

ELIAMEP TIMES

May - June 2005



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ELIAMEP TIMES

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NEWS ABOUT OUR TEAM

ELIAMEP's President, Professor Loukas Tsoukalis has been appointed Special Advisor to the President of the European Commission, Mr. José Manuel Durao Barroso.

OF GIANTS AND GREAT EXPECTATIONS

This issue's focus goes slightly beyond ELIAMEP's traditional scope of research. In addition to our core areas of focus, namely EU affairs and our wider neighbourhood (Balkans and the Mediterranean), ELIAMEP is also concentrating on certain issues of international relations that we consider to be priority areas. These areas trigger expectations, concern and cynicism, but what they most require is concerted and visionary, long-term planning on behalf of the EU and the national governments.

Of giants...

China, in one way or another, has been at the core of international attention in recent months. Growing trade relations and complementarities between China's ultra-cheap labour and Japan's high-tech sophistication have strengthened the commercial links between the two Asian powers in spite of the continuing political tensions that characterize Sino-Nippon relations. China's external commercial relations have also been furthered with its recent deal with India. The two most populous countries in the world are not only expanding the scope of their trade relations, they are equally attempting to resolve the 3,550 km Himalayan border dispute that has poisoned bilateral relations for decades.

China has also been brought to the center of the political debate in Europe. Concern has been high as to the damage to EU business that the low-cost Chinese textile industry is causing. Recent discussions among EU Member States over whether or not the EU should lift its 16-year old arms embargo against Beijing have been similarly sensitive. This has also affected the transatlantic agenda as the US is staunchly opposed to lifting this embargo. For the time being at least, the EU has postponed the dilemma of offering its arms industries opportunities for lucrative weapons deals, or sticking with the symbolically important commitment of pressuring the Chinese authorities for reform in the field of respecting human rights, democracy and strengthening its civil society, through maintaining this embargo. This issue of ELIAMEP

KEY FORTHCOMING EVENTS

"The European Constitution and the Future of Europe"



ΣΥΝΤΑΓΜΑ
ΤΗΣ ΕΥΡΩΠΗΣ

Our campaign around Greece is continuing:

16th of May: **Kozani**

19th of May: **Larissa**

23rd of May: **Chania**

27-28 May 2005: A Euro-Atlantic Serbia & Montenegro: Moving Forward



This will be the 6th working meeting of the Forum on New Security Issues: Shared Interests and Values between Southeast Europe and the Transatlantic Community (FONSI) launched by ELIAMEP in 2002 and supported by the German Marshall Fund of the US. This meeting is organized in cooperation with the Balkan Trust for Democracy (Belgrade) and will be held in Belgrade.

*For information on our lectures, meetings and conferences, consult our ACTIVITIES section on our website or contact, Ms. Loukia Anagnostopoulou, Activities Department:
T: + 30 210 72 57 124 ; Email: activities@eliamep.gr*

Times, therefore, includes a dedicated commentary on the continuing EU arms embargo on China.

ELIAMEP has also accorded central attention to the dilemmas that Russia is currently facing. Two high-profile ELIAMEP events concentrated on the economic and political challenges ahead for Moscow. The core conclusions of our discussion with Mr. Evgeny Primakov, former Prime Minister of Russia, and Mr. Laza Kekic of the Economist Intelligence Unit, are outlined in the pages that follow.

...And great expectations

Discussions on the reform of the United Nations have been underway for a long time. Recent financial and moral scandals have dented the UN's authority perhaps just as much as the Iraq debacle a couple of years ago. Shortcomings and failures to intervene in crises have marked the UN's history and the latest developments in Darfur underline its limitations once again. Against this backdrop, the nomination of John Bolton as US Ambassador to the UN, was initially received with uneasy caution. Nonetheless, this is increasingly perceived as potentially beneficial to the UN reform mostly because of Mr. Bolton's clear-cut, 'no beating about the bush' approach.

