



MINISTERIO DE DEFENSA



**2002/2003 STRATEGIC
PANORAMA**

INSTITUTO ESPAÑOL DE ESTUDIOS ESTRATÉGICOS



MINISTERIO DE DEFENSA

INSTITUTO ESPAÑOL DE ESTUDIOS ESTRATÉGICOS

**2002/2003 STRATEGIC
PANORAMA**

February 2003

FICHA CATALOGRÁFICA DEL CENTRO DE PUBLICACIONES

2002/2003 Strategic Panorama / Instituto Español de Estudios Estratégicos. — [Madrid] : Ministerio de Defensa, Secretaría General Técnica, 2003.— 226 p. ; 24 cm.

NIPO 076-03-048-4.— D.L. M-15046-2003

ISBN 84-7823-986-3

I. Instituto Español de Estudios Estratégicos II. España. Ministerio de Defensa. Secretaría General Técnica, ed.

Relaciones internacionales / Seguridad internacional / Política exterior / Estudios estratégicos / Conferencias / Convención Europea / Unión Europea / Asia / África / Iberoamérica / Estados Unidos / Europa Central / Europa Oriental / Países bálticos / Países mediterráneos / Rusia / España / Bruselas / Barcelona / Sevilla / 2002

Edita:



NIPO: 076-03-048-4

ISBN: 84-7823-986-3

Depósito Legal: M-15046-2003

Imprime: Imprenta Ministerio de Defensa

Tirada: 1.100 ejemplares

Fecha de edición: Marzo, 2003

**GENERAL SECRETARIAT
OF DEFENCE POLICY**

**DIRECTORATE GENERAL FOR
INSTITUTIONAL DEFENCE RELATIONS**
Spanish Institute for Strategic Studies

Working Group no. 5/02

2002/2003 STRATEGIC PANORAMA

The ideas contained herein are the responsibility of the authors and do not necessarily reflect the opinion of the IEEE, which has sponsored this publication.

LETTER FROM THE DIRECTOR

In November 2002 I was appointed Director of the Spanish Institute for Strategic Studies (IEEE), which is attached to the Directorate-General for Institutional Defence Relations. Logically, I am more than proud to hold this position.

In the past few years, as part of its Strategy series, our IEEE has published several editions of the *Strategic Panorama* with the collaboration of personnel from the Institute and highly qualified contributors.

However, I believe the time has come to embark on a new stage in the life of the *Panorama* by modifying both its external appearance and the way it is written.

In order to perform this task, this year we are going to be working in conjunction with the Elcano Royal Institute of International and Strategic Studies which, although established only recently, already enjoys considerable prestige in the field of strategic research and analysis. I believe that this change of direction and valuable new contribution will add to the interest of this publication and increase its dissemination among the Spanish and foreign media, institutions and organisations specialising in these fields.

Finally, I would like to express my heartfelt thanks to all the people who have collaborated efficiently with us over the past few years; their effort and dedication have made this *Strategic Panorama* a successful publication of acknowledged repute both in Spain and abroad.

JAIME RODRÍGUEZ-TOUBES NUÑEZ
Director of the Spanish Institute for Strategic Studies

CONTENTS

INTRODUCTION

By Javier Pardo de Santayana y Coloma

Chapter I

A STRATEGIC OVERVIEW OF 2002/2003

By Ramón Armengod López

Chapter II

THE BUILDING OF EUROPE

By Javier Pardo de Santayana y Coloma

Chapter III

CENTRAL AND EASTERN EUROPE AND EURASIA

By María Angustias Caracuel Raya

Chapter IV

THE MEDITERRANEAN

By María Dolores Algora Weber

Chapter V

IBERO-AMERICA

By Marcelino Dueñas Fontán

Chapter VI

AFRICA

By Alejandro Cuerda Ortega

Chapter VII

ASIA

By Fernando Delage Carretero

EPILOGUE

COMPOSITION OF THE WORKING GROUP

INDEX

INTRODUCTION

INTRODUCTION

The year 2002 began amid the aftermath of September the Eleventh, which made security the centrepiece of world policy, and ended with the question of Iraq and North Korea's challenge. The United States, poised for war against terrorism, asserted its status as the world's only major power and showed little interest in European support. Precisely when America was expected to encourage widespread mobilisation to address the major problems of substance, its attitude towards the economic situation and certain international judicial and social initiatives proved somewhat disappointing and caused its image as a leader nation to deteriorate considerably. However, the NATO summit at the end of the year saw a very encouraging reversal of this trend, when the United States proved willing to team up again with its European partners to take collective action following the decision to create a rapid response force for combating terrorism. At this summit the Atlantic Alliance went from being an organisation for European defence to an organisation for global security.

Landmark events of 2002 were the decisions to enlarge the Atlantic Alliance and the European Union. Moscow accepted them, even though in both cases this involves incorporating the Baltic states, whose possible accession to NATO the Russian government had always opposed.

Another significant event was the United Nations Security Council's unanimous agreement regarding Iraq. In the past, the effectiveness of its resolutions had often been undermined by the repeated conflicts of interests within this organisation and the powers' use of the right of veto.

Relations between Europe and the United States made very constructive headway in an atmosphere of good understanding. In China, the political repercussions of the opening up of the economy began to be institutionalised, while Japan's flagging economy relegated the country to a

minor role in the political arena. India and Pakistan, for their part, had the international community on tenterhooks with repeated clashes that in the end did not come to anything.

The consolidation of the new Afghan regime was put to gruelling tests that revealed its fragility. Saudi Arabia finally authorised the use of its bases in the event of military action against Iraq, but was torn between its contradictions, which make an eventual change of regime in that country a more interesting prospect. America seems to believe such a change would have favourable repercussions in the Middle East and on the Palestinian-Israeli conflict, which developed into a spiralling violence that will be very difficult to stem.

Terrorism continued to rear its ugly head on several occasions, though never to the extent of September 11th. The main concern was that this threat would be combined with that of the proliferation of weapons of mass destruction. Europe progressed in developing effective systems and mechanisms—particularly in the police and judicial spheres—to keep at bay these and other threats, which, like organised crime and drug trafficking, thrive on factors such as immigration and the forthcoming enlargement of the European Union.

As for the building of Europe, the year began with the permanent adoption of the euro, which marked the completion of the first stage in this process, economic and monetary union, and with the work of the Convention that is entrusted with the task of mapping out Europe's future and preparing the Union to cope with enlargement without any major loss of cohesion or efficiency.

The fact that the Atlantic Alliance has now overstepped the bounds it had imposed on itself and extended its scope to anywhere in the world merely confirms the appropriateness of last year's decision to broaden the geographical area covered by the Strategic Panorama to the whole of Asia, in keeping with the Spanish government's interest in that vast area of the world. While the broadening of the Atlantic Alliance's scope of action undoubtedly reinforces America's supremacy, it also requires Europe to make a supplementary effort that doubly justifies our editorial endeavour.

THE CO-ORDINATOR OF THE WORKING GROUP

CHAPTER ONE

A STRATEGIC OVERVIEW OF 2002/2003

A STRATEGIC OVERVIEW OF 2002/2003

By Ramón Armengod López

INTRODUCTION

In September President George Bush Jr unveiled a document that will go down in 21st-century history: the US “National Security Strategy”. Its chapters on *America's international strategy* constitute a programme for shaping a new international order that looks more set to become a reality than the “new order” championed by his father, President Bush Sr, in 1991.

Like most of the US president's declarations, it conveys a sense of self-assertion and absoluteness—an imperial proclamation and a generous and pressing appeal to other peoples and powers of this world that does not fail to impress, regardless of whether or not one actually agrees with it.

"The great struggles of the twentieth century between liberty and totalitarianism ended with a decisive victory for the forces of freedom—and a single sustainable model for national success: freedom, democracy, and free enterprise", precisely America's success and values. "Today, the United States enjoys a position of unparalleled military strength and great economic and political influence", which it uses to establish "Pax Americana": "We will defend the peace by fighting terrorists and tyrants".

The international strategic outlook is therefore synonymous with America's National Security.

AMERICA'S GREATNESS

In March 1999, in an article entitled "The solitary superpower", Professor Huntington stated that Washington did not realise the antipathy it was provoking. President Clinton took up Huntington's recommendations (less arrogance and more co-operation) on how to counteract the envy, incomprehension and rejection that the imperial democracy arouses.

The Italian ambassador and professor Sergio Romano points out in a brilliant article that the new-style imperial power has lived the hundred years of the 20th century dangerously, showing three facets—as a hegemonic power, champion of liberal democracy and a social and economic model based on modernisation, progress, technological innovation, free trade and market laws—and concludes that America's intense materialism is at the same time an idealism that drives it towards greatness, and that this greatness is inseparable from both.

Another of America's characteristic features is the "frontier spirit" with which everything is sacrificed for the sake of new goals: in this case the new frontier is information technology (Internet "made in the US"), the basis of the third industrial revolution, which is not only modifying the productive process but also changing people's way of thinking and behaviour, while giving rise to unprecedented growth in the history of capitalism, shaping both the structure and the ideology of societies. Therefore globalisation and Americanisation of the world go hand in hand, as does rejection of them.

In this connection, former Italian President Francesco Cossiga states that America's hegemony is maintained by its military power and by an educational system that is unique in the world. He points out that leaders all over the world are being shaped at American universities and that America has established an intellectual and political leadership, given the lack of alternative ideas and programmes in other countries, whether developed or developing.

The rest of the world, then, copies the American model, an economy-based model, in some way or another. Paradoxically, the West has defeated the materialistic understanding of history, Marxism, precisely when it is confirming it in practice.

Economic factors determine political factors, particularly overseas, as opposed to vice versa. Geoeconomics has supplanted geopolitics and greater importance is attached to conquering economic areas than geo-

graphical regions. In the current power relations of the world market, it is difficult to escape the United States' supremacy.

The economy is, therefore, the cornerstone of the system: it is neither ethics nor politics but the economy which now governs internal or international society, because it is believed that, merely by respecting its rules, we may achieve what is regarded as the common good and ultimate goal of a democracy: the highest possible degree of well-being in such a quantity as to be able to distribute it widely.

These principles give rise to conflicts between the United States and the peripheral areas of the world. America is imitated because it offers the rest of the world ideas and advantages, but it is also envied for its power and well-being. Its power stems from American hegemony, and its advantages spark political and cultural reactions, sometimes of a religious kind; and both factors encourage different forms of terrorism, for the combination of irritation and envy varies from region to region.

The identification between Americanisation and globalisation furthermore leads the United States to be blamed for the strengths and weaknesses of the system, for the growth of wealth or poverty, and for much of the world's inequality and marginalisation. And yet, as great experts say, "today the world needs America more than ever".

But an America that would do well to listen to Pope John Paul II, whose apostolic exhortation *Ecclesia in America* points out that globalisation cannot but be negative if it is "ruled merely by the laws of the market applied to suit the powerful", such as "the absolutising of the economy". In this case the results are "unemployment, the reduction and deterioration of public services, the destruction of the environment and natural resources, the growing distance between rich and poor, unfair competition (owing to the protectionism of the rich), which puts the poor nations in a situation of ever increasing inferiority". The Pope calls for "an economic order dominated not only by the profit motive" and an authentic "globalised culture of solidarity", and, among other things, denounces the corruption and "cultural globalisation produced by the power of the media", which often impose materialistic values.

Consequences of 11 September 2001

The events of 11 September 2001 prompted America to dispel any doubts it might have had about how to exercise its leadership: the savage

attack on symbols of its power and the revelation of the vulnerability of the empire to the whole of the world forced it to rethink almost everything, to hastily make changes that would otherwise have been gradual and, as far as possible, agreed upon internationally.

As Ambassador Richard N. Haass, Director of Policy Planning at the Department of State, pointed out at the annual conference of the International Institute for Strategic Studies, "September 11th has shaped how the United States conducts itself in both the domestic and international arenas. And there is no doubt that the US response to September 11th is still evolving", for there are lessons to be learned from 11 September 2001 that Washington has yet to incorporate into its mindset.

One of the first conclusions is the need to re-examine globalisation in the light of terrorism: "globalisation itself is not inherently good or evil. It is a description of the state of the world and a dynamic, evolving process that creates new vulnerabilities along with new opportunities", and leads to multilateral responses to transnational problems. Therefore, "no matter how powerful the US, without partners it cannot easily and efficiently tackle problems that transcend borders". Nor, simply in the name of counterterrorism, should America avert its eyes from unpleasant realities "as we did on occasions during the Cold War in the name of anti-communism". That is, it cannot overlook the need to promote political and economic reforms in that outside world, which was once an ally against Marxism and now harbours the threat of terrorism.

Washington should also re-examine its international relations as a whole, basing its conclusions on new factors such as, for example, the current attitudes of Russia and China. Finally, the strategy for guaranteeing national security must necessarily be international, with a defence system that is not limited, as it has been so far, to external threats. In addition, this new strategy must not cause the United States to turn its back on the world, and collective security must not impinge on individual rights.

These thoughts, entertained by someone so close to the Secretary of State Colin Powell, may offset the declarations made by the other sector of the American administration, the hardliners, and even put the president's own statements into perspective (we should not forget that they are addressed "urbi et orbe", that is, first to his own voters and secondly to America's worldwide friends and enemies) by helping distinguish presidential rhetoric for domestic consumption from the declarations of principles and of how it intends to deter adversaries and persuade allies.

This year, 2002, the US administration has outlined a set of courses, principles or rules of action—the "Bush Doctrine"—which also establish new conditions for the options and prospects of other countries, whether or not they are powers.

The document quoted in the introduction to this chapter of the *Panorama*, the US's *national security manifesto*, sums up Washington's analyses, intentions and public commitments since 11 September 2001. These are based on America's conviction that the major powers of this world are on its side against terrorism, which allows it "to extend the benefits of freedom across the globe" and translate "this time of opportunity for America" into "decades of peace, prosperity and liberty". The United States takes upon itself to "champion aspirations for human dignity", for which it will draw from its experience: "America is not just a stronger, but is a freer and more just society". It can therefore strengthen alliances to defeat terrorism and is furthermore a nation that is "peaceful, but fierce when stirred to anger" and whose responsibility to history is "to rid the world of evil", for "we build a world of justice, or we will live in a world of coercion".

At this point President Bush slips in a paragraph that deserves our full attention: "No doctrine can anticipate every circumstance in which US action—direct or indirect—is warranted." However, there are some strategic principles for this: "building international relationships and institutions that can help manage local crises when they emerge"; and "the United States should be realistic about its ability to help those who are unwilling or unready to help themselves". He goes on to discuss the Israeli-Palestinian conflict and ends by concentrating on "rogue states" that "brutalise their own people and squander their national resources for the personal gain of the rulers; display no regard for international law, threaten their neighbours, and callously violate international treaties to which they are party; are determined to acquire weapons of mass destruction (...) to achieve the aggressive designs of these regimes; sponsor terrorism around the globe; and reject basic human values and hate the United States and everything for which it stands" —no doubt a portrait of the Iraqi regime...

The document goes on to state that America must defend against the threat of weapons of mass destruction through proactive counterproliferation efforts. Although weapons of mass destruction were a last resort during the Cold War, "today, our enemies see weapons of mass destruc-

tion as weapons of choice" and therefore, if threatened, the United States will not rely on a reactive posture because "the magnitude of potential harm [does not] permit that option. We cannot let our enemies strike first".

"For centuries, international law recognised that nations need not suffer an attack before they can lawfully take action to defend themselves against forces that present an imminent danger of attack"; moreover, it is necessary to adapt "the concept of imminent threat to the capabilities and objectives of today's adversaries" whose targets are not only military forces but also the civilian population. Accordingly, "to forestall or prevent such hostile acts by our adversaries, the United States will, if necessary, act preemptively".

