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**ASIA PACIFIC – A REGION OF
GLOBALISATION AND COMPETITION
IN THE 21st CENTURY**

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Chapter 1

Building New World Order

As history turns a new page, the mankind are reviewing the past and present and looking to the future. In the past century, we experienced two World Wars and despite this, the vehicle of history was moved forward. The World created unprecedented civilisations and enjoyed fast growth of social productive forces driven by revolution of science and technology in the 20th century.

Though the last half-century was period of relative peace - World War II was over in 1945 - the global political canvas remained brittle. Paradoxical forces of reuniting divided nations and dividing the others were at work. Vietnam and Germany were united but around fifty new countries were born like those in the Commonwealth of Independent States (CIS) from the erstwhile USSR, in the Eastern Europe and elsewhere like East Timor. Communism, Capitalism and Colonialism have been the dominate historical forces fiercely in competition with each other till a somewhat unipolar world emerged in the early 1990s.

A parallel process took place with respect to economic life. During the first half of the century, as a consequence of the havoc wrought by the great depression, many governments adopted legislation that created social welfare programmes and systems of financial control, reserve funds, and trade regulations that sought to protect their societies from a recurrence of such devastation.

The period following World War II brought the establishment of institutions whose field of operation is global: the International Monetary Fund, the World Bank, the General Agreement on Tariffs and Trade, (now World Trade Organisation) and a network of

development agencies devoted to rationalising and advancing the material prosperity of the planet.

At century's end - whatever the intentions and however crude the present generation of tools - the masses of humanity have been shown that the use of the planet's wealth can be fundamentally reorganised in response to entirely new conceptions of need.

Despite the end of the Cold War, peace has by no means prevailed, as conflicts in this decade have clearly shown. Differences in race, cultural traditions, ideology and levels of economic development all threaten to destabilise the world unless effective diplomatic work is done.

The world economy maintained strong growth, with the growth rates of world gross production and international trade volume reaching their highest levels. Relations among various countries, especially the big powers, have improved and strengthened. Owing to the development of economic and trade ties, connections between countries have become closer and closer. Relations between the big powers vary over time. At the beginning of the 21st century, the world will not return to the 19th century when there was a balance of power in Europe, nor will it be dominated by the sole superpower of the United States.

But just realising that these differences and prejudices exist, and recognising that they have triggered so many conflicts in the past, goes a long way toward helping us avert the ugly repetition of history. No wonder all major powers are making great diplomatic efforts to build a variety of strategic relationships and partnerships.

We are facing a more complex international system which, unlike the straightforward, rigid bipolarity of the previous one, is fluid and unpredictable. The threats to this new international system are no longer clear and one-dimensional, but multipolar and diffuse.

The world is in a state of transition, as it has always been, except that the pace of change is now so much greater than ever before. The greatest challenge of our times, therefore, is how to manage change that tends to overwhelm us. In today's world, there are prominent trends: the gradual multi-polarisation in the world political pattern and the increasing globalisation of the world economy.

The World is facing to promote the process of multi-polarity for world stability and democracy and on the other hand ride the tide of globalisation for common development so that a just and fair New World Order can be established in the 21st century. Global challenges need to be met by nations working together in the international stage.

We face a world where an interplay of forces of continuity and change, of globalisation and pluralisations makes this world a more complex place, and calls for an increased international co-operation to respond to the challenges of the new era. For the purposes of this Working Paper let me first offer our broader perspective on the current international political and economic situation, then narrow the perspective to look at the Asia-Pacific region and finally speak of our response to what we see.

Chapter 2

Fastest-Growing Economies in 21st Century

Tremendous social and economic changes have taken place in post-Cold War Asia during recent years. And they impact differently on different countries. The East Asian economic crisis is behind us, but it has left a trail of political and social turmoil in some countries. Economies of the Asian countries are once again starting to grow. But economic growth would greatly depend on energy availability in future, since three large consumers, that is, Japan, China and India are net importers of energy. A decade ago, in the Gulf War, oil was the major factor. Potential for conflict for energy resources remains a distinct possibility in future, and we need to ensure that such a situation is prevented well in time.

Globalisation not only introduces different distances, but also a larger selection of suppliers and, as a result, a continuously adjusting network which responds to changing markets, currency, capacity, and other conditions. The internet provides the means for effective connectivity and integration of such networks. At the same time, supply chain management is an urgent need for a central management information system which co-ordinates or assigns logistic capacity to meet the ever changing needs of global supply chains.

China

China is playing an ever greater role in Asia Pacific. With a stable and energetic economy, it is investing considerable sums in mobile forces armed with the latest weapons and hardware. In the next ten years, China will become a new global power, although it whole-heartedly refutes this aspiration. This is bound to influence China's relations with the other regional countries, which already suffer from "the Chinese syndrome" engendered by fears of China's growing might.

China is brewing another round of economic wonder in the next decade. There are several indications to show that China will attain such aspirations, as the Chinese economy has already shown major improvement at the turn of the century.

On the basis of estimate of purchasing power parity, both China and India are expected to emerge as the largest and the fourth largest economies, respectively, by the year 2010. Going by the current growth rates of their gross domestic product (GDP), foreign direct investment and foreign trade, these projections certainly appear to be reasonably accurate and valid.

India

According to the World Bank projections, and other sources, India will be economic superpower of 2010 and third largest economy by 2020.

There is a new atmosphere in India, called the "second wave of reform" by some. More tangibly, it is a determined urge to become a power on the world scene, a voice that is heard and heeded.

India was one of the most insistent leaders among developing countries which fought any linkage of trade rules to labour and environmental standards at the World Trade Organisation's stormy meeting in Seattle in 1999. In effect, this country, whose spokesmen so often lecture on the importance of putting human needs ahead of economic benefit, took the side of the police, not the street, in Seattle. It was only one of many paradoxical combinations among the protesters. Here was a remarkable spectrum of people worried that trade could hurt them, although many of the same people want more trade in some things. They just don't want somebody else to say which things.

Why have both India and China refused to conquer the world when they had their opportunities during phases of the last thousand years? The easy answer is that both, blessed with civilisation, depth of territory, a substantial manufacturing base, natural resources, technology and therefore wealth had nothing to seek outside their

shores. What, after all, do you want from conquest but wealth, and the power to maintain that flow of wealth?

Take the Chinese and the Indians, they will always remain different people, howsoever strongly they are exposed to the forces of globalisation. New technologies do allow even ordinary people to have access to "reach further, faster, cheaper and deeper around the world," but all the supposed cultural convergence could be as illusory as the flickering computer images which engender it.

China and India potentially rank among the world's most important economies in the twenty-first century. This is because both countries have huge markets of 1.3 billion and one billion people, respectively, and both have been experimenting with the process of opening up their economies. Their evolving business-friendly environment, as also their increasing purchasing power and consumption-levels, are too attractive to be ignored by major investors around the world. But apart from other hurdles in achieving such ambitious objectives, a major challenge is that the world's two largest and continuous economies still have very limited economic interaction.

As for South-East Asia, it has had a bitter experience with free market experiment. With this one crisis, America has damaged its position for a long time in Asia. It is difficult to say where the South-East Asian countries will go, for they are not truly democratic countries. This explains why they fell into the trap of speculators. But it is difficult to believe that the millions of people who have been pauperised will ever allow repetition of free market experiments.

