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**Europe and Multipolar Global
Governance
India and East Asia as New Partners?**

Frank Biermann and Hans-Dieter Sohn

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Foreword

This working paper was written as part of the Global Governance Project, a joint research programme of the Vrije Universiteit Amsterdam, the Potsdam Institute for Climate Impact Research, the Freie Universität Berlin (Environmental Policy Research Centre), and Oldenburg University. Within the larger context of earth system analysis, the Project investigates international institutions, political processes, organisations and other actors that influence the emerging system of global environmental governance. The current focus is on questions of institutional and organisational effectiveness, learning processes in environmental policy, institutional inter-linkages, the role of private actors in governance systems, and models of global democracy. Major analytical tools are qualitative social science methods, including structured case studies, as well as legal analysis and integrated modelling. Project members represent political science, economics, international law and integrated modelling.

Within the Global Governance Project, this working paper contributes to the efforts of the Indo-German Forum on International Environmental Governance, which has been launched by project members in 2002 in order to further North-South collaboration (www.indo-german-forum.net).

The research groups of the Global Governance Project include MANUS—‘Managers of Global Change: Effectiveness and Learning of International Organisations’, MECGLO—‘New Mechanisms of Global Governance’, and MOSAIC—‘Multiple Options, Solutions and Approaches in Climate Governance’. More information on these groups is available at the Project’s web site at www.glogov.org. The Global Governance Project has further organised, together with its partners, the 2001 and 2002 Berlin Conferences on the Human Dimensions of Global Environmental Change (www.environmental-policy.de).

Comments on this working paper, as well as on the other activities of the Global Governance Project, are highly welcome. We believe that understanding global governance is only feasible as joint effort of colleagues from various backgrounds and from all regions of the world. We look forward to your response.

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Abstract

Europe faces a growing trend in the United States towards unilateral action without global agreement, support or even consultation. In more and more international negotiations, European and US diplomats find themselves on opposite sides of the trenches, often even as leaders of opposing negotiation coalitions, for example on climate or biotechnology policy. This paper argues that Europe needs to respond to this political development in the United States by reorienting its foreign policy and by taking the notion of multipolar global governance more seriously. This does imply neither an argument against co-operation with the United States nor any anti-Americanism. It does call, however, for an altered strategic approach to increase the options of the European Union to design and implement important projects of global governance, including in the fields of human rights, environmental governance, UN reform, and trade. In particular, it is claimed that if Europe wants to make progress towards more effective global governance, it needs new allies in addition to—not necessarily in competition with—the United States of America. We direct attention towards possible partners in Asia, though without wishing to exclude others. Our focus is on the three great Asian powers, Japan, China and, in particular, the world's largest democracy, India.

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Introduction

Multipolar global governance has become one of the most contested terms of political argot in recent years.¹ For some leading politicians, such as French President Jacques Chirac, a ‘multipolar world’ is emerging and needs to be supported, ‘with a number of important powers assert[ing] themselves, [like] China, India, Europe, South America’.² This notion of multipolarity is widely in use in some other European countries as well as in China, India and Russia, yet it raises eyebrows and alarm in the United States or in Britain. British Prime Minister Tony Blair, for example, views the ‘multipolarity’ discourse as a political threat and argues instead for a ‘one polar world’ that would combine the strengths of the United States and Europe for the defence of mutual interests.³

This debate is obviously a consequence of, and reaction to, the changes resulting from the collapse of the communist political systems, which ended the world of bipolar confrontation that has marked most of post-1945 history. This change has been particularly critical for European decision-makers, who were left after 1989 to define a new role for their ‘old continent’. The Soviet Union and the Warsaw Pact, which had determined Western Europe’s foreign policy until 1989, have been disbanded, and most countries of Central and Eastern Europe have joined both the European Union and the North Atlantic Treaty Organisation. The last enlargement round made the European Union the world’s largest trading block, with almost half a billion citizens that account for one fifth of world trade income⁴ and also provide more than half of all publicly funded development aid world-wide.

The new and enlarged Union raises expectations that it will accept greater responsibility, including in the area of foreign and security policy. In 2001, the heads of state and government of the European Union therefore indicated in Laeken the possibility of the Union to ‘have a leading role ... in a new world order, that of a power able both to play a stabilising role world-wide and to point the way ahead for many countries and peoples’.⁵

¹ While the term ‘multipolarity’ is largely used as an (correct or incorrect) empirical description of the reality of the international political system, ‘multilateralism’ usually refers to political strategies in contrast to ‘unilateralism’.

² *Washington Post*, 4 Feb. 2004, A23.

³ *International Herald Tribune*, 30 April 2003.

⁴ European Commission, *Candidate countries enlargement. What’s in it for trade?* (European Commission: http://europa.eu.int/comm/trade/issues/bilateral/regions/candidates/pr300404_en.htm, 2004).

⁵ European Council, *Presidency conclusions. European Council meeting in Laeken, 14-15 December 2001* (Brussels: European Council, 2001), p. 3.

Yet at the same time, Europe faces a growing trend in the United States towards unilateral action without global agreement, support and even consultation, dramatically exemplified by the US-led military intervention in Iraq. The multilateral security system that has been created after 1945 seems to give way, at least in the eyes of some observers, to the United States policing the world as the sole superpower, 'hyper-power'⁶, or even as the centre of an 'American empire', a concept that finds approval with some and discontent with others.⁷ All this confronts the European Union with a major historic challenge. Since the fall of the Berlin Wall, the Union has been searching for its appropriate role in world politics. It has not found it so far.