The US president adds that "nor should nations use preemption as a pretext for aggression", which the reader might find rather perplexing were the paragraph not to end by stating that the reasons for US actions (including preemptive action, naturally) "will be clear, the force measured, and the cause just..."

Other parts of the address define non-military objectives: "global economic growth through free markets and free trade" and to "expand the circle of development by opening societies and building the infrastructure of democracy".

This is followed by an extensive review of Washington's relations with other main centres of global power, starting with Europe and NATO (summing up the results of the Prague Summit), the Asia-Pacific region (including Japan, Russia, India and China) and the prospects that deserve US support.

The important document ends with the *plan to transform America's national security institutions*, which is worldwide in scope, since, in order to defend the country, its military "must assure our allies and friends; dissuade future military competition (...) and decisively defeat any adversary if deterrence fails". Defence and security are therefore one of the same thing.

Given the global nature of the war on terrorism, "the United States will require bases and stations within and beyond Western Europe and Northeast Asia, as well as temporary access arrangements for the long-distance deployment of US forces".

"We know from history that deterrence can fail; and we know from experience that some enemies cannot be deterred".

It then expands on intelligence services, public information and diplomacy, specifically mentioning the effort to help people around the world understand America's intentions and win "the struggle of ideas", citing the interesting example that "the war on terrorism is not a clash of civilisations; it does, however, reveal the clash inside a civilisation, a battle for the future of the Muslim world".

The document ends with the statement that "today, the distinction between domestic and foreign affairs is diminishing", meaning the end of splendid isolation and the confirmation of the Americanisation of the world, and a paragraph asserting unilateralism: "In exercising our leadership, we will respect the values, judgment, and interests of our friends and partners. Still, we will be prepared to act apart when our interests and unique responsibilities require".

We must no doubt thank President Bush Jr. for his clear definition of these objectives, which show that the national security of the imperial democracy has become an international strategy.

RELATIONS BETWEEN EUROPE AND THE US IN 2002

During 2002 "transatlantic relations" were intense but not always harmonious. As General Pardo de Santayana states, "as 2002 progressed, it became clear that the Americans were tending towards unilateral action and were willing even to disregard their partners and friends. The hopes of witnessing a joint action of the reasonable countries vis-à-vis the major problems of substance accordingly waned and such action was left in the hands of the Americans, who lost their chance to benefit from the well-meaning contributions of the Europeans".

Washington's preparations for taking military action against the Iraqi regime gave rise to another debate between the United States and its European allies, who denounced America's tendency towards unilateralism within the UN and its impatience vis-à-vis European positions, while "the Americans rightly criticised Europe's unwillingness to assume the burden of security".

The two sides of the Atlantic continue to disagree over all the major world issues: ecology (America's refusal to sign the Kyoto protocol), development co-operation and combating famine and disease (Johannesburg "Earth Summit"), rejection of the jurisdiction of the International Criminal Court and economic protectionism for its own productive sectors as

opposed to the liberalisation required by the global market, among others. "America's attitude to these affairs undermined the credibility and moral authority of Washington's leadership, as it was interpreted as lack of sensitivity towards some of the major problems that affect the whole of mankind" (Pardo de Santayana): in 2002 the American administration gave priority to its interests and its own private jurisdiction over world solidarity, that is, it showed a tendency to use its power, not only to guarantee a new order, but to include its hegemonic privileges.

In actual fact, what is being debated is Europe's role in this world balance or imbalance that has been accentuated by the attacks of 11 September 2001—that is, a reassessment of its relations with the imperial democracy, with which it nonetheless shares common values and a history.

Now that isolationism—to which the newly elected President Bush Jr still appeared to be inclined in 2000—has become a spent tradition, interventionism is the only philosophy that remains, endorsed by President Bush's aforementioned "National Security Strategy" of 2002. It will be implemented unilaterally or multilaterally, depending on the occasion, the development of the new order, the politico-economic and ideological guidelines on which the successive US administrations are based, the degree of adaptation of international legality to the new power balance, the measure of success of globalisation (economic, technological, cultural, etc....), the results of the "security strategy" and the military interventions it involves, and the emergence of new regional or global rival powers, etc.

The debate should therefore be steered away from the dichotomy between unilateralism and multilateralism and focus on Europe's world role in globalisation: what it should be in future, the resources and will required, and the trickier question of what Europe's undisputed contribution will be to this international order that is being shaped and is centering on American hegemony. In other words, how could Europe complement and balance the imperial democracy and be its active partner, precisely in the universal application of democratic values?

Contrasting mutual perceptions

Recently—though this trend was witnessed before 11 September 2001—the traditional divergence between Europe and America as to their respective roles has been widening as a result not only of rival interests but also of their different perceptions of shared worldwide risks. These

differences are particularly marked with respect to their assessment of the situation in the Muslim Arab world (Europe's southern frontier and America's priority objective owing to its special relationship with Israel), the treatment of other civilisations and, lastly, their different attitudes to the international legal framework painstakingly created in the 20th century, with all its loopholes and imperfections, and partly superseded by the disappearance of bipolarity and the impact of globalisation.

This divergence, and a certain amount of agitation, have arisen from each side's negative perceptions of each other. In the case of the European Union, this is fuelled by fears about the direction Washington is drifting in and by the effects on the socio-economic model of globalisation, which is identified with Americanisation, and its transformation into an absolute value out of historical necessity. And in America, this perception springs from the neo-conservative school of thought based on a concept of democracy and economy that puts the related political and ethical issues on ice when progress so requires, certain of the need to impose it, if necessary by force. Only America has this power, which is at the service of the "manifest destiny" of such a great and virtuous people who embody mankind's ultimate and best possibilities.

Following the perverse attacks of 11 September 2001, these ideological suppositions upheld by Christian and Jewish economic and fundamentalist oligarchies have come out with such theories, which were shaped progressively throughout the nineties. Professor Robert Kagan, whose shares this ideology, points out that this divergence of perceptions is due to:

- The huge change in the power relations between the United States and the European Union following the Second World War, which heightened during the nineties and has now come to a head.

As General Pardo de Santayana points out, "the spectacular increase in the American defence budget dashed Europe's hopes of closing the gap in military capabilities, even partially".

In Kagan's view, Europe is moving into "a self-contained world of laws and rules and transnational negotiation", where strength does not matter, "where unilateral action by powerful nations is forbidden, where all nations regardless of their strength have equal rights and are equally protected by commonly agreed-upon international rules of behaviour", whereas the United States does not fear a real world based on widespread struggle and power politics.

- Europe's attitude springs from the negative experiences of past conflicts and from American protection during the "Cold War". This has enabled it to become established as a peaceful area: its collective security was guaranteed from outside, through NATO. Therefore Europe is an economic success, a developing political reality with an anaemic foreign policy and, according to the Atlantic Alliance's Secretary-General, Lord Robertson, "a military pygmy" that lacks the determination to do anything about it.
- Europe accordingly believes that its mission is to share with the world its experience of negotiation and peace, whereas America lacks this experience: in the 20th century, only its might enabled democracy to triumph over Communism.
- However, Europe must develop its military capabilities in accordance with America, whose strength it needs just as much or more than before.

The United States, for its part, should take more care "to show what the founders called a 'decent respect for the opinion of mankind'".

In Europe this disparity (aside from the partial and systematic attacks of the anti-globalisation groups, of the remnants of Marxism and third-worldism and also of certain historical grudges of the nationalist right-wing forces) is expressed in a legalistic and negotiation-oriented manner of thinking that is found, in varying degrees, in all the great European nations:

- a) The United States deserves Europe's understanding, friendship and recognition, though this does not mean to say that Europe's interpretation of the common democratic values and, above all, their application to the changing international situation, will always coincide with the policies of the groups that hold power in Washington.
- b) Europe is one of the United States' economic rivals, but this does not make it a political adversary. It believes in the current globalisation process and in the free market.
- c) Europe respects all existing cultures and believes that they can all share certain values, which Europe attempts to spread by means of international consensus and legality.

It defends the idea of a plural world governed by international law and oriented towards peace, development and solidarity.

- d) Together with the United States and all the peace-loving nations, it is willing to combat not only terrorism but other worldwide ecological hazards, arms and drug trafficking, regional struggles, natural disasters and famine, etc.
- e) It prefers to fight against all these enemies using multilateral action and respect for the international legal rules, even though these can be modified.

Finally, Europe cannot accept the use of unilateral force and preemptive attacks, even for the purpose of bringing about a better international order; nor does it accept that its current preference for agreed and peaceful means springs from its military weakness rather than from a morally mature international stance.

That is, Europe tries to apply the same ethical and democratic criteria that currently govern relations between the European nations to a global world.

CONCLUSION

Europe needs to make a twofold effort: to engage in an ongoing dialogue with successive US administrations and negotiate conflicting interests and policies in other areas by trying to understand each of its powerful ally's political and ideological moments; and to influence American opinion and decisions through participation and the persuasion of its media, just as the American media influence their own public opinion, showing determination and striving to defend common values and interests at all times.

A good example of the foregoing is the result of the recent NATO summit in Prague, which marked a return to the collective action of the United States and its European partners and the transformation of the Atlantic Alliance from an organisation for the defence of Europe and the Atlantic area into an organisation for global security.

EVENTS OF 2002

Combating international terrorism was the main issue in 2002. Ever since 11 September 2001, the United States has been waging a war, a

long drawn out and difficult war, and expects the whole of the civilised world also to be at war against this vague, diffuse and landless enemy, whose leaders have yet to be located or identified, and which can strike and be combated from anywhere in the world.

Nonetheless, there are indications of what and where the imminent danger is—according to Washington, the components of the axis of evil: Iraq, North Korea and Iran (now that Afghanistan no longer belongs to this category, surrounded as it is by a new web of alliances and by American presence in Central Asia).

The fight against terrorism has led America to deploy its military to 80 countries and has spurred Russia and China to align themselves with America in order to settle accounts with their own Islamic rebels.

Al-Qaeda continued to organise a number of attacks (Tunisia, Bali, Kenya), but Washington can intervene anywhere in the world to defend its citizens, interests and security, and has announced its readiness to use preemptive war.

European public opinion, despite its differences with the United States, has also reacted to world insecurity—though not so much against terrorism as against immigration, which it regards as a cause of insecurity.

At the Prague and Copenhagen Summits the Atlantic Alliance and European Union decided to proceed towards an enlargement that has set back Russia's aims and accentuates the influence of America, which stands to gain the most from Turkey's possible accession to the European Union, as a result of which Europe would border directly on the Islamic world and would be more heavily dependent on "Pax Americana", whatever that is, as it once was when it bordered on Marxism. As a result, the Euro-Mediterranean policy would undergo major changes or be limited to the Maghreb and western Mediterranean.

Although all the countries are affected by the war on terrorism, the Islamic world from Morocco to Indonesia is up at the front of the battle line. In 2002 the gap between the Islamic and Western worlds widened, primarily owing to the progressive destruction of the peace process by Israelis and Palestinians alike, which Washington was unable to stop despite its efforts to ingratiate itself with the Arab world in order to involve it in the military solution to the problem of Iraq.

Iraq has all the requisites for military intervention according to America's current policy: its classification as rogue state, the priority of economic criteria over political factors, and the consensus of the US administration to use multilateral action while upholding international legality (proof of this is Resolution 1441), provided this does not close the door to unilateral action if required.

All this in the context of the promise to democratise Iraqi society, this time in depth, through education and economic liberalism. The goal would be to make Iraq an example for the region, as the first step towards adapting the Arab world to the West.

Another of America's concerns is the Islamic Far East, together with another member of the axis of evil, North Korea, which lately looks set to press ahead with its plans for nuclear development.

In contrast, South America and Africa are not currently priority areas for Washington: in the case of the former, because its violence is not linked to Islamic terrorism and its economic liberalisation and cultural Americanisation continue under way, while sub-Saharan Africa, with its conflicts, famine and socioeconomic imbalances, is not part of the axis of evil, and American interests there (oil and other commodities) are not challenged.

SPAIN'S FOREIGN POLICY IN 2002

Spain's foreign policy basically continued along the same lines established at the beginning of Mr Aznar's government's second term (see the 2001 and 2002 editions of the *Strategic Panorama*), based on bolstering Spain's international role in a changing world environment, spurred by the internal dynamism of Spanish society and Spain's involvement in the globalisation processes under way. The guidelines are outlined in the "Strategic Plan for external action 2000-2004", and have been adapted to the new direction and pace of international currents since 11 September 2001, particularly within the two organisations to which Spain belongs (European Union and Atlantic Alliance) and in which it carries out much of its international action.

This section will be divided into two subjects: Spain's presidency of the European Union in the first half of 2002, and the updating of its basic priorities by the current minister of foreign affairs as a result of the new world landscape.

The Spanish presidency of the EU

Spain, which assumed its third European presidency at the beginning of the year in a complex international environment, proved its ability to manage efficiently the biggest international collective enterprise, bringing about consensus and establishing common positions. For Europe—with a unified voice—can play an important role on the international scene through its peace efforts in the Middle East and as a privileged interlocutor with the United States, Russia and Latin America.

We should recall that the main objectives the Spanish government set itself in the programme entitled "More Europe" for the six-month presidency were: combating terrorism in a co-ordinated manner, boosting the European Union's world role by working intensely to develop its external policy, guaranteeing the successful introduction of the euro and deepening economic reforms, bolstering the common asylum and immigration policy, which is now in its final stage, and forging ahead with the reform of the institutions.

Let us now examine these points in greater detail:

Combating terrorism

Spain has always played a pioneering role in building the European Union's "third pillar" (a common area of freedom, security and justice), such as at Tampere, aware of the need for greater co-operation and legislative and judicial harmonisation between the member states in order to fight against a scourge that affects everyone.

The Spanish presidency therefore made combating terrorism its priority from the outset and succeeded in approving and implementing new instruments that enshrine the political agreements adopted during the Belgian presidency.

The measures adopted during the six-month Spanish presidency were centred on four basic objectives: reinforcing the instruments of the rule of law, strengthening co-operation between law enforcement and the security forces, stepping up international co-operation and combating the structures that support terrorism, and encouraging measures to prevent terrorists from taking advantage of the "common area". It was also decided to boost Europe's role in fighting terrorism by making more resources available, both human and material, and the list of organisations, entities and persons linked to terrorism was updated.

Also, in the framework of the action plan for combating terrorism approved by the Fifteen in September 2001, measures were taken to combat terrorists' support structures in aspects such as exchange of information, border control, co-operation between financial intelligence units and the freezing of accounts.

As a result, the Seville European Council recognised the importance of combating terrorism in the framework of the Common Foreign and Security Policy and the Common Defence Policy.

The euro and economic reforms

The successful introduction of the euro and the revival of the Lisbon spirit are two major issues that were also addressed by the Spanish presidency.

Spain has carefully monitored the process of bringing the new common currency into circulation, in close collaboration with the Commission and the European Central Bank. Today the euro is already a synonym of stability and growth in an economy that has witnessed the reemergence of the modernising Lisbon spirit and is intent on converting the EU into a more dynamic area with a view to achieving full employment by the end of this decade. Therefore, the Barcelona European Council in March marked a point of no return in the process of liberalisation and economic opening-up, establishing an ambitious timetable of accomplishments in key areas such as *energy, transport and employment*.

"More Europe" also signified considerable headway in energy matters. With the interconnection of 10 percent of electricity grids, which will be a reality in 2005, Spain will cease to be an "energy island". Furthermore, the small and medium-sized enterprises and major consumers will benefit from the opening up of 70 percent of gas and electricity markets in 2004.

The transport sector saw the implementation of joint projects such as the Galileo Programme and the Single European Sky, which is due to be launched in a couple of years' time.