Japan

Japan is in a state of transition, too. Having won a global economic role thanks to novel technologies and new forms of management, it is now working to raise its political status. The contrast cannot be more startling. The Japanese economy entered recession in the middle of 1997 and then the GDP dropped 3.9 per

cent and the rate of growth of industrial production shrank from plus 5 to minus 10 per cent. That resulted in unemployment which has now crossed 5 per cent, the highest since World War II.

Japan is a developed economy with a per capita income about 15 times that of India. That is where India comes in. In per capita the gap between Japan and India is vast. Japan is second largest economy in the world and it is only 75 per cent bigger than India's. The Asian crisis further aggravated the adverse trends in India. But these problems are ephemeral. Japan has been reticent about investing in India and preferred Southeast Asia which, three years back, ran into a crisis pulling Japan along. The Indian economy is in a position to absorb large investment which Japan can fund to generate for itself larger exports.

Southeast and East Asia

Over the period 1990 to 1998, the fastest growing region in terms of the GNP per capita was East Asia and the Pacific (6.4 per cent), followed by South Asia (3.8 per cent), the World Bank Report noted.

The newly industrialised economies depended largely on trade to achieve higher rate of GNP growth. Their example was emulated by Southeast Asian countries. Singapore, Hong Kong and Malaysia export more than their national income. Other East Asian countries nearly a half of their national income. So far, these countries have relied mainly on traditional goods like textiles and gems and jewellery. The new item that has entered in the export list is computer software. Most of the Southeast Asian countries have moved over from textiles and are now in high value items. Taiwan in electronics, Korea in cars, Malaysia in computer peripherals, and so on. This transition from low value to high value exports cannot be done on borrowed technology.

Under an ASEAN Free Trade Area, more developed and developing economies have promised to remove tariffs and trade barriers within the region to investment within the next two decades.

Russia

Today, the Russians regret their wrong decisions. They are no more enamoured of the free market. They may not want a Stalinist regime, but they certainly will not embrace the US model. In fact, they want to oppose the dominance of the USA. And they want a strategic partnership with China and India. Russia, being one of the world's strongest military powers, its foreign policy has an active multi-vector nature and is oriented both the countries of the West and of the East and is based on the interest in developing variegated cooperation with most of Asian and Muslim countries on an equitable and mutually advantageous basis. Although the world arms market is shrinking, Russia still remains among the five leading arms exporters.

Russia, a large part of which is facing Asia, has considerable interests in the region, too. The nascent integration of regional states, which are at different stages of economic development, created favourable conditions for Russia's involvement in the regional economy. A substantiated foreign political and economic strategy in the East could help Russia to gain certain advantages over the West here. Certain achievements have been made in this process, meaning Russia's strategic partnership with China spearheaded into the next century, the drafting of a peace treaty with Japan, and regional cooperation with the USA, including military contacts. Also, it is important that Russia has been admitted to the APEC.

In such a scenario, Asia and Pacific will become one of the fastest-growing economies worldwide in the 21st century.

Chapter 3

India Likely to Emerge as Strategic Counterweight to China

At the end of the bipolar confrontation, we have seen a substantial improvement in the regional security environment. This was also due to the common preoccupation with the economic growth that has been the region's overriding concern in past years. The major challenge now before the region is to preserve the environment of peace and stability in the face of current uncertainties.

In this situation, everyone seems to want stronger ties with India. On the heels US President's tour, Japanese Prime Minister's visit, Russian President's visit in 2000, Chairman Li Peng's 2001 India visit and traffic goes both ways. India's diplomatic initiative has been under way for some time, but international weight increasing time to time. In any approach to policy setting for the 21st Century it is important that economic diplomacy prioritise the areas of concrete strategic focus. In this regard India as founder and active member of Non-aligned Movement and G-77 and participated for creation G-20 and G-15.

India has suggested a six-point programme for ensuring that globalisation benefits the poor to the G-20 meeting in 1999 (It was the second conference of G-20 which comprises some emerging economies like India besides the G-7 countries). India was asked the Group of 15 developing nations to fight unitedly the growing protectionist trends in western world while harmonising their stand on contentions North-South issues.

The Tantalising Triangle

In Asia, India's largest neighbour, China, is on the rise, while Japan is seemingly on the decline. An increasingly assertive China

holds important implications for Indian security. With the progressive decline of the Soviet Union (Russia) since the 1980s, the situation in Asia can be characterised as representing an imbalance of power. Many changes are taking place in Indian neighbourhood which will affect the future power balance.

While Japan has been hit by feelings of uncertainty and insecurity, China is assuming a higher profile in Asian and global affairs and in the American policy. The dramatic rise in China's power has enhanced its influence on India's neighbours, especially Pakistan and Myanmar. As China's power grows further, so will its leverage vis-a-vis India.

On the other hand, historically India and China have fostered splendid ancient civilisations and once were locomotives for Asia's long-time lead in the world. In modern times, Asia lagged behind. It has started its great rejuvenation since the 1950's and India and China along with other Asian developed nations share the obligation for the future of Asia.

Asia-Pacific Power Scenario

The nuclear tests at Pokhran in May, 1998 followed by those in Chagai in Pakistan have changed the international power scenario significantly. They have also given rise to challenges to both countries, not only vis-a-vis each other, but to each country, internally and externally.

On the other hand, the region is heterogeneous politically, ethnically, socially, culturally and legally. It is an arena of clashing national interests of large industrialised countries - the USA, Russia, China and Japan, three of them nuclear powers. US has long regarded the region as its domain and openly plans to maximally use its territory, marine communications and potential in the next century as a part of its foreign policy designed to reaffirm its world domination.

By the way, the very name of the region, Asia Pacific, was coined in the USA and is connected with the US division of the world into parts with the purpose of ensuring its own security. In

accordance with this theory, Asia Pacific is nothing other than a war theatre, with the operational control of that region entrusted to the joint command of the US forces in the Pacific. In fact, when saying "Asia Pacific", we reaffirm, however unwittingly, the idea that the region is still regarded as a potential scene of military rivalry and possible confrontation.

2000 - "Big Power Diplomacy Year"

The 2000 once again highlights a central paradox of Indian foreign policy. That despite being publicly committed to the goal of a multi-polar world, India remains excessively fixated on Washington. Russia, China, Japan and the European Union do figure on India's radar screen but only a relatively minor blips. On the economic, strategic and even cultural fronts, it is the US which dominates the government's consciousness.

Since the 1998 nuclear tests, India started considering itself as having potentials for being a big power and India wants to lay a foundation for attaining a "big power status". Major powers also "failed" to recognise India's potentials and ignored her and stressed that apart from geopolitics, the vast Indian market and technical expertise, including software skills have attracted the international community to engage India.

To a certain extent, India's US focus is the product of its own narrow, regional concerns: Pakistan and the issue of cross-border terrorism seem to be virtually the only major issues. And since the US is presumed to be the one power with clout in South Asia, it is Washington where New Delhi wants to concentrate its diplomatic energies. Small signs of support generate irrational exuberance in India and euphoric talk of a "strategic partnership". In this connection China accuses US of pursuing India's "big power diplomacy" to "isolate and attack" Pakistan and the US strategy is to "use India and Japan to contain China".

In reality, the US is far from being an ally. The EU is the most important destination for Indian exports - last year, 26 per cent of exports went to Europe compared to 21.8 per cent to the US. The EU

and Japan have also started opening their doors to Indian computer professionals - a factor which seems to count for much in official circles these days - and when it comes to the purchase of critical technologies, including armaments, the Europeans and Russians are much more willing salesmen. The purchase of advanced jet trainers from the UK has been held up because India has to ensure there are no US components involved. And defence planners here work on the assumption that for the foreseeable future Washington will continue to hinder India's attempts to acquire-or even indigenously develop-new hardware.

