.

Just under four years passed before the next step was taken. In July 2002, the government ended rationing of rice, corn and other basic foodstuffs. At the same time, it drastically increased consumer prices for these and numerous other products, and also raised wages, albeit to a much lesser extent.

Also in July 2002, the government announced some measures in the field of agricultural policy: the amount of individual farmland which state farm workers and members of production cooperatives are allowed to cultivate themselves was increased, and in some areas the government actually allocated land from the assets of the production cooperatives to families for individual cultivation.

One can only wonder whether this was the beginning of a comprehensive reform project or not. Information from North Korea is scarce, and it may be that Kim Jong-Il and his advisers do not know themselves what they will do next. However, the measures taken so far suggest that the North Korean leadership has decided

against Chinese-style reform and in favour of the sort of reform deployed repeatedly from the 1960s by the state and party leaders of the formerly socialist countries of Central and Eastern Europe as they attempted to improve the performance of their planned economies. This essay explains why none of the communist regimes of Central and Eastern Europe succeeded in stopping the decline of their economies with these reforms and why, for reasons immanent in the system, this will fail in North Korea as well.

The main effects of the measures taken so far have been hyperinflation of state consumer prices and a nation-wide expansion of markets for all types of products. This indicates that North Korea's centrally planned economy is in a condition of advanced dissolution. Sooner or later, the policy makers will find that their attempt to get their economy back on to a path of growth by means of a Soviet-style reform was mistaken. Would the North Korean government then still have the option of taking the 'Chinese route' towards a 'socialist market economy'? If the answer to this question is no, all of the possible options to reform the system will have been used up.⁴

Agricultural Reform, Collectivization, Cultural Revolution

The economic and social model of the Soviet Union which developed during the Stalin era was copied throughout the communist part of central and eastern Europe as well as in China and Cuba. All of these countries carried out agricultural reform, and, following a brief transitional phase of 'popular democracy', the industrial

and trading companies were nationalized. A few years later, an attempt was made to transform the farms into production cooperatives, and this generally succeeded. Market and monetary relations were abolished and replaced by a Soviet-style centrally administered system of planning and control.

4. The Soviet-style economic systems followed rules and necessities which were fundamentally different from those described by Western economic teaching. It is therefore appropriate to explain the interrelationships within a centrally administered planned economy in order to draw conclusions about the likely effects of the various measures.

Since the political situation, the level of economic development, the balance of forces in society, and cultures and traditions varied widely from one country to another, it was necessary in many cases to adjust the Soviet model to make it fit. Some elements simply could not be transferred. In Poland and Yugoslavia, for example, the collectivization of agriculture failed in the face of resistance from farm owners, and in China and Cuba, central economic planning was temporarily replaced by state-organized campaigns and mass mobilizations.

In North Korea, those in power followed the Soviet model in agriculture particularly rapidly and thoroughly. Immediately after Kim Il-Sung took control, far-reaching land reform took place in 1945/46. All the land that had previously been appropriated by the Japanese occupying force, as well as plots of more than five hectares, were expropriated and distributed amongst families without land and families of small farmers. As a consequence, the average farm size dropped from 2.4 to 1.4 hectares. The farm reform itself resulted in severe collapses in production and in supply bottlenecks in the towns and cities. The government responded with a ban on the private marketing of food and with the seizure of grain. From then on, non-economic measures, violence and brutality characterized relations between the state powers and the rural population.

Following the Korean War in 1950-1953, the communist leadership pointed to the small average farm size, which the state

itself had brought about with its agricultural reform, in order to convert farms into 'higher forms of production', as state farms and production cooperatives were termed in Marxist-Leninist jargon. This resulted in a step-by-step confiscation of the property of small farmers.

Between 1954 and 1958, the farms were transformed into 'mutual-assistance brigades', 'semi-socialist cooperatives' and finally into 'fully socialist cooperatives'. Following an acceleration of the process in 1956, collectivization was completed in August 1958.⁵ But just a few weeks after the completion of collectivization, a start was made on transforming production cooperatives into ever larger units. Initially an average of 80 households cultivated a farm of 130 hectares; just two months later, the average was 300 households cultivating an area of 500 hectares.

In textbook fashion, just as Soviet textbooks were taught and followed everywhere, the North Korean government also introduced the Soviet system of centralized economic planning and control. On behalf of the politburo, a State Planning Commission converted the development objectives into multi-annual and annual plans by prescribing planned targets expressed in physical quantities to the state-owned companies and production cooperatives and supervising their implementation. That at least was the theory. In practice, North Korea does not seem to have been able to cope with the Soviet planning system.⁶ The targets established in the medium-term plans were

5. Compared to all other communist leaderships, that of North Korea had a unique advantage that permitted it to force small farmers rapidly and permanently into cooperatives. To the north was the border with the fraternal socialist states of the Soviet Union and China, to the east and the west was the open sea, and to the south was the 'Demilitarized Zone' which had been impenetrable for refugees since 1953. To achieve something similar in the German Democratic Republic, Walter Ulbricht had to build the Berlin Wall in August 1961 before collectivization could be completed.

6. With regard to the functional problems of centrally administered systems of planning and control in developing countries, see Peter Gey, Jiri Kosta and Wolfgang Quaisser (eds.), *Sozialismus und Industrialisierung. Die Wirtschaftssysteme Polens, Jugoslawiens, Chinas und Kubas im Vergleich* [Socialism and Industrialization. A Comparison of the Economic Systems of Poland, Yugoslavia, China and Cuba], (Frankfurt/New York: Campus, 1985).

missed by miles, so that the First Seven-Year Plan (1961-1967) was stretched by three years, the Six-Year Plan (1971-1976) was then extended by a year and the Second Seven-Year Plan (1978-1984) had to be lengthened by two years.

The extension of the medium-term overall plans for the national economy by one, two or even three years implied that ambitious but unrealistic targets had been set, and that extra time had to be given in which to try to attain them. Also, since the degree of non-fulfilment of the overall economic plans was never spread equally around all areas of the economy, there must have also been massive misallocation and imbalances. Self-sufficiency in food, which was ordered in 1959, and according to which every province and even every community had to be self-sufficient, represented an admission that the economic apparatus was incapable of planning the agricultural sector on a nationwide basis and providing it with upstream input in accordance with the plan.

From as early as 1958, mass mobilizations took place, embracing both companies in

industry and agriculture and areas outside the economy, such as the education and health systems. The mobilization regime culminated in 1973 in a campaign, during the course of which the Party, as in China, sent young communists to the countryside to 're-educate' the rural population.⁷ The expertise and energy of farmers was cast aside along with well-tried cultivation methods. From 1976, the leadership actually went a step further by having fields laid out like a chess board in order to extinguish every memory of the past and any remnant of old ownership structures.

The North Korean cultural revolution was primarily aimed at extending controls over the rural population and at doing away with traditional agriculture. But at the same time it also dispensed with the institutions and rules of the planned economy and was thus a blow against those leaders in the party and in industry who were linked to the Soviet planning system. As a consequence, it will be difficult one day to turn the members of production cooperatives back into independent farmers. Moreover, there is a lack of knowledge about how a Soviet-style economic system functions.

The New Economic Course in North Korea and the Experiences in Central and Eastern Europe

Decentralization and Profit Orientation

In Central and Eastern Europe, it became clear after just a few years that the centralized planning and control system was unable to coordinate the activities of state-owned companies and production cooperatives in a way that achieved the desired results. The dissatisfaction of the population with the poor supply situation

soon turned into strikes, demonstrations and uprisings. This led, in the mid-1950s, to reflections on how the efficiency of overall economic planning and control could be improved and, from the mid-1960s, communist governments felt obliged to revise the initial model.⁸

7. It is true that there were also campaigns and mobilizations in Central and Eastern European countries, which included voluntary or enforced unpaid production and harvesting work. But the scale on which this took place was far less than in North Korea, because it would have interrupted normal production operations in companies and thus the fulfillment of the plan.

8. Of all countries, it was the German Democratic Republic under the allegedly orthodox Walter Ulbricht that initiated the series of decentralization efforts in 1963, with the 'New Economic System of Planning and Control'.

The basic idea of the economic reforms was the same everywhere: there was a desire to simplify planning by sharply reducing the number of binding output targets for companies. Rather than meeting physical output targets, companies were to take account of costs and earn profits. At the same time, an attempt was made to 'indirectly' guide economic activity by means of so-called economic levers, such as prices and interest rates, which were, however, still set by the administration. This is precisely what the North Korean leadership is now attempting to do.⁹

The call to companies to earn profits sounds sensible. That was the view taken by the authors of the reforms 40 years ago, and that is the view of the North Korean leadership today. However, under the conditions of a socialist pricing system, it has a different effect than one would expect at first sight.

In Soviet-style economic systems, a distinction was made between producer prices, which applied to companies, and consumer prices, at which goods were offered in state trading shops. Producer prices were set centrally by a state-pricing committee, using formulas that were supposed to take into account the production costs of each product. That was the theory. In practice, prices that had applied before or during the early years after the takeover were used and frozen. Depending on the level of development of the respective country, this involved between several hundred thousand and more than a million prices. The price lists comprised several thousand pages.

Over the years, numerous products disappeared, and new ones, which were made with other upstream services and

processes, appeared. For these it was necessary either to calculate the prices in some way or to take those prices found for comparable domestic or internationally traded goods. In view of the titanic scale, it was technically impossible to recalculate all the prices every time and somehow make them 'fit together'. Rare 'price reforms' were therefore restricted to a few select products regarded as 'strategic'. In particular, there were price reforms in fuels and energy following the explosion in oil prices in the 1970s.

As long as the success of companies was measured in terms of how they fulfilled the production targets in tonnes, metres or litres, it was of no consequence whether the producer prices derived from the past, from abroad or from the price committee's calculations. However, as soon as company managers were required to pay attention to costs and earn profits, they based their production decisions on the relevant prices. In a situation where virtually everything was scarce, almost everything could be sold. But companies mainly made those goods that made profits. As a consequence, less profitable products disappeared from the shelves of the state wholesalers and retailers, even though the overall economic plan had provided for their manufacture. In order to avoid even greater misallocations, there was a return sooner or later to the rules of the centralized initial model.

In their decentralized versions, Soviet-style economic systems ultimately achieved even worse results than had been the case in the framework of the highly centralized original model. As a consequence, recentralization took place within a few years. This was not capable of preventing economic failure in the long term, but it did stop the side-effects of the decentralized version. Since

9. That it avoids the term 'reform' as it does is not unusual. In the 1960s and 1970s, attempts by policy makers in Central and Eastern Europe to decentralize were described as 'further development' or 'perfectioning' of the socialist economy.

state-owned companies in North Korea hardly produce anything any more,

however, the country will not actually get as far as finding this out.

Price Increases

While the attempt to make the state economy work on the basis of profitability criteria and to 'indirectly' guide its production is failing, the abolition of the rationing system, which took place at the same time as price hikes in July 2002, has had a decisive impact. These measures resulted in open hyperinflation, putting an end to the socialist pricing illusion. Governments in former socialist countries had always tried to avoid this because they feared losing control of subsequent developments.

In a socialist economy, consumer prices were either higher or lower than producer prices. This was determined by the level and quality (plus/minus) of the sales tax imposed on the relevant product. Consumer prices were thus fully at the discretion of the political leadership, which generally set the level of the sales tax in such a way that the prices for products regarded as 'sensitive', like basic foodstuffs, medicines, electricity, water, gas and rents, were pushed down below producer prices by state subsidies, while the prices of consumer durables, vehicles and other 'luxury goods' were far higher than producer prices.