In preparation of the September 2005 review of the Millennium Development Goals, the Secretary General Mr. Kofi Annan presented a programme of action on the UN reform to improve administrative procedures and institutions, but equally to contain contagious diseases, confront challenges to peace and security, combat poverty, and restore the UN's credibility as a leader in protecting human rights world-wide. The next six-months will see deliberation of these recommendations, and some may in fact be pushed ahead and may be able to enhance this much-needed international institution.

The reform of the UN Security Council will certainly remain at the heart of the discord. ELIAMEP's latest postgraduate-notes tackle the UN Security Council reform and a theoretical approach to humanitarian intervention. In addition, ELIAMEP explored the relevance of the Millennium Development Goals for southern and southeastern Europe in our latest lecture by Dr. Biagio Bossone of the World Bank.

NEWS ON ELIAMEP'S RESEARCH PROJECTS

COMMUNICATING EU VALUES ACROSS GREECE

Funded by DG Education and Culture of the European Commission, Brussels.

The EU's communication deficit has been repeatedly underlined. Surveys and polls reiterate that EU citizens lack sufficient knowledge on the role and

contribution of the EU and its institutions on political, social and ethical issues that concern them. It is also argued that they are uninformed, or perhaps uninterested, as regards the means they have at their disposal to affect the kind of Europe they wish for (for instance through voting in the EP elections, or through addressing the European Ombudsman, etc).

ELIAMEP's commitment to proactively energize the debate across Greece on EU values and on the importance of EU citizenship, is further put into action through this project. Our aim is to raise awareness of the core EU values and the relevance of the EU Constitution; to sensitise on the relevance of European active citizenship; and to particularly target Greece's periphery and important population groups that continue to be inadequately informed of these matters.

ELIAMEP will produce an easy-reader on "Europe: a community of values." This booklet will highlight core issues regarding the EU Constitution and its importance for democratic equality, representative democracy and participatory democracy; it will emphasise the relevance of the European Charter of Fundamental Rights for advancing dignity, equality, solidarity, justice, citizens' rights and freedoms; and it stresses the substance of active European citizenship. The emphasis is on the relationship between democracy, interdependence and EU values that the EU institutions are promoting both across the Member States and also in the EU's international relations. General background information and facts on the enlarging European Union will also be included. It does not only aim to be relevant and useful for the 'average' European citizen and resident. It equally aims to be useful to journalists and media organisations in providing their audience with information on the impact of the EU Constitution for the future of Europe and for European democracy.

This project reinforces the **Campaign on the European Constitution and the Future of Europe** that has been underway since January. In effect, additional meetings in major towns and islands around Greece are planned for the coming months in collaboration with the local authorities, Universities local civil society actors (religious organisations, NGOs and regional associations from the agricultural or artisan sectors, etc), and with the support of the local media.

For ELIAMEP, it is equally important to reach population groups that are rarely, if at all, informed of EU affairs. Therefore, through this programme, immigrants and third-country nationals living in Greece will be equally informed. For this reason, this booklet will also be available in three languages: Albanian, Bulgarian and Russian. In addition, workshops with representatives of immigrant

associations in Greece will also be organized by ELIAMEP to provide additional platforms for debate on Europe, its future and some of the core challenges that European society is currently facing.

For further information on this project or for a copy of our booklet "Europe: a community of values" please contact:

Dr. Ruby Gropas (ruby@eliamep.gr)

Ms. Elli Siapkidou (elli@eliamep.gr)

Constitutional Update

Detailed results of the Greek parliament vote on the EU Constitution:

268 votes in favour v. 17 against

The Members of Parliament of the governing New Democracy Party and of the main opposition party PASOK voted in favour whereas the Members of the parties of the left (Coalition of the Left and the Communist Party) voted against. 15 MPs were absent from the vote. For an in-depth account, please see:

[EPIN Briefing Note on the Greek Ratification Debate by Elli Siapkidou \(21 April 2005\)](#)

BUILDING EUROPE WITH NEW CITIZENS? A QUALITATIVE ENQUIRY INTO THE CIVIC PARTICIPATION OF NATURALISED CITIZENS AND PERMANENT RESIDENTS IN 25 COUNTRIES (POLITIS)

Funded by the EU Commission DG RTD (6th Framework Programme, Thematic Priority 7, 2004-2007)

Project site: <http://www.uni-oldenburg.de/politis-europe/>

NEW! The Country Reports on the Active Civic Participation of Immigrants in all 25 EU Member States can now be downloaded from our project website.