Russia, India and China

A strategic triangle among Russia, India and China would be the central issue in world affairs in the 21st century in efforts to end the dominance of a single power. The nightmare scenario of some of the US is for China, India and Russia to form an anti-Western axis. Such a tripartite alignment is unlikely. For each of the three potential members, the bilateal relationship with the United States is more important than ties with either of the other two. Washington is the gateway to a huge pool of technology, credits and markets.

Large multi-ethnic countries like Russia, India and China have also "potential Kosovos" in Chechnya, Kashmir and Tibet. The three countries, which have civilisations dating back thousands of years, cannot reconcile to the existing dominance of a single superpower and are destined to work together to facilitate the emergence of a multipolar world.

"Look East"

Carrying forward then Indian Prime Minister N.Rao's "Look East Policy" India undertaken with the ASEAN countries is intended to provide sharper focus to India's East Policy. Since 1999, India has been having very active engagements with ASEAN countries. (On the economic side, trade between India and the ASEAN nations work up to \$7.2 billion, \$5.11 billion being imports. ASEAN countries have also emerged strong foreign direct investment sources).

India's "Look East" policy also been worried about China's dominance in the region. India and ASEAN have strong civilisational linkage in addition to geographic proximity and political and strategic convergence. They also share concerns over regional political and security environments, particularly in the Korean Peninsula and in the South China Sea which would affect both the ASEAN and India, should any conflict flare up. The inauguration of the Ganga-Mekong Swarnabhoomi project, India sought to dispel any notion that the move was directed to check China's growing sphere of influence in the region.

Japan is another power that could balance relations with China. Now, everyone is predicting, that Japan and South East Asia could contain China, economic-wise and the USA from the military standpoint. China is uneasy about evolving US ties with its two potential Asian rivals. It fears that the US, Japan and India may eventually form a trilateral strategic alliance.

India has long ignored China and Pakistan's growing influence with Burma's military government at its peril and it may now be too late to supersede it. Pakistan and its military ally China were among the handful of countries which had disregarded international opinion and forged close military ties with Burma's Junta cleverly complementing their strategy of encircling India.

Sino-Pak ties and ambitions

The Sino-Pak strategic partnership is likely to endure. In fact, the close strategic relationship between Pakistan and China, including intelligence sharing and arms transfer, will continue to be the single most adverse factor in Indian national security. The factor has been aggravated by China gaining a strategic toehold in Myanmar and establishing military cooperation with Yangon and setting up listening posts along the Bay of Bengal. Already, China's three largest arms buyers are immediate neighbours - Pakistan, Myanmar and Bangladesh, in that order.

A world view would adequately explain the anger of China after the tests at Pokhran. There does not seem to be so much concern about the Pakistani tests, perhaps because that fits in with China's future ambitions.

The US and its allies, indeed the beneficiaries and advocates of the New World Order, reacted to the Indian tests in a similar way - as a challenge to the status quo. Only this interpretation can explain the abuse and virulence of the reaction from the West, when India (1) had broken no international law or treaty to which it was a party; (2) India issued no threats against the West; and (3) it announced openly the fact that it had conducted the tests. It was not a clandestine operation.

American policy toward India has emerged as a new source of tension with Beijing, adding to strains generated by differences over Taiwan, theatre missile defences and human rights.

China is concerned by what it sees as a recent pro-India tilt in US South Asia policy. It wants Washington to restore a better balance in its relations with the region.

So what are the choices before India, particularly since she has declared herself a nuclear-weapons state? These were: either join the US and its allies, the pyramid; join China with the stand-off with the US (the effort is on to try and co-opt an all too willing - for the moment, at least - China, to support the pyramidal structure using its strength as a veto-wielding permanent member of a strengthened Security Council) or, there remained for India a third choice, which dismissed as non-viable, leading most likely to India's isolation and or marginalization, and this would be to "go it alone".

Chapter 4

Russia's Role in World and Asia Pacific Politics

The Soviet threat and the American response to it created a bipolar world: two superpowers locked in a head-on confrontation, with many of the other countries joining the coalitions created by the two superpowers. In such an environment, the foreign policy doctrine elaborated on by the American leadership was the well-known "containment doctrine", namely, the attempt to contain the Soviet Union and restrict its expansion in the hope that the inherent weaknesses of the Soviet system would lead, sooner or later, to its collapse. In this context, the US created a network of multilateral and bilateral alliances (NATO, SEATO, CENTO, ANZUS) that successfully lined up against the Soviet coalition.

These two divergent tendencies led to the emergence of two superpowers and the Cold War. For a century and a half mankind balanced "on a darkling plain", "where ignorant armies clashed by night." While science moved ahead in seven-league boots, sociology achieved its own vital victory - industrialism with a human face. The impulse for this victory came from the socialist dream.

Post-Cold War Russia

With the end of the Cold War, things were restored to a point. However, bipolarity continues because militarily Russia can still take care of itself and because no other great powers have yet emerged. Russia's ability to play a military role beyond its borders has diminished, yet nuclear weapons ensure that no state can challenge it. Nuclear weapons alone, however, do not turn states into great powers. Russia will not remain a great power unless it is able to use its resources effectively in the long run. Its nuclear capability only

enables it to shift resources from the military sector of its economy to civilian ones.

As long as Russia is a major player in the international arena, it must pursue a multi-directional policy rather than a unidirectional one. It should be equally active with regard to the United States, Europe, China, Japan, India, the Middle East, the Asian-Pacific, Latin American and African countries. If Russia does not diversify its foreign relations, it will never overcome its hardships or survive as a great power in our inter-related and closely intertwined world.

Russia's "Look East"

Russia scored these achievements in the eastern direction, which hardly existed only a few years ago, first and foremost thanks to its political and military activities. Economic relations are still inadequate, and sometimes below zero. In other words, Russia will have to work very hard yet, first and foremost lead Siberia and the Far East from a deep economic crisis, in order to occupy a befitting place in Asia Pacific and fully reveal its unique Eurasian nature. More importantly, however, the future of events in Eurasia will depend upon Russia's relationship with the United States and whether this will be cooperative or antagonistic.

Russia's admission to the APEC in 1998 was recognition of the fact that it is a country of Asia Pacific, a region which will largely determine global politics in the next century. In principle, it has no rivals already now, as more than a half of the world's population live in about 30 countries of the region. It produces roughly 45 per cent of the planetary GDP, accounts for over 50 per cent of global trade, over 60 per cent of marine and nearly 25 per cent of air traffic. Asia Pacific has the world's largest financial reserves and the most science-intensive technologies.

"Triangle"

Russia's moves toward setting up a stable and safe world order have been widely approved by the Asia Pacific countries, even China, India and Muslim World. The then Russian Prime Minister Yevgeny Primakov had first mooted the idea of a Moscow-New Delhi-Beijing

strategic triangle during his official visit to India in December 1998 but later disavowed it. Russia sought to enlarge its proposed strategic triangle with India and China by including Pakistan to ensure stability and security in South Asia. Ye. Primakov during a meeting with Pakistan counterpart N. Sharif in April 1999 underlined Russia's readiness to stabilise the situation in South Asia and in improving relations between the states of the region.

