

THE Williamsburg C O N F E R E N C E

New Delhi, India
April 4 – 6, 2004

**Confederation of
Indian Industry**



The Asia Society is a nonprofit, nonpartisan public education organization dedicated to increasing American understanding of the more than 30 countries broadly defined as the Asia-Pacific region. Through its programs on current events, business, the fine and performing arts, and elementary and secondary education, the Asia Society reaches audiences across the United States and works closely with colleagues in Asia.

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Agenda

The 32nd Williamsburg Conference was held in New Delhi, India from April 4 to April 6, 2004. The Conference, hosted by the Confederation of Indian Industry, was convened by Carla A. Hills of the United States, Tommy T.B. Koh of Singapore, and Minoru Murofushi of Japan.

Sunday, April 4, 2004

Opening Ceremony and Dinner
Keynote Speech by H.E. Brajesh Mishra, Principal Secretary to the Prime Minister and India’s National Security Advisor

Monday, April 5, 2004

SESSION 1:
Big Power Relations in Asia: India, China, the United States and Japan

Chair
Minoru Murofushi, Chairman, ITOCHU Corporation

- Is there an emerging triangle for stability in Asia with India, China and the United States at each corner? How will India-China relationship develop? Is there a growing congruence of interests between India and the U.S.? How will U.S.-China relations evolve?
- What is the perception among the Asian countries with regard to the growing American presence on the ground in Asia (e.g. Afghanistan, Central Asia, Nepal, Pakistan, the Philippines, etc.)?
- How is China approaching South and Southeast Asia and what does it mean for the shape of international relations in the region?
- What is the future role of Japan in Asia?
- What are the patterns of military cooperation emerging in Asia?

Presenters
Ding Kuisong, Vice Chairman, China Reform Forum
C.V. Ranganathan, Honorary Fellow and Co-Chairman,
Institute of Chinese Studies, New Delhi
Yukio Satoh, President, The Japan Institute of International Affairs
Frank Wisner, Vice Chairman, External Affairs,
American International Group, Inc.

SESSION 2: India and the Region

Chair
Anand Mahindra, Vice Chairman and Managing Director,
Mahindra & Mahindra Ltd.

- How will India address the rising expectations of the poor and what impact will this have on politics in India?
- How is India’s general election likely to affect political relationships in South Asia and how do India’s neighbors view the prospects of their future relations with India?
- How is the post-September 11 global reality influencing politics of South Asia?
- What are the prospects for Pakistan? What are the external and internal pressures shaping Pakistan’s future? What role is Pakistan playing in the region and the campaign against terrorism?
- Has the SAARC summit improved the prospects for India-Pakistan relations? What will it take to reach a solution on Kashmir?
- What can be done to encourage energy cooperation in the region (e.g. trans-Pakistan India-Iran pipeline, hydroelectric power and Nepal, gas in Bangladesh)?

Presenters
Padmanabha Ranganath Chari, Research Professor,
Institute of Peace and Conflict Studies
Shekhar Gupta, Editor-in-Chief, The Indian Express Newspapers
Abid Hussain, Former Ambassador of India to the United States
Muneer Kamal, Chief Operating Officer, Union Bank Ltd.
Dago Tshering, Ambassador of Bhutan to India

Tuesday, April 6

SESSION 3: The U.S. Presidential Election

Chair

Nicholas Platt, President, Asia Society

- What are the issues that will decide the next U.S. presidential election?
- How will key Asian nations fit into the U.S. domestic political debate?
- What affect will Asian American groups and Asian diaspora (e.g. Americans of Indian heritage) have on the U.S. 2004 elections?
- With the political difficulties of job loss, is the United States at risk of retreating from globalization?

Presenter

Norman J. Ornstein, Resident Scholar, American Enterprise Institute

SESSION 4: HIV/AIDS in Asia

Chair

Nicholas Platt, President, Asia Society

- What is the current state of the epidemic in Asia? Which countries are most affected by HIV/AIDS and which countries are poised to feel the greatest impact?
- What are the regional differences in transmission of the disease and how can those factors be incorporated into a coordinated response to the epidemic?
- What can be learned from countries that have had success in combating the disease? How can the principles of ABC (Abstinence Only, Be Faithful, Use a Condom) be applied to Asia? How can countries integrate testing as a necessary piece of this response?
- What can be done to attract international attention to the epidemic in Asia? How can Asian countries benefit from international programs, including the President's Emergency Plan for AIDS Relief and the Global Fund. Alternately, how can countries in Asia support multilateral programs like the Global Fund.

Presenters

Tarun Das, Director General, Confederation of Indian Industry
Mechai Viravaidya, Senator, Chairman, Population and Community Development Association

SESSION 5: Asia's Economic Prospects

Chair

Carla A. Hills, Chairman & CEO, Hills & Company

- Which Asian economies are likely to experience robust growth in the next three years? Why? Which Asian economies will lag behind? What are the reasons and what could they do to improve their prospects?
- What role are regional FTAs playing in Asia? Are these arrangements likely to be "building blocs" or "stumbling blocs" toward global economic integration?
- What are the prospects for the Doha Round? What role will India and like-minded countries play in future discussions?
- In the ever-shifting landscape of Asia's economy, what role will the U.S. play? China? Japan? India? What effect will tensions between them have (e.g., outsourcing of U.S. jobs? level of China's yuan? India's relatively higher trade barriers?).

Presenters

Shekhar Gupta, Editor-in-Chief, The Indian Express Newspapers
Akira Kojima, Senior Advisor for the Editorial Committee,
Nihon Keizai Shimbun
S. Narayan, Economic Advisor to the Prime Minister of India
Hari Shankar Singhanian, Chairman, J.K. Industries Limited
Michael Vatikiotis, Editor, Far Eastern Economic Review

Session 6: Islam in Asia

Chair

Tommy T.B. Koh, Ambassador-at-Large, Ministry of Foreign Affairs

- What can be done to mitigate the apparent conflict with the Islamic world? What role can moderate Islamic states play in world affairs?
- Are there solutions to the conflicts within the Islamic world (Kurds, Sunis, Shiias)?
- How are the war in Afghanistan and in Iraq and the follow on occupations affecting relations with Islamic Asia?
- What impact is democratization having on Islamic societies in Asia?
- What can be done to mitigate religious extremism and terrorism in Southeast Asia?
- What are the prospects for Iran's role in the region and Iran-U.S. relations?