Finally, reviving the economy was another major concern of the Seville European Council, where the Broad Economic Policy Guidelines (BEPC) were adopted. These focus on two goals: macroeconomic stability and growth, based in turn on the reform of the labour, goods and services markets, and will reinforce the stability and growth pact of the Lisbon programme.

External Policy

The six-month Spanish presidency was marked by a troubled environment still suffering from the aftereffects of 11 September 2001, with constant tension in the Middle East and an international economic crisis that has hit the most developed economies.

The identity of Europe's CFSP criteria was manifested in the Middle East conflict, in the Barcelona and Madrid declarations and in the initiatives of the "Quartet", a group formed by the Union, Russia, the United States and the United Nations Secretary-General for the purpose of achieving peace in the area.

The *European Union-United States Summit* bore witness to the identical values that underpin transatlantic relations and the mutual commitment to fighting terrorism. Specific progress was made, such as the agreement on judicial co-operation in criminal matters, extradition and mutual assistance.

The *European Union-Russia Summit* consolidated the strategic relationship by strengthening political dialogue and co-operation in security matters and crisis management.

Likewise, at the *European Union-Canada Summit*, progress was made in co-operation in scientific and technological research, the environment and sustained development.

Europe's relations with Latin America are growing closer, partly thanks to Spain. To the traditional cultural and economic links we should now add privileged co-operation in the form of specific agreements, such as those signed with Mexico and Chile, which afford a special status to political, financial and trade relations. It is no coincidence that Europe is the world's number one investor in this area.

The Madrid Declaration marked the development of a new framework for relations with the region based on full equality and shared efforts and reiterating Europe's commitment to democracy and the full institutional development of all the Latin American countries.

As for the Mediterranean, the Barcelona Process begun in 1995 continued with its attempts to improve relations between the countries on either side of the Mediterranean.

Specific cultural, commercial and economic goals of great importance to the stability and development of the region were set at the Valencia

Summit. A partnership agreement was also signed with Algeria, the Euro-Mediterranean Foundation for cultural dialogue was set up, and it was decided that the European Investment Bank should double the funds it supplies to the region.

Common asylum and immigration policy

This issue was examined in detail at the Seville European Council, where note was taken of the need to manage migratory flows with a common policy that allows the integration of people who are legally established in Europe and, at the same time, combats illegal immigration and the smuggling of people. Europe needs immigration and benefits from it, but its capacity to take in new inhabitants is limited. Therefore a balanced set of global measures, revolving around four courses of action, was approved at Seville:

- First, combating illegal immigration and the smuggling of people.
- Second, co-ordinated management of the European Union's external borders, the first step towards a border policy.
- Third, making immigration policy part of the Union's relations with third countries. Europe offers to co-operate technically and financially with the countries of origin and transit of illegal immigration; this involves both the joint management of migratory flows and border control, and, on the part of these countries, readmission of illegal immigrants.
- Fourth, measures were adopted to speed up the legislative work in progress to define a common asylum and immigration policy.

Enlargement of the European Union

Intense work was carried out to achieve a consensus between the Fifteen on this matter. Spain, over and above private interests or partial views, reaffirmed its commitment to what will be Europe's biggest ever change: eastward enlargement.

The timetable envisaged at Stockholm was met. As a result, the accession treaties can be signed in the first quarter of next year and the ten current candidate countries will be able to take part in the 2004 elections to the European Parliament.

The effort was recognised by the European Commission, as negotiations were completed for a total of 83 chapters—more than in any other presidency.

Spain also respected the Nice work schedule, adopting common positions with respect to agriculture, regional policy and co-ordination of structural instruments, financial and budgetary provisions and institutions, and it can therefore be said that the process has now entered the final stretch.

Institutional reforms

The Seville European Council made significant headway in institutional reforms, in accordance with the proposals presented by the presidency and by the secretary-general of the Council, and with the work carried out by the Convention for the future of Europe.

Measures were approved which do not require any amendments to the treaties and whose effectiveness and operability is therefore immediate, as they enable Community mechanisms to be speeded up and simplified. The improvements relate to the European Council and the Council, and apply three principles: co-ordination, simplification and transparency.

There is widespread determination within the Union to deepen the current debate on the presidency. At Seville the need was discussed to seek mechanisms to make the current system of rotating six-month presidencies more effective, while respecting the principle of equality of the member states.

Finally, the need to build an accessible Europe that is close to its citizens emerged.

Current formulation of Spain's foreign policy

Here we will refer to the different addresses delivered by the minister of foreign affairs in autumn to outline her department's policy. The priorities are as follows:

- A priority, full-scale objective of Spanish foreign policy is fighting terrorism, which endangers "the survival of our principles, our values and the fundamental rules of coexistence".
- Relations with the United States. The events of 11 September 2001 "have led us to attach greater importance, if this is possible, to co-operating more closely with United States", to military policy and to

fighting terrorism. A consequence of the foregoing is the determination to "intensify talks between the European Union and the United States and to strengthen transatlantic relations. (...) [Spain's] presence and influence in the different forums requires a deepening of consultations and co-operation with the United States; furthermore, on another plane, "we will pay preferential attention to the Hispanic community" in that country.

- Spain considers itself overwhelmingly to be part of Europe and therefore wants "a united and strong Europe, capable of defending its principles and interests, which accordingly calls for a more effective and visible foreign and security policy"; the EU component of our foreign policy furthermore strengthens and supplements it.

Spain supports Europe's international commitment against terrorism and the enlargement of the Union, "although it is aware of the efforts it will have to make to overcome the shortcomings in its relations with most of the future members".

- Spain will attach special importance to relations with the Russian Federation.
- "Spain's Ibero-American dimension", which is "its main asset in the world and also its greatest responsibility, which it shares with the rest of the nations that make up the Ibero-American community on both sides of the Atlantic", must be strengthened as an area of democracy and freedom, which are the values of the West.

Spain strives to ensure that this commitment to Latin America is assumed by the other European Union partners; the strategic partnership between both regions is essential in a globalised world. Thanks to Spain, Latin America's ties with Europe are closer than ever.

Spanish investments in Latin America, like those of the other European nations, are facilitating "its permanent integration into the world economy, and are also an essential factor for modernisation and growth".

- As regards the Mediterranean, the general framework is the so-called "Euro-Mediterranean dialogue" which the different Spanish presidencies have promoted since 1995. The result of this effort is the Barcelona Process which, as witnessed at the Valencia conference in April, is still active despite the situation in the Middle East.

But the priority area of Spain's external action is northern Africa (especially our inevitable relations with Morocco), whose strategic importance to Spain calls for a global approach. Prominent features of this approach are the regulation of immigration, the fight against poverty and support for political and social reforms, the key to the future stability of the Maghreb, including social change: integration of women, promotion of human rights, etc, and, lastly, a joint effort to combat terrorism.

In the Middle East, our foreign policy "is based on three areas: strengthening bilateral relations, an active and co-operative dialogue with the regional organisations and continuous monitoring of the Arab-Israeli negotiation progress in order to achieve a just, global and lasting peace. Spain will continue to strive to maintain the European Union's co-ordination with United States, Russia and the United Nations, always favouring negotiation over the current military tension".

As for Iraq, Spain will contribute to finding a diplomatic solution to the current situation in the country; this solution must fully comply with the international legality enshrined in the United Nations Organisation.

Spain also supports political dialogue with Iran.

- With respect to Asia, the Asia-Pacific framework plan 2000-2002 has been developed and an Asian centre, the Casa de Asia, has been set up in Barcelona.
- As regards Africa, the action plan for sub-Saharan Africa 2001-2002 was drawn up on a bilateral basis. Africa's own efforts to stabilise the region, both within the United Nations and through international sectoral conferences, are also supported.

Spain's interests in Africa are mainly fishing, certain commodities and regulating immigration.

- In security matters, Spain is assisting with the plans to adapt NATO to the new times: "a NATO which, while opening its doors to new members from Eastern and Southern Europe, is better prepared to face the new challenges and threats of the 21st century, especially the fight against terrorism". It is therefore hardly surprising that the results of the Prague Summit were welcomed with great satisfaction.

- Protection of human rights and development co-operation.
- Promotion of Spanish culture and language and development of the consular network in order to cater not only for the Spanish colonies but also for the movements of Spanish citizens abroad (tourism, business) and to co-operate in controlling the movements of non-EU citizens.

This list covers all the usual areas of Spain's foreign policy, but the order of priorities has been altered, as the chief and full-scale priority is now combating terrorism and linking this to close the co-operation with United States; this means endeavouring to reach agreements with Washington at the international forums and strengthening transatlantic relations, that is, dialogue between Europe and United States—not an easy task at present.

In contrast, relations with the European Union continue to be an essential component of our foreign policy. Therefore, other priorities (Russia, Ibero-America and the Mediterranean) are addressed from a European angle. Spain can act of its own accord in regions where there is no joint European policy, such as Africa and Asia.

Spain relies on its own—and at times isolated—foreign policy in ongoing disputes such as Gibraltar, the Western Sahara, relations with Morocco, etc.

Meanwhile, Spanish diplomacy, which performed its presidential duties realistically and competently in circumstances that were less favourable than on previous occasions, faces another challenge in 2003: its duties as an elected member of the United Nations Security Council. This will not only put its competence to the test but also strain the coherence of its foreign policy priorities, especially when there is no common European position on major international issues.

Indeed, our country (a medium-sized power with growing links with the global centres of power, and a geostrategic position that makes it a channel for action at the Mediterranean border with the Muslim Arab world and with the problem of terrorism) is going to be a necessary player in the UN Security Council debates in times of conflict and changing international legality.

Being in the limelight has its pros and cons: on the one hand it will force Spain to define its stance on issues such as the decolonisation of the

Western Sahara and the intervention in Iraq and, on the other, it will help it defend itself in its own quarrels.

At any rate, the course current international events are taking, as examined in the first part of this chapter, must be reflected in Spain's foreign policy. Let us hope that this does not disorientate it but, instead, helps the world's 10th largest economic power, with a rich culture and proven record of democracy and freedoms, make a specific contribution—and one that is useful to international peace and moral order—to this globalisation process that is sweeping us along.

CHAPTER TWO
THE BUILDING OF EUROPE

THE BUILDING OF EUROPE

By Javier Pardo de Santayana y Coloma

OVERALL IMPRESSION

Amid the still recent upheaval caused by 11 September, which made security the centrepiece of world policy, the year 2002 was ushered in by two highly important events: the entry into force of the euro as single European currency and the start of the work of the Convention to prepare for the 2004 Intergovernmental Conference. The first of these events marked the completion of the first stage in the building of the European Union; the second should lay the foundations for its future.

The euro entered into force in a surprisingly natural manner, proving that the procedure followed by the Union had successfully permeated the public opinion of the European countries to the extent that it did not provoke significant confusion or rejection. The deadlines were met without incident and an adaptation period began which, over time, should consolidate our currency and contribute to the credibility and strength of the Union.

This, together with the economic situation characterised by forecasts successively delaying future recovery and the problems that arose in the United States, where major financial scandals were uncovered, helped reverse the continual downward trend the new European currency had displayed with respect to the dollar. Indeed, by midyear the euro had risen to a higher rate than the dollar, even though the recession in Germany and signs of a recession in France had caused the value of the European currency to dip even lower around the time it entered into force.

The Convention that is to prepare for the 2004 Intergovernmental Conference set to work in March, spurred on by the need to improve the working of the institutions and to ensure and increase their efficiency—a goal that will be difficult to achieve in view of the future enlargement of the Union. This "reconstruction" should ensure the institutional balance and bring the Union closer to citizens by making it more understandable. To achieve these aims, it was decided to draw up a sort of European "Constitution". This daunting task, which combines the building of a common architecture with respecting and harnessing Europe's broad diversity, began with a debate in which social organisations and individuals were invited to take part. It was feared that the difficulties of such a complex process would be further exacerbated both by the Commission's misgivings about the possible adoption of intergovernmental formulas, and by the "small" states' wariness of the predominant role of the "large" states.

Nevertheless, the presentation delivered in October by the president of the Convention, Valéry Giscard d'Estaing, gave the impression that not only were some of the initial disagreements being overcome; major progress was also been made towards a consensus on certain basic definitions. This would seem to suggest that some fairly sound proposals will have been developed by the time the Intergovernmental Conference takes place.

The major successes, such as the acceptance of the single European currency, and the great hopes raised by events like the start of the work of the Convention, failed to conceal a certain feeling of disappointment regarding the Union's future political role. In the wake of the events of 11 September, Europeans were confident that the international community would focus more strongly on a multilateral approach to which Europe could contribute its knowledge and own specific qualities, even if only to complement the action led by the only major world power in the political and military sphere: the United States of America.

There was certainly cause for entertaining such thoughts, as Washington had initially reacted to the new situation by settling part of its debt to the United Nations and seemed to recognise America's need for support from other countries, which it invited to join forces in a worldwide antiterrorist effort. However, as 2002 progressed, it became clear that the Americans were tending towards unilateral action and were willing even to disregard their partners and friends. The hopes of witnessing a joint action of the reasonable countries vis-à-vis the major problems of

substance accordingly waned and such action was left in the hands of the Americans, who lost their chance to benefit from the well-meaning contributions of the Europeans. Even the European Union's antiterrorist efforts, which had begun to make major headway following the Tampere Summit, were regarded as lacking the necessary vigour from the other side of the Atlantic, where the fight against terrorism is considered part of a veritable "war".

America's announcement of its intention to undertake military action against Iraq added fuel to the debate on the relations between the United States and its European allies. While the Europeans reproached the US not only for its tendency towards unilateralism but also for its scant regard for Europe's opinions and capabilities, the Americans rightly criticised Europe's unwillingness to assume the burden of security. America's decision to take the issue of Iraq to the United Nations and the surprising consensus reached by the Security Council eased the conscience of the Europeans, who congratulated themselves on the possible influence of the pressure they had exerted.

In economic sphere, the European Union expressed its indignation at the behaviour of the Washington government, which was prepared to apply a customs duty of up to 30 percent on imported steel. The United States' position regarding the Kyoto protocol, the International Criminal Court and the "Earth Summit" at Johannesburg was also criticised. America's attitude to these affairs undermined the credibility and moral authority of Washington's leadership, as it was interpreted as lack of sensitivity towards some of the major problems that affect the whole of mankind and urgently require a joint solution.

Germany and France, which are set to become "Europe's engine", continued to face major difficulties, so much so that their economic problems caused them to be reprimanded for failing to comply with the Stability Pact and made it necessary to loosen this pact with a two-year moratorium, precisely when the downward adjustments made to the forecasts for the euro area were calling for structural reforms to give the necessary impetus to its growth potential. The "flexible" interpretation of the significance of the Pact gave rise to certain political turmoil and led to the questioning of the intentions of the German government, which had in the past been its main champion. France, Italy and Portugal also benefited from the moratorium. On another note, the pressure of the elections led Mr Schröder to refuse to support military action against Iraq; in doing

so Berlin relinquished any type of leadership in security and defence issues and expressed an attitude that differed greatly from that of the British government. The increasing influence the Greens enjoy in the German government will merely tip the balance even further in that direction.

The perplexity caused by America's scant enthusiasm for multilateral action led the future of the transatlantic link to be questioned. Indeed, the future of relations between America and Europe has now become one of the major topics of debate. A side-effect of this problem, the special relationship between London and Washington in security and defence issues, also raised certain doubts as to the future role of the United Kingdom in building this dimension of the European Union. We should remember that, although since the Franco-British Summit of St Malo in December 1998 Prime Minister Tony Blair had taken it upon himself to spearhead the process leading to the establishment of the Headline Goal that will provide Europe with a suitable military capability for carrying out Petersberg-type missions, for some time now, particularly since the Afghanistan crisis, the United Kingdom has been teaming up with the United States and appears to have distanced itself somewhat from its European Union partners, perhaps because Britain's view of European defence is limited to the notion of a European Identity within NATO and a Common Foreign, Security and Defence Policy within the Union. To counter these trends and give fresh impetus to European defence, the appropriateness of reviving the "St Malo spirit" was discussed, though the United Kingdom did not prove very willing.