In this paper, we argue that Europe needs to take the idea of multipolar global governance more seriously and to strategically reorient its foreign policy. This does not imply an argument against close co-operation with the United States of America nor any anti-Americanism. It does call, however, for a strategic approach to increase the options of the European Union to design and implement important projects of global governance, including in the fields of human rights, environmental governance, UN reform, and trade.

Our argument proceeds in two steps. First, we lay out the increasing transatlantic rift in a number of areas of global governance. Second, we argue that if Europe wants to make progress towards a more effective global governance architecture, it needs new allies in addition to—not necessarily in competition with—the United States of America. We direct attention towards possible partners in Asia, without wishing to exclude others. We focus on the three great Asian powers: Japan, China and, in particular, the world's largest democracy, India.

Cracks in the Transatlantic Relationship

The relationship with the United States has for long determined Europe's position on the world stage, and the strategic shield of the United States has over decades protected Western Europe's development and integration.⁸ In security issues, Europe has hardly been more than a regional power, and the Balkan wars in the late 1990s illustrated that Europe needs US support if armed conflicts arise even in its own

⁶ Michael Mandelbaum, 'The inadequacy of American power,' *Foreign Affairs*, no. September/October (2002).

⁷ See for example Benjamin R. Barber, *Fear's empire: War, terrorism, and democracy* (New York: Norton, 2003), Max Boot, 'The case for American empire. The most realistic response to terrorism is for America to embrace its imperial role,' *Weekly Standard* 7, no. 5 (2001), Niall Ferguson, *Colossus: The price of America's empire* (New York: Penguin Press, 2004), Chalmers Johnson, *The sorrows of empire: Militarism, secrecy, and the end of the republic* (New York: Metropolitan Books, 2004), Michael Mann, *Incoherent empire* (New York: Verso, 2003), Emmanuel Todd, *After the Empire: The breakdown of the American order* (New York: Columbia University Press, 2003).

⁸ David S. Yost, 'Transatlantic Relations and Peace in Europe,' *Foreign Affairs* 78, no. 2 (2002).

neighbourhood. International economic affairs, too, are hardly conceivable without co-operation of Europe and the United States.

This transatlantic relationship, however, is increasingly marked by conflicts over objectives, interests and values in key areas of global governance. Today, European and US diplomats often find themselves on opposite sides of the trenches in international negotiations; sometimes, for instance in climate governance, they even lead opposing coalitions of states. Notwithstanding strong European disagreement on Iraq, in most other areas of global governance the European Union is able to adopt strong common positions, including on human rights, environmental governance, or on trade.

Regarding global governance in the area of human rights, for example, the community of Western values appears to be increasingly giving way to disagreement. The Bush administration refuses to support or even acknowledge the International Criminal Court in The Hague⁹, in rare union with countries otherwise defamed as 'rogue states' such as Libya and North Korea.¹⁰ The USA also rejects the international treaty on the prohibition of anti-personnel mines¹¹ and has withheld support for the United Nations agreement on the protection of children¹² (together only with Somalia) and on the elimination of all forms of discrimination against women.¹³ The divergence of views on human rights is now so wide that it would be impossible for the USA to be considered a candidate country for accession to the European Union because of the continued existence of the death penalty in the United States, which is enforced also for crimes committed by minors. A future major contestation could involve the Hague convention on the mutual recognition of domestic legal acts, which might be jeopardised through the legal recognition of marriage between same-sex partners in some European countries.

Second, transatlantic conflicts abound in the area of international environmental governance. In order to protect special interests of its biotechnology industry, the USA has not ratified the almost universally recognised biodiversity convention of

⁹ *Rome Statute of the International Criminal Court*, in force 1 July 2002; 92 parties (as of 28 November 2003). The United States signed the statute on 31 December 2000, but informed the UN Secretary-General on 6 May 2002 that it does not intend to become a party to the treaty.

¹⁰ Nicole Deller, Arjun Makhijani, and John Burroughs, eds., *Rule of power or rule of law? An assessment of U.S. policies and actions regarding security-related treaties* (Takoma Park, MD and New York: Institute for Energy and Environmental Research and Lawyers' Committee on Nuclear Policy, 2002).

¹¹ *Ottawa Convention on Prohibition of the Use, Production, Stockpiling, and Transfer of Anti-Personnel Mines and on their Destruction*, in force 2 March 1999, 140 ratifications (as of 19 October 2003). The United States has not signed the treaty.

¹² *Convention on the Rights of the Child*, in force 2 September 1990, ratified by 192 countries (as of 19 November 2002). Only Somalia and the United States have not ratified.

¹³ *Convention to Eliminate All Forms of Discrimination against Women*, in force 3 Sept. 1981; 174 ratifications (as of 2 November 2003). The United States has signed the convention on 17 July 1980, but has not ratified.