Russia, India and China have common stands on a host of vital international issues like NATO expansion. Iraq, Yugoslavia as well as the NATO's efforts to substitute the UN. Avoiding the term "Strategic Triangle", spoke about "Parallel development of relations between Russia - China, Russia - India and China - India". Moscow enjoys cordial ties both with New Delhi and Beijing and has developed strategic partnerships with them. China, India and Russia to form a de-facto geostrategic alliance in an attempt to counterbalance the post-Cold War **Pax Americana** and western influence.

Russia does not object in principle to the creation of the Moscow-Delhi-Beijing axis, if India and China are prepared for this. According to the Russian Prime Minister Mikhail Kasyanov "Russia cannot but support this level of mutual relations, call it coordination or an axis if you wish". He noted that India and China are traditional, good neighbours for Russia with which it has always maintained good relations. Commenting on the possibility to form such an axis, of which Yevgeny Primakov talked while being the Premier, Kasyanov emphasised that "We would be glad if the need for this were accentuated by our partners; Russia is ready for this."

Russian President Vladimir Putin has also expressed his conviction in Russia's blossoming relations with India and said during his visit to India in October 2000 that New Delhi is a "fitting contender" for permanent member of the UN Security Council. "I want to stress that, in our opinion, India plays one of the most important roles in world politics and that Russia and India naturally complement each other in many spheres," he said "We are very

interested in maintaining relations with such a great power as India, especially in the pursuit of creating a democratic multi-polar world and in bilateral cooperation," Putin said.

The nightmare scenario for some American analysts is for Russia, China and India to form an **anti-Pax Atlantica+Pax Americana** axis. This would bring together 2.5 billion people of three nuclear weapon powers in an alliance of convenience forged solely to counter US global dominance.

China-Russia

The partnership between China and Russia conforms with this trend. The two countries have a broad common interest in promoting a new international order. For China, the partnership can promote peace and prosperity, which are crucial to its market-oriented economic development. Many observers voiced their speculations upon this new partnership, some interpreting it as a "quasi-alliance" in the face of NATO's eastward expansion and the enhanced US-Japan security alliance.

Already the partnership has given impetus to adjust major power relations. China and the United States have exchanged visits of top leaders and announced a strategic partnership. China has also agreed to form similar partnerships with France and the European Union.

To prevent such misconceptions, it is necessary to have a clear understanding of Sino-Russian relations, which can best be grasped against the backdrop of an evolving multipolar world. The Sino-Russian partnership, based upon equality, aims at safeguarding each other's national interests and building a fair and just international political and economic order. Though not directed against any other country, this partnership had nonetheless widespread repercussions upon the international community.

In this situation, some regional countries, despite their heterogeneity, different interests and ambitions, are bound to think about establishing all types of cooperation in the sphere of ensuring security and creating a collective security system.

Without it, Asia Pacific will not become a region of the future despite all its advantages.

Russia's Place in Globalisation

Pointing out the gravity and scale of problems facing Russia on the international arena, President Putin stressed that, for the first time in many years, an adopted concept of the Russia's foreign policy clearly outlined nationwide tasks related to foreign-policy development. Now that the globalisation process continuously gains in scope, Russia faces the problem of finding where it fits in here. According to him, Russia is somewhat too shy to pose blunt questions to its partners, knowing they could hardly accept them. "But we must proceed from the interests of our state," he emphasized.

According to the Russia's Minister of Economic Development and Trade, the plan of Russia's Government with regard to social policy and economic modernisation on 2000-2001 was executed in the main and it is quite real for Russia to reach a 4 per cent economic growth, however, final forecasts can be made only in the latter half of year of 2001.

Although, according to the projections of a report "Global Trends 2015" by the US intelligence community published recently, Russia will continue to become weaker economically, militarily and socially and Russian economy would crumble, the report predicts. The outlook for Russia, particularly its economy, is bleak. The Russian population, which will become more sickly, may shrink in size from 146 million to 130 million in 15 years.

Chapter 5

Volatile Flashpoint in Asia

Asia Pacific countries have a substantial influence on the situation in the region, too. The more so that mistrust and even conflicts in relations between some of them are becoming a thing of the past. Take India and Pakistan, which have recently tested nuclear weapons, or the Korean Peninsula, which till recently was described as the world's hot spot and last Cold War frontier.

The tension between India and Pakistan is one of three major concerns of the United States. Admiral Dennis Blair, commander-in-chief of US forces in the Pacific, said that North Korea (Kim Dae Jung is apprehensive that a tough US stance on North Korea could jeopardize his "Sunshine Policy") and the rift between China and Taiwan were the other two priority concerns for the US.

Security

Vast armed forces have been accumulated in the region, which has more than 10 million servicemen. It has a considerable number of military, naval and air force bases and other facilities of the military infrastructure. In the past few years, missile-space technologies and weapons of mass destruction have been proliferating in the region. This great military might points to the great concern of the regional states for their interests and political goals.

The US maintains 37000 troops at more than 90 military bases and installations throughout South Korea. US has claimed progress in halting North Korea's nuclear weapons programme, which the CIA says may have acquired enough plutonium to fashion crude atomic bombs. It has also won an agreement from North Korea to refrain from testing a new version of its long-range Taepodong missile, which defence analysts say could reach California.

After years of parallel efforts by South Korea, the United States and Japan, with Russia and China playing roles on the sidelines, Washington's negotiations with Pyongyang are crucial to the progress of South Korea's own efforts to improve relations on the Korean peninsula, divided at the end of World War II.

Russia has tried to play a high-profile role in an historic rapprochement under way between the two Koreas. Russia's role has changed, from Cold War patron of Pyongyang to eager trading partner of Seoul and warns its remaining clout with its former clients in the North could make it an important player in the region.

Other, no less significant regional features are the growing demographic tensions, the shortage of resources and lebensraum, and religious contradictions. Transnational dangers and threats, such as terrorism, piracy and drug trafficking, are on the rise in Asia Pacific. And lastly, we should remember the negative consequences of the financial crisis, which swept the bulk of regional countries.

"NATO allergy"

When NATO, portrayed as a purely defensive alliance, bombed Serbia in 1999 even though it had not attacked any member of the alliance. Many Russians concluded that perhaps all these years the Warsaw Pact had held NATO in check and not the other way round. There is deep and broad resentment at the repeated humiliations of Russia.

China was traumatised by the US bombing of its embassy in Belgrade. It has not accepted repeated assurances that the attack was an accident. The real question for Chinese is the level at which the attack was authorised.

India railed against rejection of the rules of the international game when the outcome did not suit the US and its allies. All three reasons were shaken by the ease with which NATO evaded the requirement of United Nations authorisation for the international use of force. All took note of the gap between the military capacity of the US and that of the rest of the world. All challenge any emerging

doctrine of humanitarian intervention that can result in splitting asunder the target country.

"Triangle" and East Asia

Russia, India and China are united in opposition to fundamentalist religious and other ethnic movements. The border between Taliban-ruled Afghanistan and Central Asia is porous. Conflicts in the region involve ethnic groups spread across several political frontiers and jeopardise the safety of neighbouring countries. It is partly for these reasons that China refrained from siding with Pakistan during the Kashmir flare-up in 2000.