For each of the 25 EU Member States, these reports contain:

- an overview of important conditions for active civic participation of immigrants,
- a review of relevant scientific studies in each country,
- an expert assessment on specific questions concerning immigrant activities,
- and a survey of relevant research institutes and researchers.

These are made publicly available to the wider European research community in order to offer an up-to-date overview and analysis on this topic.

For further information on this project please contact:

Dr. Anna Triandafyllidou (anna@eliamep.gr)

Dr. Ruby Gropas (ruby@eliamep.gr)

ELIAMEP ACTIVITIES & PUBLICATIONS ON MEDITERRANEAN ISSUES

Developments in the Mediterranean region remain a key research priority for ELIAMEP. Its related activities include its continuing active participation within the **EuroMeSCo network of institutes**. In this context, ELIAMEP has undertaken a project on *"Peacekeeping as an area for co-operation in the Mediterranean* in co-operation with the Jordanian Centre for Strategic Studies. The objective of the project is to present the views of selected countries in the South of the Mediterranean on the issue of peacekeeping co-operation as a means to improve regional security and to upgrade security co-operation in the framework of the Euro-Mediterranean Partnership (EMP); present the capabilities, explore the prospects and assess the impact of such co-operation for the EMP. The end product will be a seminar and a policy-oriented report.

In addition, our annual **International Halki Seminar** for 2005 will be dedicated to ***"Security Sector Reform in the Mediterranean and Southeastern Europe."***

ELIAMEP also has a strong interest and involvement in various research projects dealing with migration, energy, the proliferation of weapons of mass destruction and conflict resolution in the Mediterranean and the Middle East.

Forthcoming publications include:

- ***Relations between Muslims and Christians in 21st Century Europe*** (edited volume by Aziz Al-Ahmez and Effie Fokas)
- ***The proliferation of Weapons of Mass Destruction in the Mediterranean and NATO's Options*** (by Thanos Dokos).
- ***Security developments in the Eastern Mediterranean: the challenges for Greek foreign policy*** (by Ian Lesser), ELIAMEP Policy Paper.

ELIAMEP is also a founding institute in the ARAB REFORM INITIATIVE (ARI)

The **Arab Reform Initiative (ARI)** is a network of Arab research and policy institutes, with partners from the US and Europe. The network's purpose is to mobilize Arab research capacity and to develop a programme for reform throughout the Arab world that is realistic and home-grown. The network was founded in December 2004 and aims at promoting dialogue between the participating policy institutes and at forging a common vision for reform. It equally aims at raising awareness in the Arab world about successful transitions to democracy, and of the mechanisms and compromises that have made such

successful transitions possible. ARI will focus on putting forward policy recommendations on advancing democratic reform in the region.

Reform is approached from a comprehensive perspective, privileging issues of democracy, good governance, socio-economic and cultural transformation and social justice. At the same time, ARI is sensitive to the internal variations and particularities that characterize the Arab world.

The Founding Members of the network include nine Arab institutes and five American and European partners: Al Ahram Center for Political and Strategic Studies (Egypt), Centre d'Etudes et de Recherches en Sciences Sociales (CERSS – Morocco), King Faisal Center for Research and Islamic Studies (Saudi Arabia), The Arab Reform Forum at the Bibliotheca, Alexandria (Egypt), The Center for Strategic and Future Studies (Kuwait), The Center for Strategic Studies (Jordan), The Center for Sudanese Studies (Jordan), The Lebanese Center for Policy Studies (Lebanon), The Palestinian Center for Political and Survey Research (Palestine), The Council on Foreign Relations, Fundacion Para Las Relaciones Internacionales Y El Dialogo Exterior (FRIDE – Spain), the Hellenic Foundation for European and Foreign Policy (ELIAMEP – Greece), The Centre for European Reform and the European Institute for Security Studies.