Since, as a rule, neither type of product was available in sufficient quantities to satisfy demand, the socialist distribution system was characterized by queues of shoppers and waiting lists. On the other hand, there was no rationing of goods as in Cuba or North Korea. So when the North Korean government abolished the rationing of rice and other basic foodstuffs in summer 2002, it was merely restoring the normal system of socialist distribution. However, the simultaneous increase in

consumer prices was a total break with the tradition of socialist pricing policy, according to which vital goods and services had to be affordable for all members of society.

As can be seen from Table 1, the selling price for a kilogram of rice was increased from 8 chon (1 chon is a hundredth of a North Korean won) to 44 won, i.e. a 550-fold or 54,900% increase. The increases in prices for corn, beans and wheat flour were also astronomical – between 40,000% and 50,000%. The price rises for other products listed in the table were between 1,000% and 10,000%.

Such an explosion in consumer prices is unparalleled in socialist economic history. Its extent provides an idea of how much the prices in the state shops had moved away from the prices formed by supply and demand on the black markets, and how great the temptation was for state companies and production cooperatives to bypass the state purchasing agencies and sell the rice and other goods produced by them on the black market.

By also improving the producer prices the government aimed to encourage agricultural producers to sell more to the state purchasing agencies. For example, they increased the producer prices for a kilo of rice from 0.82 to 40.0 won and for a kilo of corn from 0.60 to 20 won. Since the consumers in the state shops now had to pay higher prices (44 won for rice and 24 won for corn – see Table 1) than were paid to the producers, the government expected not only to save on subsidies, but also to earn profits from selling these goods.

Table 1: State Consumer Prices Before and After the Price Reform of 1 July 2002 (in North Korean won)

Product	Unit	Price		Change in %
		before	after	
Rice	kg	0.08	44.00	54,900
Corn	kg	0.06	24.00	39,900
Beans	kg	0.08	40.00	49,900
Wheat flour	kg	0.06	24.00	39,900
Pork	kg	17.00	170.00	900
Chicken	kg	18.00	180.00	900
Herring	kg	10.00	100.00	900
Bean paste	kg	0.20	17.00	8,400
Soy sauce	kg	0.20	16.00	7,900
Beer	Bottle	0.50	50.00	9,900
Man's sports shoes	Pair	3.50	180.00	5,043
Television set		350.00	6,000.00	1,614
Penicillin	Ampoule	0.40	20.00	4,900
Electricity	kWh	0.035	2.10	5,900
Diesel	Litre	40.00	2,800.00	6,900
Petroleum	Litre	40.00	2,800.00	6,900
Bus ticket (urban transport)		0.10	2.00	1,900
Underground ticket		0.10	2.00	1,900
Winter vest		25.00	2,000.00	7,900
Man's suit		90.00	6,750.00	7,400
Meals in kindergarten (infants)	Monthly	50.00	300.00	500
Cigarettes	Packet	0.35	2.00	471
Spectacles		20.00	600.00	2,900

Source: Nam Sung-Wook and Gong Sung-Young, 'The Effects of the Price and Wage Increases of 2002 on Production and Consumption', unpublished manuscript, pp. 25-26.¹⁰

Under conditions other than the dreadful ones which have prevailed in North Korea since the early 1990s, a substantial rise in producer prices would be an effective incentive for state companies, production cooperatives and owners of plots of land to increase their output of rice, corn and other products. However, there is little opportunity to do this since there is a lack of the input they need, such as seed, fertilizer and pesticides.

The outcome will be that, to the extent that production lags behind demand, either the prices in the state shops will be increased further in parallel to the prices on the farmers' markets, or, if this is not done, that the state distribution network will dry up again and the population will be forced to opt for the free markets. In each case, there will be a continuation of 'open' inflation to the detriment of the urban population in particular.

10. The authors of this study, Nam Sung-Wook (Korea University) and Gong Sung-Young (Institute for North Korea Studies) undertook a research project in 2002/2003, supported by the state Korea Research Foundation, in order to obtain empirical findings about the reforms in North Korea. They based their work on internal North Korean documents and on discussions with North Korean functionaries held in Pyongyang in November 2002. Their findings will appear at the end of 2003 in 'The Korea Journal of Unification Affairs', which is published twice a year by the Institute for Peace Affairs. The author thanks Ms Jin Yang-Sook for her patient translations from Korean.

Wage Increases

The North Korean leadership has made it absolutely plain to the population that they now regard the journey to work, the meals in kindergartens and even penicillin as goods, just like herrings, packets of cigarettes or men's suits. Politically, this is not without risks. In order to prevent protests against consumer price rises, the

governments in Central and Eastern Europe generally also increased the incomes of the state employees. The government in Pyongyang acted no differently when, in July 2002, it also increased the wages, albeit to a far smaller extent (given that the selling price for rice rose 550 times).

Table 2: Incomes Before and After the Price Reform of 1 July 2002 (in North Korean won)

Occupation	Income		Increased by factor of:
	before	after	
Senior party official	150-200	2,500-3,000	15-17
Mid-ranking party official	120	2,400	20
Company manager	250-300	3,500-4,000	13-14
Company employee	140	1,200	9
University lecturer	270	4,000	15
Teacher	80	2,400	30
Kindergarten teacher	135	2,400	18
Doctor	120-250	2,500-3,000	12-20
Services occupations (hairdressers, waiters, etc.)	20-60	1,000-1,500	25-50
One-star general	247	6,670	27
Colonel	219	5,830	27
Lieutenant colonel	185	4,610	25
Major	163	4,130	25
Lieutenant	95	2,970	31

Source: Nam Sung-Wook and Gong Sung-Young, op. cit., p. 34.

Table 2 shows that the government showed the least concern for company employees and doctors, whose incomes were increased by 9 and 12 times, while the income of officers rose by up to 31 times. In absolute terms, too, the upper echelons of the military earn the most. The incomes of

teachers were also increased sharply, but teachers had previously been amongst the lower income groups. Those who provide personal services, such as hairdressers or waiters are down at the foot of the income table along with company employees.

Expansion of Private Farming

The farming of small plots of land and the farmers' markets were a thorn in the flesh of communist party and state leaders everywhere, but the leadership had to

accept their existence in order to maintain the provision of foodstuffs, particularly in towns and cities. Even before the enforced collectivization was completed (1928-

1934), Josef Stalin himself had to permit workers on state farms, *kolkhoz* (collective farm) farmers and town-dwellers to cultivate plots of land set aside from farmsteads and gardens. In the past, the North Korean leadership also did no more than tolerate the farming of small plots and farmers' markets. It now appears to have great hopes that their contributions will enable it to cope better with food supplies.

Private plots of land were generally insignificant in terms of land area in all the socialist countries. In the former Soviet Union, they covered an average of between 0.2 and 0.4 hectares each, depending on the region, and accounted for a total of less than 2% of the land used for agriculture. Since the people cultivating these plots were much more motivated in the work they did there than in the state or cooperative sector, and since they mostly concentrated on labour-intensive products (vegetables, fruit, potatoes, meat, eggs, etc.), their share of total production and marketing was greater than their share of the land area. In the early 1980s, they

accounted for a quarter of the gross output of farming in the Soviet Union.

Since the summer of 2002, this private-sector aspect has been officially recognized as an important part of the otherwise nationalized economy of North Korea. Furthermore, the government instructed that in some regions the individually cultivated plots were to be expanded from 30 to 50 pyong (99 to 165 metres²) to 400 pyong (1,320 metres²). At 0.13 hectares, however, the plots are still far smaller than the average size of private plots in the former Soviet Union.

North Korea is thus failing to match what the political leaders attempted in Central and Eastern Europe in order to improve the food supply. In fact, the supply is likely to be limited. Firstly, the plots are too small, and secondly, both the private plots and the state farms and production cooperatives lack the necessary industrial input (fertilizer, animal food additives, pesticides, etc.).

The Erosion of the State Economy

All socialist countries had, in addition to the official planned economy, a large shadow economy, also called the 'parallel economy' or 'second economy', which operated partly independently and partly together with the state-owned firms. Here, products that had been 'diverted' from the state companies were traded and exchanged for otherwise unavailable resources and tools, and craftsmen and doctors offered their services in return for money or payment in kind. Virtually all products that were otherwise unavailable were to be found in the 'second economy'.

These market-like relations were a major factor in ensuring that production and supply within the planned economy functioned at least to some extent. In North Korea, however, the decline of the state economy fostered a broadening and deepening of the shadow economy far beyond the extent reached elsewhere in the history of the socialist countries. In industry, the increased lack of spare parts, energy and raw materials in the state companies not only resulted in widespread production restrictions, but also in an expansion of activities outside the plan.¹¹

11. The following examples have been taken from the study by Kwon Young-Kyung entitled 'Crisis of the North Korean economy and strategies to revive the economy', Seoul, 2002 (unpublished manuscript).

For example:

- Due to a lack of component supplies from other state-owned companies, the largest agricultural machinery factory, 'Gumsung Tractor' (with 10,000 employees), was unable to manufacture even a single tractor for three years (1995-1997). Since 2000, the plant has resumed production and made several hundred tractors by ensuring its own supply of the input it needs for their production.
- Other companies which have had to cease production due to a lack of electricity have leased or sold their inventories and have passed the raw materials to people willing to process them on a cottage-industry basis. Shoes, clothing, umbrellas and numerous other consumer goods are made on the basis of this sort of commission business.
- At the farmers' markets, it has long been the case that trade takes place not only in products from private plots of land, but also in colour televisions, refrigerators and tropical fruit like bananas and pineapples. These products either originate in the 'second economy' or have been smuggled in from China.

Table 3 shows the development of prices of selected foodstuffs and consumer goods on the farmers' markets between 1998 and 2001. The figures, which are based on information from refugees from North Korea and from the South Korean National Intelligence Service, indicate that, with a few exceptions, which may have been seasonally induced, the prices in 2001 were mostly well below those of 1998. This is particularly true of the basic foodstuffs –

rice, corn, wheat flour, pork and eggs. It is also noteworthy that the prices for shoes and shirts in 2001 were well below the previous year's prices.

There may be various reasons why the prices on the free markets mostly recorded substantial falls. It is possible that the supply was increased by a higher level of domestic produce and by goods smuggled in from China. But it is also feasible that demand fell because large parts of the population no longer had enough money or other valuable goods to be able to shop on the free markets.

It is estimated that there are about 700,000 to 800,000 traders, or 3-4% of the entire population. They include not only farmers, pensioners and housewives, but also in particular people who work in state companies and who are able to gain possession of tradeable goods there. Since average incomes are far below the cost of living, it seems likely that more and more people will try to find a living in the 'second economy'.

How will the state authorities treat the independent players in the production sector and on the markets? On the one hand, the members of the ruling class are themselves customers of the private sector and have in many cases been able to participate in doing business. On the other hand, the upcoming traders and business people, speculators and black marketeers are potential rivals for influence in the economy and thus ultimately for political power. Experience suggests that phases in which the market economy activities are tolerated will alternate with phases in which action is taken against 'capitalist elements'.