Presenters

Kishore Mahbubani, Permanent Representative of Singapore to the UN
Dariga Nazarbayeva, Chair of the Board of Directors, Khabar Agency
Pan Guang, Director, Shanghai Center of International Studies
M. Hadi Soesastro, Executive Director, Center for Strategic and
International Studies

SESSION 7: Areas for Future Cooperation

Chair

Nicholas Platt, President, Asia Society

- What constructive roles can Asian nations play in post-conflict Iraq? In Afghanistan? In reconstruction, peacekeeping and other humanitarian efforts?
- How will the elections in Asia in the coming year (e.g. Indonesia) and leadership transitions throughout the region impact U.S.-Asia relations?
- What are the long-term U.S. strategies and prospects for resolving issues of terrorism?
- How can the North Korean situation be managed or resolved?
- What are the prospects for non-proliferation regimes and curbing weapons of mass destructions?

Presenters

Yoichi Funabashi, Chief Diplomatic Correspondent & Columnist,
Asahi Shimbun
Simon Tay, Chairman, Singapore Institute of International Affairs
Wang Yingfan, Vice Chairman, Foreign Affairs Committee and
National People's Congress
Yoon Young-Kwan, Professor, Department of International Relations,
Seoul National University, Former Minister of Foreign Affairs and Trade

Foreword

The Asia Society and the Confederation of India Industry held the thirty-second Williamsburg Conference in New Delhi from April 4 to 6, 2004. The meeting was historic, as this was the first time it had been convened in India. To mark this occasion, the conference brought together fifty-five leaders in government, business, academia, and journalism from sixteen countries and economies on both sides of the Pacific.

Last year in Bangkok, discussion centered on increased global and regional concern over the possibility of a U.S.-led war with Iraq and continued worries about the direction of the regional and global economies. Against this backdrop, delegates analyzed the economies of Japan, China, and the United States; the role of regional institutions such as ASEAN; U.S. policy and Asian reaction to it; and the growing relationship between Southeast Asian countries and China. Importantly, for the first time, the Williamsburg Conference devoted an entire session to transnational and social issues, with a specific focus on HIV/AIDS in Asia. This year's conference – taking place amidst a continued U.S. presence in Iraq and a tentative recovery in the global economy – focused on big power relations, India and the region, the U.S. presidential election, HIV/AIDS in Asia, Asia's economic prospects, Islam in Asia, and areas for future cooperation in the region.

Williamsburg co-conveners Carla A. Hills of the United States, Tommy T. B. Koh of Singapore, and Minoru “Jack” Murofushi of Japan brought together an excellent group of conference participants to discuss a comprehensive agenda. Each then ably chaired their sessions with great skill, as did session chairs Anand Mahindra, vice chairman and managing director, Mahindra & Mahindra Ltd., and Nicholas Platt, president, Asia Society. Mr. Brajesh Mishra, Indian national security adviser, delivered the opening speech, a tour de force, examining regional relations and India's place in those relations. In addition, Mr. Arun and Mrs. Manju Bharat Ram graciously hosted the opening dinner. Also, special thanks are in order for Ambassador and Mrs. James Mulford, who graciously hosted dinner at the U.S. embassy on the second night of the conference. Our local host, the Confederation of Indian Industry, led by Tarun Das, made all the local arrangements for the conference with the utmost professionalism.

Special thanks go to the entire staff of the Confederation of Indian Industry – led by Supriya Banerji, who was more than ably assisted by Sujith Haridas and Hemendra Sharma – for all their excellent work. From the Asia Society, Hee Chung Kim again

did the work of a magician, assuring that everything ran smoothly. Elizabeth Lancaster ran the secretariat and helped manage the sessions. Mike Kulma developed the agenda, organized the lead discussants, and served as conference rapporteur. Thanks go as well to Shyama Venkateswar for her overall support and specific work on press-related issues. Brigit Dermott deserves credit for her hard work in bringing this report to print, as does Lai Montesca for her work on its layout.

The co-conveners and we are most grateful to the conference funders, whose names are listed in the back of this report. Their support made the thirty-second Williamsburg Conference possible.

Nicholas Platt
President
Asia Society

Robert W. Radtke
Vice President, Policy and Business Programs
Asia Society

Big Power Relations in Asia: India, China, the United States, and Japan

The opening session of the thirty-second Williamsburg Conference focused on big power relations in Asia. With the United States and Japan controlling more than 42 percent of the global economy and with China and India as the two fastest growing economies in the world, decisions made by the big powers are crucial to peace and stability in both the region and the world. The topics of conversation revolved around bilateral and multilateral big power relations, a view beyond the big powers, and specific issues areas and how they were being addressed.

Bilateral Relations

Here, conversations focused on relations between India and China, India and the United States, India and Japan, China and the United States, China and Japan, and Japan and the United States.

India-China Relations

Participants found a growing sense of maturity in this relationship, particularly in the realm of economics. Many striking similarities exist between these two giants. They both have large populations and need access to markets, and both seem on the verge of extending their influence in the region. Despite problems in the past, both countries have found ways in more recent times to keep a firm grip on relations and maintain diplomatic ties. Even the nuclear issue, which flared a number of years ago, has not permanently harmed the relationship, and former prime minister of India Vajpayee's trip to China last year was a crucial factor in the bettering relations. In a joint declaration at the end of his trip, China and India expressed the need for a multilateral cooperation process in Asia to promote better relations and regional cohesion.

It appears that China and India are both working toward policies that would allow them to live together peacefully. However, the stakes will continue to rise as the power of China and India increases. As this occurs, the United States can help to create a balance between the two nations that is important to both. This triangle of relations will only increase in importance over time.

India-U.S. Relations

Participants suggested that there has been a major U.S. policy adjustment in relations with India, which began in the mid-1990s and which was compelled by the end of the Cold War, India's break from its old alliances, and the desire by both countries for new relations. Most expressed a belief that the relationship will be maintained and deepened, though it seemed a bit unclear if the United States and India have yet figured out the full extent of what they could do together in the relationship. Another factor mentioned as further helping to solidify relations was the movement in thinking by the United States and other Security Council members on the issue of terrorism and Pakistan. India has appreciated this change in position, which is more sympathetic to the Indian viewpoint.

India-Japan Relations

India's relations with Japan are on solid ground. Participants were heartened to see that Japan's economy really seems to be recovering and suggested that Japan's recovery can only serve to aid India with its ever-increasing exports. The recovery will further benefit India, as it is the largest recipient of Japan's overseas development assistance (ODA). One participant suggested the need for Japan to invest even further in India through infrastructure and communication development, a move that would be readily welcomed in India.

China-U.S. Relations

As is commonly suggested in analysis from around the globe, discussion at the Williamsburg Conference pointed to U.S.-China relations as the most important big power bilateral relationship in the years to come. Participants referred to the U.S.-China relationship in the context of triangular relations with India. All points on that triangle are working together in an effort to combat terrorism.