Japan has a defence treaty with the US and comes under the US umbrella. One of its principal concerns at the moment is the North Korean missile tests. Japan has been tiptoeing towards diplomatic ties with North Korea in the hope that engagement with the secretive Pyongyang regime can defuse the threat raised by its August 1998 launch of a long-range missile over Japanese air-space. Japan seeks to normalise diplomatic ties with North Korea, the world's last remaining Stalinist state, and as China's rival, Taiwan.

On the other hand, India and Japan are now considering closer defence cooperation and a security dialogue. India sees no need for a strategic alliance with the United States against China, even though ties with Washington have improved. The US plan to work on missile defence, for example, has promoted Russia, China and the EU to come together in opposition.

At East Asia struggles to recover from the worst economic crisis in its modern history, and deal with the resulting political turmoil, the last thing the region needs is renewed volatility in relations between the United States and China. The United States and China have broader obligation to ensure that their bilateral problems do not become a source of regional tension. In a strategic relationship of this importance, divorce on the grounds of an irretrievable breakdown is simply not a sane option.

China must accept that Japan is entitled to protect itself against the threat of a ballistic missile strike from North Korea.

The missile defence system is purely defensive and would only be effective against a handful of single-warhead missiles of the kind possessed by North Korea. Such a limited shield would not be effective against China's more sophisticated and numerous missile arsenal.

The more China criticises the shield, the more likely it is that Japan and the United States will deploy the system, and consider extending its coverage to Taiwan, which is China's real concern.

Oil and the Gulf

The United States deploys immense political and military resources in the Middle East in order, it says, to protect its access to oil resource. The undeclared war being waged against Iraq and its regime; US involvement in the Gulf and Saudi Arabia; the two-decade-old Iran boycott; Washington's counter terrorism campaign and effort to deal with terrorism as if it were something that could be bombed away - all this in one way or another is connected with "securing" Middle Eastern oil.

The Gulf War thus launched a new American globalism. It did not receive that response because of the confusion that accompanied so drastic a change - there was an intellectual and imaginative failure - and because retreat from engagement and power simply went against the bureaucratic and career interests of the American foreign policy community. Yet oil does not need to be secured, since it is not going away. The position of US oil companies may need to be assured, but that is another matter. It does not make much difference who is in charge of the oil, since those who have it must sell it to those who will buy, at a price that makes it worthwhile to the buyer.

The continued bombing of Iraq and attempt to overthrow its government, the stationing of American forces in the same country as Islam's holy places, muted interference in the internal politics of the Saudi and other Arab governments, the attempt to prosecute a region-wide war against an Islamic fundamentalism that Washington scarcely understands, and, of course, virtually unqualified support for Israel -

all this has destabilising effects. The result in Saudi Arabia could prove to be the same one that resulted from the identical US policy pursued 20 years ago in the Shah's Iran.

Central Asia

The changes that have taken place in Central Asia since 1989 after the break up of the Soviet Union, the Central Asian states have achieved a certain degree of stability after the initial few years of chaos, economic hard-ship, inter-ethnic tension, threat of radical Islam, Islamic militancy and so on. Even the Tajik civil war has abated and the reconciliation process has made progress.

The newly independent states chose different routes to achieve stability, some by economic liberalisation and liberal democracy, and others by regulated market and slow privatisation with greater role of the state in economic and social matters, while preferring socio-political stability to instant democracy.

South China Sea

China continues to cling repeated principles of non-intervention, even as the post-Cold War has rewritten these rules by promoting new rationales for the use of force. Taiwan, however, remains China's great exception. Indeed, an unprovoked Chinese use of force against Taiwan, that many Americans, Europeans, Asians and even some Russians would be justified by Beijing as a strictly defensive action involving territorial integrity-the one interest that Chinese diplomacy claims as "vital".

China has indicated it will not allow talks about the Spratly Islands in the South China Sea, Southeast Asia's biggest potential flashpoint, to feature on the multilateral agenda of the region. Tensions between China and Taiwan, which Beijing regards as a renegade province, is also strictly off limits as far as Beijing is concerned. But both China and Taiwan appeared to want to avoid conflict and that Beijing had recently taken some significant steps to make it easier for Taipei to respond and

begin to talk and it was opening for progress in the long deadlocked talks between China and Taiwan.

Indonesia Faces Balkanisation

Since the economic crisis, Indonesia has been experiencing severe instability, with the possible breakup of the state – the Balkanisation in South-east Asia. The world's fourth-most populous country, an archipelago of 13000 islands risks "Balkanisation" into warring, splintered territories and poses the biggest security threat in the region. The political upheaval and ethnic violence in Indonesia are triggering waves of illegal immigration and pose regional social and security concerns. The violence and riots in Indonesian-ruled Borneo, an island shared by Malaysia and tiny Brunei and beset with rebellions in Aceh, Irian Jaya and the Malukus are might be one the serious flashpoint in Asia.

South and East Asia

The ASEAN countries had emerged out of the shadow of their linkages the US and the Cold War context, with the withdrawal of US military bases the Philippines, Thailand etc. With the end of the Cold War, the political inhibitions which affected great powers on the one side and the countries of this region on the other, disappeared. The process of globalisation and national policies of liberalisation, investment and reforms, qualitatively improved the prospects of economic relations between great powers and ASEAN countries.

World community warned that Southeast Asia was falling behind Northeast Asia in economic growth as well as information technology, which is a critical area of future competitive advantage. Since the regional financial crisis that started in Thailand in mid-1997, there had been a reversal in investor perceptions, with Northeast Asia now being seen as less xenophobic and more willing to reform that Southeast Asia.

There are divergent interests in Southeast Asia India views China as an intruder in the region. China believes it is a legitimate ringside participant. Some South Asian and Southeast

Asian states welcome a Chinese counterweight to Indian geopolitical influence.

China and India are competitors for foreign investment, credits and markets. Some of the problem areas between China and India are potential assets in India-Japan relations-democratic governance, Japan is the world's biggest aid donor, is much impressed by India's knowledge-based potential. Already there are signs that an informal security coöperation chain is forming between India and Japan - all of whom share a common strategic concern in China. This, it's feared, could presage a new Cold War in Asia.

The present international situation in Asia and the Pacific in generally continued to move toward relaxation, but local elements of tension and tumult are on the increase and some areas have even escalated to armed conflicts.

Chapter 6

Asia's Dominant Powers

With regard to the strategy, next 25 years, China will dominate Asia and challenge the US might. Within the next 25 years' time, more Asian powers than the current three - China, India and Pakistan - will acquire nuclear might in the region and Beijing will have a big hand in getting it to them.

First report by the US National Security Commission for 21st Century, which presented to new US President has said, the global power centre is likely to shift the West to Asia with the rise of countries like India and China as dynamic economies in the next 20 years. The report recognized India's ability to unleash its vast economic potential and said if India and China are able to sustain their economic growth and if economies of some other Asian countries like Japan, Korea and Taiwan, "the focus of the world power will shift away from the dominant Western centres of the past five centuries."

Nuclear Dimension

The CIA report, "Acquisition of Technology Relating to Weapons of Mass Destruction and Advanced Conventional Munitions," (The report is sent to Congress every six months and the current report covers the period from January 1 to June 30, 2000) analyses weapons of mass destruction and missile technology acquisition by Iran, Iraq, North Korea, Libya, Syria, Sudan, India, Pakistan and Egypt and also examines the key suppliers - Russia, North Korea, China and Western nations.