1992, which lists 188 state parties.¹⁴ As a result, the United States cannot become party to the convention's Cartagena protocol on safety in the trade of genetically modified organisms, which is now binding law for 87 countries, including all major food importing countries.¹⁵ Nor has the United States ratified the Basel agreement on the transboundary shipment of hazardous waste and its disposal, which has been accepted by 159 nations. (The United States is one of three states that has signed but not ratified the convention, the two others being Haiti and Afghanistan.)¹⁶ The same holds for the recent conventions on prior informed consent procedure for certain hazardous chemicals¹⁷ and on persistent organic pollutants.¹⁸

Especially problematic is the US rejection of the Kyoto protocol to the UN framework convention on climate change.¹⁹ After its ratification by the Russian Federation, the protocol will now enter into force on 16 February 2005 without participation of the United States. As a consequence, the United States will be increasingly isolated on one of the most pressing governance issues of the 21st century. Given the key economic relevance of the provision of energy, this situation is certain to result in major conflicts in the future. Already now, energy costs in Europe are significantly higher than in the United States partly because of environmental taxation in Europe,²⁰ with

¹⁴ *Convention on Biological Diversity*, in force 29 Dec. 1993; 188 parties (as of 29 January 2004). The United States signed the convention on 4 June 1993 but has not ratified (as of 20 August 2002).

¹⁵ *Cartagena Protocol on Biosafety to the Convention on Biological Diversity* (Montreal, 29 January 2000), in force 11 September 2003, 87 parties and 103 signatures (as of 29 January 2004). Ratification by the United States would require ratification of the parent convention. On the protocol and on the role of the United States, see Aarti Gupta, 'Governing trade in genetically modified organisms: The Cartagena Protocol on Biosafety', *Environment* 42: 4 (2000), pp. 23–33; Aarti Gupta, 'When global is local: Negotiating safe use of biotechnology', in Sheila Jasanoff and Marybeth Long-Martello, editors, *Earthly politics: Local and global in environmental governance* (Cambridge: MIT Press, 2004), pp. 127–48.

¹⁶ *Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal* (Basel, 22 March 1989), in force since 5 May 1992; 159 parties (as of 17 October 2003). The United States is one of three states that has signed but not ratified the convention (together with Haiti and Afghanistan).

¹⁷ *Rotterdam Convention on the Prior Informed Consent Procedures for Certain Hazardous Chemicals and Pesticides in International Trade* (Rotterdam, 10 September 1998), in force 24 February 2004, 60 parties and 73 signatories (as of 19 February 2004). The United States signed on 11 September 1998, but has not ratified.

¹⁸ *Stockholm Convention on Persistent Organic Pollutants* (Stockholm, 22 May 2001), in force 17 May 2004, 50 parties and 151 signatories (as of 17 February 2004). The United States signed on 23 May 2001, but has not ratified.

¹⁹ *Kyoto Protocol to the United Nations Framework Convention on Climate Change*, not in force, ratified by 120 countries (as of 26 November 2003). The United States signed the protocol on 12 November 1998, but has not ratified. The current administration has declared its intention not to ratify.

²⁰ Different schemes of energy or carbon taxes have been introduced in Austria, Belgium, Denmark, Finland, Germany, Italy, the Netherlands, Norway, Slovenia, Sweden and the United Kingdom, as well as in Japan. Poland has introduced a charge. See in general European Environment Agency, *Environmental taxes: Recent developments in tools for integration*. Environmental Issues Series No. 18 (Copenhagen: European Environment Agency, 2000); Organisation for Economic Co-operation and Development [OECD], *Environmental Taxes. Recent developments in China and OECD countries* (Paris: OECD, 1999); OECD, *Environmentally related taxes in OECD countries: Issues and strategies* (Paris: OECD, 2001); as well as Kerstin Tews and Per-Olof Busch, 'Global governance by diffusion? Potentials and restrictions for environmental policy diffusion', in *Proceedings of the 2001 Berlin Conference on the Human Dimensions of Global Environmental Change*, edited by F. Biermann, R. Brohm and K.

the US price of heavy fuel oil for industry being one fifth lower than the average price of a sample of nine other OECD countries with energy taxation. Electricity prices for industry in the United States are lower by one third. This price gap between the United States and other industrialised countries has led to increased discussions within Europe on the implementation of border tax adjustments schemes²¹ for energy-intensive imports from the United States, which Washington is likely to contest in the World Trade Organisation. Another trade dispute between both sides on a major economic issue would be the result.

Third, more and more transatlantic conflicts arise in the area of trade governance.²² The conflict surrounding US steel imports is one of the most popular examples, together with—on the European side—the bans on the import of meat treated with hormones and on genetically modified organisms and their products. On 1 March 2004, the situation escalated again when the European Union—as part of a trade dispute—imposed tariffs on US companies that will cost US business hundreds of millions of dollars.

Fourth, the entire global governance architecture with the United Nations at its core suffers from the unilateralist doctrine of the Bush administration. The United States has defaulted for years on its assessed UN contributions, moderated only by sporadic payments of arrears when legal (possible loss of its voting rights in the General Assembly) or foreign policy motives (such as the war in Afghanistan) made this appear advisable. These unpaid arrears wreak havoc with the organisation's overall budget, hindering useful and meaningful work. Although the entrepreneur Ted Turner donated a sum of money equivalent to the US contributions for the UN's objectives (not for the United Nations itself), such privatisation of the United Nations cannot be the answer, especially as the 'Turner billion' is not being allocated by the world organisation but by the donor and his advisers.