China-Japan Relations

Delegates commented that this relationship is important as a key pillar of economic stability in the region. However, differing interpretations of historical events continue to plague the relationship and will take quite some time to resolve. These issues are likely to continue as a source of irritation in relations between China and Japan.

Japan-U.S. Relations

Most believed that the Japan-U.S. relationship was stronger than ever as a result of the good personal relationship between the two countries' leaders and Japan's work on the issues of terrorism and proliferation. Relations between these two giants are

important not only to the security of each country, but are also crucial to providing peace and stability on the Korean Peninsula and the region. Some mentioned, however, that among the Japanese public there is a growing tension about how to react to U.S. policies, when at times the public deeply disagrees with the policies of the current U.S. administration. In the long run, such feelings could create difficulties for the Japanese government and the bilateral relationship.

A few other crucial points that are not easily pigeonholed into the above categories were mentioned regarding relations between the big powers. For example, one person mentioned that each country's relationship with the United States was better than any of the countries' relationships with each other. As a result, there exists the need for a continued U.S. presence in the region to maintain peace and stability.

Perhaps most telling, one delegate found it surprising that the conversation on big power relations mentioned little in the way of rivalry and acrimony. This person believed, and others subsequently lent their support to such feelings, that the current cooperation between the big powers might be somewhat artificial in nature. The reason being that the United States is presently focusing its attention on terrorism and not its possible future rivals. The rise and fall of great powers has always proved a challenge to international relations. When the focus of U.S. attention shifts to future rivalries and away from the terrorist threat and the war in Iraq, the current level of cooperation may decline.

From this, the question arose as to what might happen when the U.S. refocuses its attention? Who would be allies and who would compete? What issues might cause friction? How might we prevent future friction? The answers to these questions cut across the spectrum of possibilities. Participant responses included:

- The need to seek stability through economics;
- The need to determine how energy resources, environmental issues, HIV/AIDS, and other public health issues might disrupt this artificial peace;
- The thought that this time of peace and stability in the region might not be a mirage at all. In fact, multiple participants suggested that we might be seeing the creation of a concert of powers, which could lead to even greater cooperation between all concerned;
- The belief that a driving concern about Islam in the capitals of all four powers is leading them toward cooperative efforts on many fronts. Along these lines, it was suggested that a radicalization of Islam is the central issue facing the world today. Some pondered how the four powers could engage and make a difference regarding militant Islam;

- A concern that there is no perceived common method for dealing with terrorism among the major powers; and
- The idea that future fiction might be prevented through the networks that exist in Asia. Here, unlike in Europe, it might not be necessary to create institutions for the establishment of peace.

Big Power Relations—Multilateral

While not all the big powers are included in all regional organizations, one of the most striking aspects of regional relations is the concentration on engaging one another through regional organizations. Most frequently discussed was the “ASEAN +” series of dialogues that provide interaction between ASEAN nations and their Northeast (China, Japan, and Korea) and South (India) Asian counterparts. While some questioned ASEAN’s relevance to peace and stability in the region, at least one delegate suggested that it was only through ASEAN that we see the big powers interacting in any meaningful way. Also mentioned were other important, if less recognized, attempts at regional cooperation, including the Shanghai Cooperation Organization (SCO). However, the challenges faced in Asia may be greater than the tools, such as ASEAN + and SCO, available to deal with them. There are many ongoing conflicts in Asia and the regional institutions are often perceived as too weak to handle such issues. To further these efforts, participants felt that institution building needed to be multifaceted, multilayered, and evolutionary.

Beyond the Big Powers

Numerous participants suggested that despite the title of the session we must not forget that beyond the big four there are many other key players in the region. The labors of these countries should not be forgotten, as they play crucial roles in cooperative efforts to combat proliferation and terrorism.

Specific Issues

Delegates discussed a number of different issues that did not fit neatly into any of the aforementioned relations. The specific areas included proliferation, abductions, and hotspots. They are mentioned below.

Proliferation

As it threatens peace and stability in the region, the issue of North Korean nuclear proliferation was discussed as a challenge to India and the world. Specifically, participants seemed somewhat optimistic about the prospects for the six-party peace talks (this was discussed in greater depth during Session VII). Interestingly,

while the world may view the ongoing negotiations with North Korea as slow and tedious, participants suggested two ways in which efforts underway are providing opportunities for the region. First, current negotiations with North Korea are helping to put in place a mechanism for dealing with security issues in Northeast Asia. Second, these efforts are creating a level of cooperation between China and Japan that is unprecedented in recent memory.

Regarding India and Pakistan and the issue of proliferation, some delegates believed that a new framework for dealing with proliferation was needed in Asia. This was the case, they suggested, because India and Pakistan do not fit into the current international framework.

Abduction

Also related to issues of North Korea, Japanese participants reminded conference delegates of the importance placed by the Japanese public on resolving the dispute over North Korea’s abduction of Japanese citizens. It was suggested that in order for Japan to even contemplate the normalization of relations with North Korea, the abduction issue must first be resolved.

Hotspots

Delegates believed that disputes over the Spratley Islands and various border issues around the region seem to have cooled down over the last few years as countries continue to focus on areas of commonality, instead of focusing on differences.

India and the Region

This session began with a discussion of two possible scenarios that might evolve in India and the region in the coming years. The first is the “lion and the emblem” scenario; the lion is the national symbol of India, and a sign of power, courage, and confidence throughout the region. In this scenario, India and countries in the region were outward looking and confident, with high growth rates. Their economies were transformed from agricultural bases, and efforts were made to capitalize on technology, seize new opportunities for peace and cooperation, and launch new initiatives for a new world order. The second scenario, or the “frog in the hole” scenario, saw India and the region as stagnant, with no changes in foreign or economic policies, no strategic relations, and as a base for cheap factors of production. With these two scenarios as a base, the framework for discussion became what could India and the region do to achieve the first and avoid the latter.

Post-9/11 Global Reality

Conference-goers emphasized that while the tragic events of 9/11 changed the international system, we still see a number of pre-9/11 concerns that need to be addressed as we move forward. These include: the possible proliferation of dirty bombs and biological and chemical weapons; globalization’s impact on the least developed countries, which are unequipped to deal with the forces of this phenomenon; and a regional crisis in government, where we have seen a criminalization of politics and a crumbling of viable governing institutions.

India

Delegates noted that over the last five years, politics have come to the fore in India. Whether or not you agree with their politics, it is beyond a doubt that, prior to the recent elections, India’s most experienced politicians headed the government, and they put many changes into place. That government also did something only dreamed of in the past. It convinced the people that a coalition government can work. Previously, it seemed that India had a new government every few months. Now, the situation appears to be more stable.