Table 3: Prices of Selected Products on the Farmers' Markets, 1998-2001 (in North Korean won)

Product	Unit	1998	1999	2000	2001	Change in %	
						01/98	01/00
Rice	kg	77.0	64.0	46.6	49.5	-35.7	6.1
Corn (unmilled)	kg	39.6	32.6	27.2	31.8	-19.7	17.2
Wheat flour	kg	61.0	44.5	43.1	42.4	-30.5	-1.6
Pork	kg	181.0	160.0	130.1	138.4	-23.5	6.4
Eggs	unit	16.0	13.0	11.8	10.0	-37.5	-14.9
Fish	unit	32.0	40.9	35.0	82.6	158.1	136.0
Chinese cabbage	unit	9.0	20.0	24.6	14.1	56.7	-42.9
Seaweed	kg	31.0	30.6	67.1	70.0	125.8	4.3
Apples	unit	23.0	33.1	22.9	31.6	37.4	37.7
Salt	kg	19.3	14.6	19.3	13.8	-28.5	-28.7
Soya oil	kg	266.0	163.1	194.6	202.6	-20.5	4.1
Pepperoni powder	kg	273.8	239.4	273.8	240.6	-12.1	-12.1
Loaf of bread	unit	19.0	15.0	11.7	17.1	-10.0	46.9
Shoes	pair	1489.0	900.0	1180.0	700.0	-53.0	-40.7
Soap	unit	92.0	66.3	64.4	82.5	-10.3	28.2
Shirts	unit	400.0	472.3	613.8	394.9	-1.3	-35.7

Source: Reunification Ministry of the Republic of Korea, http://www.unikorea.go.kr/northkorea/northkorea_analyse, in *Internationale Politik und Gesellschaft*, I, 2004.

Outlook

North Korea is in a much more difficult position than the countries of Central and Eastern Europe were in at the end of the 1980s. The infrastructure has collapsed, the production plants are dilapidated, and the farmland is exhausted. Under these circumstances, North Korea's political leadership has tried to improve the performance of the economy by making some adjustments in the economic planning: rather than fulfilling planned output targets expressed in physical quantities irrespective of the factor input, state companies and production cooperatives have been asked to take account of costs in future and to earn profits. The question is no longer whether, under the conditions of centrally stipulated prices which reflect neither scarcity nor cost, this can work or not. From the early

1960s, the policy makers in central and eastern Europe hoped to be able to stop the economic decline in this way. As we know, they hoped in vain.

In itself, increasing agricultural producer prices and the size of privately cultivated plots of land on state farms and production cooperatives is sensible. However, the plots of land are far too small to have an appreciable impact on supply for the urban population in particular, and without sufficient input from the manufacturing sector, the possibilities of improving output are slim. If it proves true that in parts of one province there has been a policy since July 2002 of allocating land from the production cooperatives to individual families to farm on a trial basis, it may be that the North Korean leadership has taken

a step beyond the sort of small-scale private farm known in all former socialist countries. Quite apart from the fact that North Korea does not really have any more time to waste on experiments, does this imply that they have already taken the 'Chinese road'?

The Chinese reforms in the second half of the 1970s did not stop at handing over individual plots of land from the people's communes. In essence there was a genuine revolution as the government dissolved the people's communes and distributed not only their land, but also their cattle, machinery, equipment and other assets to the farmers' households. Kim Jong-Il and his followers are likely to hesitate before going down this route. In China, as in Central and Eastern Europe, production cooperatives were not merely a collective form of production tied into state planning and control. They were also an effective tool with which to supervise, indoctrinate and mobilize the rural population.

But even if the North Korean leadership were to abandon its principles and seek to dissolve the production cooperatives, it would not be able to take the Chinese option, because the basis for agricultural production has been largely destroyed by soil erosion and salinification, and farming

traditions have been shattered, as in Russia. While in China around 70 % of the working population was employed in agriculture when the reforms began, the farming sector in North Korea, which has about 30% of employees, would be too small to get the whole economy back on track. It was only thanks to the sharp increase in demand from agriculture that craft firms and small businesses were able to grow rapidly from the end of the 1970s in China.

The only possible driving forces for growth in North Korea would be the industrial sector and the export business. The former is hopelessly obsolete and the latter scarcely exists. So without substantial direct investment and loans from abroad, the North Korean economy will not be able to achieve the level of growth necessary to provide for the basic needs of the population. At the same time, it is not only a matter of how the rebuilding of the economy might be financed: the old economic structures, particularly in heavy industry, the origins of which reach back into the 1950s, cannot be revived. Currently non-existent branches of industry and production facilities using the technology of the twenty-first century would have to be created. No socialist option is known which could cope with this challenge.

North Korea in Six Nation Talks*

Rolf Mützenich**

North Korea remains true to its reputation as an unpredictable negotiator. Just one day after the first session of multilateral talks in Beijing, at which the six participating delegations (North Korea, United States of America [USA], China, Russia, Japan and South Korea) had agreed on a continuation of the dialogue within the coming two months, Pyongyang announced on 31 August 2003 that it was no longer interested in further talks about its controversial nuclear programme, only to revise this statement again just two days later. The mere fact that representatives of six nations came together in Beijing marks an interim success for United States diplomacy, which, from the outset, had been calling for the involvement of all the relevant nations in the region in order to resolve the conflict. However, irrespective of the multilateral framework of the talks, a solution to the

nuclear dispute will primarily depend on whether the two main conflicting parties, the USA and North Korea, can bring their positions closer together. In the best case, the six-nation meeting represents the commencement of a tough and lengthy process of negotiation, similar to the forceps delivery of the framework agreement concluded between the USA and North Korea in 1994, in which North Korea declared itself ready to cease its nuclear programme and in return for this promise was given the prospect of generous energy supplies, the construction of two light-water reactors and food shipments. Negotiating this agreement under the leadership of the Clinton Administration took no less than 18 months. A similar marathon looks quite likely once again, this time in a multilateral context.¹

Nuclear Poker

Since President Bush consigned North Korea to the 'axis of evil', the country has been using deliberate provocation to try and force the USA into bilateral talks and to improve its negotiating position in the nuclear poker game. The logic behind this is: 'we shall renounce our nuclear potential; in return, we shall receive security

guarantees and economic and financial aid'. The wish list presented by North Korea to the American side is long: Pyongyang is demanding a series of advance concessions, such as the signing of a non-aggression pact and diplomatic recognition by the USA. It is also calling for the provision of economic assistance from South Korea and Japan, as

* This article appeared first in *Blätter für deutsche und internationale Politik*, 10, 2003 (Bonn: Blätter Verlagsgesellschaft mbH), pp. 1175-1179.

** Rolf Mützenich is a member of the Social Democratic Party parliamentary group in the German Bundestag, a member of the Foreign Affairs Committee and the subcommittee on Disarmament, Arms Control and Non-proliferation. He lectures at Cologne University.

1. Regarding the origins of the North Korean crisis, see Sebastian Harnisch, 'Nordkoreas nukleare Waffenprogramme: Entstehung, Fähigkeiten und die internationalen Bemühungen um ihre Eindämmung' [North Korea's Nuclear Weapon Programmes: Emergence, Abilities and International Efforts for their Containment], *Österreichische Militärische Zeitschrift* (ÖMZ), 2, 2003, pp. 149-162.

well as compensation payments for energy shortages resulting from delays in the construction of two light-water reactors which the USA had promised North Korea in the 1994 framework agreement. The fact that the completion of these reactors had been made dependent on the cessation of the North Korean nuclear programme is ignored. In return for this comprehensive catalogue of demands, North Korea's regime, which ejected the International Atomic Energy Agency inspectors at the end of 2002 and shortly afterwards declared its withdrawal from the nuclear non-proliferation treaty, intends to refrain from the development of nuclear weapons. Furthermore, the controversial nuclear facilities would again be opened to international controls and the dismantling of the nuclear facilities would begin. Pyongyang has already sent out several contradictory signals about its nuclear potential. While Washington believes that North Korea has one or two nuclear bombs and could build more in a short time, the International Atomic Energy Agency (IAEA) assumes that, despite advanced research work, Pyongyang does not yet have

nuclear arms at its disposal. The uncertainty about the status of the North Korean nuclear programme is being deliberately heightened by the North Korean side with contradictory statements and data. Kim Jong Il is clearly trying to play the nuclear card in order to save his doomed totalitarian regime and to obtain concessions from the USA, irrespective of whether North Korea already possesses nuclear weapons or not. It certainly has weapons-grade plutonium, which could be used to build nuclear bombs within a few months, as well as the corresponding launcher technology and means to deploy them if necessary.² North Korea seems to regard the nuclear threat as a trump card and ultimately as the only credible joker in order to enforce its interests against a superpower it regards as hostile. This is another reason why Pyongyang is trying to confuse the rest of the world about the status and condition of its nuclear programme. If the nuclear crisis centred around North Korea were to escalate further, it can be assumed that Pyongyang would be able to produce one to two nuclear warheads a year from 2004/2005.

Military Option

In the run-up to the meeting in Beijing, the USA always stressed that it would only be willing to make concessions, such as multilateral security guarantees or economic aid, if North Korea ended its nuclear programme completely, verifiably and irreversibly. It also rejects Pyongyang's call for a legally binding bilateral non-aggression pact, which would require the approval of the United States Congress. The talks in Beijing do not seem to have had any effect on the American position that it will not be forced into a non-aggression pact by North Korea's nuclear threat. Washington insists on the complete absence

of nuclear weapons in North Korea, on the latter's return to the non-proliferation treaty and on an opening-up of the country to international inspections. However, the Bush Administration does bear a substantial part of the blame for the escalation of the crisis around North Korea: in spring 2002, North Korea was included in the USA's nuclear target planning, and the national security strategy of September 2002 considered preventive strikes against the 'axis of evil' (Iran, Iraq and North Korea). Not wholly without justification, Pyongyang therefore feels directly threatened and challenged by the policies of the USA, even

2. The export of missile technology to Pakistan, Egypt, Libya and Iran is one of the most important, if not the most important, source of revenue for North Korea.

though in Beijing the Bush Administration in principle advocated a peaceful resolution of the North Korean nuclear crisis and gave an express assurance that it was not aspiring to Iraq-style regime change. At the same time, however, it made it clear that the military option remains on the table. The American side still seems unable to opt for a coherent North Korea policy. While the 'doves' bank on a peaceful resolution to the conflict and are open, if not to a security guarantee, then at least to economic and financial promises, the 'hawks' still aim for regime change. Washington now seems to believe that North Korea can only be contained and deterred by the upholding of a permanent military threat scenario, supplemented by multilateral negotiations. On top of this there is the fact that the outcome of this crisis will also help to determine the validity and effectiveness of the new USA security strategy.

Russia and particularly China both have a major geopolitical interest in the existence of a North Korean buffer state. They therefore reject excessively hard-hitting sanctions, which could cause the total

collapse of the mismanaged, starving country and trigger refugee flows – probably primarily towards the northeast of China. Both states also proclaim a particularly high level of understanding for North Korea's calls for comprehensive security guarantees. On this point, they urge appropriate movement by the USA and call for less harsh rhetoric in future. Beijing and Moscow want neither the collapse of the regime nor a North Korea which plays with nuclear weapons and is thus totally unpredictable, something which would give Taiwan and Japan a pretext to arm themselves with nuclear weapons. It is certainly gratifying that China is at last becoming active on the North Korea issue, having pursued a policy of non-intervention for many years. However, it is hard to assess what influence China actually has on Pyongyang. On the one hand, China's cooperation on energy and grain supplies to North Korea is of vital significance, but on the other it is no secret that, under the successor to the extremely pro-China Kim Il Sung, the pro-Chinese forces in the North Korean regime have lost much of their influence.

American Protective Shield

The South Korean government, which is continuing to pursue a comparatively conciliatory policy of rapprochement towards its North Korean neighbour, is also likely to sympathize with the positions of Russia and China. Seoul would prefer a policy of gradual concessions on both sides, i.e. a gradual supply of economic aid to the North going hand in hand with the step-by-step dismantling of the nuclear facilities. However, the security alliance with the USA and the reliance on the American protective shield make it difficult to criticize America's approach at the negotiating table. The same goes for Japan,

which – as on most foreign policy issues – is standing firmly behind the USA.