Fifth, the significance of the North Atlantic Treaty Organisation, which has been the main link between the USA and Western Europe for long, seems to have faded with the Soviet Union. NATO is undergoing far-reaching changes, yet will hardly be able to retain the status it held in the transatlantic alliance before 1989.²³ In military terms, it has become dispensable for the Bush administration. Under the Rumsfeld dictum that an international coalition must be defined by its task, the Bush administration decided

Dingwerth (Potsdam: Potsdam Institute for Climate Impact Research, 2002, available at www.glogov.org), 169–83.

²¹ See Frank Biermann and Rainer Brohm, 'Implementing the Kyoto Protocol without the United States: the strategic role of energy tax adjustments at the border', *Climate Policy* 4, 2004, forthcoming.

²² Claudia Decker, *Handelskonflikte der USA mit der EU seit 1985. Eine Studie des Reziprozitätsprinzips in der US-Außenhandelspolitik* (Berlin: Duncker&Humblot, 2002).

²³ Bernhard von Plate, *Die Zukunft des transatlantischen Verhältnisses: Mehr als die NATO*. SWP-Studie 17/2003 (Berlin: Stiftung Wissenschaft und Politik, 2003).

to do without NATO in the Afghanistan war, even though after 11 September 2001 the alliance invoked Article 5 of the NATO treaty for the first time.²⁴

Transatlantic differences are becoming particularly evident in the latest conflict with Iraq. The choice by the Bush administration to declare war on Iraq with the support of only a 'coalition of the willing'—rather than based on a clear mandate of the UN Security Council—illustrates that Washington has embarked on remodelling the world according to its own decisions. This war makes obvious the limited significance of NATO for current conflicts and the lack of clarity over its present function. In the new US National Security Strategy,²⁵ the Bush administration claims the right to preemptive military action without the mandate of the UN Security Council.²⁶ It hence places the US government not only outside the United Nations Charter, but also ignores its NATO partners in crucial security decisions.

Cracks are thus appearing throughout the transatlantic structure that has determined European foreign policy for decades. To avoid misunderstandings: the structural framework itself remains largely intact. The transatlantic friendship and partnership will and must be retained as a basic pillar of European foreign and security policy. Nonetheless, it seems evident that more far-reaching global governance projects, from the UN criminal court to the Kyoto climate protocol, will not be supported by the Bush administration—which has just received a new mandate with even more voter support despite (or maybe because) of its unilateralist approach to foreign policy.

New Allies for Europe: Looking Towards Asia

If crucial projects of global governance cannot be realised with the USA, what partners should Europe then choose? It is clear that Europe cannot pursue its foreign policy objectives alone in a world of almost 200 countries. It will and must continue to rely on partners and allies. Europe must therefore reorient itself strategically. The present global policy shifts and changing alliances indicate that Europe must make a greater effort to find long-term partners that, although they cannot replace the United States, must enable European foreign policy to work towards a stable, multilaterally oriented structure of global governance in areas of transatlantic disagreement.

In this search for new partners for the European Union, Asia has probably received most attention in recent years. The European Union already treats Japan, China and India as 'strategic partners', a status that otherwise alone Canada, Russia and the

²⁴ Philipp H. Gordon, 'NATO after 11 September,' *Survival* 43, no. 4 (2002).

²⁵ The White House, *The National Security Strategy of the United States of America* (The White House: <http://www.whitehouse.gov/nsc/nss.pdf>, 2002).

²⁶ For a recent assessment of American foreign policy see Melvyn P. Leffler, '9/11 and the Past and Future of American Foreign Policy,' *Int Affairs* 79, no. 5 (2003).

United States have been granted. Asia is a crucial partner region for the European Union in economic, political and cultural terms. Fifty-six percent of the world's population lives in Asia, generating about 25 per cent of the world's gross national product. Despite the Asian economic and financial crisis of 1997, the exchange of goods between the two continents has expanded considerably, with the trade balance surplus of Asia with the European Union rising from € 13.3 billion in 1996 to € 71.9 billion in 2002.²⁷ After the accession of Eastern European countries to the European Union, Asia is now the European Union's second largest trading and economic partner after the countries of the North American free trade area. This upturn in economic relations with Asia has not, however, been matched by the strengthening of political relations. Such contacts have been institutionalised only since the 1990s, with regular bilateral meetings now held between the European Union and Japan as well as with China and India. Asia-Europe summits to build joint policy positions have been organised every two years since 1996, with annual talks also conducted at ministerial and civil service level.

Which Asian nations are the potential key European partners in establishing a multipolar global governance architecture?

JAPAN

Could Japan play this role? Japan is the EU's third largest export market, and the Union is in turn Japan's second largest. After the end of the East-West conflict, Europe and Japan took their foreign policy relations more seriously with the result that the dialogue between the two has broadened since the 1990s.²⁸ Especially since the creation of the Single European Market and the Euro currency, at least the economic dimension of the bilateral EU-Japan relations is very intense.²⁹ In recent years, the Japanese-European dialogue on security policy has led to both countries coming closer together also on issues of disarmament and non-proliferation of nuclear weapons. Furthermore, Japan and the European Union have begun to discuss and agree on humanitarian measures and sanctions, as well as on co-operation in environmental and development governance.³⁰ However, Japan often appears as mere supporter of US policy, and the traditional trilateral relationship that has started in the 1970s has traditionally been centred on the USA.³¹ It seems doubtful whether Japan would anytime soon be prepared to adopt a foreign policy that runs contrary to the United States. On the other

²⁷ European Commission, *External and intra-European Union trade. Statistical yearbook, data 1958-2002* (Luxembourg: Office for Official Publications of the European Communities, 2003).