A secret document prepared by the US Department of energy has ranked India seventh among countries possessing nuclear weapons. US experts believe India possess 150 to 250 kilogrammes

of weapons-grade plutonium - enough to produce nearly 100 nuclear warheads. Russia tops the list with 140 tonnes of the material. The United States comes next with 85 tonnes. Britain follows with 7.6 tonnes, while France is estimated to possess between six and seven tonnes and China is believed to have roughly two tonnes of plutonium.

According to extracts of the report published in Haaretz, an Israeli newspaper, Israel is placed just ahead of India with 300 to 500 kilogrammes and North Korea is ranked eighth with approximately 30 kg of plutonium in its kitty. India has the capability to build nuclear weapons with yields of up to 200 kilotons thanks to technological advances made since the tests of 1998, Indian Atomic Energy Commission chairman said. The US administration is poring over the report as it steps up pressure on countries to sign the Comprehensive Test Ban Treaty and put a cap on the production of plutonium and uranium for military purposes.

"Asia 2025"

A scenario that was imagined by a group of academics, former government officials and current Defence Department officials of US who tried to foresee Asian realities in the year 2025, envisages that a stable and powerful China will be constantly challenging the status quo in East Asia. An unstable and relatively weak China could be dangerous because its leaders might try to holster their power with foreign military adventurism.

The authors of "Asia 2025" expand the point in imagined scenarios of future Taiwan crises. They begin with China deciding to try to force Taiwan to accept reunification on Beijing's terms. China's first military step would be a naval blockade of Taiwan, according to one scenario. The United States would send ships to challenge the blockade. Then the Chinese would threaten missile attacks or hit American vessels persuading Washington that it has to choose between going to war and pulling back. Hesitation in Washington or a decision to retreat would prompt the collapse of the Taiwanese stock market, currency and economy, and the Taiwanese

establishment would quickly accept the deal Beijing is offering. The United States' failure to support its ally persuades other Asian powers that they too must accommodate the rising China. Japan makes a deal with Beijing for security and autonomy, in return agreeing to close all US bases on its territory.

India and China

Unipolarity in international relations has become stronger even as the other major states aspire for multipolarity. The new political, economic and technological rivalries indicate that the seeds of a new Cold War may already have been sown. Today most countries accept the supremacy of the US in New World Order. Except for China and, so are, India. China has been opening wider to the outside world in political, economic and social sectors, giving rise to the strengthening of the national power and becoming an important partner in the international community. China has also been playing an important role in international or regional organizations, such as the World Bank and the Asia Pacific Economic Cooperation (APEC).

If prevailing trends continue, Asia will be dominated by three strong and powerful Asian states - China, Japan and India - something which the region has never experienced before and this will usher in new strategic alignments. However, much like the United States at the global level, China is unwilling to accept any serious challenge to its top-dog status in Asia and can be expected to devise ways and means to neutralise Japanese and Indian capabilities.

Between 1980 and 1999, China's growth rate averaged 10 to 11 per cent, compared to 6.5 per cent of India. Similar trends have been observed in respect of per capita income: China's per capita income stood at \$750 as against India's \$440. China's international reserves amounted to \$152 billion. Similarly, India's international reserves amounted to \$30.6 billion, which is five times less than China. The above trends indicate that on global horizon, India is lagging far behind China.

At the heart of Sino-Indian antagonism is the familiar Indian suspicion, which has now matured into a certainty, that China is

seeking to deny India its proper stakes in the game of international politics. That China does not want India to emerge as an equal is evident from its staunch opposition to India's membership of the P-5 (UN Security Council), N-5 (Nuclear Club), ASEM (Asia-Europe Summit), and APEC (Asia-Pacific Economic Cooperation).

Demography boom

However, with regard to the demography, India, China and Pakistan are dominant powers in Asia as well as in the World. But India is likely to face food, water shortage, as its population is set to increase to a phenomenal 1,535 million by 2050 making it the most populous nation on earth, according to Worldwatch Institute report. The 80 page report, titled Beyond Malthus, by Lester Brown, President to the Non-Governmental Think Tank, projects India's population to increase to 1,535 million against China's 1,517 million by 2050 from the present figure of one billion against China's 1,255 million. The current ominous trend of population growth which is adding 15 million persons to India each year.

Pakistan, whose population is now 148 million, making it the sixth largest in the world, will become the third largest in 2050 with a population of 357 million. It says the population explosion is certain to be checked. The issue is only whether it will come about by design or through disease and death.

With aquifers being depleted in most of China and India, that together dominate the world's irrigated agriculture, substantial cutbacks in irrigation water lie ahead. Half the world's people now lack access to sanitation and nearly as many - 2,73 billion people - have no reliable source of safe drinking water. Housing for the poor is equally non-existent.

"Economic Powers 2020"

With regard to economic view, we should recognise the metamorphosis taking place in the economic platform of India and China. In the investment sector will lead India more than China in the next 20 years. Until that date, India's major trading partners

were U.K. and Europe. Now that the economic floodgates were open, American investments started flowing into India, although initially at a low level, and by 1997 they surpassed the total Foreign Direct Investment approvals of Europe, South Korea, Japan, Australia and Malaysia put together. As India's largest trade and investment partner, this growth potential is good news for the US. Two-way trade and investment in India is projected to grow vastly over the next decade.

China is now working on the draft of a new Five-Year Plan for national economic and social development. According to this plan, China's GDP will keep an average annual growth rate of more than 7 per cent and GDP in 2010 will double that of the year 2000. (China enjoyed phenomenal economic progress with its GNP growing rapidly at an average annual rate of 9 per cent). Over the past 10 years Indian economy has obtained an average annual growth rate of 6.2 per cent and India's IT industry has developed rapidly, with its software industry taking the forefront of the world. With average pace of reforms, the growth should be 7.2 per cent and concerned efforts for speedy reforms could help achieve even a higher 7.5 per cent growth over next 10 years, the World Bank's forecast concerning India noted.

The information technology (IT) revolution in India and other countries like China, Brazil and Malaysia is important as "symbol" of national ambition but it has yet to offer "tangible benefits" to the vast majority of their poor. Realising the potential of the Information revolution and its capabilities in this field, the India's National Agenda has set out the goal of making India an Information Technology Super Power by the year 2008.

Ranks among the top 15 countries of the world both in terms of total GNP and value added in manufacturing, according to the "World Development Indicators 2000," the World Bank's annual statistical portrait of people and the state of their world. Other nations on the list include China, Brazil, Korea and Mexico.

According to the World Bank statistics top ten countries in terms of GNP growth are:

Countries	1995 (billion dollars)	2020 (billion dollars)
1. China	2305	20004
2. USA	6920	13470
3. Japan	2595	5052
4. India	1320	4802
5. Indonesia	666	4157
6. South Korea	547	3412
7. Germany	1380	2687
8. Thailand	382	2384
9. France	1109	2139
10. Brazil	916	2113

Looking at this chart it is clear where the history of world development is leading. Seven of the above 10 countries are located in Asia and the Pacific region, two are European and one is from Latin American.

Chapter 7

Globalizing Asia

With new technologies have come new perspectives on better international cooperation. But there may be a political problem. There are no global ideologies, no Cold War - but that may make it more difficult for poor countries to negotiate with rich countries.

The nation-state is a badly strained institution today, but globalisation may be one of its lesser problems. For example, demographic factors, especially when combined with vastly different growth rates of regions and sections of society, put far more stresses on national policy than globalisation. Compared to the real social, political economic and cultural forces, the constraints imposed by global money markets are small charges.