Expectations for Indian politics over the next five years were many. First, the downstream impact of new and old reforms will be felt, sometimes in ways that

are not very pleasant and that may have deleterious short-term effects. Second, the political system will have to manage a generational shift; Fully eight out of the top ten parties in India will need to name new leaders in the next five years. Third, we currently find unprecedented initiatives on the table toward both China and Pakistan that will have serious consequences for the region. Fourth, poor and middle-class expectations will rise. While the poverty rate in India has gone down from 34 percent to 22 percent in recent years, much work still needs to be done on this issue. However, for the poor, recent research finds that sons and daughters no longer expect to work in the same occupations as their parents. When asked, they now believe in their abilities to go further and to do better. This will impact the politics of India. Fifth, we will see the growth of NGOs’ activities in civil society. Sixth, with a growing and very young population, there will be increasing political pressure for job creation. It is believed that India needs to maintain a 7.5 percent growth rate for the economy to produce enough jobs to employ all these young people. Finally, we will expect to see great improvement in India’s infrastructure.

On the economic front, India also appears to be making tremendous strides. The economy is growing at 8 percent. Exports are growing at 9.5 percent, 50 percent of which is with Asian countries, and Korea and other countries in the region are investing heavily in India. Reforms that began in 1991 helped spur on India’s economic growth, but in order to keep posting such advances participants suggested a number of different economic efforts be undertaken. These efforts include further opening the economy by unilaterally declaring free and open markets, closing loopholes that allow for inefficient market practices, creating an agrarian revolution to go along with the industrial and service revolutions, mending the fence over divisive economic issues in the Indian polity, working to develop educational resources, and finding new and innovative ways to tap into American markets and power.

Pakistan

Delegates noted that Pakistan is one of the most misunderstood countries in the world. Almost all the images about Pakistan around the world concentrate on terrorism, political upheaval, religious extremism, or poverty. It was suggested that these images do not present a real or comprehensive picture of life in Pakistan. The real Pakistan is confidently moving forward as a major player in South Asia. On the economic front, contrary to popular belief, the 6.5 percent growth in Pakistan’s fiscal year 2003 was not driven by funds from post-9/11 collaborators. Rather, four years ago the government of Pakistan put into place a series of liberal economic policies that are now beginning to bear fruit. As a result of these policies: inflation is under 4 percent; interest rates are at levels that allow corporate borrowing at 2 to 3 percent,

which has resulted in a sudden increase in lending to consumers; foreign exchange reserves are rising; and efforts to privatize the banking sector are moving forward in leaps and bounds. All these positive trends are expected to continue.

On the political front, despite the popular belief in the western press that President Musharraf is under the gun in Pakistan, there is still widespread political support for the president. In addition, there is a large section of the political spectrum that wants to improve relations with India.

It should be noted that for both India and Pakistan, a number of participants made pointed comments to the effect that the pictures painted by other conference-goers regarding the economic advances in both countries appeared a bit exaggerated. Simply stated, these participants believed that neither country should compare its current growth to its past, as previous growth was anemic at best, and thus the bar was set too low for accurate comparative analysis. Rather India and Pakistan should compare themselves to the likes of China, which has sustained growth of 8 percent over the last twenty years.

India-Pakistan Relations

From all accounts, relations appear to be on the mend. The cease-fire in Kashmir is holding, positive messages are being exchanged at the highest levels of government, and cricket matches are adding an air of “Ping-Pong” diplomacy to relations. Delegates suggested a number of factors that are and will be crucial to understanding this relationship and to helping it move forward. The upcoming Indian elections will help determine whether the BJP can move forward in its initiatives or whether another party will come into power. Most believed that the United States, as constructive interlocutor, would add positive momentum to ongoing discussions. The withdrawal of military forces on both sides of the borders was suggested as an action that could be more than just a symbolic gesture of future intentions. Others saw the further need for embedding the issue of Kashmir in the larger negotiations of the confidence-building process. At least one participant suggested that, unfortunately, the political aspects of the relationship were still dictating the economic relations between the two countries, with no end in sight.

Regional Cooperation

In South Asia, a number of different possibilities exist for future cooperation at the regional level. Perhaps the most hopeful and well established is the South Asian Association for Regional Cooperation (SAARC). Participants suggested that during the recent fourteenth annual SAARC conference its founding fathers’ belief in the possibility of trust and cooperation in the region was reinvigorated. In addition, at

the conference it was decided to end the economic partition of the subcontinent with the realization that countries in the region need to integrate their economies—while they can still do it on their own terms. One delegate mentioned that this would not be the first time that integrated economies have existed in the region and if you go back in history you can find many natural economic relations that might still be exploited today. Partition, the delegate noted, upset this natural market.

The other possibility for regional cooperation exists in the area of energy. Demand in the region is high, but there are countries (Iran, Bhutan, and Myanmar) in the region whose potential as suppliers is not being fully exploited. However, there is a need to overcome the many negative attitudes and images each country has toward other nations so that energy cooperation can proceed accordingly. It was also mentioned here that the World Bank might have a role to play in mediating differences and facilitating dialogue.

The U.S. Presidential Election

The year 2004 will see the most intense election season in the last four decades and will perhaps prove to be the most unpredictable. The electorate is fixed and in place (45 percent Republican, 45 percent Democrat, 10 percent independent). Of the Republicans and Democrats, 30 percent on each side have deep party roots, which will not allow them to move from their party, no matter what. For most of American history this has not been the case. Generally, one party had an edge over the others and there existed a larger group of independents. The result of the current configuration is that the range for change and movement within the electorate is small, but the leverage of hot-button issues that affect small numbers of key voters (such as outsourcing) is huge. When one looks state by state, or county by county, most elections will not be close, as the voters in most states and counties are closely associated with one party or the other. But the twelve to eighteen battleground states, which are too close to call (for example, Ohio, Michigan, New Hampshire, Oregon, Washington, New Mexico, Minnesota, and Iowa), will be the sites of intense competition.

While candidates will devote considerable attention to the 10 percent of the electorate that is independent, the main efforts of the candidates will be to secure the party bases. The main goal of the candidates will be to excite, energize, and turn out their bases. In this effort, the Democrats are in a much better situation than most believe. The Democrats are more united and energized than the party has seen in recent memory. Because the Republicans believed Howard Dean would be the Democratic candidate for president, they are surprised by the unity. They fear Kerry, as he brings the most to the table with his election experience, foreign policy knowledge, and veteran credentials.