The spectacular increase in the American defence budget dashed Europe's hopes of closing the gap in military capabilities, even partially, so much so that this is unlikely even to constitute an incentive for stepping up defence expenditure or for assuming more determined attitudes. One has the impression that the European Union is moving towards a limited objective such as responding adequately to Petersberg-type missions but without the commitment and impulse we are witnessing in America in response to the new challenges arising from its own security. The development of the NATO Defence Capabilities Initiative (DCI), which progressed reasonably well as regards doctrinal and structural aspects but covered little ground in areas that call for new resources, raised doubts about the chances of success of an effort which, like the European Capability Action Plan, is essentially based on voluntary contributions. This led the Alliance's Secretary-General, Lord Robertson, to trim the number of programmes in

the DCI to 40 or so, divided into four blocks, and to assign specific requests to each country. This new approach, which establishes specific commitments in accordance with the "Prague spirit" (which we will be dealing with in the following paragraph) and the inevitable relationship between any progress made within NATO and that of the European Union, provides Europeans with a fresh opportunity to react and commit themselves to making an effort in keeping with the priority that is attached to security problems nowadays.

Indeed, Prague shook the foundations of the Alliance at a time when NATO seemed to be considering the possibility of becoming a forum for the organisation of ad-hoc missions, as military response was tending to focus on national operations with NATO's support. Such a development, which could be interpreted as renationalisation, was dangerous in itself, because one of the mainstays of the Alliance's force is precisely collective action, and in this respect any "return to nationalisation" would amount to a step backwards. But the decision made by the Alliance at the Czech capital to create a Rapid Response Force as an instrument for combating terrorism collectively brought about a radical change in the situation.

The fact is that the Prague Summit was a landmark event where, once again, the Alliance showed its capacity for renewal. Overcoming Europe's shortcomings in security and defence matters, American leadership, in addition to reincorporating multilateral action into the Atlantic organisation, adapted NATO to what Washington considers to be the reality of a threatened world in which it is necessary to act with great courage, as changes may require traumatic operations. NATO thus completed its shift from European defence to global security. In contrast, as regards the dispute over Iraq, the prevailing position was that of Europe, which, although loyally aligned with its American partner, called for careful respect for the "international situation" and managed to ensure that the summit communiqué made constant reference to the United Nations and its Security Council.

The leap forward made at Prague was also reflected in the broadening of the scope of military action—to "where required", no less—and in the decision to carry out the biggest enlargement ever, extending NATO's frontiers to Russia, taking in seven new countries (Estonia, Latvia, Lithuania, Romania, Bulgaria, Slovenia and Slovakia) and leaving the door open to further accessions. Surprisingly, the accession of the three Baltic states was treated as a relatively natural occurrence by Moscow, which had

always considered such a move to be little short of a "casus belli". The technicalities of the problem of the Kaliningrad enclave's links with Russia were addressed separately.

In curious consonance with NATO, in November the European Union also decided to take in a further ten countries in 2004 (Estonia, Lithuania, Latvia, Poland, the Czech Republic, Slovakia, Hungary, Slovenia, Cyprus and Malta), thereby confirming the guideline established at the Seville summit, where the goal of an accession en bloc with very few exceptions was outlined. However, several factors could hinder this. It was feared that the financing of the cohesion and structural funds and, particularly, the Common Agricultural Policy (CAP)—two aspects over which there is a battle between the countries that contribute the most to the funds and those that benefit from them—would pose difficulties. The fact that Spain is a beneficiary of both had made it advisable not to address the solution openly during its six-month presidency. However, the surprising resurgence of the ailing Franco-German axis, spurred by the need for an agreement between these two countries, which precisely embodied the two opposite positions, paved the way for a possible solution to this problem. A further difficulty was the possibility that the new referendum to be held in Ireland in October would confirm that country's opposition to enlargement, but, much to everyone's relief, the majority voted in favour of approving the Treaty of Nice.

For the time being, some candidate countries have been excluded from the enlarged European Union. Romania and Bulgaria, now forced to wait until 2007, are consoled by the fact that they will become full members of NATO in 2004. Turkey, however, has yet to be given a date despite the set of reforms approved by its parliament in August in accordance with the requirements established by the criteria laid down at Copenhagen in 1993. The European Union, probably surprised, welcomed the reforms with certain reservations, no doubt pleased but not venturing to predict their specific effects.

The resounding victory in the Turkish elections of an Islamic party ("Justice and Development", AKP) which a prosecutor is seeking to outlaw, and whose leader Tayyip Erdogan is banned from parliament owing to a conviction, proved to be a further complication. The Union reacted cautiously: on the one hand, it was necessary to prevent its decisions being seen to be motivated by "religious" or "cultural" factors; on the other, Turkey's aspirations of joining the EU were an appropriate modera-

ting factor vis-à-vis the feared possibility of future excesses. Therefore, following the declarations made by the leader of the winning party, who affirmed that Europe and loyalty to NATO were a priority and played down the religious nature of his party, describing it as a "new centre party", the European Union decided to keep calm and wait and see what the future brings, not paying attention to the effect of words uttered in the heat of victory.

This new situation, complicated by the ousting from the Turkish parliament of the traditional parties as a result of the boomerang effect of an electoral law intended to achieve the opposite of what actually happened, raises doubts about the country's future. It is also feared that new problems may arise and existing ones may worsen, such as the conflict between Greece and Turkey in the Aegean and Cyprus, and the difficulty of the Union using NATO's military assets. What we may be certain of is that the Turkish military will keep a close watch on the situation to ensure that the spirit of Atatürk's revolution is not violated and that the strategic repercussions of what some have described as a "political earthquake" do not turn it into disaster. In an environment like the current one, where the danger of possible conflicts based on cultural factors or pretexts is hovering over our heads, it remains to be seen whether Turkey will become a nightmare or a timely example.

Developments in the Balkans continued without any major upheavals. Bosnia-Herzegovina proved it is now fairly stable and returning to normal. Although it made less headway, Kosovo also showed signs of progress towards pacification following the arrival in power of President Ibrahim Rugova. If this progress were to become consolidated in the future, it would prove to public opinion that the timely application of military force is useful in managing crises and helping to establish a peaceful order. The success of the military and political action carried out in that region is therefore of great significance to the future.

At the Barcelona summit the possibility was considered of making the so-called "Amber Fox" operation, implemented in the Former Yugoslav Republic of Macedonia, where reserve troops for Kosovo are stationed, a European operation. However, this attempt was thwarted by the failure to reach full agreement on "Berlin Plus" (that is, a permanent arrangement for access to NATO assets) and the first purely European operation thus ended up being a police operation and, as such, strictly civilian in nature. France's proposal of adopting a formula like "Operation Alba", that is, led

by one particular nation, was dismissed as it meant renouncing the idea of a strictly "European" force and would have undermined the leverage this issue has as regards finding a permanent solution to the problem referred to earlier as "Berlin Plus", which is threatening to dash the chances of achieving an operable European force by 2003. As feared, the Greek presidency failed to make any progress in this area.

In the Middle East, Europe fought steadfastly but with scant success to moderate America's pro-Israeli position and to steer the country to multilateral action. The European Union's few achievements include keeping Mr Arafat as the Palestinian interlocutor and the creation of the "Quartet" formed by the United Nations, the United States and Russia and the European Union itself as an instrument for pressuring the parties to the conflict. The fact is that the overall situation worsened, so much so that Europe's efforts to give impetus to the faltering spirit of dialogue in the Mediterranean environment came to nothing.

The existing enmities and divisions were clearly witnessed at the Euro-Mediterranean conference held in Valencia on 22 and 23 April. The highlight of this conference was the agreement signed by the European Union and Algeria. As regards security, the conference expressed the need to strengthen dialogue in defence matters, but found its interlocutors to be scarcely motivated owing to the North African countries' usual misgivings and tendency to view the European Union solely as a potential source of financing. In May the Spanish presidency organised a generously funded and conscientiously prepared seminar which was only attended by number twos from the Arab countries. There is no doubt that it takes two to tango, even though Europe continues to be willing to exercise the commendable virtue of patience.

During the Spanish presidency in the first half of 2002, the European Union, which had already adopted measures to combat international terrorism, addressed one of the problems that will most influence its future: immigration. This phenomenon, which can be considered to have reached historic proportions, was calling for common solutions, since any dysfunction can cause major disturbances in the migratory flows, such as the possible "call effect", that is, orientation of these flows towards the most lenient countries. The need for a determined solution to this issue grew more urgent during the first half of the year following the results of the French and Danish elections—increasingly negative feelings towards immigration, which, in political terms, translate into support for radical

stances. A particularly significant case was France, where Jean-Marie Le Pen's party's surprising first-round results gave rise to a second round that triggered a patriotic reaction in which the political parties akin to the government and opposition joined forces in order to save democracy.

Another of the aims of the Spanish presidency was to revive the spirit of liberalisation championed by Messrs Blair and Aznar and agreed at the Lisbon summit. Although the problems raised by the French government slowed the pace of developments in this field, it was possible to break through some barriers and embark on significant processes. Throughout the year on occasions it became clear to what extent elections interfere with European affairs by preventing governments from committing themselves on what their respective public opinions regard as sensitive issues. The continuity of action is disturbed by the organisation of progress into six-month spurts for which responsibility rests chiefly with the national presidencies, which tend to pursue success within a fixed term. The increase in the number of member states will further complicate this mechanism and accentuate the asymmetry that already exists.

Nor should we underestimate the problem of the high cost of the summits and the huge security measures they require. As a result, a number of suggestions were raised at Seville with a view to modifying the current system. The announced proposals, which can be classified into two categories (those which require modification of treaties and those which do not) envisage longer terms and even the future appointment of a European president.

The chief accomplishment of the EU-Latin America and Caribbean Summit (17 and 18 May, in Madrid) was the agreement signed by the European Union and Chile, which is regarded as a "second-generation" accord and, as such, a possible future model and incentive for other countries of the region to follow in Santiago's footsteps. The EU also signed an agreement with Russia to co-ordinate the fight against terrorism; this illustrates the growing spirit of co-operation we are witnessing between Moscow and the West, whose relations are currently very constructive.

One of the highlights of the year was the approval of the "Galileo" project at the Barcelona summit. The impression recorded in last year's *Strategic Panorama* was extremely pessimistic owing to the almost insurmountable resistance of some countries, such as Germany, whose economic problems make it wary of any fresh expenditure. The consensus reached regarding the "Galileo" programme signifies no less than a deci-

sion not to throw in the towel as regards technological effort and not to allow Europe to become subordinated permanently to the United States in this respect.

THE BARCELONA SUMMIT (15 AND 16 MARCH)

The Spanish presidency was shouldered with a backlog of many important issues, a good deal of which had been dragging on from previous presidencies. The environment in which it had to address these responsibilities was rather unfavourable, characterised above all by the invisible presence of future elections in several countries, including France and Germany. Even so, the Barcelona summit managed to clear some hurdles and make significant progress in some key issues of extremely far-reaching importance. In particular, many of the agreements included a timetable for their implementation, which is always an extra guarantee.

José María Aznar, like Tony Blair, was keen to forge ahead with the liberalisation process begun at Lisbon as a means of giving impetus to the economy of the Union countries with a qualitative leap. The most important achievement was the agreement, even by France, to begin to liberalise the energy sector to boost competitiveness. There was widespread agreement about the need for more radical liberalisation, but the resistance shown by France, an out and out advocate of public service, made it necessary to adopt a formula whereby the gas and electricity markets, which account for over 60 percent of the sector, would be opened up to non-national operators in 2004. This is no doubt a good result bearing in mind that the talks started from scratch. This decision was also accompanied by an agreement to adopt a directive on energy taxation by December 2002 at the latest. It was also decided to study the possibility in spring 2003 of opening up the market to domestic consumers and a timetable was established for increasing electricity interconnection, which should account for 10 percent of generation by 2005. In the case of Spain, this involves trebling existing connections and bringing the Iberian peninsula out of its isolation as regards energy. It will also save citizens from the threat of power cuts caused by overburdened transmission lines.

Another step taken at Barcelona, and one that was essential to the completion of economic and monetary union, was the decision to fully integrate the financial markets by 2005, for which directives on financial guarantees, intermediaries, abuses and employee pension funds were to be

drawn up during 2002. Considerable impetus was given to the transport sector by promoting the development of the trans-European networks, faster rail freight transport, liberalisation of port services and establishment of a single European sky, which will reduce delays and waiting time.

The Union unexpectedly reached a consensus regarding the implementation of the "Galileo" programme for a satellite navigation system, which will enable Europe to develop a technology of its own, geared to civilian use and applicable to military ends, as opposed to the US GPS system on which we currently depend. As well as giving impetus to research and development, this decision will have economic consequences and a strategic influence on the balance of power between the United States and the European Union, as well as on Europe's future role in the world arena. Approval of the funding of the project, its launch and the setting up of a joint venture were scheduled for 2002. Other specific commitments were made regarding education and research with the aim of achieving a modern, and accordingly knowledge-based, Europe.

The Barcelona European Council endeavoured to force a solution to the Greco-Turkish dispute that is threatening to prevent the European force becoming operable by 2003. For this purpose it was decided that the European Union would not operate in Macedonia unless a full agreement was reached on "Berlin Plus". However, this pressure failed to quell both sides' determination to hinder the process.

In addition to the aforementioned results, certain achievements on the social front are also worthy of mention, such as the approval of a standard European health card, the decision to progressively increase retirement age and the agreement to gradually do away with early retirement and work towards a flexible retirement system. It was decided to achieve full employment, regarded as a priority EU issue, by applying social measures of this kind as well as the others already referred to, which together comprise a block of liberalising economic reforms designed to stimulate growth basically through greater competition. Indeed, the Barcelona Council was considerably more focused on social affairs than some expected.

THE SEVILLE SUMMIT (21 AND 22 JUNE)

The main issue discussed at the Seville European Council was immigration, the volume and social and political effects of which were calling for the establishment of a common policy, which was to be developed within two

years and treated as a priority issue. While it is not intended to make Europe a "fortress", it is not advisable for it to be a "sieve" either. For this purpose a basic distinction will be drawn between "legal" and "illegal" immigration.

The commitment, which shies away from the demagogy with which this issue is often addressed and aims to be as realistic as possible, involves establishing common rules for asylum and immigration policy, integrating immigration policy into external relations, combating the people-smuggling criminal gangs, and a joint system of border control. The common rules are to be drawn up during 2003, and should establish the requisites for refugee and permanent resident status and for family reunification, the rules of procedure and the responsibilities of each state. Future co-operation agreements with third countries are to include a clause committing these countries to combat illegal immigration and negotiate readmission agreements. To combat illegal immigration, a visa identification system will be set up along with a co-ordinated programme run in conjunction with various source countries for the readmission of clandestine immigrants.

As for joint border management, it was agreed to set up immediately a committee of experts to co-ordinate the system. This involves training liaison officers and drawing up a set of common rules, as well as provisions for financial compensation that take into account the different migratory pressure and size of each country's borders. At a later date, it would be a good idea to extend the agreements to include common guidelines for integrating legal immigrants, the need for which is recognised both economically and socially.

Spain, with the support of countries like Germany and Italy, was in favour of including another agreement on the possibility of imposing sanctions on countries of origin or transit that are not sufficiently willing to co-operate in combating illegal immigration. The opposition of France, which was only backed by Sweden, made it necessary to adopt a rather more lenient formula consisting of an incentive for countries that readmit expelled migrants, though the degree of co-operation in each country will be evaluated, and the Union may adopt "necessary measures of response". The initial intention is therefore conveyed in a warning that should be taken into consideration.