The death of the nation-state is oversold. Indeed it is astonishing that people seriously think of nation-state as doomed by the advance of globalisation. Increased market power actually creates a need for increased state power.

It's the internationalisation of the process in which money, raw materials goods, services, and ideas are exchanged across national borders (minus human migration which remains highly restrictive, selective). Efficiency increases, but the nature of competition changes. While multinationals often gain with better access to those resources and greater flexibility in locations and operations, firms in precarious competitive niches come in for an anxious time.

Next Stage of Globalisation

Globalisation was neither a well thought out system nor was it a higher stage in the evolution of man. The structural adjustment policies was the real basis of globalisation. It was centred on the

integration of international markets for goods and services, investment, technologies, finance and, to some extent, labour blurring national borders and curbing the autonomy of nations to shape their future.

What, we may ask, happened to the so-called leaders of the developing countries, those who had articulated the "demands" of the developing countries for equality in the world order? Mexico was absorbed into an intertwining and close relationship with the US through NAFTA, tempting other countries of Latin America to queue up for the same privileges; Yugoslavia broke apart in one of the most brutal civil wars in Europe in recent times; Algeria was faced with the consequences of the spread of Wahabi fundamentalism and is still riven with widespread violence; Indonesia, prosperous for a time, has succumbed to economic and political crises, which has left it self-absorbed; and even India has been kept occupied with internal problems through most of the 1990s, more than not through the active encouragement of Pakistan.

ASEAN

Few years back driven by ambition and armed with reforms the ASEAN-5 gave a lead to the world economy. Growth was high; and currencies were stable. More banks and institutions outside Asia were willing to lend than what the countries could borrow. The ASEAN had become a role model at least for the rest of the Asian countries. But success did not last for too long. In 1997, the ASEAN was overtaken by a crisis. Starting with Thailand, the baht after 8 years of stability, crumbled. The Malaysian ringgit followed instantly, dragging with it the Indonesian rupiah and the Philippines peso. Stock exchanges crashed. There was an outflow of investments which pulled down the currencies further. Unable to repay the loans at deflated currencies, many companies went bankrupt, creating unemployment. Finally, growth became negative and per capita incomes dropped.

Instant relief came from assistance provided by the IMF. It helped tide over the payments gap and prevented many possible bankruptcies. However, much of the recovery in 1999 was brought

about by exports, mainly to the US. With the US economy on the bounce, and the dollar becoming hard, imports shot up, creating demand for the Asian goods. That helped many of the countries in the ASEAN to increase production and make up the fall in GDP in the earlier years.

BIMSTEC

The concept of regionalism, whether economic, or commercial, hardly enjoys an auspicious reputation. In the field of economic collaboration, efforts of South Asian and Southeast Asian countries to create a regional new economic cooperation grouping that brings together the littoral states of the Bay of Bengal. Finally, international isolated Myanmar has become an active partner in efforts to promote regional economic ties in the India, Thailand, Bangladesh and Sri Lanka, are member-states of a number of regional initiatives including the BIMSTEC, Mekong-Ganga Cooperation and in ASEAN.

While India would like to join the ASEAN as it has contiguous border with South East Asia, for the present, India appears to be concentrating on improving communication linkages in the region. For Bangladesh and Sri Lanka, Burma is being viewed as an important partner as it is member of the important ASEAN group. India and Burma recently entered the Ganga-Mekong project which aims at enhancing ties between the two regions.

Debt

The issue before the IMF and the World Bank was how to make the debtors solvent. It was in response to this that the structural adjustment policies were announced. It was claimed the IMF and the World Bank would help the developing countries overcome their debt problem. Major elements of the plan were: reduction of the state sector, promotion of private enterprise and the opening up of the economy to western multinational corporations.

The debt crisis paved the way for the large-scale entry of foreign companies, especially if they promised export promotion. These foreign enterprises were in search of cheaper costs. Naturally, there was local resistance to the intrusion of multinational corporations.

This was what led to the call for globalisation and level playing fields by the western companies.

WTO-APT-ASEM

China was almost unaffected by the crisis though growth did slow down a little. Now that China will be admitted to the WTO, opportunities for investment and trade will further enlarge. In the meantime the ASEAN as a group enlarged with 5 other countries making their entry. This geographical expansion of the ASEAN is unlikely to yield any economic advantage since most of the new members are not as well off nor share the same policy environment. Myanmar as also Indo-China are quite insulated and reluctant to adopt reforms which had been customised by the ASEAN-5. Besides, the disparities in income have made them more of a liability than an asset.

The new dynamism of South Korea and the fast development potential of China have already attracted foreign investors. The North-East Asia is now where the action is as it attracted more investment. In China, Japan and South Korea, foreign investment was up from \$ 52.6 bln to \$ 60.8 bln. To an extent, there was diversion from South-East Asia to North-East Asia. That reflects the shift in development focus in the Asian region. It remained as ASEAN plus three (Korea, Japan and China) or APT (10+3) for short. The inaugural APT Summit took place in November, 1999.

ASEAN and China confirmed the establishment of good neighbourliness, mutual trusts and partnership relations oriented towards the new century, it has signed framework documents ASEAN-China (10+1) Summits of 13 countries in Singapore in 2000.

Since the outset of the process in Bangkok in 1996, ASEM (Asia-Europe Meeting) has played an important role in bringing together Asian and European leaders to discuss a wide range of issues of mutual interest. These 25 include the 15 EU members, the ASEAN members plus Japan, South Korea and China represented at this meeting which was convened at the initiative of the ASEAN as a way of compensating the exclusion of the European countries

from APEC. The summit meetings in Bangkok (ASEM I), in London (II), and in Seoul (III) were dominated by the discussion of trade and economic matters, and a number of positive measures have been taken in this area, including the support given by European countries to Asian partners still suffering of the Asian financial crisis.

EAEC

East Asia Economic Caucus (EAEC). This concept was voiced by Dr. M. Mohammad, Malaysia's Prime Minister, for the first time in December, 1990. At the time, EAEC was actually named "East Asia Economic Grouping" (EAEG). The idea aimed at creating a forum for cooperation among East Asian countries, including Japan, China, South Korea and the ten (then six) members of ASEAN. This concept excludes "white" countries (USA, Canada, New Zealand, Australia) and "brown" Asia (mainly India).

APEC

The Asia-Pacific Economic Cooperation (APEC) forum was divided over whether to urge a new round of World Trade Organization (WTO) talks for 2001 - a date that might not be met and could undermine the group's credibility - or to issue a more vague call for a meeting some time in the Economic Summit of APEC in 2000. The future leader of the WTO shifted his previous stance favoring a round in 2001 and said that he has urged the APEC national leaders to avoid a deadline that might be missed due to deep acrimony over trade issues. 21 APEC economies represent more than half the world's output, but the trade grouping has been criticized as being too unwieldy and slow at meeting voluntary goals of creating a free-trade zone by 2020.

New progress has been registered in APEC's relations with the non-member state. APEC leaders agreed in the last Brunei Summit in 2000 to give North Korea a limited role in future sessions of the region's premier economic forum. North Korea is unlikely to gain full membership in APEC soon because the group has a moratorium on new members until 2007. The APEC economies account for a

large part of the world's population and nearly half of the global output. But the group also includes many developing countries where tens of millions of people live on less than a dollar a day. While reiterating APEC's commitment to free and open trade and investment to gain the benefits of economic growth and the knowledge-based economies are bring the benefits of globalisation to all our people, the APEC leaders pledged.