²⁸ Glenn D. Hook et al., *Japan's international relations. Politics, economics and security* (London and New York: Routledge, 2001), p. 16.

²⁹ Hook et al., *Japan's international relations. Politics, economics and security*, p. 16.

³⁰ Hook et al., *Japan's international relations. Politics, economics and security*, pp. 16-17. Karasawa Kei, 'Japan and the world environment,' in *Japan's quest. The search for international role, recognition, respect*, ed. Warren S. Hunsberger (Armonk, NY: Sharpe, 1997).

³¹ Hook et al., *Japan's international relations. Politics, economics and security*.

hand, the recent agreement of jointly ratifying the Kyoto protocol on global warming—which was heavily contested by the United States, which hoped that Japan would not ratify—could be an interesting precedent for the reorientation of foreign policy by both Europe and Japan.

CHINA

Could China then rather be a potential Asian partner for the European Union in establishing a multipolar global governance architecture? China comprises approximately one fifth of the earth's population and has one of the highest economic growth rates worldwide. Europe's relations with China were less important during the Cold War, when contacts with the USA and the Soviet Union were considered more crucial for both sides.³² In the early 1990s, however, relations intensified to an ever-increasing extent, with the European Union becoming an important market for Chinese goods as well as a significant source of investment and expertise. Since 1995, China's trade with the European Union has grown considerably more than with China's other trading partners: by 2002, the volume of bilateral trade had risen to more than € 115 billion, making China the European Union's second largest source of imports (€ 81.8 billion) and fifth largest export country (€ 34.1 billion).³³

Since the mid-1990s, also the political contacts between China and the EU member states have become closer through regular visits.³⁴ In 1994, an official mechanism was set up for political dialogue between the European Union and China, thus recognising China as an important international power,³⁵ and some observers, such as David Shambaugh of the Brookings Institution in the United States, see already a 'China-Europe axis' that could have far-reaching consequences for the global balance of power.³⁶

Yet it remains questionable to what extent China can in fact develop into a close partner for Europe in creating a multipolar global governance architecture. The actual significance of China for European foreign policy in almost all governance areas is certain to grow, from security affairs to environmental co-operation. And yet, Europe must weigh its economic and political interests in the world's most populous country against China's autocratic and closed political system. In contrast to India and Japan, Europe is not linked to China within a community of democratic states founded on the rule of law

³² Franco Algieri, 'Die Europäische Union und China,' in *Europa-Handbuch*, ed. Werner Weidefeld (Gütersloh: Bertelsmann Stiftung, 2002), Franco Algieri, 'EU economic relations with China: An institutionalist perspective,' *The China Quarterly* (2002).

³³ European Commission, *External and intra-European Union trade*.

³⁴ Kay Möller, 'Diplomatic relations and mutual strategic perceptions: China and the European Union,' *The China Quarterly* (2002), Eberhard Sandschneider, 'China's diplomatic relations with the states of Europe,' *The China Quarterly* (2002).

³⁵ Möller, 'Diplomatic relations and mutual strategic perceptions: China and the European Union.'

³⁶ Quoted in *International Herald Tribune*, 5 October 2004.

and human rights. Europe cannot ignore China and hence needs a sober and realistic China policy that includes political dialogue and economic co-operation. China might also be a European partner for specific current projects of global governance that meet the interest of both China and Europe. However, with regard to establishing a long-term stable democratic global governance system, the world's biggest non-democratic country cannot be seen as a close partner of a global alliance of countries founded on democratic values. It remains questionable whether China can be considered, beyond limited short-term collaborative projects, a stable and close partner for Europe in building up a global governance architecture.

India as a Partner for Europe in a Multipolar World?

In addition to Japan and China, there is one potential ally for Europe in setting up a multipolar global governance architecture that has not yet, in our view, been given adequate consideration: India, the world's most populous democracy. The joint press release of the third EU-India summit, held in Copenhagen in 2002, posited, '*India and the EU, global actors in the multipolar world*'. What could be the basis for a renewed and strengthened Indian-European partnership?

COMMON INDIAN-EUROPEAN VALUES?

Unlike China, India and Europe are linked by half a century of common values that unite the two regions as the world's largest democratic state and the largest confederation of democracies respectively. Both modern India and Europe are built on ancient cultures based on similar linguistic and cultural roots, with trading contacts dating back more than 2300 years. As in most of Europe, free elections have been held regularly in India—as one of the few stable democracies in the South—for the last five decades, in stark contrast to Latin America, China and the Arab and African regions, with the Indian democracy having more voters than the European Union has residents. Indian governments have frequently been more long-lasting and stable than those of Italy or the Fourth French Republic. The vividness of Indian democracy is illustrated by the fact that communists govern some of its states while others have conservative market-oriented governments. The recent change of government in India underscores the stability of the democratic process in India. There is extensive freedom of speech and the press, the army remains non-political, and the judiciary is predominantly independent.³⁷ India is thus one of the few developing countries to remain both a secular

³⁷ Christian Wagner, *Globalisierung und außenpolitischer Wandel in der Indischen Union*, vol. 36, *SWP Studie* (Berlin: Stiftung Wissenschaft und Politik, 2001).

state and a democracy since independence, with the exception of the short period of emergency rule in 1975–1977.