The Seville summit reassured the enlargement candidates by confirming the accession timetable, despite the threats stemming from the current lack of definition over the future of the Common Agricultural Policy and the structural and cohesion funds, which are so essential to the future members.

As for the fight against terrorism, the Spanish presidency proposed and encouraged the inclusion of this question in Europe's Common Foreign and Security Policy. Combating terrorism was also a key issue of defence. Indeed, although it was studied during the Belgian presidency, the short time available led to Spain being shouldered with the responsibility of taking the first concrete steps, and the result was scarcely more than a concept document of limited scope. A more ambitious approach to this issue based on the experience of the Afghanistan conflict, which could lead us to debate on the possibility of aiming for a sort of "Petersberg Plus", was immediately ruled out, as if such a proposal were out of place. The fact is that any move regarded as "revolutionary" gets referred to the Convention, which is turning into a pretext for not addressing the thorniest and most difficult issues. However, in some countries opinion polls recorded the growing interest of public opinion in security matters and over time this may prompt politicians to adopt more determined attitudes. At any rate, it remains to be seen what impact a possible military operation in Iraq would have on this trend.

The effects on defence of the document on combating terrorism, which, as pointed out, merely outlines the concept, are limited to the need to provide greater protection for deployed forces, the exchange of intelligence, military co-operation with civilian authorities and matters relating to the "single European sky"; the inclusion of the latter sprang from the particular concern caused by the manner in which the attacks against the United States in September 2001 were carried out. As a result of this work it was decided to include this issue on the Danish presidency's agenda.

The proposal for the establishment of a formal council of defence ministers, which was discussed during the Belgian presidency and regarded as very interesting by the Spanish presidency, was again greeted with many misgivings in February, particularly on the part of the "neutral" and Nordic countries. However, an initial step was taken and may have future repercussions, since during the General Affairs Council in May the defence ministers were allowed to discuss certain affairs pertaining to them privately, thereby setting an interesting precedent which was maintained during the Greek presidency.

As for the development of the Headline Goal, two important events are worth mentioning. One was the launch of the "European Capability Action Plan" (ECAP), which was conceived during the Belgian presidency and finally materialised into a number of panels that are to formulate proposals

for bridging the gaps detected following the definition of needs and available assets. It should be remembered that the results of this action plan, like those of the efforts to achieve the Headline Goal, are based on voluntary contributions, and therefore depend almost entirely on the amount of interest nations show.

The other event is the project to set up a planning system in order to move on from the now obsolete phase of the "Capabilities Conferences" whose purpose was to establish the Headline Goal. This system would involve the European Union adopting a procedure known as the "Capabilities Development Mechanism", which is similar to the one used by NATO and should be ready from 2003. Developing it will require considerable determination and skill, as it relies on NATO and therefore on non-EU countries such as Turkey and the United States. Some last-minute observations made by Greece caused the document, which had been agreed on and was ready for approval, to run aground. An excellent opportunity to bring these efforts to a successful conclusion was thus lost, since, as was only to be expected, no progress was made during the Greek presidency as regards defence affairs.

Once again, the Greco-Turkish conflict also interfered with the efforts to equip the European Union with an appropriate military capability, for which it is essential to have reasonably easy recourse to certain assets that only NATO possesses. Ankara and Athens continued to take turns to throw a spanner in the works up until the Seville summit.

It should be pointed out that both at this summit and at Barcelona, anti-globalisation movements were limited to little more than the usual demonstrations; this is an interesting development if we compare this behaviour with previous events, though we should bear in mind the influence of the costly deployment of security forces on this change. At any rate, the European councils held during the Spanish presidency marked a turning point in this respect.

THE BRUSSELS SUMMIT (24 AND 25 OCTOBER) AND THE PRESENTATION OF THE WORK OF THE CONVENTION

The thorny issue of how to finance the enlargement of the European Union was raised at the Brussels summit, with the knowledge that any problems that arose could question this operation. Surprisingly, the discredited Franco-German axis resumed its role as the Union's driving force

and the two countries reached an agreement, despite their considerably different initial stances. France wanted a system of financing that would not affect farm subsidies, whereas Germany was keen to pay as little as possible, for which the Common Agricultural Policy needed to be reviewed. Indeed, the agreement between Paris and Berlin established that expenses deriving from this policy would be frozen from 2006 to 2013. To make up for this, the agreement mentioned a review of Britain's "rebate". This idea was naturally not to the liking of the United Kingdom, which, in addition to supporting a radical reform of agricultural policy, regarded itself as the worst affected by this deal.

Even though the agreement involves the loss of certain support in the future, many countries came out in favour of it, including Spain, which was aware that subsidies will inevitably have to be reviewed after 2007, but satisfied that the negative impact of this reform on farmers will be minimal, as the resulting reduction will amount to only two percent and is perfectly feasible. Spain was also satisfied with the treatment of the structural and cohesion funds, given the extraordinary progress that has been witnessed towards convergence and because, in principle, the current amount of these funds is guaranteed until 2007, though they are pending a reform proposal to be submitted by the European Commission in 2003.

Only a few days after the summit ended, Valéry Giscard d'Estaing reported on the ambitious work carried out by the Convention. The results point to the drawing up of a Constitution proper, which is acceptable even to the British. Once again, one has the impression that Europeans will be capable of agreeing when it comes to the crunch, so much so that it seems certain that the most important decisions will not be left until the last minute of the Intergovernmental Conference.

Another issue is the possibility of creating a European citizenship and establishing a president. The idea of the latter seems to be supported by France, Spain and the United Kingdom and possibly Germany, provided that the Commission were guaranteed substantial power, as the "small countries" wish.

Other major proposals that are gradually taking shape are the definition of a single legal personality for the Union, the name of which has yet to be decided, and the incorporation into the Constitution of the European Charter of Fundamental Rights, in order to afford this document—which has now been approved—an effective status and greater legal significance as guarantor of these rights.

A STRATEGIC YEAR FOR SPAIN

As expected, Spain was elected a non-permanent member of the United Nations Security Council. It will hold this position for two years from 1 January 2003, that is, at a particularly delicate time when important decisions will need to be made on Iraq, the Western Sahara, the Middle East and the fight against terrorism.

The year began with the deployment of Spanish forces in Afghanistan. The projection of military power towards Central Asia and, at the same time, towards several regions of the Balkan peninsula, constitutes yet another operational and logistic challenge to the development of Spain's military capability in the new post-Cold-War strategic landscape whose foundations were rocked by 11 September.

As for Spain's closest neighbours, Morocco made a conscious effort to damage its relations with Spain, apparently in response to Madrid's position regarding the dispute over the Western Sahara. Spain has maintained the same attitude throughout and has always respected the United Nations resolutions. We should not rule out the possibility that this was another ploy to divert attention away from Morocco's internal problems by creating others abroad and to mask its insufficient control of illegal immigration. This effort to mar what Spain wishes to be good and constructive relations appears to turn a blind eye to facts as evident as the large and ever-increasing number of Moroccan immigrants currently in Spain, the nearly eight hundred Spanish companies that are contributing to the economic development of the neighbouring country, the fact that our country is the second biggest (and in some cases the largest) foreign investor in Morocco and the importance both Morocco and Spain attach to their current levels of bilateral trade, in addition to the logistic support Spain provides to the flow of over two million immigrants who cross Spanish territory every summer on their way to Morocco from Central Europe. Other seemingly incoherent situations had previously been witnessed in Morocco's attitude to the European Union, such as the contradiction between the country's interest in enjoying a closer relationship with the Union and some of the related benefits, and the uncommunicative attitude of the Rabat government in the fishing negotiations with Brussels.

This deliberate attempt to cause a deterioration in relations came to a head when Morocco occupied a small islet (the so-called "Perejil" islet) near Ceuta, the apparent insignificance of which further underlined

Morocco's intention to create problems. Spain responded to the occupation by removing the troops who had raised the Moroccan flag on the islet. Previously, both the European Union and NATO had expressed their solidarity with Spain and called for the immediate withdrawal of the Moroccan soldiers. This incident and the recalling of the Moroccan ambassador in Madrid, which had occurred months earlier without Spain following suit (the Spanish ambassador had remained in Rabat until the day Spanish troops landed on the islet) merely illustrate the difficulties encountered by the Mediterranean dialogue that Europe is promoting with such great interest.

This situation can only be explained by the current tension in the Muslim world. In this respect, by making a major human, logistic and economic effort for the benefit of Morocco and endeavouring to preserve good relations with this country come hell or high water and prevent future undesirable conflicts in the Strait of Gibraltar, Spain does nothing but act in the interests of the West and, specifically, the European Union.

Also noteworthy were the joint efforts made by British and Spanish diplomacy to settle the Gibraltar dispute, which had become untenable in a Europe that is building a political union, since this process must be governed by fair play and has no place for an anachronistic relationship of coloniser and colonised country. What is more, the dispute not only raised its ugly head in relations between the two countries, whose political leaders have shown many signs of their good understanding; it was also becoming a hindrance to agreements within Europe. Britain's wish to change the situation was evidenced by the London government's firm stance towards Gibraltar; however, after much of the way had been cleared and the British had even agreed to a solution of joint sovereignty, the initial aim of settling the issue by summer 2002 ran into problems and had to be postponed, and is still pending.

Regarding the problem of Iraq, from the outset the Spanish government openly supported the United States, as only befits a country like Spain which suffers the scourge of terrorism and is a good US ally. Its stance contrasted with that of most of the European nations, which, with the exception of the United Kingdom, adopted a wait-and-see attitude.

As for home affairs, the Spanish Armed Forces completed their restructuring into a fully functional organisation geared to facilitating force projection, and the system of air-force and naval regions was abolished. The main force, previously the Standing Force and Mobilisation Reserve, is now the Manoeuvre Force, the Land Force and the Operational Logistic

Force. The Army Inspectorate General was also set up. Institutional representation will always be provided by the Armed Forces as opposed to the respective forces, and will be exercised by the functional commands in each case. The island forces continue to have their own commands, and those of Ceuta and Melilla are now joint commands.

Throughout the year Spain debated at length on a strategic defence review, bearing in mind the post-11-September landscape, and an effort was made to reach a pact between government and opposition, whose differences of opinion were limited to two affairs: some aspects of funding, and the total number of troops. Aspects such as capabilities, the defence industry and the funding of programmes were also studied and analysed to find practical solutions to the current difficulties. This would appear to demonstrate the growing interest in these matters, and not only in the military environment.

The end of September saw the launch of the frigate "Álvaro de Bazán", the first of the F-100s equipped with the Aegis system, marking the beginning of the implementation of the Navy's main procurement programme. The programme for Army attack helicopters, one of the most important of those deriving from the modernisation plans, received considerable impetus owing to the growing evidence that the Army needs such material as soon as possible. In the end the Spanish government decided on a combination of Eurocopter "Tigers" and Boeing "Apaches", reconciling political interest in participating in a European programme with the need perceived by the Spanish Army to have a proper attack helicopter, not just for combat support. The Leopard 2E battle tank, which the Spanish Army will be equipped with from 2003, was presented and the first batch of Sikorski SH-60B helicopters for the Navy frigates was delivered. The delivery of the first Eurofighters to the Air Force was postponed until March 2003, and it is not expected to be delayed any further, despite the accident suffered by the prototype.

Spain's project to set up a High Readiness Headquarters (Land) at Bétera (Valencia) brilliantly outshone the assessments made by the SHAPE (Supreme Headquarters Allied Powers in Europe), and in November proved it had reached full operating capacity. All that remains now is for the SHAPE to recommend to the Atlantic Council that it be designated a NATO Rapid Deployment Army Corps (HQ NRDC-S). This should happen when the organisation completes the review of its Force structure. The new Headquarters, which incorporates personnel from Germany, Spain,

Greece, the Netherlands, Hungary, Italy, Poland, Portugal, Turkey, the United States and the United Kingdom, is proving the Spanish Army's ability to rise to a challenge it had set itself and marks an important qualitative leap forward. The amphibious assault ship "Castilla" also passed its initial operational test to qualify as as a Maritime Headquarters for NATO.

In contrast, the project to trim the number of non-deployable NATO headquarters, a drastic measure promoted by the United States, questioned the permanence of the Retamares Headquarters (Madrid). However, Spain defended its HQ so insistently that in the end this project was not presented at the Prague summit.

CHAPTER THREE

**CENTRAL AND EASTERN EUROPE
AND EURASIA**

CENTRAL AND EASTERN EUROPE AND EURASIA

By María Angustias Caracuel Raya

INTRODUCTION

2002 has been a particularly significant year for the Central and Eastern European countries, for two basic reasons. On the one hand, because the negotiations for accession to the European Union (EU) entered their home stretch, and it was decided which countries will join the EU in the near future and, on the other hand, because the North Atlantic Treaty Organisation (NATO) reaffirmed its open-door policy at the Prague Summit in November, showing its commitment to conclude enlargement negotiations with a group of countries from this vast geographic region. This past "strategic year" can therefore be described as a "year of enlargement", much to the satisfaction of some of the countries examined in this chapter and to the disappointment of others.

Spain has enjoyed an active and leading role in both enlargement processes, even though the circumstances have not been entirely easy. Indeed, it took over the EU presidency at a time when the world was still suffering the aftermath of the attacks of 11 September and in the grip of a marked economic downturn. These difficulties failed to prevent substantial progress being made towards building "More Europe"—the slogan of the Spanish presidency, which specifically addressed compliance with political and economic criteria and the application of the *acquis* by the candidate countries.

Indeed, the Spanish presidency aimed to consolidate, boost and legitimise the current stage in the building of Europe. This was the purpose of

the six major priorities established in its programme, which were in line with the basic objectives of previous presidencies, namely: combating terrorism in an area of freedom, security and justice; the successful circulation of the euro; giving impetus to the Lisbon process to achieve a competitive and dynamic European economy; enlarging the Union; external relations; enhancing Europe's role in the world and the debate on the future of Europe.

These priorities were developed in the address given by the defence minister, Federico Trillo-Figueroa, during the presentation of the goals for security and defence matters on 10 January 2002. He specifically mentioned the need to progress in relations between the EU and NATO and acknowledged the importance of transferring the good relations achieved in the practical sphere, particularly in the Balkans, to the institutional field. The Spanish presidency also placed special emphasis on reaching agreement on consultations with, and the participation of, candidate countries and non-EU European allies, especially Russia and Ukraine, whose potential contribution to future EU missions in times of crisis could be very considerable.

The Asian countries continued to progress towards capitalism and democracy, though they each, in their pursuit of development and security, show strengths and weaknesses. Although Communism is no longer the main political force in these countries, traces of it are still found in some of their leaders, such as authoritarian central planning, state ownership of industry and a certain amount of corruption. Indeed, some of these countries are still governed by autocratic or repressive regimes that are stifling development.

At the same time, the United States is increasing its presence in Central Asia and other nearby regions, owing mainly to the current campaign in Afghanistan, the new economic prospects the area offers and the possibility of launching a fresh campaign in Iraq. Whereas America exercised its huge political, economic and military influence in Europe during the Cold War, in the 21st century the United States is steering its foreign policy in a different direction, giving priority to a new geopolitical landscape where its security interests converge, and pursuing an overall strategy that encompasses diplomatic, economic and military aspects. Therefore, at the dawn of the new century, it is proving to be the great world "hyper-power".

THE BALTIC STATES, ON THE DOORSTEP OF THE EUROPEAN INSTITUTIONS

The changes that the social, political, economic and military structures of Lithuania, Latvia and Estonia have undergone in recent years will undoubtedly help integrate them into NATO and the EU. In this respect, relations between the Baltic states, the Atlantic Alliance and the European Union continued to top the political agenda of these three northern countries in the final stage that precedes full accession, as did relations with Russia.