The D-8

D-8, also known as Developing-8 was founded in 1997 in Istanbul to boost economic ties among its largely Muslim member nations: Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey (six are belonging to Asia) – the world's eight most populous Muslim countries. D-8 is a global arrangement rather than a regional one, as the composition of founding members reflects.

Members represent 13.5 per cent of the world's population but only four per cent of global trade and pledged to continue to work towards achieving the set objectives of the forum through the implementation of projects and other programmes of cooperation that are of vital interest to their peoples. They emphasising on channelling adequate resources into the developing countries for investment and institutional capacity building to enable them to better deal with the challenges of a globalizing economy and open trading system.

Chapter 8

Mongolia's External Existence Options and its Place in Globalisation

Growing mutual dependence on other countries and the increasing importance of international collaboration in all possible fields in order to fulfil current demands have led to the fact that the multi-pillared, balanced and more open foreign policy, even a small countries like Mongolia. Mongolia's international image is limited. Mongolia is landlocked country situated in the heart of Asia, bordered in the North by Russia and to the South by China and has given a significant strategic position.

As in many other parts of international relations and multilateral cooperation, Mongolia's foreign policy of the past 1990's has been profoundly affected by the end of the Cold War, the country's embrace of democracy and market-oriented economy, and the emerging dynamics of Globalisation.

Priority Directions

In the past decade the Asia-Pacific region naturally became one of top priority directions in Mongolia's foreign policy. Geographically, functionally as well as in terms of civilisational and national identity Mongolia is undeniably an Asia-Pacific, in particular Northeast Asian nation. While aiming to participate constructively in the economic and political processes like APEC, ARF and negotiations, priority are placed on developing bilateral relations with the countries of the region.

Mongolia is conducting an active regional policy in the Asia-Pacific and sets the goal to join the APEC which goal will be pursued in conjunction with the advancement of economic reform at home. Today, Mongolia participates in Working Groups for Energy and

Trade Promotion of APEC and it has also applied to the Transportation and Tourism Working Groups and is interested in participating in the Human Resource Development Working Group.

ARF

Mongolia became a new participant of the ASEAN Regional Forum (ARF) in 1998. Despite geographical distance regular levels of momentum of Mongolia's relations with South East Asia were maintained. By the end of the Cold War the ground was prepared for additional initiatives by the Government of Mongolia to expand relations with ASEAN countries. Mongolia's close relations with ASEAN countries helped matters as Mongolia was admitted to the ARF. The process presents an institutional channel that will enhance Mongolia's ties with the region, an opportunity to become an integral part of the strategic community and increase the number of friends in the region.

Multilateral Cooperation

In 2000, Mongolia became the 25th member-state of the Pacific Economic Cooperation Council (PECC). It was a major achievement of its foreign policy in terms of creating an identity for Mongolia as an Asia Pacific nation and such foreign activities have aimed at expanding trade and economic cooperation with all countries of the region. Mongolia is 134th country that has become the member of the WTO and therefore, the goods and services originating in Mongolia are entitled to have a market access on non-discriminatory footing and without unjustifiable barriers.

The bilateral negotiations of Russia and China on the WTO accession with the member states are giving Mongolia an opportunity to benefit from their concessions agreed as a result of accession negotiations. To further explore and expand these opportunities Mongolia will continue to work within framework of the WTO and regional level.

By doing such activities at the global organisations level Mongolia participates in regional trade, economic and security cooperation mechanisms like the UNDP Tumen River Project, the

CSCAP (the Council for Security and Cooperation in the Asia-Pacific) as well as "Track Two dialogue" like Northeast Asia Economic Forum (Hawaii).

In such scenario, Mongolia's foreign policy goals in the Asia-Pacific region are: Enhance mutual understanding and, develop trade and economic links with the region; Develop even-hand good-neighbourly relations with its immediate neighbours (Russia and China, both belonging to the Asia-Pacific region); Pursue a policy aimed at ensuring a balance of economic interests in Mongolia of great powers and other nations which are of strategic importance to Mongolia; Enhance Mongolia's security environment; Contribute to regional peace and stability.

Mongolia's foreign economic policy goals in the region: Pursue to develop economic ties with the region in conjunction with the advancement of economic and legal reform at home; Seek foreign aid in major areas of reform; Encourage foreign direct investment; Engage with the APEC process, Develop links with PECC; Promote multilateral economic cooperation in North East Asia and as well as Central Asia.

In the face of evolving political and economic realities in the Asia-Pacific and growing complexity of issues related to harmony and development, Mongolia has chosen to open herself up to the broader world by strengthening her bilateral ties and engaging more actively in multilateral processes in Globalisation.

Chapter 9

Epilogue

We wake up in the twenty first century and in the third millenium. A strange fit of passion comes upon us and inwardly there is an undecipherable sensation of memory and desire. We have a tug-of-war within for balancing the past and the future because after all, Time is a continuum with neither Yesterday nor Tomorrow. The mortals have segmented Time and also measure in terms of their own growth and decay and the flux in the phenomenal reality. Time, thus, is the most vital dimension in our lives and most often we are entangled in Time and not float upon it. We do not have the capacity - which can be developed through the processes of the spirit - to live in the present and therefore, suffer in memory and in anticipation. This is exactly the battle within on the dawn of the new millennium: should we not savour this moment of the new dawn? How much do we go back or forward in time? What exactly would make a balanced view of two thousand years' of recorded time? And how much should we look into the future?

Globalisation is the bewitching magic word writ large on the portals of the new millennium 2001 just dawning. It is both a challenge and a threat; an opportunity and a pitfall. It involves a wide variety of things which affect the march of man towards a bright or dismal future, his progress towards a better or worse intellectual, spiritual, physical, social and material well being.

Information revolution is affecting all areas of human activity and is likely to have a growing impact on the ways in which we think and work in the 21st century. The world is becoming a smaller and more open place with cheaper travel and cheaper communications. One effect this has had on global affairs is the emergence of an informed transborder civil society of academics,

parliamentarians, interest groups and business willing to influence the terms of international debate at various levels. Information revolution has also been accompanied by a movement towards greater democratization which has marked the last decades of 20th century.

Advanced science and technology which embody man's wisdom and creative spirit should be used and applied globally to promote peace and development in the interests of all peoples. A good external environment must be created for the development of the vast number of developing countries. Effective measures should be taken to reduce or exempt the debts of developing countries and to increase official aid to them without any conditions attached. All international political, economic and trade organizations should earnestly pay heed to the calls of the developing countries, and defend their rights all interests. All countries should conduct mutual exchanges and cooperation in the economic, trade and technological fields in compliance with the principle of equality and mutual benefit so as to share the fruits of economic globalisation and scientific and technological progress.

The relationship and interaction between the all of nations has no doubt been becoming more important in the new world situation of the post-Cold War and economic globalisation.

Finally, let me for support above mentioned argument quotation from James D. Wolfensohn speech on Globalisation. Defending the funding agency policy towards globalisation, the World Bank President his visit to India in November 2000 said it was only ensuring market accessibility to all countries. "The people in the villages are not worried about globalisation, as long as they get the right benefits entitled to them" Mr. Wolfensohn said. He also said that globalisation of trade was going on for the last thousand years. "Am I to be held responsible for the globalisation over the last thousand years," the World Bank chief retorted to a question.

This views expressed in this issue are those of the author and are not necessarily those of the Ministry of Foreign Affairs of Mongolia.

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