The six-nation talks are a unique opportunity to contain the Korean nuclear crisis, perhaps even to bring about a solution. If agreement is reached, the larger framework will probably offer better possibilities for enforcement of the agreement, for inspections and controls. North Korea must be brought to a point where it reverses its withdrawal from the nuclear non-proliferation treaty and once more permits IAEA inspections.³ If North Korea builds a nuclear bomb, there is a

3. Of the 188 states which have signed the nuclear non-proliferation treaty, only 35 have so far signed the additional protocol which permits unimpeded and unannounced access to all facilities for IAEA inspectors.

risk of a nuclear arms race in East Asia. In the USA, the hard-liners in Congress will see their position confirmed, since they regard a military strike against Pyongyang as the best option anyway. South Korea will find it even harder to gain domestic political support for its 'sunshine policy' towards the north, and in Japan the right-wing forces which want to overturn Japan's post-war constitution and to procure nuclear weapons for Japan's own troops could triumph. This would mark the final failure of the nuclear non-proliferation treaty. The possession and even the use of nuclear weapons is clearly no longer taboo, but is increasingly regarded as a legitimate means of war or of enhancing a country's own security.⁴ And at the same time, the USA, which regards itself as the guardian of the non-proliferation treaty, is also expanding and perfecting its own nuclear arsenal. And it is doing this even though all five official nuclear powers – including the USA – have committed themselves in the non-proliferation treaty to full nuclear disarmament. Furthermore, Washington is going full steam ahead on building up missile defence systems and is thus potentially encouraging a global nuclear arms race. So the outcome of the North Korean crisis is vital. In India, Pakistan and Israel, three new nuclear powers have already emerged in recent years. And it is clear that many dictators regard the possession of, or the capability to produce nuclear weapons as the most credible, if

not the only security guarantee against the threat of American 'disarmament wars'. It is in German and European interests to prevent this development.

The German government and the European Commission should therefore give constructive backing to the multilateral talks. The concept of a nuclear-weapon-free zone on the Korean peninsula would be a feasible approach, as it would combine security guarantees of the nuclear powers with a sophisticated control and prohibition regime. Furthermore, North Korea would obtain the sought-after non-aggression guarantee. The experience made so far with nuclear-weapon-free zones is most positive. For example, the non-nuclear-weapon zone in Southeast Asia helped pave the way for Vietnam, Laos and Cambodia to join the community of ASEAN states. Within the European Union context, Germany should therefore work actively towards a treaty-based denuclearization of the region. The further erosion and undermining of the nuclear non-proliferation regime must be prevented at all costs and the existing arms control and disarmament regimes must be strengthened. Otherwise we shall be confronted by a new 'nuclear world disorder' in which the unimpeded passing on of weapons of mass destruction together with the appropriate delivery systems can no longer be stopped. The outcome of the North Korean crisis will provide a first indication of where the journey is heading.

4. See Christopher Daase, 'Der Anfang vom Ende des nuklearen Tabus Zur Legitimitätskrise der Weltnuklearordnung' [The Beginning of the End of the Nuclear Taboo. Regarding the Legitimacy Crisis of the World Nuclear Order], *Zeitschrift für internationale Beziehungen* (ZIB), 1, 2003, pp. 7-42.

North Korea's Strategic Objectives and Approaches toward the European Union

Hun Kyung Lee*

Strategy for Survival: Approach the European Union

The collapse of the socialist countries, which began towards the end of the 1980s, was a severe trial for North Korea. The Soviet Union, which had supported North Korea militarily and economically, fell apart. Even Chinese assistance for North Korea declined. Other nations previously friendly to North Korea, such as many of the East European countries, experienced a chain of regime change. Such situations created more difficulties for North Korea as it began to face the possibility of the sort of collapse which affected the socialist countries mentioned above.

With a view to overcoming such a crisis, North Korea adopted a centre ring strategy. This strategy consists of pinpointing the centre ring at a time of crisis and attacking it intensively. A major target of this strategy has been the United States of America (USA). Pyongyang has wanted to overcome its crisis through negotiations with the USA, which has been the world's sole superpower since the end of the Cold War, and to gain as much as it possibly can in the process. Its tool has been a nuclear development programme: North Korea's development of nuclear weapons started a long time ago, and has accelerated since the downfall of the socialist nations.

The USA condemns certain actions by North Korea, such as the development of

a secret uranium-enrichment programme which could deliver weapons-grade material, the restarting of a moth-balled plutonium reactor which had been closed as part of the Agreed Framework, and the withdrawal from the Non-proliferation Treaty (NPT). In response, North Korea is insisting that the USA has failed to comply with the Geneva Agreement, neither completing a 1,000 MWe light-water reactor, nor supplying the promised heavy fuel oil.

In the meantime, North Korea has undergone extraordinary change. Due to serious food, economic and energy problems, North Koreans have been suffering extreme hardships, and this situation is continuing. Even if the crisis deriving from its economic problems has not yet influenced the political realm, it has caused social instability and deviant behaviour. Thanks to continuing outside food assistance, the regime may have survived these problems.

The core countries supplying food are the USA, the Republic of Korea (South Korea), China and the European Union (EU). South Korea has played an important role, being on the same peninsula and thus the most concerned country, and the USA has also played an important role in terms of being a signatory to the Geneva Agreement.

* Hun Kyung Lee is presently professor at the Faculty of Political Science and Diplomacy, Dong-A University, Pusan, South Korea. From July to December 2003 he studied North Korea's policies and approaches toward Germany and the European Union as a Friedrich-Ebert-Stiftung scholarship holder at the Free University of Berlin.

China, as an ally, has also contributed to the Democratic People's Republic of Korea (North Korea)'s survival. In a different way, the EU has been a new key participant in North Korean affairs. Certainly, a turning point would be reflected by participation in the Korean Peninsula Energy Development Organization (KEDO) project. The EU spearheaded its engagement first in North Korea's nuclear problem, then through food assistance, then economic relations, and finally through an improvement in overall relations. This involvement went hand in hand with a shift in EU policy toward further participation and intervention in the Asian arena.

Now that the EU has shown increased concern about Asia, North Korea has gone ahead with a survival strategy for itself that is geared toward the EU. It has intentions of approaching the EU politically, since the

latter's presence at the core of world power is increasing in the twenty-first century while, compared to the USA, it has shown relatively little direct interest in Korean security. Furthermore, North Korea feels much more comfortable about dealing with the EU than with the USA in lightening its political and military burden, and expects that the EU will be able to play a major role in any extreme situation, as well as a role in controlling and restraining the USA. At the same time, it anticipates an EU contribution to help solve its food and economic problems. With such expectations, Pyongyang has strategic objectives in improving overall relations and expanding diplomatic relations, an alternative approach in preparation for a hard-line policy stance on the part of the USA, and of gaining assistance from and expanding economic relations with the EU.

Improvement in Overall Relations and Expansion of Diplomatic Relations

North Korea has pressed ahead to normalize and improve relations with Western European countries since the end of the East-West Cold War era. It has aimed to gain an advantage in terms of diplomatic confrontation with South Korea via a policy of diplomatic diversification. As a result, North Korea established diplomatic relations with Sweden, Norway, Finland, Portugal, Austria, Switzerland, Denmark and Iceland. However, it could not achieve normalization with the rest of the Western European countries. Considering their relations with South Korea and the ideological confrontation, they did not regard expanding relations with North Korea as necessary, and did not feel a keen need to improve political relations with North Korea.

After the socialist countries collapsed, North Korea concentrated its efforts on

improving overall relations and establishing diplomatic relations with the EU countries, moving away from its lean-to-one-side diplomacy toward nations that were traditionally friendly to it. As South Korea established normalization and improved relations with China, Russia, the Commonwealth of the Independent States (CIS) and other East European countries, North Korea took a positive attitude toward improving its relations with the EU. It needed not only to further diplomatic diversification, escaping from its one-sided diplomacy toward China and Russia on which it had depended for so long, but also to improve its relations with the capitalist European countries so as to counter South Korea's improving relations with the former socialist countries. At the same time, North Korea was in need of improving its relations with the EU, an organization which had strengthened its

voice and influence in the international community, and wanted to avoid the image of being painted a rogue state as defined by the USA by improving its relations with other capitalist countries.

In addition, North Korea's approach toward the EU was not aimed merely at overcoming its economic difficulties, but also at overcoming its diplomatic isolation. It was, nevertheless, difficult to achieve these goals because of negative images and accusations, such as being a communist country faced with collapse, having a dictatorship, a record of violation of human rights, proliferation of weapons of mass destruction, drug trafficking, smuggling, defaulting on foreign loans, being a terrorist-supporting country, etc. Due to these bad associations, the EU countries that had not already established diplomatic relations with North Korea proposed preconditions for normalization, such as solving the weapons of mass destruction problem, improvement of human rights, and improvement in relations between North and South Korea. Despite this, the EU eventually decided to normalize relations with North Korea, recognizing the rapidly changing Korean situation after the inter-Korean summit, supporting South Korea's reconciliation and cooperation policy, and accepting former president Kim Dae Jung's intense advocacy of an improvement in EU-North Korea relations. Ultimately, normalization would result from the EU countries' interest in the state of relations on the Korean peninsula, and the preconditions would be withdrawn.

The only country in the EU that has not normalized relations is France. France-North Korea normalization was expected soon after Germany-North Korea normalization. Like Germany, France intended to suggest preconditions and, if North Korea accepted, was expected to establish diplomatic relations. However, this plan could not be accomplished on account of North Korea's

nuclear development. Moreover, France called North Korea to account for its violation of human rights.

In particular, North Korea attaches great importance to developing relations with Germany, which exerts a strong influence on the EU. Germany, of all the European countries, can become one of North Korea's top trading partners. And finally, Germany and North Korea concluded a statement of Mutual Agreement on Economic and Technological Cooperation so as to expand economic relations. In addition, Germany has shown a cooperative attitude in giving dozens of North Korea's skilled technicians a good opportunity to study. Germany, with its history of division, hopes that a policy such as a new *Ostpolitik* will encourage change in North Korea.

Certainly North Korea's foreign policy has been encouraged by the South's Sunshine Policy as well as the experience of *Ostpolitik*. West Germany with its *Ostpolitik* had begun to widen its relations with East Germany and Eastern communist countries, and this contributed to unification in the end. In a similar way, South Korea with its Sunshine Policy has advanced relations with North Korea, inducing change through contact. For these reasons, EU countries have supported the Sunshine Policy in conjunction with *Ostpolitik*, and expect a gradual change in North Korea.

However, North Korea has been cautious about both the *Ostpolitik* and the Sunshine Policy. It does not want to walk the road of East Germany, much less to accept unification, and is worrying about change through contact. On the other hand, it is eager to maintain itself not merely by gaining a lot from outside through contact, but also by strengthening its regime. With a view to achieving these objectives, North Korea regards and makes the most of Germany as a supporting country.

North Korea also makes much of its relations with Italy. After the EU was created, Italy was the first country to establish diplomatic relations with North Korea. This happened before the EU's decision to do so, and had an influence on other EU countries' decisions to normalize relations with North Korea. On the other hand, it caused a delay in normalization of France-North Korea and Ireland-North Korea relations because a bilateral action on the part of one nation produced a bilateral action on the part of others. It might be thought that the Italians were interested in connecting communist parties, but this was far from true. On the contrary, it is appropriate to perceive a link with North Korea's missile exports to antagonistic Middle East countries. The missile technology and parts transferred to the Middle East from North Korea can be aimed directly at Italy. Consequently, Italy needed to have an influence on North Korea, and took the lead in establishing a normalization of relations. North Korea has tried to strengthen its diplomatic approach toward Italy, and to obtain food assistance as well as expanded economic relations.