As any political system, also India's democracy is not perfect. Amnesty International, for example, reports for 2002 that the right of minorities was 'increasingly undermined by both state and non-state actors, despite it being clearly asserted in the Constitution' and 'religious minorities, particularly Muslims, were increasingly targeted for abuse'³⁸, referring to incidents of ethnic and religious violence in Gujarat and elsewhere. These incidents, however, need to be seen in the context that about 150 million Muslims live peacefully in India, and that ethnic strife has also been persistent in Europe, from Northern Ireland to the Basque region. Social differences vis-à-vis Europe, such as the traditional caste system, cannot be denied. Yet India also has a complex quota system to help 'casteless' citizens and members of indigenous peoples and 'lower' castes to gain access to the public service and to the national universities, which could be seen as the world's largest affirmative action programme. These policies can also be attributed to the work carried out in the dynamic landscape of social movements and activist groups in India.³⁹ Although India's experiences with Europe were initially characterised by British, Dutch, French and Portuguese colonial rule which forced India to adopt many European political, legal and economic institutions (some of which India still shares today), the sub-continent's struggle for freedom was not synonymous with a general stance against Europe.⁴⁰

POLITICAL RELATIONS

Nonetheless, India has distanced itself from Europe for a considerable period of time. Jawaharlal Nehru, the first Indian prime minister and chief architect of Indian foreign and economic policy, did not see the European Community as relevant for India, regarding it as a 'Rich Men's Club' from which he did not expect a great deal.⁴¹ On the other hand, India was the first country outside the European Community to establish an embassy in Brussels in 1962 to represent the country vis-à-vis the Community. The benefits of this permanent representation were limited, however, as long as India persisted with its internal market orientation of import substitution. This meant that political and economic relations with India remained rather marginal for Europe.⁴² This situation has changed within just a few years. India opened its markets in the 1990s and began a new phase in relations with partners like the European Union. A few

³⁸ Amnesty International, 'India,' in *Amnesty International report 2003*, ed. Amnesty International (London: Amnesty International, 2003).

³⁹ Atul Kohli, ed., *The success of India's democracy* (Cambridge: Cambridge University Press, 2001).

⁴⁰ Dietmar Rothermund, 'Europe and India: The need for greater mutual awareness,' *Asien*, no. 80 (2001).

⁴¹ Rothermund, 'Europe and India: The need for greater mutual awareness,' p. 117.

⁴² Rothermund, 'Europe and India: The need for greater mutual awareness,' 116-19.

months after US President Clinton's visit to India in March 2000, the status of Indian-European relations was enhanced by a first joint summit meeting between India and the European Union.

A conceivable—though yet seemingly unusual—partnership between India and the European Union could be directed in particular at strengthening the United Nations. Both India and the European Union have a traditionally positive attitude towards the United Nations—indeed, strengthening the UN had been one central element of Nehru's foreign policy.⁴³ The joint press release of the third EU-India summit, held in Copenhagen in 2002, stated that both countries

'affirm our shared values of democracy and pluralism. We are committed to promote and protect all human rights, including the right to development and fundamental freedoms, which are universal, indivisible, interdependent and interrelated. These issues will remain on the agenda of the EU-India dialogue at various levels. ... India and the EU, global actors in the multipolar world, remain committed to strengthening the UN and better equipping it to respond to the challenges of the 21st century'.

At the fourth EU-India Summit in 2003, both India and the EU representatives affirmed again their dedication to strengthening

'the role of the UN in the development field, as well as in the maintenance of international peace and security'.⁴⁴

Both parties reaffirmed their commitment towards 'strengthening multilateral institutions based on the principles of international law'.⁴⁵ Regarding the occupation of Iraq, India and the European Union have stressed the importance of the central role to be played by the United Nations in the restoration of peace and in the re-construction and rehabilitation of Iraq.

Security interests shared by Europe and India remain high on the agenda of co-operation, particularly in relation to stemming militant Islamic fundamentalism.⁴⁶ Both sides have affirmed their willingness to be involved in attempting to find a settlement to the Middle East conflict. Through its leading role in the movement of non-aligned countries, New Delhi has close contacts with the Arab world, but has also taken up diplomatic relations with Israel with recently strengthened military relations.⁴⁷ India also plays a leading role at a regional level, with the government of Nepal requesting Indian assistance in dealing with Maoist uprisings and the Sri Lankan government requesting help in stemming the civil war on the island.⁴⁸ Since the early 1990s, India has expanded its relations with East and South-East Asia, becoming a sectoral dialogue partner of the Association of South-East Asian Nations (ASEAN) in 1992 and a full partner

⁴³ VP Dutt, *India's Foreign Policy in a Changing World* (New Delhi: Vikas, 2001).

⁴⁴ European Commission, *Bilateral trade relations: India* (European Commission: http://europa.eu.int/comm/trade/bilateral/india/index_en.htm, 2004).

⁴⁵ European Commission, *Bilateral trade relations: India*.

⁴⁶ Dennis Kux, 'India's fine balance,' *Foreign Affairs* 81, no. 3 (2002).

⁴⁷ Wagner, *Globalisierung und außenpolitischer Wandel in der Indischen Union*.