*For further information on this initiative please contact:
Dr. Thanos Dokos (thanosdokos@eliamep.gr)*

FEATURED EVENTS: RUSSIA

DISCUSSION AT ELIAMEP WITH ACADEMICIAN MR. EVGENY PRIMAKOV, FORMER PRIME MINISTER OF RUSSIA AND PRESIDENT OF THE RUSSIAN CHAMBER OF COMMERCE AND INDUSTRY – Athens, 21 April 2005

Research associates and external collaborators of the Hellenic Foundation for European and Foreign Policy (ELIAMEP) had the opportunity to confer in depth with the former Prime Minister of Russia, Mr. Evgeny Primakov, on the core issues that top Russia's economic and political agenda.

During the round table discussion that was held at ELIAMEP's offices, one of the main subjects discussed in depth was the state of the Russian economy. The recent agreement on the Burgas-Alexandroupoli pipeline after more than thirteen years of deliberations was highlighted as a great success. Indeed, it is expected to be beneficial to the economies of the region, and to Greece's wider geopolitical role in the area. The negotiations between the parties involved had in fact dragged on for long due to lack of agreement on the financial terms, but

the expectations that have now been raised concerning the market opportunities for Russian oil and gas have nurtured a climate of optimism. Mr. Primakov underlined that Russia intends to intensify the exploitation of its natural resource wealth, particularly in identifying new oil deposits in Eastern Siberia.



Academician Mr. Evgeny Primakov, President of the Russian Chamber of Commerce and Professor Loukas Tsoukalis, President of ELLAMEP (left to right)

This is important primarily because Russia hopes to be able to be a main energy provider to both the western markets (EU, US) and the eastern markets in Asia (notably China and Japan). For this, however, significant investment is necessary. Russian oil companies will be able to invest a large portion of the costs, but foreign investment is indispensable and China and Japan have already expressed their strong interest to invest in the exploitation of eastern Siberia.

There was general agreement that Russia's economic growth was currently benefiting from the country's natural resource wealth and from the high petrol prices on the international markets, thereby permitting debt repayment and much-needed investment. However, it was emphasized that a stable economy requires diversification and given the technical know-how that Russia possesses, its priority is to diversify and to decrease its 'dependency' on income from its natural resources. As a matter of fact, it was stressed that foreign investment in Russia was encouraged (principally in infrastructure and in the production sector) and that Russia's participation in the WTO would prove advantageous for its international trade and commerce.

On the subject of Greek-Russian commercial relations, all sides agreed that there was much scope for further expansion and that trade in agricultural products and fur for instance had a very large margin for growth.

Internal developments in Russia were also at the core of the discussion. Evgeny Primakov clarified that Russia is not facing any risk of internal disintegration but he did stress that the administrative organization and functioning of the Russian federation is in need of deep restructuring. In light of this, he expressed his strong support for the re-structuring of Russia's

current 89 regions into a smaller number of more efficiently run 'super-regions.' Issues of corruption and 'capture' of the local and regional authorities by the oligarchy that sprung from the mis-managed privatization process of the 1990s were equally highlighted. In effect, particularistic economic interests and fraud have not only distorted the structure and ownership of the Russian economy, they have also affected the application of democratic procedures (cf. local elections, selective application of laws and regulations, insider trading, etc) in the country.

Mr. Primakov explained that President Putin inherited this legacy and had to undertake deep-cutting reforms to re-establish certain checks and balances not only at the local level of public administration, but also within the main sectors of the economy. The Yukos affair can be placed within this context. The transformation of Russia's oligarchic capitalist system is imperative, but it cannot be undertaken through drastic measures (such as re-nationalisation of certain sectors or industries); what is required is the application of the rule of law and for the judicial system to be able to function in an independent manner.

The discussion also concentrated on Russia's outlook on current international affairs. Mr. Primakov claimed that a multipolar international system was in the making given the size of the enlarged EU's economy, and the growing economic power of China, etc. Against this background, he insisted on the need for Russia's foreign policy to be multi-directional and multi-dimensional and he stressed that Russia is keen on intensifying relations with China, Japan and India just as much as with the US and the EU25. Russia is a European country and relations with the EU are of special importance, particularly in view of the commonly shared neighbourhood and mutual economic interests. Mr. Primakov was critical of the EU's double-standards, and agreed that the EU has not yet found the optimal manner to deal with Russia and to be sensitive to its concerns.