We are also seeing great energy in the Democratic base, as many Democrats truly dislike President Bush. This is at least partly the result of a feeling of disempowerment and continuing resentment over 9/11. However, the main cause of Democrats' animosity toward the president is his decision to govern as if he had a mandate. For example, early in his presidency President Bush pushed tax cuts through Congress in a pure party-line vote. Furthermore, the Republicans enraged Democrats with their attack on the Vietnam veteran and triple amputee, Senator Cleland, who

subsequently lost his bid for re-election. In the post-9/11 world, Democrats thought the Bush administration might move to rule in a more bipartisan way, but this did not turn out to be the case.

So, within the context of a committed electorate and small margins of target voters in key states, the election environment is more volatile and event driven than any seen in recent times. There is more potential for mood swings and possibilities for change in advantage. It was suggested that we will go through even more swings in the coming election cycle as issues such as Saddam Hussein, Haiti, the Madrid train bombings, and the comments of Richard Clarke at the 9/11 hearings continue to have an impact on the way people think. Other issues that may play a role in the coming months include: troop rotations; the turnover of power in Iraq; the potential capture of Osama bin Laden; the Congressional investigation of why we went to war with Iraq; the testimonies of Condoleezza Rice, Vice President Cheney, and President Bush in this investigation; and high gas prices. High volatility with a fixed electorate leads to much uncertainty.

All the above makes the outcome of the election hard to predict. President Bush has the advantages of shifting U.S. demographics and his large election war chest. The crucial question for all incumbents is "Does this man deserve another four years?" This is the key. If things are going well enough for the United States, Kerry will not win. For his part, John Kerry will not lose because of a lack of funds. He has raised large amounts of money, much through the Internet, which is revolutionizing the way candidates generate funds. Other positives for the Kerry campaign are his experience, his debate skills, and the fact that the public can picture him as president.

The issues that will likely frame the election debate are as follows

- Economic: This is the eight-hundred-pound gorilla of the election campaign, as the number one concern of the people is jobs. The concern is not just about people who have lost jobs, but also about people who are worried about keeping their jobs. In this arena, outsourcing will become an increasingly important issue if job creation remains low. Gas prices, health care, and budget deficits are other key economic issues.
- Political/Security: Iraq, Al-Queda, and terrorist attacks will continue to drive discussion in this area. The issue is whether or not people feel safe. These three factors represent the eight-thousand-pound gorilla of the election cycle. Further, America's role in the world and the strategic plan of the president will have an impact on the election.
- Social: Gay marriage, abortion, stem-cell research, and gun control will have relevance because they play to base constituencies.



Left to right: Tarun Das (India), Nicholas Platt (United States), Carla A. Hills (United States), Tommy T.B. Koh (Singapore), and Minoru Murofushi (Japan)



Left to right: Pan Guang (China), Norman Ornstein (United States), and Yoshio Okawara (Japan)



Left to right: His Excellency Brajesh Mishra (India), Tommy T.B. Koh (Singapore), and Anand Mahindra (India)

Wang Yingfan (China)



Mechai Viravaidya (Thailand) (left) and Michael Vitikiotis (Hong Kong)

Left to right: Amitav Acharya (Canada), S. Narayan (India), and Carla A. Hills (United States)



Left to right: Yoon Young-Kwan (Republic of Korea), Xie Feng (China), Frank Wisner (United States), and Penelope Wensley AO (Australia)

Left to right: Inderjit Singh (Singapore), Yukio Satoh (Japan), and Peter Sato (Japan)



Ding Kuisong (China) (left) and Lady Lynn Forester de Rothschild (United States)

It was suggested that the second term of a Bush presidency would be very different from the first. To begin with we would most likely see great turnover in the cabinet. In the other outcome, a John Kerry cabinet would be staffed by a very experienced group of people, extremely well versed in international affairs. However, on specific policies you probably would not see major differences between a Bush or Kerry White House.

Congress

Delegates suggested that it should not be forgotten that congressional elections will be taking place simultaneously to the presidential elections. Republicans have an eleven-seat advantage in the House and a single-seat advantage in the Senate. Participants did not expect to see much turnover here. The closely divided Congress is likely to continue and to be very partisan. Further, the party losing the presidential election will be very upset and unlikely to want to work together with the winner during the following two years.

HIV / AIDS in Asia

HIV/AIDS is the major nonmilitary security threat to both Asia and the world. To provide some perspective, it was suggested that more than 50 million people have been infected around the world, which is twice the number of people killed during World War II. This comparison is not intended to diminish the loss of life during World War II, but to add clarification to the devastating global impact of HIV/AIDS. With AIDS on the doorstep of Asia, some parts of Thailand, China, and India are as badly infected as hotspots in Africa. Despite this, there has been a long period of denial about the impact of AIDS in Asia and few leaders have been strongly committed to taking up the fight. To compound this neglect, some delegated worried that the fight against AIDS is being further obscured by new health issues such as SARS and the Avian flu, which have received far greater press coverage than AIDS, despite their comparatively limited death tolls. The global media needs to play a larger role in the fight against AIDS, possibly by moving articles about AIDS from the science pages to the front page. It was further mentioned that people rarely focus on the financial impact AIDS has on a country; the increased health care costs of treating HIV/AIDS helps create budget deficits.

While there are a number of countries beginning to address HIV/AIDS in serious ways, Thailand stands out as the major success story in Asia. There, a decline over the last decade in the number of infections is the result of a strong national response and firm political commitment, as well as an effective public education program. The use and spread of condoms, education on abstinence, involvement of the media, as well as the involvement of businesses in the battle have been crucial to success. But, even Thailand has begun to backslide, and the numbers of infected have begun to rise slightly in recent years. In addition to efforts ongoing in Thailand, China seems to have finally awoken from its attitude of denial about AIDS, and its leaders have been briefed on the issues and potential impact of the disease. In fact, in Henan province, the epicenter of the Chinese problem, there are now teams in place to help those infected. The National People's Congress is fully aware of the problem and the government has begun to coordinate its efforts.

HIV/AIDS in India

With a growing numbers of cases being reported every year, the importance of addressing HIV/AIDS in India cannot be overstated. The efforts India is taking to fight HIV/AIDS were highlighted, in particular the efforts of the Indian corporate sector, which is working hand in hand with the highest levels of the Indian government to combat the disease. Among the many initiatives being undertaken are:

- The creation of a list of HIV/AIDS “dos” and “don’ts”;
- The implementation of an AIDS in the workplace program;
- With cooperation from Australia, India is working to train doctors to help deal with the situation. In the initial stages of the disease in India, doctors were in denial and did not want to deal with infected patients. This mentality is slowly beginning to change. There are also efforts underway to expand training programs beyond doctors to other health care professionals;
- Working with employers to provide jobs to infected people;
- Setting up a micro-enterprise project to help those infected start up small companies (such efforts are also ongoing and working in Thailand);
- Creating a help line for people in need;
- Engaging sports and other recreational programs to help end the stigma against people with HIV/AIDS;
- Creating a business trust;
- Working internationally with the Global Business Coalition and others;
- Getting pharmaceutical companies in India together with the government to produce drugs at reduced costs; and
- Providing the necessary infrastructure in India to better deal with the disease.