⁴⁸ Wagner, *Globalisierung und außenpolitischer Wandel in der Indischen Union*.

from 1996. India has been represented in the ASEAN Regional Forum since 1996, in which security matters are discussed with the USA, the European Union and China. On the other hand, India still faces armed revolts in Kashmir and its northeastern regions,⁴⁹ and the ongoing conflictual relations with Pakistan remain changeful and continue to have a high potential for escalation.⁵⁰

One of the points of tension in relations between Europe and India, though again also a potential area for European mediation, is India's development and testing of nuclear weapons. As a confederation of states predominantly free of nuclear weapons, Europe's non-nuclear powers could act as an intermediary in mediating between the Indian position, which views the division of the world into nuclear and non-nuclear nations as set out in the non-proliferation treaty as unacceptable discrimination, and the requirements of regional and global disarmament. Another possible area of intensified dialogue and co-operation is global environmental protection, where the European Union and India—despite undeniable conflicts of interest—have to rely on each other to get major projects moving, like the Kyoto climate protocol. In these and other issues, the change of the Indian government might be a chance for an intensified dialogue between India and Europe. While the former Hindu nationalist government has relied on close ties between India and the United States, the new Congress-led government is expected to be more wary about the Indo-US relationship, and to re-intensify the political dialogue with other major powers such as Europe, Russia and China.

ECONOMIC RELATIONS

India's potential economic significance for the European Union has grown over the last few years. For a long time, India was in economic terms a peripheral factor for Europe. India's economic protectionism and the promotion of the domestic economy were seen as articles of faith by Indian nationalists who shaped the country's economic policy after 1947 and tried to develop a third path between Western capitalism and a socialist economy. India's balance of payments crisis in 1991 revealed the failure of this policy of inward orientation and initiated a policy of liberalisation and openness to the world market, which has since resulted in dynamic economic growth.⁵¹ It was Manmohan Singh, India's new prime minister, who had initiated these reforms in 1991; economic liberalisation is hence expected to continue.

Between 1992–93 and 2001–02, the Indian economy grew by an average of more than 6 per cent each year, which means that India's growth rate has almost dou-

⁴⁹ K. Shankar Bajpai, 'Untangling India and Pakistan,' *Foreign Affairs* 82, no. 3 (2003).

⁵⁰ See Ranjit Gupta, *India's future security environment* (manuscript), on file with authors; Kux, 'India's Fine Balance.'

⁵¹ Rothermund, 'Europe and India: The need for greater mutual awareness.' Dietmar Rothermund, ed., *Liberalising India. Progress and Problems* (New Delhi: Manohar, 1996).

bled since liberalisation.⁵² Even if the Indian target of 7 per cent economic growth has only been achieved in exceptional cases, this success is still remarkable. Combined with a slowdown in population growth from 2.3 per cent in the 1980s to 1.6 per cent in 2001 and 2002, the framework conditions for the country's further development are improving.⁵³ The tenth five-year plan⁵⁴ for 2002-2007 calculates annual economic growth at an average of 8 per cent and the 'Common Minimum Programme' of the new coalition-government promises 7-8 per cent for the next decade. The Indian software industry, for example, is one of the world's most dynamic business sectors. Over the past years, it has grown from 6.2 billion US dollar in 1998/1999 to 16.5 billion US dollar in 2002/2003.⁵⁵ In addition to products and services, Indian software experts themselves are much in demand internationally, with almost 40 per cent of start-up firms in Washington DC and California's Silicon Valley belonging to Indian nationals or US citizens of Indian origin in 2000.

India's economic relations with the European Union are gaining in importance as EU-India trade has grown impressively over the years, from € 4.4 billion in 1980 to € 27 billion in 2002.⁵⁶ Trade with the European Union represents almost a quarter of India's exports and imports. The Union is also India's largest source of foreign direct investment. Conversely, however, India is only in 18th position among Europe's trading partners. It accounts for just 1.3 per cent of the EU's imports of goods and 1 per cent of import of services. India further attracts only 0.2 per cent of the EU's worldwide investments.

An enormous potential for improving trade and investment between EU and India might thus exist. So far, both sides complain about market access problems. The improvement in economic relations flounders, in the view of Indian industry, on the European Union's trade restrictions, for example though quantity limitations, industrial norms and social and environmental standards. The Union, for its part, complains of high customs duties, sluggish bureaucracy and infrastructure problems in India.⁵⁷ Overall, India attracts less direct foreign investment than China, even though frequent reference is made to the higher growth potential of India.⁵⁸ To overcome this situation, both sides have to further develop a positive agenda on trade and investment issues, encouraging further interaction and integration between their respective economies.

⁵² United Nations Development Programme, UNDP, *Human development report 2004. Cultural liberty in today's diverse world* (UNDP: New York, 2004).

⁵³ UNDP, *Human development report 2004*.

⁵⁴ Government of India Planning Commission, *10th Five Year Plan, Vol. 1* (Planning Commission: <http://planningcommission.nic.in/plans/planrel/fiveyr/welcome.html>, 2002).

⁵⁵ National Association of Software and Service Companies (NASSCOM), *Indian IT software and service industry*, (NASSCOM: http://www.nasscom.org/artdisplay.asp?Art_id=1959, 2004).

⁵⁶ European Commission, *Bilateral Trade Relations: India*.

⁵⁷ Wagner, *Globalisierung und außenpolitischer Wandel in der Indischen Union*.

⁵⁸ Cf. for example Yasheng Huang and Tarun Khanna, 'Can India overtake China?', *Foreign Policy*, no. July/August (2003).