The clear political will of the Baltic countries to join these institutions and their efforts to apply the community *acquis* and reform their defence systems are proving to be determining factors in the achievement of both goals in the short term.

Lithuania in particular holds that the best way of assuring its national interests is through the collective solidarity that the European Union provides. In this connection, the country has agreed to shut down the nuclear power station at Ignalina by 2009 and seek alternative energy sources in exchange for substantial aid from the Union. Lithuania and the Russian region of Kaliningrad continued to co-operate, in the framework of the European Union's Northern Dimension, in various areas such as the environment, energy, transport and inter border co-operation, and this is helping create a climate of confidence for its relations with Moscow.

Latvia has adopted a positive and dynamic approach to its negotiations for EU accession. It now boasts a thriving market economy and stable microeconomic indicators. Nonetheless, corruption continues to be cause for concern, and the public authorities need to be equipped with the necessary means to combat it. All in all, Latvia recognises that the European Union is more than a union governed by market-oriented principles and regards it as a union of common values that are applied across the continent. Therefore, the strength of this Baltic state lies in its consolidated democracy, which is firmly committed to the principles that underpin the working of the European institutions.

Estonia has moved closer to the EU and adapted its legislation to that of Union in a similar manner. Its concern with achieving budgetary balance has lowered inflation considerably and given rise to economic reforms that have fostered privatisation, a liberal price policy and a moderate taxation system.

But the most important thing about the Baltic states is that, although EU integration is turning out to be a long, complex and at times painful process, these countries are aware of what the point of all this effort is. There is no doubt that their political and economic conditions and perseverance in achieving the objectives they have set has placed them among the most prosperous EU candidates, thanks largely to the increased inflow of foreign capital, particularly from Sweden, Germany, Denmark and the United States.

In the security and defence field, the debate centred on the budgetary requirements for joining the Atlantic Alliance and on the application of the Conventional Armed Forces in Europe (CFE) Treaty, which is regarded as the bedrock of European security and was signed in Paris in 1990, when the Baltic states were still part of the Soviet Union.

One NATO criterion for new members establishes that the defence budgets should be maintained at around two percent of Gross National Product (GNP) in coming years. Furthermore, the Prague Summit held at the end of November concluded the debate on the ratification of the adapted CFE Treaty, as Russia was refusing to do so until the Baltic States undertook to respect the "spirit" of the agreement. In this respect, the Prague declaration invites the countries that are not parties to the treaty to ratify it as soon as it enters into force. Their accession, as the declaration underlines, will be essential to European stability and security and, more importantly, will reaffirm the principle of the indivisibility of security by at last putting an end to the idea of different "security zones" inside NATO, that is, states that have signed and ratified the treaty (such as Poland) as opposed to those that have not (such as the Baltic states). With the Prague declaration, the Alliance has reassured Moscow that the Baltic states will not be a place where conventional weapons are stockpiled on NATO territory.

CENTRAL EASTERN EUROPE: TORN BETWEEN HOPE AND THE UNCERTAINTY OF INTEGRATION

The Central and East European countries' relations with Spain and the European international organisations were characterised by normality and confidence as regards political, economic and trade matters, though certain bilateral problems between these states dragged on throughout 2002.

Although NATO and the EU have both opted for large-scale or "big-bang" enlargement, not all the countries in this geographic region have

been chosen to participate in both institutions. And although during its presidency of the Union Spain gave considerable impetus to the EU accession negotiations, only Poland, Hungary and the Czech Republic—full members of the Alliance—Slovakia and Slovenia have been chosen to join the Union, while Romania and Bulgaria will have to wait. Yet they will all be part of an enlarged NATO in the near future.

One of the factors that has drawn Slovakia to the Atlantic community is the lure of Poland and the Czech Republic, namely the initiative to set up the headquarters for a Polish-Czech-Slovakian brigade at Topolcany (Slovakia). This force will be fully operational by 2003 and could therefore take part in future NATO and EU peace-support missions. These countries have also intensified their relations with Hungary by signing a Memorandum of Understanding (MoU) in Slovakia on 30 May, whereby they will co-operate in defence procurement issues, though all four countries hope to harmonise their logistic and training capabilities even further and share defence expenses in the field of research and development.

However, as regards the political situation, the problems between Slovakia and Hungary dragged on owing to the law on the rights of Hungarian minorities overseas, which entered into force on 1 January 2002. Slovakia continues to denounce the extraterritorial application of this law, which, so it claims, infringes European regulations on the protection of national minorities. This led a meeting of the Visegrad group, scheduled for early March, to be called off, though these four countries nevertheless maintained that the spirit of the group was still alive.

Bulgaria, in contrast, continues to be the embodiment of good inter-ethnic relations and in this respect could serve as an example for other countries in the region. This is evidenced by the firm support the Turkish Minority Party and the Movement for the Rights and Freedoms lend Simeon of Bulgaria's government. The restructuring of the country's armed forces is proving to be a huge financial and social burden since, although the number of troops has been curtailed considerably—from 100,000 to the current 60,000—it is expected to be further slashed to about 45,000 by 2004.

Despite these internal defence-related difficulties, Bulgaria remains firmly committed to regional security. This effort is manifested in three basic aspects. First, the country continues to take part in the NATO-led peace support operations in the Balkans. Second, it is making the Burgas airbase by the Black Sea temporarily available to support the United States' antiterrorist campaign. Third, Bulgaria has reached an agreement

with the United States to destroy some 100 Soviet-made missiles, which it considers no longer possess the military value they had during the Cold War, when they served the purpose of protecting the country's southern border, particularly the area between the former Soviet bloc and the NATO countries (Turkey and Greece). Recently, the Western countries had become concerned about the possibility of their being traded illegally and sold to weaker states under trade embargoes.

Similarly, Romania has taken part in operation "Enduring Freedom" and other NATO peace missions and has adapted its internal legislation in order to pass the law on state secrets that the Alliance established as a requirement for joining NATO.

All these circumstances led NATO to accept Romania and Bulgaria as candidates at the Prague summit. This will help strengthen the Alliance's southern dimension. However, the equilibrium that the accession of these two countries will afford NATO's southern flank contrasts with the imbalance of the southern region of the EU, which failed to nominate them, though it does not mean that both international organisations will not continue to constantly assess the tasks that candidates and non-candidates must fulfil on their path towards membership.

For example, the EU still considers that both countries should speed up their reforms, curb inflation and step up their fight against corruption and is calling for efforts to be made in these aspects. At the same time, the countries must continue to make macroeconomic progress, maintaining their annual economic growth at around 3.5 percent. Once they have achieved these goals, the Union will incorporate these candidates as soon as possible, though there is talk of 2007 as the year of accession.

SOUTH-EAST EUROPE: TORN BETWEEN CONSOLIDATING DEMOCRACY AND THE SURVIVAL OF THE STATE

The elections in Serbia, Kosovo, Montenegro, Albania, Bosnia-Herzegovina and Slovenia have shown that the various political parties still seek to consolidate democracy, despite the persistence of some radical nationalist forces that are attempting to hinder the transition and the armed groups that still use violence as a means of achieving their aims.

The region still poses some security risks. These stem from a number of factors, such as illegal arms trafficking, lack of economic development,

disintegration of state structures, the existence of religious and ethnic quarrels, organised crime and uncontrolled immigration. Indeed, the transnational nature of the new risks has rendered solely national responses ineffective and makes the co-operation of international organisations such as NATO, the EU and the OSCE essential.

The rivalry between Slovenia and Croatia, on the one hand, and between Croatia and Bosnia-Herzegovina, on the other, deserves special attention. Slovenia and Croatia have yet to solve some border problems and are also engaged in a fishing dispute over Piran; the respective political leaders disagree as to each other's claims to the area. Furthermore, 2002 saw a flurry of mutual accusations over the control of the Croatian-Bosnian border. This led to the intervention of the United Nations, which ordered the Serb border police to pull back several metres in order to ease the tension.

And while Croatia is more concerned about establishing close relations with its Central European neighbours than the difficulties of democratisation, Bosnia-Herzegovina remains focused on solving its problems at home. This can be illustrated by two examples. First, in June Croatia joined the CENCOOP (Central European Nations in Peace Support) initiative, in which Austria, Hungary, Rumania, Slovakia, Switzerland and Slovenia take part. Second, the security of Bosnia-Herzegovina continues to depend on the presence of the Stabilisation Force (SFOR) led by NATO, which decided in spring 2002 to trim the size of SFOR from 19,000 to 12,000 troops. This move was designed to make personnel available for other peace missions, such as operation "Enduring Freedom".

During the Spanish presidency of the Union, the EU also undertook to carry out the first police mission (EUPM, European Union Police Mission) in Bosnia-Herzegovina from 1 January 2003. This force, which will comprise 470 police and 70 civilian experts, will continue with the work of the UN-led IPTF (International Police Task Force) and will be open to contributions from third states. The EU has thus joined—but on this occasion in practice—the UN's peacemaking efforts as recommended by the Brahimi Report in 2000. It is hoped that the determination the political leaders and people of this country have shown over these past months will enable this goal to materialise on the ground and contribute as far as possible to permanent peace for this republic.

Significant steps are being taken in this respect. For example, 2002 saw the completion of the amendment of the constitutions of both

states—the Serbian Federation and the Muslim-Croat Federation—in accordance with the Constitutional Court judgments calling for an identical status for the different peoples living in Bosnia-Herzegovina. And the meeting in Sarajevo of the presidents of Bosnia-Herzegovina, Croatia and the Federal Republic of Yugoslavia, who committed themselves politically to trying to overcome their past differences by centring more on the future and facing the challenges of European integration, was more than a merely symbolic gesture.

In view of the security developments in this republic, the Council of Europe welcomed Bosnia-Herzegovina in April. Meanwhile, the EU still considers that its possibilities of joining the Union basically hinge on its democratic development and on the consolidation of the rule of law.

The Union expressed a similar opinion of the Former Yugoslav Republic of Macedonia, which called general elections almost a year after the signing of the Ohrid peace accord. Although the Slavs overthrew the nationalist government and placed their confidence in the "Together for Macedonia" coalition, they have yet to rise to the challenge of clamping down on the illegal armed gangs operating on their territory, which were responsible for a considerable number of violent incidents throughout the year.

Nonetheless, the presence of NATO-led international troops in the "Amber Fox" operation is proving an essential means of preventing a widespread outbreak of violence in this former Yugoslav republic. Although its mandate expired at the end of October, the North Atlantic Council decided to extend it for a limited period until 15 December, while the EU has expressed its wish to relieve the Atlantic Alliance in this military operation. Ideally, for this to work, an agreement needs to be reached on use of the Atlantic Alliance's assets and capabilities in operations led by the European Union—a process known as "Berlin Plus".

In any event, what needs to be done is to prevent South-East Europe from becoming a second home for armed gangs and terrorist cells such as al-Qaeda from operating from this region. There is no doubt that terrorists and criminals thrive on chaos, and what NATO and the EU intend to do is to lay the foundations for stability and prosperity, for which they need to work closely with the population and its political leaders.

This same goal is pursued by the Stability Pact for South-East Europe, which operates under the aegis of the Organisation for Security and Co-operation in Europe (OSCE), and is co-operating with NATO and the EU in

three areas: raising the awareness of the population by providing information; fostering regional contacts at various levels; and developing mechanisms to weaken the logistic capabilities of the terrorist groups.

This co-ordinated and integrated approach to the problem is proving helpful—though it has yet to provide a solution—in all aspects of regional security. It is particularly useful for keeping check on exports of weapons to third countries, including Iraq.

Indeed, since NATO disclosed in October that the governments of the Federal Republic of Yugoslavia—Serbia and Montenegro—and Bosnia-Herzegovina were failing to comply with the arms embargo on Iraq, suspicions have been raised about both countries and, particularly, about eight defence-related companies. This has led to the removal from office of several political and military leaders.

Although the exact nature of the contacts between these republics and the Iraqi government has not come to light, we should recall that co-operation between them dates back to 1976, when companies of the former Yugoslavia helped build military installations, surface-air missile systems (SAMs) and radars, among other things. Subsequently, according to some sources, there were indications that Iraq had asked the Yugoslav army to disclose its tactics for confronting NATO in 1999. On the other hand, the same sources reported that Belgrade has co-operated with the US department of defence, providing detailed information on Iraqi air defence systems and the bunkers built under Yugoslav supervision.

This apparent contradiction between those who wish for a closer relationship with the West and those who still regard NATO as the enemy will probably be overcome in the near future, as the struggle for power between the federal president, Vojislav Kostunica, a conservative nationalist, and the Serbian prime minister, Zoran Djindjic, who is in favour of more radical changes, draws to an end, though this does not necessarily mean a return to the aggressive nationalism of the Milosevic period. In this connection, it is thought that the two rivals have been supplying sensitive information in order to harm each other in the election process currently under way in Yugoslavia, and further revelations on the links between the Yugoslav government and the Iraqi regime are therefore expected.

Relations between the two republics that make up the Federal State (Serbia and Montenegro) have moved onto a new plane following the agreement to change the name of the federation, which is to be called

Federal Republic of Serbia and Montenegro at least for the next three years, and the decision to draw up a new constitution that must be approved by the parliaments of both republics. Therefore, the "new union" ensures that both states will continue to exist as part of a single, albeit looser, federal structure in the near future.

As some political leaders have pointed out, the best exit strategy is an entry strategy, that is, a strategy of joining the European institutions, as its advantages outweigh the disadvantages. This message, interpreted negatively, has yet to take root in Albania, where the Democratic Union for Integration, the party of the former guerrillas who attempted to rise up in arms against the established democracy, recently won the election. If to this we add the emergence of a new organisation in Europe, the United National Front of Albania, which is attempting to group together the Albanian diaspora overseas—mainly in Switzerland, Denmark and Germany—and unite the Albanian territories in the region, it is likely that this organisation will end up supporting the Albanian National Army, which backs the idea of a "Greater Albania" (also called "Chemeria") that would include the whole of Kosovo, part of Serbia and part of the former Yugoslav Republic of Macedonia, western Greece and almost half of the Republic of Montenegro.

Taken in the positive sense, the idea of economic integration can help bring new prospects of co-operation between the countries in the region, particularly the signing of new free-trade agreements. In particular, mention should be made of the agreement between Albania and Croatia, promoted by the Stability Pact, which will help boost the economy and development of both countries. Sectoral co-operation between the different states in the region will help achieve greater social well-being and improve their chances of joining the European institutions. This will enable them to dispel the uncertainties of the most recent past.

THE COMMONWEALTH OF INDEPENDENT STATES: IN PURSUIT OF A NEW STRATEGIC FRAMEWORK

Two events continued to influence the strategic agenda of the countries in this geographic region. On the one hand, 11 September 2001 has led to a "new alignment" of these countries with the international community in the fight against terrorism, although some loyalties were divided in this respect, as we will see further on. And, on the other, 13 June 2002 saw

the permanent end of the Anti-Ballistic Missiles (ABM) treaty, which was regarded as the cornerstone of strategic relations between the two major Cold-War superpowers during its almost 30 years of existence.

However, despite fears of the repercussions of both developments on the Atlantic-Eurasian community, it became apparent that "there is life" after these events and it has been possible to establish a new understanding between the US administration, Europe and the Slavic and Central Asian republics of the former USSR. In this respect, the contribution of Western institutions to stability in the region is proving proportional to the help they are receiving from this region, particularly in fighting terrorism.

The Russian Federation as a "Major Power"

During 2002 Russia presented itself as a democratic country whose future lies in Europe. In this connection, its political leader, Vladimir Putin, attempted to take the necessary steps to steer his country in that direction, though with contrasting results.