Bilateral relations between Russia and the individual EU member states were just as important as institutionalized EU-Russian relations where there exists a very wide common ground. In any case, he fully supported the European direction of the Ukraine, and even expressed his support for Kiev's eventual accession to the EU, so long as Russia's interests are not harmed in the process.

The so-called 'velvet' revolutions that have recently succeeded one another in Georgia, Ukraine and Kyrgystan were equally examined. Georgia and Kyrgystan were two of the poorest former Soviet republics and, in a sense, public unrest and a will for change was to be expected. In Ukraine, there was much outside interference that contributed to

organizing the various stages of the Orange Revolution. Nevertheless, Moscow does not expect un-friendly regimes to develop in any of these three countries especially when taking into consideration the common interests that tie these countries with Russia. Kazakhstan was identified as a positive case in the region with impressive growth rates and high popular support for the President.

On the subject of the reform of the United Nations, Mr. Primakov, who was a member of the high-level group established by the Secretary General Kofi Annan, reported on some of the key issues and proposals that were put forth. He presented the various alternatives regarding: the enlargement of the Security Council to include additional temporary members and/or semi-permanent member states; extension of the veto right v. efficiency of the Security Council; the areas in which the UN should concentrate on (security or social issues); the factors that do not permit a hierarchisation of security threats due to each region's priorities (e.g. terrorism, HIV, illegal immigration, organized crime, environmental depletion, etc); and, the conditions that may justify humanitarian intervention in another country (i.e. risk to regional peace and security, genocide, etc). Overall, Mr. Primakov underlined the importance of the UN and of the need to maintain it as the core institution within which collective decisions can be taken.

Finally, the issue of Kosovo was discussed along with the potential repercussions for the region. All in all, Mr. Primakov argued that proposals of 'autonomy plus' or 'independence minus' are interesting in theory but inapplicable in practice. Certain regions of Kosovo have a high historic importance for Serbs, even though there are not many Serbs left in the region (it was noted that this is a direct result of the Nato bombings). Mr. Primakov particularly underlined the potentially destabilizing effects of Kosovo for Albania but also for Sandjak and FYROM. The President of the Russian Chamber of Commerce was very wary of the potential implications for Serbia and its nationalist elements, but equally for the wider European stability.

**"QUO VADIS RUSSIA?" BRIEFING DISCUSSION
WITH MR. LAZA KEKIC, REGIONAL DIRECTOR FOR
CENTRAL AND EASTERN EUROPE & DIRECTOR OF
COUNTRY FORECASTING SERVICES, ECONOMIST
INTELLIGENCE UNIT, LONDON— *Athens, 18 April 2005***

Russia is an exceptional country by all accounts. It has a world-power legacy and a nuclear weapons arsenal even though it is currently rather isolated. It has an economy with strong growth rates that benefit from its natural resources but this growth is unsustainable and is already slowing down. It has undergone a different transition towards capitalism than the countries of Central and Eastern Europe. It has an

ageing population, and it is confronted with a series of dilemmas in its international relations. The internal trends are currently manageable but potentially alarming. In effect, Laza Kekic identified four sets of tensions that render Russia's future potentially alarming:

- Fear of a new revolution and/or a temptation to revive the 1990s
- Authoritarianism/ Democracy
- Need / Fear of Foreign Capital
- Cooperation/ Rivalry with the West

The uncharted privatization of the 1990s created a severely distorted economy and the practices of informal trading, rent-seeking, price distortion and corruption, which led to the formation of an oligarchy. A proto-capitalist class was virtually created overnight with a strong control over the key sectors of the country's economy. Russia underwent a very specific transition to a market economy, distinct from the other CEECs. In effect, due to the political importance of the country, this was rationalized by the opinion that the key markets/ sectors could neither be fully opened to foreign capital nor could they be fully privatized. The recent developments of the Yukos affair were a wake-up call for many that Russia is not a typical case of a country in transition but that a unique form of state capitalism has developed. A revisiting of the past could be undertaken, though it is very likely that the new oligarchy will resist any form of drastic change. Nonetheless, the state is gradually reasserting its control and influence over the natural resources of the country. In effect, the country's natural resources are both a blessing and a curse, since reliance on income from gas and petrol has helped maintain growth rates but has also led to a range of socio-economic deformations. At the same time, there exists a strong ambivalence towards foreign investment. Although it is appreciated that foreign investment is necessary to revitalize certain sectors of the economy, there exists a strong underlying suspicion vis-à-vis the influence of foreign actors or the potential conditionality criteria that may be attached.