Asia’s Economic Prospects

This session addressed the prospects for growth in the region, identifying the countries that would lead and lag and the reasons why. Trade was a major topic, from multilateral to regional to bilateral. The proliferation of regional and bilateral trade agreements has been remarkable in recent years. Among the regional agreements currently being negotiated are those involving the eighteen nations of the Asia Pacific Economic Cooperation (APEC) Forum, the ten nations of the Association of Southeast Asian Nations (ASEAN), the eleven members of the Black Sea Economic Cooperation, and the seven South Asian Association for Regional Cooperation (SAARC) members. In addition, there has been an explosion of the number of bilateral trade agreements that are being negotiated or have been proposed in the region, including fourteen for Japan; nine for China; eleven for India, nine for Australia, seventeen for Thailand, and eleven for India.

Asia’s Economies

With Asia currently the driver of growth for the world’s emerging market economies, the discussion focused on a number of factors motivating this growth. First, a surge in domestic consumption and healthy exports throughout the region have contributed to the growth of most of the economies in the region. Those conditions are expected to continue, generating regional growth of about 7 percent for the year. Second, increased integration is occurring through production and trade networks. Asian investment in Asia is deepening regional production networks. Third, China, which has averaged 8 percent annual growth for two decades, is becoming an engine of development for the region. China needs resources, capital investment, human resources, environmental protection, and continued increases in trade. It has seen dramatic increases in domestic and foreign direct investment. There was some concern about whether or not China’s economy would cool and what impact that might have on the rest of Asia. The consensus was that if China’s economy slowed, its decline was not likely to be so substantial that it would stop fueling growth in the rest of Asia. Finally, delegates were hopeful about the fast growing economies of Thailand, Malaysia, and South Korea. They were less encouraged by the immediate prospects for the Singaporean and Hong Kong economies, which have recovered, but their growth has proceeded at a slower rate than the rest of the regional economies.

Overall, the region appears to be in better economic shape than at any time since the financial crisis in 1997 with reserves high and exchange rates flexible. However, delegates identified a number of regional concerns:

- Indonesia: With growth at 4 percent, it continues to lag. While things have improved since a few years ago, unemployment remains high, export growth is sluggish, and foreign investors have yet to return.
- The Philippines: Concerns over continued political uncertainty and investment problems have dampened economic growth. Several thought that if President Arroyo were to lose the upcoming presidential election, the political uncertainty would continue to adversely affect the Philippine economy.
- Public debt is excessive in a number of countries.

India

Looking ahead five years, participants saw a number of positive trends in India's macroeconomic situation. They anticipated that increased investment in infrastructure would help fuel growth as India broke with old mindsets and began to invest more heavily. They also suggested that the Indian government was likely to raise the billions needed for such investment in the international capital markets. It was noted that we should expect to see increased competition among states in India. As a result of media penetration, people in poorer states are becoming better acquainted with the positive outcomes that are occurring elsewhere in India. The result is that people in the poorer states are pushing their government officials to improve efficiency, which will further spur competition.

Other positive aspects of India's economy include:

- Stable financial markets with instruments that are transparent and internationally tradable;
- Low levels of non-performing loans;
- High savings rates, resulting in good market liquidity;
- Surplus in the current account;
- Increased agricultural production, which is an important contributor to India's growth (and could be even stronger were the United States and Europe to cut their subsidies);
- India's democratic model of consensual development, which has proved very effective in making the right decisions over the last ten years;
- And growth as a result of India-China trade doubling every three to four years and Indians beginning to invest heavily in China.

Also, consumer finance, trade between states, and the economic impact of peace between India and Pakistan were discussed as positive trends.

While most were hopeful that India's recent 8 percent annual growth would continue, it was clearly noted that serious questions remain to be addressed. First, there were concerns that bountiful harvests resulting from good rains largely fueled recent growth. Participants discussed the need for India to increase growth in other areas, such as manufacturing and services.

Second, India needs to create jobs for the millions of young people who are entering the job market every year. In addition, India must improve efforts to provide greater opportunity for India's 400 million agricultural workers. Delegates discussed two potential sources of job creation: increased infrastructure investments, which are labor intensive, and efforts to advance external strengths in the software and IT sectors, where India could capitalize on its international recognition to further grow these areas. Manufacturing was also mentioned as another area for future job growth, in view of the fact that India's manufacturing companies are beginning to restructure and labor's views are changing, making it easier to manufacture in India.

Third, India needs to deal more effectively with its fiscal deficit. There was a widespread view that India's 9 to 10 percent deficits were unsustainable and should receive substantial attention. High deficits are driven by high domestic expenditures, including subsidies, low revenue collection, and political pressures. There was some expression of hope in light of the fact that recent expenditures had been held in greater check and there were predictions for increased revenues (at least in the short term).

Fourth, delegates suggested that India needs to implement a faster pace of trade liberalization. The IMF rates the openness of economies in the region on a scale where the most closed rates a 10 and the most open a 1. On this rating, India receives an 8, China a 5, and the rest of Asia a 4. India's less open markets discourage inward investment that could provide jobs and generate growth.

Fifth, the delegates discussed the necessity of increasing electric power generation capabilities. At present, there are huge bottlenecks and problems at both the central and state levels. One participant suggested that a recently passed electricity act could help alleviate these problems.

Sixth, India needs to move forward with land reform. However, there was considerable pessimism that India would move on that front in the near or even medium term.

Seventh, people discussed the desirability of addressing regional disparities, rapid population growth, and the quota system. Participants suggested that regional disparities needed to be addressed through improved state governance. It was noted that population growth rates are in fact moderating and leveling off; India is using these new population targets for its pension projections. But, there is a continued need for increased education at the village level to empower people to improve their

understanding of family planning. Concerns have decreased about the adverse effects of the traditional quota system because, with privatization, the government is hiring fewer workers and private employers more generally hire on the basis of merit. Finally, delegates expressed the view that India needs to address a number of systemic concerns such as widespread corruption and the criminalization of politics.

Japan

Participants were hopeful that at long last, Japan might be on a more positive growth path. While Japan is in the midst of its third upward economic trend in the last ten years, delegates were of the mind that the third time might prove to be the charm. In contrast to previous upturns, this one is not being driven by government spending, but rather by private sector investment. Businesses are engaged in greater fixed investment, increased spending on research and development, and higher levels of exports within Asia and to China in particular, while consumers are demonstrating increasing levels of domestic demand. As a result, corporate profits are increasing, and prices are beginning to rise. In addition the crisis in the banking sector is beginning to ease with the rising values of real estate and stocks. Also there is increased political stability. In the post-1991 period, the government changed every year or two, and government policy appeared to be largely driven by politics. The current government has lasted for more than three years and has prospects for another two. This has allowed for a degree of predictability, which is aiding Japan's efforts to get back on track.