The Road Ahead

Given the speed at which the Bush Administration follows its strategy to jettison any real or perceived constraints by friends, allies and international law, Europe might need to reconsider its role in world politics. The acceptance of the United Nations as the primary authority in international conflict resolution, the Kyoto Protocol, the International Criminal Court, the anti-personnel landmine treaty, the reform of the United Nations: these are all important projects that must not fail in the course of developing a strong and effective multilateral global governance architecture—neither through the self-isolation of the United States of America nor because of a lack of unity within the European Union. Such major global governance projects cannot, however, be set up and implemented with ad-hoc coalitions. What Europe needs are stable partnerships to complement the transatlantic alliance, so that multilateral global governance can be pushed forward in particular governance areas.

This requires a twofold strategy. Internally, Europe must unite more strongly. The old Kissinger question still has to be answered: what phone number does the US president—or the prime minister of India—have to dial if he or she wants to get Europe's opinion? The European Union clearly must improve the coherence of its foreign policy, and co-ordinating differing national positions is imperative for the future if Europe does not want to become irrelevant itself. Effective reforms are required to enable Europe to speak with one voice, also on foreign and security policy. Attempts are certainly being made toward a stronger and more unified European foreign policy.⁵⁹ The European Security Strategy adopted in December 2003 offers a coherent assessment of today's security threats and Europe's policy responses.⁶⁰ The agreement on a Constitution for Europe by the Brussels Summit in March 2004 will also assist integration in the areas of security and defence. Another reform area could be the representation of European Union foreign policy in international bodies by establishing a seat for the European Union (or for the Euro currency group) in the International Monetary Fund, the Group of Eight (industrialised countries), the World Bank as well as on the UN Security Council at a later date, as suggested by the EU's former trade commissioner, Pascal Lamy.⁶¹ The office of a EU president could also take joint responsibility for foreign and security governance in the medium term.

Externally, Europe needs to reform its foreign policy and rethink well-trodden paths. This applies in particular to redefining the traditional North-South antagonism in international negotiations, which hardly corresponds any longer to the reality of the

⁵⁹ For more details see Brian Crowe, 'A common European foreign policy after Iraq?', *Foreign Affairs* 79, no. 3 (2003).

⁶⁰ Council of the European Union, *A secure Europe in a better world. European Security Strategy. Brussels, 12 December 2003* (Brussels: Council of the European Union, 2003).

⁶¹ Pascal Lamy and Jean Pisany-Ferry, *L'Europe de nos volontés, Jean Jaurès Foundation Notes 27* (Paris: Plon, 2002).

international system in many governance areas. New international partnerships between the European Union and the large Southern democracies could redress the traditional confrontation between the group of Western industrialised countries and the 'Group of 77', possibly pointing out solutions should global governance projects threaten to fail because of US rejection.

This paper argues that as the largest democracy in the world, India could be a natural partner for the European Union in establishing a multilateral global governance architecture. This, however, requires a redirection of both European and Indian foreign policy in order to create the basis for long-term co-operation between the two regions built on trust. European foreign policy, for one, would need to further encourage and promote the international integration of India into multilateral forums like APEC and the Asia-Europe Summit Meetings. The declaration of India as a 'strategic partner' of Europe in November 2004 has been an important step in this direction.⁶² More intense dialogue and, building on this, the drawing up of joint compromise positions in international negotiations and within the United Nations would be conceivable, possibly in a much more institutionalised form as had previously been reserved for the group of OECD states or—as for India—for the 'Group of 77 (developing) countries'. Quite conceivable are, for example, more regular Indian-European consultations prior to important negotiations. In the long term, Europe might wish to support India—as the world's biggest democracy—being admitted to the group of the eight largest industrialised countries and help enhance the global representation of this group of democratic states accordingly.

Besides this political co-operation, there is a need to broaden relations at civil society level, for instance through promoting the exchange of scientists, artists, youth and other representatives of civil society to consolidate reciprocal knowledge and understanding. Consideration could be given to adopting the model of promoting inner-European dialogue, for instance in the form of twinning Indian and European towns and cities or providing more funds for exchange programmes in the fields of sport and science, and between schools and universities.

Yet it takes two to tango: if intensifying co-operation between Europe and larger democratic developing countries such as India is to succeed, also India would have to review its foreign policy. With the movement of non-aligned nations losing its purpose after the end of the East-West confrontation, it is questionable what still links the 'Group of 77', given the substantial differences in the political systems of the more than 130 developing countries affiliated to this mega-alliance.

The political drifting apart of the 'First World', the dissolution of the 'Second World' and the political, economic and social differentiation of the 'Third World' thus

⁶² *International Herald Tribune*, 8 and 9 November 2004.

offer scope for the re-charting of world politics. The development of a multilateral global governance structure requires a strong global alliance of democratic players. In the words of India's former foreign minister Jaswant Singh in February 2000,

‘A plural order based on a co-operative approach supported by an overlapping network of institutions among governments and civilian societies, strengthened by democracy, openness and transparency, should constitute the new framework that will enable us to move from the flux of the post-cold war to “A Concert of Open Societies”.’

Numerous examples show that the United States does not share this vision. In many negotiations, Europe and the Bush administration often no longer act together but rather against each other. For this reason, the European Union must look for other partners—to complement rather than replace the United States of America. Increased dialogue and more intensive political co-operation on the part of Europe with the world's biggest democracy, India, could be one element of such reorientation.

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