Likewise, North Korea has concentrated its efforts to improve relations with Sweden. It established diplomatic relations with Sweden in 1973. Since then, it has maintained a good relationship, and has made steady progress in economic cooperation on a small scale. Specifically, North Korea is interested in Sweden's economic model, i.e. a mixed system of high-tech capitalism and extensive welfare benefits, and a modern distribution system. It is also seeking to send as many experts and academics as possible to study how elements of the Swedish system could be grafted into the North Korean economy.

Additionally, North Korea has made cautious approaches to France, the country that is most vocal in standing up to American unilateralism, with the aim of controlling the USA hard line. However, France has taken a strong stand on North Korea's nuclear issue, and has called for an improvement in human rights. Given the difficulty of solving the nuclear problem, and later dealing with the human rights issue, normalization of France-North Korea relations cannot currently be considered.

Normalization between North Korea and EU countries has afforded North Korea an opportunity to become a member of the international community. In addition, five rounds of political dialogue at the level of senior officials and regularization of these talks, as well as a human rights dialogue, have expanded their dialogue channel, an indication that it is possible to discuss and share an exchange of views on areas of concern and mutual interest. To be sure, North Korea's moves are aimed at improving relations with the EU, and obtaining economic assistance by means of rapprochement. In a nutshell, it wants to achieve political and economic objectives simultaneously.

With a view to accomplishing these objectives, North Korea will use its existing strategy. The core of its strategy is to deal with countries that are friendly towards it. Accordingly, it will be closest to the country giving it the most benefits and likely to meet its requests in cases of need. Perhaps its first subject will be Germany. Sweden and Italy may be considered as the second target group. The third group may be the other EU countries not in the first or second groups. Such diplomatic behaviour on the part of North Korea would be done to escape from crises caused by persistent food problems and nuclear-related issues, and to follow the rule of the greatest benefit.

Alternative Approaches in Preparation for a Hard-line USA Policy

North Korea is hoping to take the utmost advantage of the EU for the purpose of softening the Bush Administration's hard-line policy. This is because North Korea sees that the EU is worried about the USA's diplomatic line, unilateralism and hegemony. Additionally, the EU aims to promote multilateralism and has originality and independence in the realms of policy, economy, security and diplomacy, and North Korea believes these factors will work in its interest.

Faced with the current nuclear issue, Pyongyang expects the EU to take a participatory role. To be sure, nuclear development is a dangerous power game for Kim Jong Il to play. It had seemed that the Geneva Agreement created a win-win situation for both the Clinton Administration and the Kim Jong Il regime. Although the agreement has since been negatively assessed by the Bush Administration, it was confidently regarded as the best choice by the Clinton Administration. Also, North Korea could maintain its regime through the various crises that may occur in the course of a nuclear game, and longs to break through its continuing food and economic problems with a new nuclear card. In response, the Bush Administration is using all the means available to it. While emphasizing a peaceful and diplomatic approach, it is feeling its way toward sanctions. Even the US Department of Defense has become involved in a tailored containment, using such means as economic sanctions and selective containment in non-military fields, and if North Korea should bring about a nuclear crisis, the USA will probably seriously consider such sanctions. If North Korea smuggles nuclear materials to terrorist groups or antagonistic Middle East countries, the USA is likely to take military action against North Korea. Furthermore, given that it is difficult to

impose economic sanctions, containment, or even military sanctions, an attempt to bring about a change in Kim's political power might possibly be driven forward by the Bush Administration.

Therefore, the particular reason why North Korea wishes to maintain relations with the EU is as a precautionary measure to prevent a stalemate between North Korea and the USA. It is also seeking an alternative in case any dilemma arises or there is a deterioration in USA-North Korea relations, in order to overcome diplomatic isolation and to extend its communication channels.

Pyongyang hopes that the EU will ease the Bush Administration's hard-line policy stance on the nuclear issue, while recognizing that the EU is disappointed over North Korea's withdrawal from the NPT and the movement toward reprocessing nuclear fuel rods, and that it has kept in step with the USA. This expectation derives from the fact that the EU shows flexibility and takes a serious view of dialogue in the process of dealing with the nuclear issue, while maintaining a non-nuclear position.

Pyongyang expects the EU to take a mediator's role. It is Pyongyang's belief that someone or some country should take such a role when neither North Korea nor the USA can yield an inch at a critical moment. At such a crucial juncture the EU could step in among them and act as mediator. Pyongyang does not tend to think of Japan or South Korea as proper mediators, both being on the USA side. Although China and Russia are friendly to North Korea, they are not regarded as mediators that can play a part in controlling the USA. Unlike them, the EU, being on the USA side, can perform its part most effectively, and has shown a positive attitude toward taking a

mediator's role. Pyongyang aims at this, and it does so because it knows that the USA is not able to completely disregard the EU in a mediating role at a critical moment.

Looking to the EU to take such a mediator's role, Pyongyang has been opposed to the EU's participation in the multilateral talks.

North Korea's opinion is that such a situation would force the EU to try to keep in step with the USA and that this would negatively affect the role of mediator in advance. After all, North Korea's aim is to negotiate against the USA within the framework of the multilateral talks, and it wishes the EU to take a mediator or supplementary role outside the talks.

Obtaining Assistance and Expanding Economic Relations

North Korea's aim is to attract a large volume of assistance by improving relations with the EU, and to attract foreign investment by expanding economic relations. This is intended to ease its population's complaints by obtaining outside food assistance, and to overcome its economic difficulties by expanding its economic relations. In the meantime, the EU has provided humanitarian assistance such as healthcare, medical care and agricultural reconstruction. North Korea has come through the most difficult part of its severe food crisis by means of outside assistance, including aid from the EU. The numbers of hungry people and beggars in the street have been considerably reduced, and North Korea seems to be gradually escaping from a starvation situation. Despite this, North Korea is still facing major difficulties and needs a great amount of food to ensure its survival.

Since the implementation of North Korea's economic reforms, its people's economic freedom has improved on average. The electricity supply has slightly improved in major cities, and people can sell consumer goods at markets that were previously referred to as farmers' markets. North Koreans, however, still have a serious food problem. The price of rice has jumped more than 500-fold over the past year and a half, meaning that 80% of an average family's income is used for buying food. Meanwhile, prices have risen 10 to 20-fold,

while wages have risen by a factor of 20 or more. In addition, the energy problem is also serious. In short, North Korea is faced with inflation spiralling out of control, not to mention an economic situation that is near collapse.

One of North Korea's main objectives has been to obtain as much food as possible from the outside world. It is clear that the USA is the largest food-supplying nation. The second is South Korea. They have provided humanitarian assistance, food aid and agricultural rehabilitation, and food assistance has been implemented through the World Food programme and non-governmental organizations with a humanitarian purpose. The USA humanitarian assistance has included a political objective, whereas South Korea has a national purpose. Even though the EU's food aid would be provided for humanitarian reasons, the possibility of a political objective cannot be entirely excluded. Nevertheless, North Korea wants to obtain more and more food from the EU because the latter does not tend to impose political preconditions.

In addition, North Korea wishes to expand economic relations with EU enterprises because they are not subject to restrictions on investing in North Korea, unlike American firms. On the other hand, the EU has supported North Korea's efforts to develop exports to it, and anticipates

expanding trade when North Korea's competitiveness in exports coincides with the demands of the EU as a trading partner. Accordingly, the level of North Korea's economic activity with the EU could become noticeable. North Korea has imported equipment from European countries, and has used their technical guidance on the rapid building of new factories and factory modernization in order to develop its manufacturing base. Furthermore, it has designated the euro rather than the dollar as the foreign currency in domestic circulation, citing the hard-line USA policy.

North Korea also has high expectations for the EU's programmes on food and development assistance. This was depicted in the Country Strategy Paper 2001-2004. Its priorities are concentrated on institutional support and capacity building, sustainable management and use of natural resources, and a reliable and sustainable transport sector. It also includes a complement on food security activities and sustainable rural development. Such programmes will be sure to help North Korea's economic recovery, contributing to the solution of its food shortage problem, poverty elimination, enlargement of vocational education, agricultural modernization, energy resource development, and effective management and use of natural resources. However, North Korea's economic modernization cannot be achieved by these alone. It needs too much assistance, expansion of infrastructure and large-scale foreign investment in its open areas. In order to foster recovery and growth, an economic development fund is needed. The best way is to obtain loans from international financial organizations. However, as long as the USA regards North Korea as a terrorist-supporting country, it is almost impossible to expect these funds to be forthcoming. This is because the USA has considerable weight in international

organizations such as the International Bank for Reconstruction and Development (IBRD) or the Asian Development Bank (ADB), and according to USA law they are supposed to oppose loans to terrorist-supporting countries.

Furthermore, foreign enterprises shy away from investment on the grounds of North Korea's inferior infrastructure and unreliable investment environment. They will not put their money in North Korea and expose it to investment risks. Exceptionally, some enterprises from Germany, France, Sweden, Switzerland, the Netherlands and others have been interested in investment in North Korea. Their purpose is not just to occupy North Korea's market in the long run, but also to investigate market and business opportunities.

North Korea longs for investment from EU enterprises. To this end, North Korea took steps toward economic reform and designated Shinuiju as a Special Economic Zone in 2002. Such activity may be thought of as complying with the EU's persistent demands. However, it did not spring from an understanding and acceptance of a market economy, and is, strictly speaking, no more than a gesture on the part of North Korea to show the international community, including the EU, that it is changing.

The EU continues to aim to induce further change in North Korea and to foster its participation as a member of international society. That approach is very desirable. However, North Korea is not yet interested in genuine reform, instead pursuing its military first policy. The EU seems to believe that results will be obtained over time if it continually teaches and supports North Korea. The results will be to lead North Korea toward being a member of international society and to coax its openness throughout persistent exchanges

and cooperation, and ultimately to contribute to improvement of human rights. Certainly, the EU's thinking is right. But it depends upon Pyongyang's acceptance. Pyongyang perceives that there will be progress over the long term.

The USA under the Clinton Administration had a similar plan and made an attempt at a North Korean soft-landing. Its policy had similarities with the EU's in many respects. However, the Bush Administration took over before the policy had a chance to bear fruit, and North Korea accelerated its nuclear development. If the Bush Administration succeeded in creating a soft-landing policy, would North Korea try to change? It is difficult to say 'yes' or 'no' with any confidence. The Pyongyang regime has not tended to change for the betterment of its people's lives and welfare. Its goal is to fill its people's stomachs to a certain degree and to maintain its regime.

Keeping in mind the basic human needs and the German unification experience, North Korea worries about the potential demands of its people for a better life and real change. Pyongyang is therefore focusing on obtaining huge food and economic assistance from the outside world so as to overcome its food and economic difficulties, and on seeking its own way to change for survival, but not on trying out real change, in terms of a Chinese or Vietnamese-style reform.