Under President Putin there has been a creeping authoritarianism with increased control over the media and a weakening of the opposition. By no means has Russia become an authoritarian state but it cannot be characterized as a fully-functioning democracy either. There exist contradictory popular attitudes, even with occasional nostalgia of the Stalinist past but it seems unlikely that dictatorial rule can be re-imposed. Nonetheless, there is widespread concern of what the future holds. Putin's term runs out in 2008 and, given that there is no opposition, no firm consolidation of democratic rules and procedures and a concentration of power in the President's hands, the day after is rather disconcerting.

Finally, the foreign policy dilemmas of Russia oscillate between a desire to cooperate with the West, particularly in areas of common interest, and a deep-seated rivalry with the US and the EU. The fallout between Russia and the US over Iraq may not be mentioned much but it is deep-seated despite the personal relationship between Putin and Bush. Cordial relations between the two countries cannot but be affected by the recent lessons learnt (i.e. that the US is prepared to implement preemptive strikes unilaterally, and that the UN order matters only to a degree) and by Russia's own weakness in preventing such actions. Indeed, Russia's nuclear deterrent is fading and it is not an easy task to maintain the operability of this power (something the US does not plan to make any easier).

Bilateral relations between Russia and the European powers could be characterized as rather good given that there are important common interests (particularly with regard to the energy sector) but in practice, the atmosphere between the EU and Russia is especially tense. There exists a lack of long-term vision on the part of the EU with regard to Russia – and clearly Russia cannot be a component of the EU's European Neighbourhood Policy (ENP). The EU has been divided and has often sent mixed signals to Moscow. This has not facilitated relations between the two and it is a fact that the EU has not been very effective in handling a militarily strong and politically weak Russia. Furthermore, certain aspects of the ENP, largely directed towards the former Soviet republics, can be perceived by Russia as encroaching in its sphere of influence. Additional tensions are raised by the Russian minorities within the EU new member states and by the different world-views between the two with regard to sovereignty (cf. the issue of Chechnya). The EU's role in supporting Russia's transition is different from the cases of Central or Eastern Europe since EU accession does not serve as a driving force or an anchor for transition and democratisation. Thus, it is important for the EU to be more imaginative in its handling of Russia and to present ENP as potentially a positive sum game for both sides. It can also try extending a hand of understanding on a number of delicate matters that may have been mishandled (i.e. Bezlan). In light of all this, dealing with Russia could be seen as test-case for the EU's common foreign policy.

Russia, it was argued, must manage these four tensions if it is to maintain stable growth rates. The EU on its part must extend the scope of interaction, communication, trade and exchange with Russia since it is only through intensified relations that it can assist in easing some of the tensions and supporting reform efforts in Russia.

FEATURED EVENT: UN Millennium Development Goals

LECTURE BY DR. BIAGIO BOSSONE, WORLD BANK EXECUTIVE DIRECTOR FOR ALBANIA, GREECE, ITALY, MALTA, SAN MARINO AND TIMORLESTE CO-ORDINATED BY PROFESSOR GEORGIOS MERGOS, SECRETARY-GENERAL OF THE HELLENIC MINISTRY OF ECONOMY AND FINANCE— *Athens, 21 April 2005*

1.3 billion people have no access to clean water; 3 billion people have no access to sanitation and 2 billion people have no access to electricity. These numbers are morally unacceptable. Addressing poverty and underdevelopment, and reducing inequalities has to become a top priority in an interdependent world. In the era of globalization, what happens in one region of the world affects the whole world through externalities: immigration flows are incontrollable, financial instability increases, the number of fragile states that can become hosts to terrorism increases. Poverty and underdevelopment in parts of the world are not confined to these parts of the world; they are the responsibility of the international society. Thus, the need to realize the Millennium Development Goals by 2015 to reduce poverty becomes urgent.



