

## An Expanded Europe and Moves Toward a New Asia

By Wakamatsu Kenji

The World remains an unstable place in the wake of the Sept. 11 terrorist attacks. There has been a succession of bloody incidents engulfing very large numbers of people, such as the bombings on Bali and the theater hostage crisis in Moscow, which leaves us wondering what might happen next. There is the possibility of a U.S. military offensive against Iraq, and there have been tense exchanges between North Korea and the United States, South Korea, and Japan over North Korea's nuclear program. The World has entered the third year of the new century without any clear prospects.

There have been, however, noteworthy international developments indicating the World's direction in the first half of the 21<sup>st</sup> century. The European Union (EU) summit on Oct. 25 last year endorsed the advice of the European Commission to accept 10 new members from the Mediterranean and Central and Eastern Europe, including the Baltic States, which were once part of the now defunct Soviet Union. The final decision on an expanded EU was made at the summit in December. The EU will ultimately embrace 25 countries with a population of 450-million people. This single market will have a combined gross domestic product (GDP) of approximately \$10 trillion, putting it on a par with the United States.

The North Atlantic Treaty Organization (NATO) summit meeting in November accepted seven new members from Central and Eastern Europe. This means that Europe is coming together, in both word and fact, after the east-west divisions of the Berlin Wall. Romania and Bulgaria missed out on EU membership this time round, but negotiations will take place with the aim of making them EU members by 2007.

The countries of Central and Eastern Europe have growth rates that are currently one or two points higher than those of the EU countries, and their membership is expect-

ed to breathe new life into the European economy. But manufacturing is declining in such European countries as Germany as corporations shift their bases of production to these very countries in Central and Eastern Europe where wages are cheaper. Elsewhere there is the question of restricting the movement and influx of labor.

The average per capita GDP in the countries slated for EU membership is less than half of the EU average, which is likely to cause various problems different to those experienced in the past. There are other vital questions as well. Will the panel considering the future of the European Union establish the post of European President to provide a face for the outside world? And what of the proposals for a constitution defining the institutions for an integrated Europe?

Germany, France and the other European countries, apart from the United Kingdom, have been having noticeable differences with the United States. So there is also the question of how an expanded Europe might affect this growing Atlantic divide.

Meanwhile in Asia, China continues to make rapid advances in the economic sphere. We notice China's increased lobbying of its Asian neighbors and China's growing clout. The 16<sup>th</sup> Central Committee of the Chinese Communist Party in November ushered in a vast number of new, younger leaders. The "fourth revolutionary generation" Vice President Hu Jintao was chosen to replace the "third generation" Jiang Zemin as Secretary General. The congress also endorsed changes in party rules, which will enable the owners of private businesses to become party members. China is pushing ahead with market economics based on World Trade Organization (WTO) membership.

Chinese Premier Zhu Rongji also attended the Association of South-East Asian Nations (ASEAN) summit that took place in Phnom Penh earlier

that month, and signed a framework agreement with ASEAN on comprehensive economic cooperation. The agreement will promote liberalization in various sectors with the view to China and ASEAN concluding a free trade agreement within the next 10 to 15 years. Japan was also keen to develop ties with ASEAN by offering to host the 2003 ASEAN summit in Tokyo.

The leaders of Japan, China and South Korea swapped ideas at the earlier Asia-Pacific Economic Cooperation (APEC) summit in Mexico, and said that they would work together to halt North Korea's nuclear program. North Korea wants, in the face of tough U.S. attitudes, economic aid, which the establishment of diplomatic ties with Japan would bring. But the tension and uncertainty relating to North Korea are likely to persist as long as the security issues and the question of North Korea's abductions of Japanese nationals more than 20 years ago remain unresolved.

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