FTAs

There are many regional and bilateral agreements being negotiated in Asia. However, very few of the negotiations have been completed, so it is not possible to predict the impact that they will have. A decade ago, Japan concentrated on multilateral negotiations. Recently, Japan has become one of the more active players in bilateral negotiations; it has proposed or is negotiating fourteen, including eleven in the region. The Japanese government has increased its personnel dealing with trade negotiations from seven to eighty. In fact, there is some talk about a Japan-India FTA, which would be a natural progression, but that negotiation is likely to take some time.

Further, the seven member countries of SAARC indicated an interest in an FTA at their January 2004 meeting. Some believed that India might consider an FTA with ASEAN, the members of which have been trading partners going back thousands of years. China has also proposed or is negotiating nine FTAs with seven in the region, with ASEAN, Japan, Singapore, South Korea, Taiwan, Australia,

and Thailand. There is also talk of adding New Zealand to the list. Generally, the impact of FTAs was thought to be positive in that they encourage economic interdependence in the region, transparency, respect for property, and rule of law. Although preference was expressed for multilateral or global agreements, it was recognized that FTAs (depending on their content) could have a positive outcome for the countries involved.

Islam in Asia

Issues addressed in this session included: how to mitigate the conflicts in the Islamic world; what role moderate Islamic states should play in world affairs; how the wars in Afghanistan and Iraq are affecting U.S. relations with Islamic Asia; the impact of democratization on Islamic societies in Asia; and what can be done to defeat religious extremism and terrorism in Southeast Asia.

Islam

Delegates stressed that the world needs greater understanding of Islam, which has many faces. Over time, Islam has intermixed with many cultures and peoples around the world, resulting in a diverse spectrum within the community. Many thoughts were offered on the nature of Islam, the relationship between Islam and the state, the problem of radical Islam, and solutions to that problem. These views included:

- The belief that Islam is the most successful religion in the world today, both in terms of religiosity and the rate of its growth. However, Islam is also the religion experiencing the greatest amount of tension, generated by the conflict between the need to modernize and develop and the desire to remain true to its external beliefs.
- The concern that most westerners have a negative view of Islam, while most Muslims feel the West is trampling on them. The Israeli-Palestinian conflict confirms this to many Muslims, some of whom also believe that the United States invaded Iraq because it is a Muslim country.
- The feeling that there is a major struggle between Islam and the West looming on the horizon. However, this was not a majority opinion of conference participants. Some colleagues, who refuted this warning, pleaded against making such an alarmist prediction because it was provocative and divisive. Instead, these participants suggested, what is needed is deep listening, a determination to understand each other, and a wider economic, social, and cultural approach to the issues. While there appear to be increased government-to-government efforts to combat radical groups and individuals and their terrorist activities, there is a need for greater people-to-people dialogue.
- The belief that there are new linkages that previously did not exist between Southeast Asian Muslims and Al-Qaeda. These groups believe that they are all part of the same community and that they are all fighting the same fight.

Participants suggested different causes of Islamic extremism. Among them was the view that the West has allowed some of its Islamic allies to become undemocratic and repressive. Furthermore, the problem is not the teachings of Islam, but rather the absolutist and exclusivist interpretations of the religion's message in some Islamic countries. Finally, the democracy deficit, poverty, illiteracy, the lack of progress in science and technology, the deprivation of opportunities, unemployment, a perception of injustice, and a growing sense of despair have, in turn, driven some angry young Muslim men to violence and self-destruction.

One participant suggested the creation of a Middle East–East Asia dialogue on Islam. Southeast Asia has much to offer the Middle East in the way of examples of successful moderate Islamic societies. Islam in Southeast Asia has always been open-minded and accommodative, and has lived comfortably with the modern world. Being on the margin of the Muslim world, Southeast Asian Muslims are more ready to compromise on issues not central to the faith itself. Muslims in Southeast Asia accept change, embrace modernization, and are eager to master science and technology. As a result, a high degree of stability, peace, and prosperity has been attained with relatively little conflict within their societies. The heartland of Islam might therefore look to the periphery of Islam for how to deal with issues of modernity and development.

Finally, delegates mentioned that the world should focus its engagement with the Muslims of Southeast Asia in the areas of education, human resource development, democratic evolution, economic cooperation, science and technology, and cultural exchanges. When Muslims are comfortable and confident in facing modernity and globalization, they will be at peace with themselves and will contribute to the world's peace and prosperity. Success in Southeast Asia could be a model for cooperation with Muslims in other regions.

South Asia

It was stressed that the majority of Muslim countries in South Asia are moderate in their religious practices and political views. For example, in Pakistan, the majority of the followers of Islam is moderate and supports the government. However, there are fringe groups whose agenda is to overthrow the government and to implement an Islamic state.

The president of Pakistan recently said that Muslim nations should assume responsibility for their own development, addressing deficits in social and political development. At the same time, the president asserted that the West should help Muslims in need and assist the Islamic world in socioeconomic development. Pakistan has called for a special session of the Organisation for Economic Co-operation and Development (OECD) to address these issues.

Indonesia

It was noted that there is a religious revival underway in Indonesia with more people making pilgrimages, more mosques being built, and more religious schools being opened in Indonesia than in the past. However, the Islamic parties did not do well in the 2004 elections. In the post-Bali, post-Marriott Hotel era, the Islamic parties are lying low. Islam in Indonesia is the least Arabized in Southeast Asia. The few political parties that wish to establish an Islamic state and to implement the Sharia law as the law of the land do not enjoy much support.

Malaysia

Delegates agreed that the recent elections in Malaysia, which resulted in a landslide victory for the party of Prime Minister Abdullah Badawi, was a major blow to the main Islamic party, Parti Islam Semalaysia (PAS). While some saw this as a failure of PAS and of political Islam, others believed that what happened was a result of the opposition to former prime minister Mahathir coming back to United Malays National Organization (UMNO). Still others suggested that Prime Minister Abdullah's victory was partly due to the fact that he has impeccable Islamic credentials. In any case, the recent general elections should be interpreted as a victory for the government's version of modern Islam and a defeat for PAS's vision of a more conservative and inward looking Islam.