Dr. Biagio Bossone (World Bank), Professor Theodore Coulombis (ELIAMEP) and Mr. Georgios Mergos (Hellenic Ministry of Economy & Finance) (left to right).

During this event that was hosted at the European Parliament office in Athens, Greece was identified as an example of a country gradually moving along the development path and achieving a satisfactory level of growth. In effect, Greece is now in a position to offer 0.21% of its GDP for development assistance and is a major contributor in the Balkans.

Mr. Bossone presented briefly the Millennium Development Goals (MDG) and the conclusions of the Development Committee meeting of the representatives of the Member States on the progress currently underway. The Millennium Development Goals aim to combat poverty, not simply in material terms, but in all dimensions of life. Human development can be promoted by providing access to basic health, education, sanitation which will contribute to a lasting social and economic progress. The messages were clear:

Urgency. Poverty indicators point to a rapid increase of inequalities, especially in sub-Saharan Africa. Selected cases of developing countries are moving in the right direction and growth in India and China may be increasing but, the forecasts remain distressing when one looks at the whole picture

Opportunity. The rare convergence of the views of both developed and developing countries on the strategies to be implemented provides a unique window of opportunity. The developing countries have committed themselves to providing the necessary conditions for development: sound economic policy and governance, institution building, and fight against corruption. The developed countries agreed to more and better aimed aid, while accepting the principle that the developing countries will propose and implement their own strategies and reforms.

Action. Aid needs to be anchored in country-led strategies. Investment should be targeted in social sectors and in research for products for which markets can be found. More importantly though, there is a need for more and better communication on the development programmes of the World Bank in both the North and the South, in order to involve public opinion. People in the developing world should be directly included and citizens of the developed world need to realize the magnitude and dangers of the prolonged inequality.

Finally, the discussion that followed focused on the compatibility between the MDG and the levels of total debt of developing countries, and on the sustainability of the World Bank's strategy in the Balkans and in Albania in particular.

Briefing meetings:

On the 24th of March, ELIAMEP's research team met with a delegation from the policy-planning unit of the Hungarian Ministry of Foreign Affairs. Developments in the Middle East and in the Western Balkans, as well as the ratification of the EU Constitution were the main issues discussed.

On the 25th of April, a closed discussion at ELIAMEP focused on the recent developments at the Orthodox Patriarchate in Jerusalem.

ELIAMEP PUBLICATIONS

ELIAMEP Postgraduate Notes

PN05.04. "United Nations Security Council Reform"
by *Marialena Papadopoulou*

PN05.03. "Postmodernity and Humanitarian Intervention: The Construction of the Humane Nature of Humanitarian Intervention, an introduction between the Subjectivity and the Objectivity of International Relations Theory" by
Alexandros C.M. Dovas

COMMENTARY

The EU Arms Embargo on China

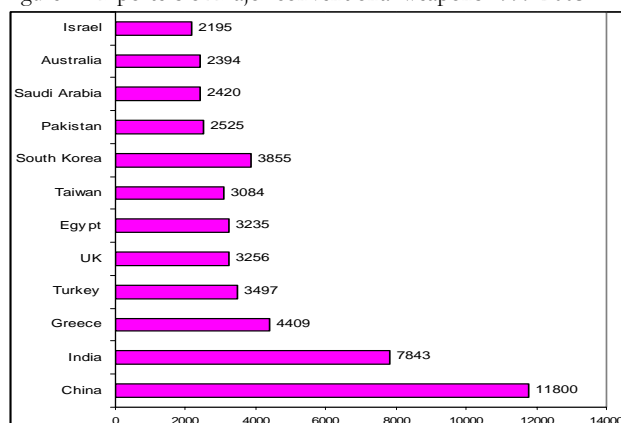
By Christos Kollias, Associate Professor at the University of Thessaly & Research Associate of ELIAMEP

The debate over the weapons embargo on China has been smoldering with increasing intensity for sometime now on both sides of the Atlantic.