On the one hand, the Russian Federation not only agrees with the United States' theoretical analysis of the new security threats such as terrorism and the proliferation of weapons of mass destruction, but also on the practical need to step up co-operation in as many areas as possible. Accordingly, the new NATO-Russia forum, established on 28 May and called the NATO-Russia Council, constitutes a new version of the Joint Permanent Council (JPC) and represents a new chance to increase co-operation between the 20 states, on an equal footing, in different areas relating to security and defence. This new strategic partnership between NATO and Russia is therefore based on the joint responsibility of adopting joint decisions. And although the Federation continued to regard the enlargement of the Alliance as an internal NATO affair, Russia eventually came round to the opinion that NATO decisions should not be adopted without its contribution.

Another question that has affected transatlantic relations, and Russia in particular, is the end of the ABM treaty and the agreement between Americans and Russians to reduce strategic nuclear weapons. The fact is that this new situation has not given rise to much international alarm, even though it grants the United States greater freedom of action to develop its missile defence initiative: an ambitious system that seeks to ensure, as soon as possible, the protection of American territory and of troops displaced overseas, including those of the allied and friendly nations.

Despite some criticism that doing away with the ABM treaty would unleash a new arms race and that the dismantled nuclear warheads would be stockpiled instead of destroyed, the parties began to settle their differences over the second Strategic Arms Reduction (START II) treaty, and agreed to work towards the new START III Treaty, which will establish a ceiling of between 2,000 and 2,500 strategic nuclear weapons for each party by 31 December 2007 and will include measures to encourage the transparency of inventories and the destruction of strategic nuclear warheads. Although Russia proposed an even greater reduction (1,500), the United States was quick to object. In any event, the START III negotiations continue to depend on the Duma's ratification of START II.

Europe remains more concerned about the situation in Chechnya, which came to a particularly ugly head when Chechen terrorists took the Dubrovka Theatre in Moscow with 800 people inside. The incident confirmed a reality—the deterioration of relations between the Moscow authorities and the Chechen pro-independence groups, which are threatening to spread the conflict to other Russian republics such as Ingushetia and even Georgia if Russia continues to clamp down on the Chechen groups. Indeed, the dangerous parallel between the actions of the Federal troops on Chechen territory and the assault on the theatre in Moscow has been pointed out on several occasions.

The European Union continues to support Russia's territorial integrity and at the November summit agreed on a plan for strategic co-operation with Russia to combat terrorism. The agreement between Europol and the Federation to exchange information on the movements of individual terrorists or terrorist groups or organisations and to control their financial resources should also be regarded in this light.

As for military co-operation, mention should be made of the agreement reached months earlier at the Seville Summit on consultations and co-operation between the EU and Russia in the field of crisis management, including the appointment of an officer to the EU Military Staff during periods of non-crisis. However, should a crisis arise, Russia may contribute to the Union's crisis-management operations and participate fully in the planning stage, even if NATO assets and capabilities were required. The EU, through the Committee of Contributors, will likewise guarantee Russia's participation in the operation with the same rights and obligations as the other participants.

The Russian Federation's wish to take part in the continental security structures contrasts with the tricky situation of its army, which, without yet abolishing compulsory military service, will attempt to further professionalise certain vanguard units and concentrate on combat and counter-terrorism operations. The Plan announced for 2004-2007, to be drawn up by senior defence and foreign-affairs officials, will involve creating a core of professional soldiers for Infantry, paratrooper and Marine Infantry units. Mustering funds and managing to attract the necessary personnel are the main goals this military reform should pursue.

Belarus: another "failed state"?

Many question marks continue to hover over the future of this Slavic republic, which displayed severe democratic deficits in 2002. In the human-rights field, in particular, there is still a need for a moratorium on the death penalty, greater independence for the judiciary and a law on the ombudsman. Furthermore, the existence of a plural democracy calls for respect for political, religious and cultural diversity, and this includes respect for freedom of expression and non-persecution of political leaders. However, the latest measures adopted by the Belarussian parliament, such as the law on Freedom of Conscience, weakens religious freedom in this country and lays down strict government controls on religious organisations, subjecting them to sanctions in circumstances that are not defined in the law.

As a result, the EU and OSCE have reiterated their concern about the internal situation in Belarus on very many occasions, particularly when OSCE noted the failure of the Belarussian authorities to show a positive attitude by allowing the Minsk Group to resume work. Both institutions attach crucial importance to these events, as they are preventing the country progress towards consolidating democracy and, accordingly, towards economic and social progress.

In the field of security, we should consider the future repercussions of the agreement signed by Belarus and Russia on 16 April on the Union Treaty of 1999, which envisages a joint defence policy for both countries. The new agreement includes a decision to merge the Armed Forces in the framework of the Russian-Belarussian Union in the long term.

The political developments Belarus may witness in the coming years, spurred on by a more democratic Russia and a Europe committed to its

stability, could speed up its transition to democracy. However, we should not rule out the possibility that the Minsk authorities may continue with their internal introspection, which could have dire consequences for a country located in the heart of continental Europe.

Transition in Ukraine

The parliamentary elections held in Ukraine in May were considered essential and followed with much expectation by the Western institutions, whose co-operation with the republic depended to an extent on the results. Although the pro-Western opposition party led by former prime minister Victor Yushenko emerged victorious, the international observation mission detected some flaws and for the time being we must wait and see whether democracy manages to take root properly in Ukraine.

Nonetheless, the country appears to enjoy a sounder multilateral position, as it continues to openly defend two major strategic priorities: closer links with the European Union and a strengthening of its distinctive partnership with NATO. And the reverse is true: all the European international organisations and member states have an interest in seeing an internally stable Ukraine as the pipelines conveying oil from the Caspian Sea to the West cross its territory.

Like Russia, Ukraine took a significant step forward at the Seville European Council in June, when an agreement on the types of consultation and co-operation between the EU and Ukraine on crisis management was presented. This reinforces the idea of the Slavic country's role as potential contributor to EU-led operations.

In addition, a month earlier Ukraine had expressed its willingness to join NATO in the long-term future. This announcement, which marked the end of "Ukrainian neutrality" at a time when the Alliance and Russia were beginning to settle their differences over enlargement, met with Moscow's disapproval and eroded Russia's tolerance of NATO's enlargement to the former Soviet bloc.

Even so, NATO and Ukraine have stepped up their co-operation, basically in two fields: the reform of the Ukrainian Armed Forces and the country's contribution to peacemaking missions in the Balkans and the strategic transport of European troops to Afghanistan.

In this connection, Ukraine approved the national programme for co-operation with NATO 2001-2004, as well as reaching an agreement with NATO on the Partnership for Peace (PfP) Funds. The programme, launched officially in July, will involve the destruction of 400,000 anti-personnel mines, while the agreement, signed in December, will enable 133,000 tonnes of munitions and one and a half million short and light weapons to be destroyed. Both initiatives are real proof of NATO's support of a defence reform in Ukraine.

Meanwhile, the Slavic country continues to contribute to SFOR and KFOR peace missions in the Balkans and its Antonov aircraft are playing an essential role in the strategic transport of European forces to Afghanistan. This co-operation was reinforced by the signing of a MoU on Host Nation Support (HNS) with NATO, whereby both parties will use their assets and capabilities for crisis management exercises and operations; this will undoubtedly go hand in hand with greater political and military co-operation.

Nonetheless, NATO has criticised Ukraine for the supposed sale of air defence radars to Iraq in 2000, and considered its arguments on co-operation with the Iraqi regime to be insufficiently grounded. This led to friction during the recent meeting of the NATO-Ukraine Commission held in Prague in November. Although Ukraine has expressed its willingness to clarify this matter, it does not consider it appropriate to supply the name of the countries to which it sells military equipment, and this issue will continue to spark political debate over next few months. However, it is not expected to influence military co-operation to a great extent, bearing in mind the sound relationship that has developed between NATO and Ukraine over the past few years and both sides' huge interest in reinforcing their mutual relations.

Moldova and its pursuit of a national identity

2002 may be regarded as a year of regrets and reproaches for the Republic of Moldova. As regards home affairs, the country, which declared itself to be neutral in the 1994 constitution and therefore does not take part in the CIS's military structures, has still not managed to settle the problem of the secession of the Russian-speaking region of Transdnistria, whose authorities are hindering the full application of the adapted CFE treaty by the end of this year with their attitude, despite the financial and the organisational support of the OSCE.

Indeed, they have yet to reach an agreement with the Moscow authorities on the total withdrawal of military equipment from this region, mainly from the northern base in Cobasna. The region is reluctant for Russian troops to withdraw until the question of Transdnistria's political future in Moldavia is settled; besides, it regards them as guarantors of stability in the region. Therefore Russia continues to exceed by far the equipment limits established in the adapted CFE treaty in view of the possible need to resort to force. The Moldovan authorities also faced fresh criticism for their failure to protect the national minorities in Transdnistria.

In the regional context, Moldova's role in GUUAM, an initiative in which it participates together with Georgia, Ukraine, Uzbekistan and Armenia, continues to be precarious. In fact, at the latest meeting in Yalta, the president of the Republic, Vladimir Voronin, said that his country was seriously concerned about the feasibility of this organisation. In his opinion, GUUAM has yet to establish its position in the dialogue between the EU and CIS in order to contribute to the process of global integration. However, the results of the co-operation within GUAAM are out of keeping with the declarations made by the organisation. This has caused the Moldova to feel like an "observer" country rather than a full member, owing particularly to its weak economic potential. An example of this was its practical exclusion from the debates on the project to transport oil from the Caspian Sea.

The Caucasian republics and their stagnant conflicts

Two serious problems continue to affect Georgia, Armenia and Azerbaijan and are hindering their development. On the one hand, the secessionist movement in Georgia and this Republic's relations with Moscow and, on the other, the conflict over the territory of Ngorno-Karabakh.

Tension in Georgia heightened when this country complained that Russia had violated its airspace and even bombed towns in the north, causing major damage to civilian property. The source of the sour relations between Moscow and Tbilisi is Russia's accusation that Georgia is becoming a haven for Chechen terrorists. In August the EU even adopted a statement expressing its concern about the action of Russian aircraft in the Caucasian country, at the same time appealing for respect for its territorial integrity and calling for a spirit of transparency and co-operation to

tackle the security problems affecting both countries. These actions have merely hindered the negotiations aimed at finding a solution to the deployment of Russian forces at the Gudauta, Batumi and Akhalari bases, as the deadlines for dismantling them in 2002 were not observed.

Nor has any substantial progress been made in settling the conflict over the Armenian enclave of Ngorno-Karabakh in Azerbaijan, even though Russia, France and the United States continued to strive for a solution, in which both republics must participate. The OSCE was even blamed for failing to put an end to the conflict, as it is now ten years since the Minsk group was set up. Even so, the pan-European organisation carried on with its frantic attempts to bring together representatives from the governments and societies through the non-governmental organisations of both republics to try to establish a goal to be pursued throughout the region, including the Ngorno-Karabakh: guarantees of freedom of religion and information, which are still glaringly absent from the Caucasus. All in all the OCSE continues to advocate dialogue and mutual understanding as the basis of relations between the two republics.

The Central Asian republics: new demands and security needs

The Central Asian republics are a clear example that the expectations of a fast democratisation of the Asian part of the post-Communist bloc were too high. However, democratisation continues to be essential to their expansion and stability, as although the states are normally treated as a single entity, they are a number of countries that are located at the crossroads between East and West and whose loyalties are therefore divided in accordance with their diverse security interests.

While Kazakhstan and Uzbekistan are striving to achieve leadership in the region through their respective security agreements—the former through the Collective Security Treaty (CST) (1) dominated by Moscow and the latter through GUUAM, established to counter Russian influence in the CIS—Turkmenistan continues to pursue a policy of neutrality and does not belong to any CIS or regional initiatives such as the Shanghai Co-operation Organisation (SCO) of which all these countries and China are members.

(1) Kazakhstan, Kyrgyzstan, Tajikistan, Armenia, Belarus and Russia are parties to the CST.

However, all these multilateral structures lack the clout required to secure their member states significant weight in the region, and the countries will therefore attempt to achieve this by making the most of the rivalry between the US and Russia. However, although Russia is unlikely to sever all its links with the Central Asian states, the United States is taking advantage of their political, economic and military potential to strengthen its ties with these countries, making the most of the new post-11-September international context.

In general, it can be argued that the situation in the region is relatively stable. The more alarmist scenarios of a possible "spill" of the influence of the Taliban and al-Qaeda into these countries as a result of the war in Afghanistan have failed to materialise owing to the determined action of the international community and the support of local governments.

Nonetheless, these republics' contribution to the US-led Operation "Enduring Freedom" was motivated more by their internal instability caused by the presence of radical Islamic groups—such as Hizb ut-Tahrir and the Islamic Movement of Uzbekistan (IMU)—and economic downturn than by international solidarity.

In this respect, the activities of both guerrilla groups in the region has notably diminished as the US has increased its presence at the military bases in Uzbekistan (Khanabad and Kokayda), Kyrgyzstan (Manás) and Tajikistan (Dushambé and Kylyab). For the time being, the US has promised to modernise the former Soviet bases; this will cost its coffers between 200 and 250 million dollars for each base.

The military co-operation between the US and the Central Asian republics will be highly cost-effective if access is guaranteed to the region's major hydrocarbon deposits (petroleum and natural gas), particularly in the Caspian Sea. The Bush administration is pursuing this goal by collaborating with the authoritarianism regimes in Asia, and this will undoubtedly lead to immediate tension between Moscow and Washington. Furthermore, if America manages to consolidate its presence in these countries in the future and the situation in Afghanistan stabilises, it will reinforce its privileged position in Asia relative to Russia and also with respect to China, its main trade rival, which will require huge energy resources in future to continue its economic development.

Analysing the situation on a country-by-country basis, the authorities of Kazakhstan, the republic located furthest away from the current scene

of conflict in Afghanistan, has pursued a policy of centralising power, strangling any manifestation of freedom in the media. This not only violates the country's constitution but also many international agreements signed with the OSCE and EU, such as the partnership and co-operation agreement. In contrast, the country has continued to diversify its foreign and defence relations with the two giants, China and Russia, and more recently with the United States, whose assistance is at an initial stage and is limited to military instruction and training the republic's armed forces in anti-terrorist techniques.

Kyrgyzstan, for its part, is a small country with an enormous potential to develop its hydroelectric production and generate the necessary income to meet its needs. It is calculated that two dams would provide up to 2,200 MW of electricity, enabling the republic to increase its independent energy production and to export energy to China, Uzbekistan and other neighbouring countries. These dams could furthermore help rationalise the use of water in the region. On the other hand, the country continues to depend on Russian military aid, although US aid, aimed mainly at improving the country's border management, looks set to increase significantly in the next few years.

Tajikistan, which has endured a civil war and is Russia's main strategic partner in the reform of its modest armed forces and controlling its border with Afghanistan, is keen to co-operate at a regional level in stemming the major threats such as drug trafficking and transnational radical Islamic movements. It therefore hosted a set of military exercises known as "Antiterror 2002", which brought together forces from Armenia, Azerbaijan, Belarus, Kazakhstan and Russia.

Uzbekistan continues to display major regional ambitions, based on its armed forces—the best equipped in the region—which it continues to strengthen in order to protect against possible uprisings and as a means of combating regional terrorism of the IMU.

Unlike those of Uzbekistan, Turkmenistan's armed forces are characterised by a low combat capability, flagging morale and lack of equipment. However the efforts of their respective presidents, Messrs Karimov and Nyazov, to keep the extremist movement in check, has led both governments to be regarded as the most antidemocratic in Central Asia, since they have used the war against terrorism as an excuse to try to rid themselves of their main political dissidents at home.

Nonetheless, the main shortcoming of the Asian countries is the lack of regional co-operation mechanisms for tackling regional problems collectively.