For this, North Korea attaches importance to economic relations with the EU. North Korea's economic relations with Japan and South Korea have been influenced by internal factors, unlike its economic relations with the EU. However, the EU's role and help will be limited so long as North Korea's nuclear problem remains unresolved and the USA continues to designate North Korea as a terrorist-

supporting nation. The EU has agreed to cooperate with the USA in halting illegal weapons of mass destruction material and technology exports, and strengthening international organizations and pacts in order to prevent weapons of mass destruction proliferation. As long as North Korea is included as a main warning target, it will be difficult for the EU to go ahead with any action opposed to USA policy in actuality. After the nuclear issue, the USA will focus on missile, biochemical and conventional weapon issues and will continue to regard North Korea as a terrorist-supporting nation until its nuclear and missile problems are resolved. Therefore, even if the EU considers investment in North Korea, it will face the difficulties of attempting economic relations with a terrorist-supporting nation and uncertainties regarding investment profit.

Consequently, Pyongyang will attempt to solve any crisis it faces via nuclear negotiation. It desires a regime guarantee and huge assistance in return for giving up nuclear weapons. If accepted, the countries in the multilateral talks will be responsible for this. However, the EU, even though it is not a participant country in multilateral talks, may share the burden of economic support. Obviously, this is what North Korea wants, but not the EU. Pyongyang would cut off the possibility of EU political influence in North Korea throughout the multilateral talks.

Ultimately, Pyongyang wants to obtain economic assistance from the EU through improved economic relations, and wishes the EU to act as a mediator between itself and the USA (and South Korea and Japan) rather than through direct political engagement. Throughout, its intention is to gain diplomatic support and economic assistance.

The Nuclear Problem on the Korean Peninsula and a Security Mechanism for Northeast Asia

Wang Baofu*

It is two years since the September 11 terrorist attack in 2001. However, looking at the present international and regional security situation, there are still many problems that merit our concern and reflection.

First, the international community has paid a high price in attacking terrorism, but the results are limited.

The September 11 terrorist attack inflicted a direct economic loss of US\$90 billion on the United States of America (USA). In the two years of anti-terrorism, the USA has led two wars. The wars plus its homeland security and defence measures have cost it US\$150 billion. Since the September 11 terrorist incident, most of the countries in the world have paid dearly to prevent terrorist attacks. However, in the past six months, the number of terrorist attacks has increased rather than diminished. Terrorism has inflicted heavy losses on the world economy. In my view, the negative effect on the global economy as a result of misguided anti-terrorist policy and tactics might have exceeded the harm done by international terrorism. Therefore, international anti-terrorist policy and tactics merit our serious consideration and reflection.

Second, after the September 11 incident, none of the regional conflicts that have led

to the growth and spread of international terrorism have been solved, but a number of new hot spots have emerged.

The plan for the 'road map' to peace in the Middle East is already dead. The violent conflicts and tension between Israel and Palestine are now even greater than before the September 11 incident. There is a danger that the chaos in Iraq today will turn it into a 'failed state'. It is a tragedy that Iraq has become a new centre of international terrorism and anti-terrorist war. The multilateral talks on the nuclear problem on the Korean Peninsula have started, but there are still many uncertain elements. It is difficult to anticipate its prospects.

Third, the anti-terrorist war partially destroyed the organization of bin Laden's Al Qaeda, and a great number of terrorists were badly struck, but nobody knows how many new terrorists have emerged since the September 11 incident. Today, the number of people who cherish hatred and have become desperate because of poverty and injustice have not at all decreased, but increased. If the anti-terrorist struggle ignores the root cause of terrorism, and if the international community does not use the main anti-terrorist resources for the elimination of the root cause of terrorism, the anti-terrorist war will last long into the future.

* Senior Colonel Wang Baofu is Deputy Director of the Institute of International Strategic Studies at the National Defence University in Beijing. The opinions, conclusions and recommendations expressed or implied within this paper do not reflect the views of the Department of Defence or any other agency of the Chinese government.

China is a large developing country. It is also a country that is fast integrating itself into the international system. In order to create a peaceful and stable environment for its development, China is more

concerned today than ever over the security in the outside world, the regional peace and the security and stability in its surrounding countries and regions.

China's diplomatic effort to solve the nuclear issue on the Korean Peninsula is a practice of its new security concept

After the end of the Cold War, the Chinese government and its leaders spoke of the new security concept many times in handling international and regional affairs. The main part of this new security concept is mutual confidence, mutual benefit, equality and cooperation. Politically, all countries should abide by the generally acknowledged international rules and jointly maintain world peace. Economically, they should achieve the purpose of common prosperity and promoting development through mutual benefit and cooperation. International disputes should be settled through diplomatic means. In security affairs such diplomacy should enhance mutual confidence and strengthen cooperation to achieve common security.

The new security concept advanced by China is not a slogan for propaganda. The Chinese government and its leaders have always advocated the new security concept, which has been the important theoretical basis for China's foreign policy. Its main spirit was included in the Political Report delivered at the Sixteenth National Congress of the Communist Party of China. From this, we can see that the diplomatic efforts the Chinese government has made to settle the nuclear issue on the Korean Peninsula are a practice of its new security concept.

For historical, geographical and actual interest reasons, peace and stability on the Korean Peninsula are closely related with China's security interests. First of all, the

Korean Peninsula is one of the biggest factors affecting China's peripheral security environment. China's has made positive efforts to promote the peaceful settlement of the nuclear issue on the Korean Peninsula. Helping the Korean Peninsula out of the Cold War while maintaining peace and stability is important for China to improve its peripheral strategic environment and concentrate its energy on economic development. Any large-scale turmoil or war on the Peninsula would gravely aggravate the international and regional security environments for China's economic development and directly affect the social stability in Northeast China as well as the economic development of the whole country. Without peripheral stability, it is impossible for China to concentrate its energy on economic development. Therefore China regards the peaceful settlement of the nuclear issue on the Korean Peninsula as an important diplomatic step to maintain regional peace, stabilize the peripheral regions and maintain its own strategic and security interests.

It should be admitted that the strategic interests of the big powers concerned on the Korean Peninsula are not entirely the same, but they have a common interest in the peaceful settlement of the nuclear issue as this will improve relations between regional countries. China's efforts to promote security cooperation among the regional countries in the course of bringing about a peaceful settlement of the nuclear issue on the Korean Peninsula is a contribution to the peace and stability of the whole region.

The key to the peaceful settlement of the nuclear issue on the Korean Peninsula is the stands taken by North Korea and the USA on the talks

The only way to settle the nuclear issue on the Korean Peninsula is to hold peace talks. After the six-nation talks were held, North Korea kept giving out different information about the talks, but the response of the international community as a whole was generally positive. Although there will be more difficulties in the next phase of the talks and the prospects are still uncertain, an analysis of the stands taken by all sides and their current predicaments shows that the talks will go on.

1. If a breakthrough is to be made on the nuclear issue on the Korean Peninsula, as far as the United States of America (USA) and North Korea are concerned there must be four requisites:

- i The two sides must be sincere in the talks;
- ii The both sides must clearly express their stands and strategic bottom lines;
- iii Both North Korea and the USA must accurately understand each other's intentions;
- iv There must be enough patience.

Only if the two sides go this way is there any hope of settling the nuclear issue on the Peninsula through peace talks.

2. The concerns of North Korea must be taken into consideration.

If the six-nation talks are to be continued, both the USA and North Korea must show more flexibility in their policies toward the talks. If the deadlock in the relations between the two countries is not broken, it is difficult for the multilateral talks to yield any results in the first phase. And if there is no result in the first phase, it is impossible for the talks to go on for a long time. In a situation where there is a wide

gap in strength between the two countries, Pyongyang fears that the USA will 'use its strength to bully it' in the talks, and hopes that the multilateral talks will be turned into bilateral talks. As far as the USA is concerned, it should give up the view that 'only when the regime in North Korea is changed can the nuclear issue be settled fundamentally and completely', and it should take North Korea's concern for its security into serious consideration. Only when the USA and North Korea make progress in the nuclear-weapon-free zone on the Korean Peninsula and the improvement of their bilateral relations, will it be possible for the multilateral talks to obtain concrete results.

3. Both sides should refrain from using military threats in order to create a good atmosphere for the diplomatic talks.

The six-nation talks have been started, but the tension on the Korean Peninsula has not eased and military exercises have continued. One characteristic in the development of the security situation on the Korean Peninsula in recent years is that the better the chance is for improvement, the more frequent the provocations from both sides are in order to show their strong determination. Therefore, there is greater possibility of a conflict arising from an accidental weapon discharge or misperception. For example, there is still the possibility that friction between the north and the south, mutual interception, driving or chasing of aeroplanes and war vessels from the other side may lead to conflict in disputed air or sea areas; a military exercise staged by one side may give rise to a misperception or a conflict when there is tension between the two sides; or air and sea blockades or interception by USA troops against the north may lead

to a conflict at any time. In any case, all that has been achieved might be forfeited. Therefore, the reduction of mutual

aggression is an important guarantee for the continuation of the multilateral talks.

The establishment of a security cooperation mechanism in Northeast Asia in the course of settling the nuclear issue on the Korean Peninsula peacefully

First, it is necessary to increase mutual confidence if the nuclear issue on the Korean Peninsula is to be settled by stages, with all parties involved simultaneously and the solution (or settlement) ultimately sustainable. This can be done by:

- the gradual establishment of an emergency military reporting and consultation system;
- the gradual establishment by the parties concerned of an emergency military consultation channel for timely consultation and coordination with each other in a time of crisis, to keep the information channel open and prevent the situation from being reversed or control lost because of an unexpected incident;
- refraining from using the threat of force in any form or resorting to any action that might lead to the use of force in the course of the multilateral talks;
- choosing an opportune time to start talks on the establishment of military security and confidence measures on the Korean Peninsula, and establishing crisis management and security and confidence measures on the basis of the six-nation talks.

Second, it is necessary to move gradually from multiple talk platforms through the six-nation talks so as to create positive conditions for the establishment of a regional security mechanism.

The settlement of the nuclear issue on the Peninsula could be used as a turning point to explore the possibility of multilateral

security cooperation in Northeast Asia. The progress in the talks on the nuclear issue on the Peninsula should create new conditions for the establishment of a multilateral security cooperation mechanism in Northeast Asia. In view of the historical and realistic complexities, it is necessary to promote dialogues and talks on different platforms with multiple functions on the basis of the six-nation talks. These platforms might include:

- the platform for direct talks between North Korea and the USA with the aim of breaking the deadlock in the relations between the two countries and ending the state of hostility;
- the platform for the talks between the two sides of Korea on the settlement of the issue of conciliation, peace and reunification on the Peninsula;
- China and South Korea have much common understanding on the security issue on the Peninsula, and the two countries should have a dialogue and consultation mechanism for the maintenance of security and stability on the Peninsula;
- a platform for consultation on the Nuclear Free Zone on the Peninsula with the participation of the USA, North Korea, South Korea, China, Russia and Japan, as well as the International Atomic Energy Agency;
- a dialogue platform for the energy aid and economic reconstruction in North Korea with the participation of the USA, North Korea, South Korea, China, Russia, and Japan.

The nuclear issue on the Korean Peninsula is a legacy of the Cold War. It should be settled in the course of putting an end to the Cold War on the Peninsula. The six-nation talks have only provided a framework for the peaceful settlement of the nuclear issue on the Peninsula, but the key to whether a breakthrough can be made is the stands and attitudes taken by the USA and North Korea. The talks in the future

will be more complicated and difficult. The process of establishing a security mechanism for Northeast Asia by settling the nuclear issue on the Korean Peninsula will also be difficult and long. Whatever the final result is, this process itself is very valuable because it is good for easing the tension on the Peninsula and it is in the interest of peace and stability in Northeast Asia.

ASEM, Post-September 11, Post-Copenhagen towards Hanoi*

Paul Lim**

The fourth Asia-Europe Meeting (ASEM) took place in Copenhagen (24-25 September 2002). Two important declarations were adopted: 'The ASEM Copenhagen Political Declaration for Peace on the Korean Peninsula' and 'The ASEM Copenhagen Declaration on Cooperation against International Terrorism'.