Central Asia

Kazakhstan was also the focus of some discussion. It was explained that the country promotes tolerance and diversity, which is a long cultural tradition in Kazakhstan. For the most part, practicing Muslims in Kazakhstan are Sunnis and are quite moderate. As was the case for Indonesia, there appears to be a growing interest in Islam among the population, which is manifested in the growing number of mosques dotting the landscape. There is, however, a continued need for dialogue and understanding.

China and the Shanghai Cooperation Organization

There are more than 20 million Muslims living in China, consisting of ten ethnic groups; 99 percent are Sunnis and are generally moderate. The Eastern Turkistan separatist group is currently creating a problem for China. After the 1990s jihad in Afghanistan, the members of that group have returned to China and focused their energies there. However, the group is now on both the Chinese and U.S. lists of terrorist organizations. There is some suspicion that Osama bin Laden is supporting jihad in Xinjiang. China is working cooperatively with its neighbors to combat this problem.

China is also working together with Russia, Kazakhstan, Kyrgystan, Tajikistan, and Uzbekistan in the Shanghai Cooperation Organization (SCO). Their efforts have focused on security cooperation (border issues, terrorism, and separatism). In the post-9/11 world, the SCO has tried to strengthen its efforts against terrorism, while also working to promote economic and cultural cooperation among the member countries.

Areas for Future Cooperation

This session focused on a number of issues, including: the roles Asian nations could play in postconflict Iraq and Afghanistan; how elections in Asia this year will impact U.S.-Asia relations; the long-term U.S. strategies and prospects for resolving issues of terrorism; and what can be done to manage or resolve the North Korea issue. It was noted at the outset of this session that during the first six sessions the conference had recognized a number of broad themes. First, the interests of the big powers are relatively aligned. Second, the governments of the big powers see it in their interest to have stable relations with the United States. Third, the elements of friction that permeate relations with smaller countries are complicated by the unilateral tendencies of the U.S. administration. Finally, there is a disconnect between the policies of the countries and the views of the public, particularly as they relate to Iraq and the perception of U.S. bias in favor of Israel in the Middle East dispute.

Rebuilding Iraq and Afghanistan

Delegates noted that most Asian nations are dismayed to see that the U.S. campaign against terrorism and its efforts in Iraq are not more connected to the United Nations. This has complicated Asian nations' efforts to participate in fighting the war on terrorism or participating in keeping the peace and rebuilding Iraq. Some suggested that there is a widening gap between government support for reconstruction efforts in Iraq and the public's support for these efforts. If the situation further erodes in either Afghanistan or Iraq, participants expected to see this gap grow even larger.

While many disagree with how the United States has gone about its efforts in Iraq, most thought that Asian countries will not sit back and simply watch events unfold. If the United States is somehow able to get the UN more involved in Iraq, participants believed that Asian nations would follow suit. The problem the U.S. faces in going to the UN is that the UN is not supposed to make peace, but, rather, is supposed to keep the peace. Right now the United States needs the former and not the latter.

Asian Elections

Despite the abundance of elections taking place throughout Asia in 2004, comments in this section were quite limited. One participant mentioned a concern over the

incomplete revolutions in many Asian nations, where democracy has yet to gain a firm footing. This person also suggested that while U.S. foreign policy would not play a major role in any of these elections, the "Madrid factor" (the ruling party being voted out as the result of terrorist activities) could not be ruled out.

U.S. Strategies in the War on Terror and Resolving Issues of Terrorism

While it was believed that counterterrorism strategies around the world do not appear to be universal, there are a number of seemingly common understandings. These understandings include the ideas that: It will not do to fight terrorism by military means alone. It will not do to rely on only a few countries to win the war on terrorism. And, it will not do only to wipe out terrorists without taking measures to wipe out the roots of terrorism.

In an effort to maintain peace and stability, there are two options, a balance of power or strengthened institutions. Some said that the United States is not doing enough to strengthen institutions. The U.S. is perceived to be too unilateral and entirely focused on terrorism to the neglect of other issues. For example, when President Bush visited Southeast Asia, his visit focused exclusively on terrorism, despite the many other issues that needed discussing. Delegates voiced concern that such issue concentration might lead to problems in the future.

In addition, the way the United States has conducted the war on terrorism, many think, has suppressed civil society movements in a negative way. This is causing the United States serious image and credibility problems. The U.S. anti-terror campaign has ignored the importance of regional responses to this challenge, and the United States has not consulted comprehensively with Asian nations on the issues. In the post-9/11 world there was much good will toward the United States, but much of this good will has now eroded as a result of U.S. tactics in Iraq. On a more positive note, some suggested that the United States does have the terrorists on the run.

In the United States, ports are seen as the most vulnerable to attack. Dealing with this is still a vexing issue. In addition, it was suggested that the U.S. is underfunding homeland security, in particular the INS. As a result, the process for people to come to the United States has slowed drastically. The United States needs to move on this before it has a counterproductive impact.

The Korean Peninsula

Participants noted that there are two important characteristics to the North Korean nuclear problem. One is that the problem is seen as being multilateral in nature, not just a U.S.-North Korea issue. This has been the nature of the problem since the early 1990s, and it has continued in the six-party peace talks currently underway. Second,

is the need for a comprehensive solution to this comprehensive problem. The North Koreans’ diplomatic isolation has worsened their economic situation, which led them to develop nuclear capabilities, which further isolated them, creating a vicious circle. As such there are many issues to be resolved and they should all be addressed in the continuing negotiations.

So, how do you resolve the situation? A military solution is not viable for any number of reasons. Casualties would be too high, the United States is too busy elsewhere, and the neighbors of North Korea vehemently oppose this option. The most appropriate option appears to be the United States working with others to fashion a roadmap for the peace process. Some felt that the U.S. has moved beyond its earlier concerns, realizing that a diplomatic solution is necessary. Secretary of State Colin Powell has been given the lead in designing this approach.

However, while the United States and North Korea are working together with others, questions still remain. For example, if North Korea agrees to U.S. terms, how will the United States respond? So far, North Korea has raised many requests, but the United States has not responded in kind. Some believe that the U.S. needs to provide more information about its plan. Further, the United States must realize that the insecurity felt by North Korea is real. This is the not only the result of North Korea’s relations with the United States, but is also the result of its traditional allies (China and Russia) moving to normalize relations with South Korea in the post–Cold War world, leaving North Korea in relative isolation.

Some delegates expressed concern that there are those in the United States who are not in favor of the current negotiations with North Korea. People holding such views believe that North Korea will not abandon its nuclear weapons program and that it will continue to deceive the U.S. and the international community. They believe that North Korea will not voluntarily open to the outside world over fear of losing political control. And they believe that regime change is preferable to a negotiated solution. For the immediate future, participants suggested that it would be unrealistic to expect developments in the direction of a settlement until after the U.S. elections.

Participants

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BHUTAN
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