Imposed some sixteen years ago following the Tiananmen Square tragedy, in many respects, this embargo was never backed up by specific guidelines and monitoring procedures that would ensure its effectiveness. In effect, it never clearly spelt out what weapons systems and technologies it included. As a result, a number of countries, including Israel and the US, have sold equipment and technology to China of the so called “dual-use wares” type that can have both civilian and military applications. For example, SIPRI estimates that the value of imported weapons to China during 1989-2004 is in the region of \$18216 million¹. Of this total, 92% came from Russia, 4.5% from the Ukraine, 1.3% from Israel, 1.11% from France, 0.35% from Italy, 0.18% from the US and 0.05% from the UK. It is estimated that in 2003 the total “exemptions” from the weapons embargo by EU members totaled around €413 million with France, Britain and Italy being the three biggest exporters.

China has gradually emerged as one of the most lucrative weapons market ranking as the largest importer of conventional weapons in the world during 1999-2003 (Figure 1). This is not surprising since in 2003 China ranked as the second largest defense spender in the world with its military expenditure estimated at around \$151 billion² after the US with a defense budget of \$417.4 billion.

Figure 1: Importers of major conventional weapons 1999-2003



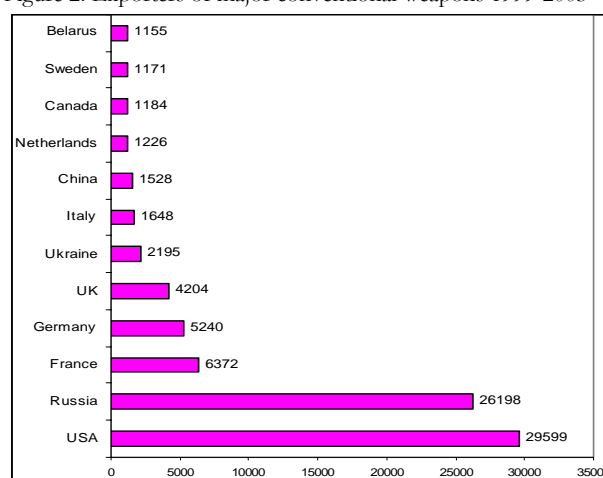
Source: SIPRI, in US\$m. at constant 1990 prices

Germany and France are currently spearheading the move towards lifting the EU's arms embargo on

China. They have argued that it is outdated and no longer reflects present day realities.

Stern opposition to such a change in policy comes both from the US as well as from within the EU. In fact the US Congress has threatened trade sanctions against the EU if the member states finally decide to abolish the 16-year old embargo. A stop of military technology sales to Europe has also been cited as a possible retaliatory measure from the US. The US maintains that lifting the arms embargo may cause a tilt in the military balance in the Taiwan Straits and the greater region with the concomitant impact for regional stability. Apparently, the main worry is the possible transfer of advanced technology such as communication and sensor systems that would enhance Chinese military build up in qualitative terms.

Figure 2: Exporters of major conventional weapons 1999-2003



Source: SIPRI, in US\$m. at constant 1990 prices

On a broader level, the issue of ending the embargo clearly entails political, strategic and economic dimensions. The latter includes the potentially lucrative Chinese arms market for EU defense industries. Currently, the world arms market is dominated by US firms, and during the period 1999-2003, US exports of major conventional weapons accounted for about 34% of the world total while a further 30% was taken up by Russian exports. For the same period, combined exports by France, Germany, the UK, Italy, Netherlands and Sweden amounted to 23% of the world total. Of the 100 largest defense industries in the world 44 are US companies, while US total arms sales accounted for 63.2% of total world arms sales in 2002.

In this context, it could possibly be argued that China represents a large and growing market for EU defense industries that are faced with stiff competition by US arms exporters that often rely on political leverage by the US government in order to win defense contracts and weapons orders in a highly competitive international market.

¹ Trend indicator values expressed in 1990 constant prices

² In PPP dollar terms, at constant 2000 prices and exchange rates