It was stated that 'The ASEM Copenhagen Political Declaration for Peace on the Korean Peninsula' directly influenced the attitude of the American administration towards North Korea in the sense that direct lines of communication were reopened with this member of the so-called 'Axis of Evil'.

'The ASEM Copenhagen Declaration on Cooperation against International Terrorism' stressed the need to weed out the roots of international terrorism. To some this may be of little significance but the fact is that ASEM is increasingly beginning to play a more vital role in world politics.

Closer political cooperation is further boosted by economic cooperation. It was decided in Copenhagen to establish a 'Task Force on Closer Economic Cooperation' as an outcome of the positive experiences

gained from the ASEM Trust Fund (1998), which played a crucial role in containing and partly solving the Asian economic and financial crisis. With the growing optimism resulting from the 'Sunshine Policy' of the South Korean government towards North Korea, the idea of the 'Iron Silk Road' connecting Korea to Europe was launched.

Underlying the political and economic rapprochement is the cultural rapprochement. Although not in the limelight, significant progress has been made during the past six years. Aware of the importance of cultural dialogue, ASEM member countries decided to organize a conference entitled 'Unity in Diversity'. With the growing unilateralist attitude of the United States of America (USA) in world affairs, it seems more necessary than ever before that Europe and Asia should rediscover their own rich cultural and intellectual traditions for the benefit of the whole world.

However, some issues still remain.¹ These include the institutionalization of ASEM; an ASEM Vision; membership, overlapping and coherence; Asia-Europe relations taking root in both societies; giving official recognition and equal status to civil society as represented in the Social

* This text is a partly revised and shortened version of a paper presented at the International Convention of Asia Scholars (ICAS) Singapore, August 2003.

** Paul Lim is presently Associate Professor at the School of Social Sciences, Universiti Sains Malaysia. He was Co-founder and Senior Research Fellow at the European Institute for Asian Studies, Brussels, from which he is on leave, and is now Senior Research Associate of that institute.

1. See 'The Unfolding Asia-Europe Meeting (ASEM) Process: Issues for ASEM III', European Institute for Asian Studies, Briefing Paper 99/04 and *The European Union and East Asia*, ed. by P. Preston and J. Gilson, (Cheltenham: Edward Elgar, 2001), pp. 91-108.

Forum on a par with that accorded the business community in the Asia Europe Business Forum (AEBF); security

dimensions different from the ARF; etc. The question as to how much headway has been made on them remains open.

September 11 and International Terrorism

Before the Copenhagen Summit, European Commission officials seemed to agree that terrorism, even though it predominated after September 11, should not become the focal issue of the summit.

Nevertheless, at least, from the press and the Chair's Statement it became clear that September 11 and international terrorism held centre-stage. In *Asia-Europe: Do They Meet? Reflections on the Asia-Europe Meeting*,² Dr Michael Reiterer, the then ASEM Counsellor in the European Commission, notes: 'The new security agenda after September 11 could be the overarching general theme for the political dialogue'.

September 11 and international terrorism held centre-stage especially with the the 'ASEM Copenhagen Declaration on Cooperation Against International Terrorism' and the 'ASEM Copenhagen Cooperation Programme on Fighting International Terrorism'. The other important declaration – 'ASEM Copenhagen Political Declaration for Peace on the Korean Peninsula' – seems to have taken second place this time. With the most recent developments on the Korean Peninsula, Korea will remain to hold the attention of ASEM.

What is obvious is that Human Rights are a casualty of the focus on September 11

and international terrorism. European Union (EU) Commissioner Chris Patten, in a speech at Chatham House, spoke of striking a balance between security and civil liberties.³ The only reference to human rights in Copenhagen was to transnational crimes associated with 'money laundering, trafficking in human beings and arms as well as the production of and trafficking in illicit drugs'⁴ forming 'part of a complex set of new security challenges'.⁵

In meetings prior to ASEM IV and the ASEAN Regional Forum (ARF) following September 11, it was intimated that the EU was sensitive to the respect of human rights in the attempts and measures to fight international terrorism. This seems to have gone with the wind. Dr Michael Reiterer states: 'Some Asian as well as European ASEM partners are confronted with national terrorist activities which proves the common interest partners have in solving the problem'. He continues, 'Therefore, one of the problems which often arises in the ASEM context when political issues are on the agenda, the fear of neo-colonial lecturing on human rights, non-respect for what some regard as purely domestic issues, would not come to the fore but rather the common will and effort to contribute to a solution to a common problem'.⁶

If there is any evidence of this, the 'ASEM Copenhagen Declaration on Cooperation

2. Singapore: Asia-Europe Foundation, 2000. Reviewed by Paul Lim in 'Analysing the ASEM Process', *Asia-Europe Journal*, 1(1), 2003, pp. 121-141.

3. 'The Relationship between the EU and Asia – One or Many?', 6 September 2002.

4. 'ASEM Copenhagen Declaration on Cooperation Against International Terrorism'.

5. Ibid.

6. 'Challenges and Issues for the Fourth ASEM Summit in Copenhagen', in *Asia-Europe: Do They Meet? Reflections on the Asia-Europe Meeting*, (Singapore: Asia-Europe Foundation, 2000), p. 7.

Against International Terrorism' portrays it. In that declaration, one sentence stands out: that the fight against terrorism requires a comprehensive approach '...in accordance with our respective domestic laws...'. In the period prior to September 11, when human rights were on the agenda of the EU, domestic security laws, which clearly violated human rights were the subject of concern. What happened? Apparently in Copenhagen, Asian ASEM countries, some of them with security laws that clearly violate human rights, managed to put such words into the declaration.⁷ When states feel threatened, they act with their repressive apparatus no matter how liberal they are, all the more collectively in the face of a common enemy. One can be sure that cooperation between intelligence and police forces need not require declarations. At the Fifth ASEM Foreign Ministers Meeting in Bali, 22-24 July 2003, in the Chair's Statement, the EU managed to insert 'while respecting human rights' at the end of the sentence, emphasizing the importance of enhancing the capacity of fighting against terrorism.⁸

In the aftermath of September 11, there were concerns voiced in democratic Europe that measures taken were beginning to undermine the democratic fabric of society and were restricting the civil liberties and human rights of citizens. It was not that security was not a concern – everyone wants security in Europe – but that, in putting in place measures in the name of security, advantage was being taken which endangered human rights and civil liberties. But at least within the EU there is still democratic space to protest and there is due process of law. The Charter of Human Rights is at the heart of the proposed new EU Constitution and not annexed to it, although there is a solidarity clause to act

jointly in the event of a terrorist attack. The fight against terrorism is not questioned. It is the way and kind of measures implemented which must not endanger respect of human rights and civil liberties. This is of concern to the European public, especially if people from the Arab world, citizens and non-citizens, fall under suspicion.

Credit can be given to the EU for pointing to the need to solve the root causes of terrorism. The USA and also some Asian countries seem more concerned about suppressing the organizations and the terrorists as if police and military action will solve the problem, instead of going behind terrorism to find the cause. Apparently the sentence '...in accordance with our respective domestic laws...' was the bargain made in exchange for the inclusion of the idea of taking into account the root causes of terrorism. The EU has pointed to poverty. Korean President Kim in his speech at ASEM Copenhagen spoke of poverty creating despair, the breeding ground for terrorist groups and the need to address the underlying issues of poverty. Is poverty the cause of terrorism?⁹

Poverty is so easily put down as the cause it seems. *Le Monde* of 6 October 2002 had an article by Daniel Cohen entitled '*Terrorisme: la pauvreté n'est pas coupable*', in which the correlation made between terrorism and poverty is questioned. He attempted to demonstrate from studies ranging from the USA to Germany, to the Middle East, to Israel, to Palestine and even a UN study to show that there is no consensus on the correlation between poverty and terrorism. In fact the authors of these violent crimes came from the '*le milieu plus favorisés que la moyenne*', both from the point of view of their income and

7. Paul Lim, 'Analysing the ASEM process' which reviewed Michael Reiterer's *Asia-Europe: Do they Meet? Reflections on the Asia-Europe Meeting*, in *Asia-Europe Journal*, 1(1), 2003, p. 130.

8. Chair's Statement of the Fifth ASEM Foreign Ministers' Meeting, 22-24 July 2003, point 7, pp. 3 and 4.

9. In remarks by President Kim Dae-jung of the Republic of Korea, 24 September 2002.

their level of education. It is imprudent to conclude that poverty of people or countries is responsible for political violence. Perhaps terrorists do not necessarily come from the poor. Why then do people of '*le milieu plus favorisés que la moyenne*' turn to terrorism?

One can speculate and find explanations from a sociological perspective. What seems to be the case is a turning towards religion and religious philosophies across the educated middle class of, for example, Christianity, Islam and Buddhism, in recent decades. These people become committed believers and are ready to defend their faiths. The USA position on the Palestinian issue has for a long time impressed on the Arab and Islamic worlds the partiality of the Americans on the side of Israel. What has arrived over the years is the perception of Islam being under attack from the West, particularly the USA, and this demands a response. Hence September 11, and President Bush's position has further inflamed the Arab and the Islamic worlds. The invasion of Iraq has polarized the situation further.

Pointing to the educated middle class or '*le milieu plus favorisés que la moyenne*' as a possible source of terrorists does not mean that they cannot draw support and recruit foot soldiers from the poor. But it is an incorrect hypothesis to say that poor people end up as terrorists. Poverty does not necessarily lead to terrorism.

In this fight against terrorism, religious beliefs have not been engaged or contested. The fight has also to be fought at the theological level. Religion is a powerful force that rallies people who share the same faith. Look at the clashes of the past on the European continent between Catholics and Protestants. Today the basic perception is that of the evil West attacking Islam and that all Muslims must be in solidarity with

one another to fight back. It is irrational, but simple folk, poor or not, can easily reply to the call to fight. Huntington's clash of civilizations which intellectuals and politicians protest against is the overall reality perceived.

'A secure Europe in a better world'¹⁰ in the words of Javier Solana, the EU High Representative for Common Foreign and Security Policy (CFSP), traced terrorism to violent religious fundamentalism, which arose out of complex causes including pressures of modernization, cultural, social and political crises, and the alienation of young people living in foreign societies.

In the 'ASEM Copenhagen Cooperation Programme on Fighting International Terrorism', long-term activities such as human resources development, *inter alia* the ASEM-DUO Fellowship Programme, the Asia-Europe University Programme and the ASEM Lifelong Learning Initiative are seen as the way to combat terrorism. Education does enter into the field of security but one wonders whether such programmes are the answer. The mission of the Asia-Europe Foundation (ASEF) is to prevent prejudice and build mutual understanding. Sustainable economic development is the other option, through closer economic partnerships building on the Trade Facilitation Plan (TFAP) and the Investment Promotion Action Plan (IPAP). Implementing the results of the World Summit on Sustainable Development, of the International Conference on Financing for Development and of the World Trade Organization Doha Round also falls within the realm of long-term activities to combat terrorism. The definition of security is all-encompassing in terms of a holistic approach, but the question is: Do these activities attack the root causes of terrorism? Do, and if so how do, these activities turn away the poor and despairing from terrorism or for that matter '*les gens du milieu plus favorisés*'?

10. Presented at Thessaloniki European Council, 20 June 2003.

Copenhagen's Task Force on Closer Economic Partnership between Asia and Europe

The Task Force on Closer Economic Partnership between Asia and Europe was attributed to the outcome of the positive experiences gained from the ASEM Trust Fund. The ASEM economic pillars, TFAP and IPAP, were, and are already, in the implementation stage, and it was time to move on to other economic issues. Apparently the suggestion of creating a eurobond market in Asia and the use of the euro as an international currency came from Asian leaders spontaneously.

The Task Force produced an Interim Report tracing its formation, its membership and its work and then touched on issues discussed. These were the more efficient use of Asian savings, the use of the euro as a means of transaction and further development of the Asian bond markets, including possible use of the euro. It was noted that the underlying infrastructure of the Asian capital markets might need improvement. ASEM was earmarked to address the training requirements of such a project.

Regional economic and financial integration was touched upon, noting the importance of political preconditions for its success and noting the role and implications of regional cohesion in the process of intra- and inter-regional integration. The former seems to refer to ASEAN and the latter seems to refer to ASEAN plus Three.

Trade and Investment focused on the Doha Round. The creation of specific institutions for the promotion of trade, investment and tourism, setting the ASEAN target of 2025 for regional free trade, and rejuvenating

and intensifying the involvement of the business community and industry, were other notable mentions. It seems that there is need for more institutions to promote trade and investment.

Unfortunately the linkage between trade integration and income distribution was thought to be inappropriate for discussion in ASEM. Obviously this is a sensitive issue touching on interference, or it will demonstrate inequalities of income distribution opening the way to demanding labour standards perceived in terms of better salary structures or the establishment of social safety nets or social provision which may be an anathema to some Asian governments.

The integration of the Chinese economy in the world context and its implications for trade, investment and finance in the region was touched upon. This is clearly the concern of China's neighbours. The China of today seems more of a threat than Mao's China. The Eurasian concept was proposed as a meaningful economic partnership between Europe and the Asia-Pacific region.

Finally, on institutional issues, talk of developing ASEM beyond its 'dialogue format' evolved. A stronger orientation of ASEM towards concrete actions and results was supported. ASEM is not a negotiating process, but negotiations do take place nevertheless, even if 'soft'. The idea of a permanent ASEM secretariat was returned to the agenda. While the reticence of some members was noted, it was also observed that the virtual secretariat system appeared to be working well.

The Call for a Cultural Dialogue

Considering that cultural rapprochement underlies political and economic rapprochement, the awareness of the importance of cultural dialogue has become clear, leading to the decision by ASEM member countries to organize a conference entitled 'Unity in Diversity'. With the growing unilateralist attitude of the USA in world affairs, it seems more imperative than ever before that Europe and Asia rediscover their own rich cultural and intellectual traditions for the benefit of the whole world.

Cultural rapprochement begins with talking and with dialogue – a cultural dialogue, a dialogue between civilizations. September 11 and Iraq make this dialogue urgent. There are substantial communities of Muslims in ASEM countries. They have to be engaged. It seems that there has not been any attempt to understand or any progress in understanding foreign cultures, including their religions, even though they are closely tied. In Asia, Western foreigners and Western foreign cultures, largely American, are embraced without much fuss, without even a critical eye, especially among the young. However, even this is obviously not so straightforward. What is considered decadent Western culture, even among the young, is the sexual behaviour they see in films, in sex tourism in Asia, in changing partners, in divorces. It is also not straightforward when it comes to the cultural shock encountered when rural people come to the city.

But in what way can cultural rapprochement underlie political and economic rapprochement? Should it be cultural shows or music? These do not in themselves bring rapprochement. Probably the most important aspect of cultural rapprochement

is understanding there are different ways of doing things and different ways of thinking, for example, linear and circular ways of thinking.¹¹ This remains a challenge. It is likely that not being able to accommodate these ways of thinking has led to frustrations. A linear mind feels that things are not going anywhere, that things take time to materialize, etc. It concludes that this is slowness or a waste of time. For a circular mind, endless talk and never-ending confidence-building is no problem. Time is plentiful in a circular mind and nothing is really lost or gained. When the time is ripe there will be an outcome. The constructive engagement with Burma/Myanmar is perhaps an example. Only now has ASEAN moved a step further, provoked by the military junta itself. Even if they are Western-educated and have absorbed a linear way of thinking, most Asians retain something of their traditional mindset. This circular mind works unconsciously.

Politely ignoring disagreements rather than finding straightforward solutions points to another aspect: harmony. Harmony is all-important the world over, but in Asia it is rooted in a cosmological view of the world.

Dialogue could be easier with an intermediary, as saving face and losing face are 'absorbed' by the intermediary. Face-to-face talk is harder. The only other means of communication face-to-face is what is called 'the culture of the "unsaid"'. In the past, this way of communicating was through stories, poetry, metaphors and allegories. Harmony was maintained, even if it was only superficial. Today it takes on other forms such as focusing on what can be agreed upon. Fighting terrorism is one. The European mind, on the other hand,

11. This has been examined in Josiane Canquelin, Paul Lim and Birgit Mayer-Konig (eds), *Asian Values: Encounter with Diversity* (Richmond, Surrey: Curzon Press, 1998).

especially the northern one, is direct, open and without nuance, even if this is hurtful. It is one that faces up to disputes and attempts to solve them on the spot, without an intermediary. Nevertheless, losing and saving face also applies in Europe, as it is part of human behaviour. It is only more accentuated in Asia.

Both ways of thinking have their advantages and disadvantages which have to be balanced out. Understanding this will make political dialogue easier and this includes economic/business cooperation.

The issue of economic sanctions on Burma is another case in point. The West wants to close off avenues to force the Burmese to change direction, but it is in the Asian mind to allow Burma a route out to save face. While ASEAN has now taken a stand which can be interpreted as interference¹² it has stayed away from economic sanction.

A lack of understanding of the different ways of thinking and doing things could lead to the breakdown of relationships. ASEAN's insistence on Burmese membership in ASEM remains a sticky point. The decision about Burmese ASEM membership is being postponed to the Hanoi Summit.

ASEM Membership

Additional membership in ASEM is another unsolved matter on the route to Hanoi. Today there may be more willingness to open ASEM membership to India but at least one Asian country will oppose Australian membership. However, before any further extension of membership is possible, ASEAN will insist on Cambodia, Laos and Burma/Myanmar being members. The July 2003 Bali meeting of ASEM Foreign Ministers postponed discussions/decisions on further extension of membership to the Dublin Foreign Ministers Meeting in April 2004, just before the Hanoi 2004 ASEM summit.¹³ It is not impossible that ASEM could grind to a halt over ASEM membership at Hanoi. However, it is most likely that some kind of compromise will be made over Burma/Myanmar to prevent it holding ASEM hostage as is the case with the EU-ASEAN relationship. At the Bali ASEM Foreign Ministers Meeting in July 2003 the Hanoi Summit was spoken of as a landmark that would elevate the ASEM process to a higher

plane.¹⁴ ASEM will continue and so compromises will be made over Burma/Myanmar to allow this to happen.

The additional ten new members of the EU also pose a membership dilemma if they wish to join, as 25 European members to ten or 13 Asian members (if Cambodia, Laos and Burma/Myanmar are admitted) will be lopsided. How manageable such a large membership will be is another question. The double key approach as it stands may have to be amended. Dr Reiterer has come out in support of an ASEM secretariat and has proposed solutions with regard to a possible lopsided membership.¹⁵ The present arrangement could still work for the EU side with 25 members, but for the Asian side, which lacks a secretariat of their own, handling 25 European states in ASEM would be too much. Sitting around the table with 25 EU member states would be uncomfortable for the intimacy and participation/discussion of the ten or 13 Asian members.

12. Joint Communique of the Thirty-sixth ASEAN Ministerial Meeting, 16-17 June 2003.

13. See the Chair's Statement of the Fifth ASEM Foreign Ministers Meeting, Bali, 22-24 July 2003, paragraph 8.

14. Ibid, paragraph 10.

15. In *Asia-Europe: Do they Meet? Reflections on the Asia-Europe Meeting*, (Singapore: Asia-Europe Foundation, 2002), pp 9-10.

Rooting ASEM in Civil Society

Giving ASEM visibility has been a continuing concern. ASEM searches for legitimacy in the public mind, in civil society. The media has been regarded as the means to reach out to both Asian and European societies. But what are the results? The lack of information on the Copenhagen Summit in the newspapers gave the impression that the Western press did not place much importance on ASEM. Probably events over terrorism, Iraq and Palestine overshadowed everything else. As for the Asian press, there was not much coverage either. It is understandable from a logistics point of view that the Asian press did not have large teams in Copenhagen, but relied more on observers. One of ASEM's activities is bringing journalists together but it is not yet clear with what effect. In fact, the only extensive press coverage on ASEM was that of the Bangkok Summit as it was a new event.

ASEM's statements stress civil society's involvement, but what does this mean precisely? ASEM is the vehicle bringing Asian and European civil societies together.

However, it appears that this push on civil society has been emphasized more by the European than the Asian component of ASEM, some of whom are cautious or suspicious of civil society groups, the non-governmental organizations. Lobbying for the inclusion of human rights on the agenda of ASEM political dialogue is a sensitive issue for Asian participants, and so a reason for cautiousness, while a legitimate topic of discussion for European participants. Attitudes are changing no doubt, but there is still some way to go to achieve a workable relationship between ASEM and civil society. The interest of civil society groups in ASEM also stems from the fear that ASEM forgets or ignores issues of concern to the public at large – issues of a social dimension – in the pursuit of political and economic interests in ASEM, even if there is a socio-cultural pillar. Civil society's interest in ASEM is more than human rights. It is really about a human face for ASEM in whatever form, in whatever pillar of ASEM. If it is security, it is human security above all else and not just an issue of state security.

Conclusion

The Chair's Statement of the Fifth ASEM Foreign Ministers Meeting in Bali states that '...an interim brainstorming session will be held before the end of 2003'. This is good news and holds good prospects for the future of ASEM.

Such brainstorming sessions should include issues already mentioned in a paper on ASEM in 1999.¹⁶ These include: the institutionalization of ASEM; an ASEM Vision; membership, overlapping and

coherence; Asia-Europe relations taking root in both societies; giving official recognition and equal status to civil society as represented in the Social Forum on a par with that accorded the business community in the AEBF; security dimensions different from the ARF; etc. The brainstorming should examine how much headway has been made. Unfortunately, the focus of this brainstorming has been on 'methods', which is how to make the ASEM process

16. 'The Unfolding Asia-Europe Meeting (ASEM) Process: Issues for ASEM III', in European Institute for Asian Studies Briefing Paper 99/04 and in P. Preston and J. Gilson (eds.), *The European Union and East Asia* (Cheltenham: Edward Elgar, 2001), pp. 91-108.

more efficient in terms of working methods rather than a fundamental review of ASEM, which would ask ‘why ASEM?’, ‘what is it really all about?’, ‘what do we want it to do?’, ‘where do we see it going?’, etc. There must be a moment, after some years of existence, to re-question ASEM, and more productively, together with academics, civil society actors, business, etc., to find answers, to find new vigour. Actors outside the official process will have a different view of the ASEM process than those inside the process who may overlook certain issues.

Paragraph 10 of the Chair’s Statement of the Fifth ASEM Foreign Ministers Meeting speaks of the forthcoming Hanoi Summit and there is an emphasis on the full attendance of leaders at ASEM V, as it would reflect the high commitment of partners to the ASEM cooperation. While the presence of prime ministers and heads of state is desirable to demonstrate commitment to ASEM, it is also an issue of ‘face’ for the Asians. However, Asian ASEM is also questioning the commitment of European ASEM and commitment to ASEM is a question of a fundamental brainstorming of the ASEM process.