From the economic point of view, these countries, with the exception of Uzbekistan, are on the verge of collapse, and the flourishing drug trade continues to be their main source of income. Unless economic development is achieved in the region, extremist political and religious movements may continue to gain ground.

Although Russia and the Western institutions have stepped up their individual assistance to the Asian states, there is a need for an international organisation to set in motion a regional development programme to channel the efforts of the United Nations, the OSCE, the EU and NATO and do the utmost to co-ordinate activities in this geographical area.

While the Stability Pact for South-East Europe, directed by the OSCE, is benefiting not only the countries directly affected by the conflict arising from the disintegration of Yugoslavia but all the countries in the region, the new Stability Pact for Central Asia should co-ordinate in the long-term the co-operation efforts of the international organisations (including the World Bank) to reconstruct this region, which was directly affected by the Afghanistan crisis. Accordingly, at the Eurasia Economic Summit in April, the European Bank for Reconstruction and Development (EBRD) acknowledged the critical importance of co-operation between the five countries in areas such as trade, transport, energy and water. All in all, although the region shows great development potential, the level of integration is insufficient and this continues to cause a certain amount of concern.

In the field of security, the CST Meeting in Moscow on 14 May 2002 marked the transformation of this multinational co-operation initiative into an organisation. The Collective Security Treaty Organisation (CSTO) will provide a new legal basis for the new structure. However, the most significant headway was made when President Putin expressed his wish for the new organisation to co-operate with other international organisations such as NATO and the SCO to combat the new threats. Similarly, the summit of the latter, held in St Petersburg one month later, gave fresh impetus to the SCO, as the member states signed a charter providing a new legal basis and reinforcing co-operation in security matters.

Nonetheless, we should not forget that the Asian states remain vulnerable to the possible actions of the IMU and al-Qaeda, and that the Armed

Forces, mainly weak and hungry for reform, continue to seek the support of regional and extra-regional powers, basically the US. However, the fragility of their economies continues to hinder their wish to replace their obsolete military equipment and Soviet army weapons systems with modern ones, hence the importance of financial compensation for their military co-operation.

SPAIN'S CONTRIBUTION TO STABILITY IN EURASIA

The fight against terrorism, peace missions and the fostering of confidence and security measures have been the major priorities of Spain's determined effort to contribute to the peace and stability of the Eurasian region. This has led it to undertake action simultaneously in several multi-lateral co-operation frameworks, in theatres that are geographically very far apart, from the Balkans to Asia.

Within the EU, at the Seville European Council in June, Spain managed to press for an important declaration on "the contribution of FCSP, including foreign, defence and security policy, to the fight against terrorism". In addition to adopting a global approach to the problem of terrorism, the declaration established clear courses of action for its member states and new guidelines for their relations with "third countries", most of which are located in this geographical area. The declaration therefore expresses the Union's intention to centre political dialogue with third countries on combating terrorism, non-proliferation and control of weapons; to help them bolster their ability to respond effectively to the international threat of terrorism; to include anti-terrorist clauses in EU agreements with third countries; and to reassess their relations with these countries in the light of their attitudes towards terrorism and take appropriate measures as a result.

Spain also continued to take part in NATO-led peacemaking missions in Bosnia-Herzegovina (SFOR) and Kosovo (KFOR), thereby contributing to a whole host of missions ranging from the implementation of the peace accords to the maintenance of law and order and the performance of humanitarian tasks. In view of the satisfactory development of security in the region, our contingent serving in the Multinational Division South-East (MND-SE), specifically the Engineers and Marine Infantry units, was trimmed substantially. Also, as part of operation "Enduring Freedom", led by the US, Spain belongs to the international coalition against terrorism.

Spain's presence in Asia can be witnessed in Manás (Kyrgyzstan), where it deployed tactical air transport (a C-130 with 50 troops), and two army COUGAR helicopters, together with 55 men, in addition to its other naval assets, a medical unit and liaison officers deployed in headquarters and throughout the conflict zone.

Finally, within the OSCE, Spain hosted an important seminar in February which brought together many representatives of this organisation to debate on an issue that affects the whole of Europe and Asia: the protection of water quality. The seminar, held in Zamora, helped raise awareness of the factors that can potentially destabilise the economies and environments of its member states. The Spanish institutions likewise received parliamentary delegations from Yugoslavia, which showed particular interest in the functions and tasks of the ombudsman.

All in all, through a better understanding of the experiences and challenges facing our societies, new relations can be established between the different states in this vast geographical region. Spain's external action is oriented towards this goal.

CHAPTER FOUR
THE MEDITERRANEAN

THE MEDITERRANEAN

By María Dolores Algora Weber

2002 was characterised by the aftereffects of 11 September, which were experienced in all areas of the world. The Mediterranean was no exception. On the contrary, it was a major player and witness to the new developments in the world order.

During the year, the Islamic civilisation—its states and peoples—became the focus of attention and, indeed, on many occasions a scapegoat for all the dangers that threaten international security. In this connection, we have witnessed a progressive manifestation of the aftermath of the attacks on New York both in the southern Mediterranean, which is home to the Muslim Arab world, and, owing to the obvious link, in Muslim Asia as a whole.

The initial impact was on the Mediterranean states' perception of each other. Mistrust at all levels was the most immediate reaction witnessed during the months following the attacks. However, the initial commotion gave way to a second effect: concern with the need for a repositioning in the Mediterranean. For a reassessment of the values and aims we pursue in this strategic area, in both north and south. For an approach that enables us to identify situations and adopt stances on the broad spectrum of realities in the Mediterranean, particularly the south. In the so-called world of "globalisation" the need has become more evident than ever to differentiate and gain knowledge in order to avoid undoing the progress we had achieved, or at least mapped out as goals, throughout the nineties.

Establishing closer ties with the Arab world is no longer just an essential step for developing Mediterranean relations. During the year this issue moved onto a higher plane and is now an urgent requirement for the main-

tenance of security and stability in the Mediterranean, in Europe, and in the international order.

We will therefore analyse how some of the latent disputes in the Muslim Arab world have worsened and how traditional attitudes and alliances have changed.

2002 was, therefore, a year of confusion, reorientation and reaction. The circumstances we have witnessed in the Mediterranean are a good illustration of this new reality.

The eleventh of September evidenced the need for America to give new direction to its action in the Arab world. However, far from rethinking its policy, it has adopted a firm and diplomatically aggressive stance, which, despite earning President George W. Bush support at home, has disconcerted international society, which is perplexed at what some are starting to refer to as the "Balkanisation of the Arab world".

Furthermore, in view of the developments in these past months, it has also become clear that Bin Laden and al-Qaeda have not only harmed United States but the whole of international society and, very particularly, the Islamic world, which has been on the receiving end of moral judgments from all sides since then.

In this respect, the different European states have played an essential role. The Mediterranean conflicts have shown up the cracks in the European Union. The positions that were unveiled, at least in the formal declarations, revealed the weakness of the Foreign Security and Defence Policy. However, despite this flaw, the European governments have made a significant contribution to international stability. We should recall, merely by way of an introduction, that the United States failed to receive the unconditional support it may have expected from its European allies in the two most important Middle Eastern conflicts. Following the worrying developments in the Palestinian territories, it was precisely the European Union which, in the first months of the year, forced diplomacy to set up the international "Quartet", thereby preventing the US from acting unilaterally. Similarly, the European states brought pressure to bear to ensure that operations relating to Iraq respected the decisions of the United Nations Security Council.

The European governments may not enjoy a strong position on the world stage, but they certainly seem to be showing signs that our strategic interests lie *in* the Arab world as opposed to *against* it.

During the past months, understandably, we have witnessed a public debate triggered by the reactions of the different European societies: opposition to versus co-operation with America's international policy. It seems obvious that Europeans support a policy geared chiefly to combating terrorism; however, major changes aimed at curbing the hegemonic action of the Washington government are occurring. In this respect, the European Union is perhaps one step ahead of United States as regards awareness of the new international reality.

One has the impression that the United States, which won the Cold War, has been showing signs of losing the post-war since 11 September. It seems to be entrenched in a traditional concept similar to "containment policy" and does not realise it has slipped behind and is now out of step with developments in international relations this year. Although the White House is preaching that the danger and real threat do not lie in states themselves but rather in terrorism, America does not always act in accordance with this message. Mr Bush continues to view the world order in terms of the Middle Eastern conflict and this is not going to allow him to combat violence.

The attacks perpetrated by al-Qaeda, together with the US's position on Iraq and Palestine, is speeding up the "awakening", the reaction of the societies in the region. We are witnessing how the Arab peoples from the Masreq to the Maghreb are increasingly questioning their own governments in some way or another—from intifada to the polls. This year the gap has widened between Arab civil society and a political class with which it does not identify. This has not escaped the notice of the Arab governments which, at least outwardly, have changed some of their international positions. A special and significant case is Saudi Arabia, which has so much influence in Asia and the Middle East.

The only way to address the situation of the Arab world, which lives around the Mediterranean but also in Europe and the United States, is through mediation. We have no choice but to overcome all the prejudices triggered by 11 September. In this connection, the reaction to these traumatic events urgently needs to be consolidated in the Mediterranean, which has become the "test tube" of international society.

This does not mean we should deny the existence of the terrorist epicentre that is spreading from Central Asia in two directions: northwards, to the Black Sea, and eastwards, to the Mediterranean. The Mediterranean is just one of the areas through which the row of dominos passes on its way from Afghanistan to the Middle East, the Maghreb and the whole of

Europe. The recipe for stability no longer lies solely in military intervention and frenzied activity of the international intelligence agencies, but also in understanding and development, for which the legitimate means of international society must be used.

Europe's geographical proximity is boosting its awareness of this situation. Accordingly, during the year the governments of countries such as France and Germany attempted to open the eyes of the US administration. Their aim was to bring home to the US the fact that the situation in Iraq is just as urgent as the Palestinian issue, and that the solution does not lie in dismantling the political authority but in remedying the circumstances in which the people live. It is obvious that the United States needs to adopt such a view of the world order if it is to recover its increasingly flagging leadership.

Such is the pressure Europe is bringing to bear. Mediterranean affairs are helping to ensure that Washington complies with international legitimacy. This is the only way of restoring its credibility as a world leader of which a moral justification is required in its international relations and also the only way of preventing it acting solely on the basis of its economic and technological supremacy.

By this we do not mean systematically opposing the United States and certainly not preventing it from combating international terrorism wherever this lies; rather, co-operation should be conditional upon a question of legality, of means and formulas for seeking solutions and, above all, thoughts on the world order we hope to have in the future.

Perhaps the role of the European governments goes no further than this. Europe will not lead international decision making. The European Union's Foreign Security and Defence Policy will most probably find itself divided and dragged along by US policy, but at least, during this past year, it has helped keep check on a unipolar hegemony waiting to make of a full display of its power on the world stage.

We will now go on to discuss the specific events in the Mediterranean from which this conclusion is drawn.

THE MIDDLE EAST: FROM A MEDITERRANEAN ORDER TO A WORLD ORDER

Neither of the two main Mediterranean conflicts is new; however they moved onto a new plane as a result of 11 September. Major changes were

witnessed in essential aspects, such as the worsening of violence in the case of Palestine and the Iraqi government's response to the international sanctions, but what is most noteworthy is their new position in the international security landscape.

In this connection, one has the impression that behind the "Bush Doctrine", that is, America's international policy based on combating terrorism, lie old geopolitical theories like those of Mackinder. It would seem that the new world order has caused a 21st-century version of the "heartland" to rise from the ashes of the Cold War. The concept of the power wielded by the world powers and the nature of the resources that provide this power has changed. This has led to a certain geographical shift, though the essence of the doctrine remains the same. Central Asia and the Middle East have accordingly become the pivot area whose control is the key to world domination.

Petroleum from Chechnya and its surrounding areas, and from Iraq, Iran and Saudi Arabia has become the keystone of the new order. In the Caucasus, the Russian Federation continues to protect these resources, which it regards as a domestic matter, and in the rest of the region the United States considers them to be under threat following the resurgence of the radical Islamism that triggered the attacks on the World Trade Centre.

This explains why America's obsession of "settling" the Iraqi issue gathered considerable momentum during the year. The priority attached to this question has grown in proportion to the difficulty of achieving such an aim. The Palestinian issue, which gave rise to a number of actions in the first half of the year, gradually became subordinate to Iraq. The scheme seems simple, but it is also naive.

As occurred with the Gulf War in the early nineties, it is presumed that a permanent solution to the embargo on Iraq will clear the way for a solution to the Palestinian conflict. However, the White House does not appear to realise that the circumstances are not the same.

The end of the second Gulf War gave impetus to the peace process in the Middle East, because the wave of Islamism had been subsiding since the death of Ayatollah Khomeini in 1989. The Muslim Arab world was willing to find a global solution to the circumstances that the surge of Islamism in the eighties failed to solve. But this is no longer the case

The nineties witnessed a period of international euphoria in the Mediterranean, when all hopes were pinned on the peace process; howe-

ver, this excitement also died down. The decade ended in fresh frustration for the Palestinian cause and for the Arab people as a whole. Within the Muslim Arab world this situation has been attributed to the United States' inability to play a truly conciliatory role between the Palestinian and Israeli sectors, particularly since the outbreak of the second intifada, the impossibility of signing the Camp David accords and Israel's impunity since 11 September. Now Islamism is not waning; rather, it is gaining strength. And this time around it is not an Islamism imposed from above; now the Islamic movements are drawing their strength from the lower layers of society, among which it is spreading much more quickly and taking root firmly. Therefore, a solution to the Iraqi situation will not be so relevant to settling the Palestinian question.

Furthermore, the obvious inclusion of the Middle East in the pivot area on which control of the world order depends is distancing it from the Mediterranean processes. The appropriateness—or rather the possibility—of separating the Barcelona Process from the Middle East Peace Process has been questioned for a long time. Evidently, the failure of international mediation in Israel and the inclusion of this area in the framework of other world objectives enforces the opinion that relations with the Maghreb should be separated completely from those of the Masreq. What is not so clear is whether this divide is real, bearing in mind the social movements we have been witnessing among the Arabs over the year, for it is a fact that anti-Americanism and, by extension, anti-Westernism, is growing at the same pace in Central Asia as in North Africa. This can be best seen in the momentum gained by the fundamentalist sectors, which advocate Islam as an identity of their own vis-à-vis the West.

Unfortunately—and some will prefer to turn a blind eye to this—the world order we are moving towards is consolidating Bin Laden's message. By upholding his view of the "axis of evil", in which Iraq and Iran—the pillar of the Muslim world—are included, President Bush is playing into the hands of precisely what needs to be combated. We are not facing the "clash of civilisations" that appears to be inferred from the US axiom; we are experiencing the effects of an act of terrorism perpetrated by some Muslim fanatics.

Therefore, Europe's responsibility and influence in the Mediterranean is one of the most important challenges that the Foreign Security and Defence Policy must address.

The "Iraqi issue"

We have explained the context that has led to the resurgence of the "Iraqi issue" in the international arena. We could add further explanations relating to America's domestic policy. Some regard this objective as a means of strengthening George Bush's leadership at home. That is, as an attempt to make up for the failure to capture Bin Laden following the operation in Afghanistan by offering public opinion an element of cohesion to enable the president to maintain his power and, furthermore, the message of "united we stand" that has gained popularity in the United States in recent months.

Although it is important to bear in mind these aspects of America's domestic policy, we should not fall into the temptation of regarding Saddam Hussein as a victim. The Iraqi regime is not a victim, it is the scourge of the Iraqi people. In this respect, the international society must take action, but in the interest of the Iraqi people, not that of the world powers.

Therefore, we stress, the problem the United States faces is not the goal, but the means of achieving it. Unilateral action, overriding the decisions of the Security Council, is what causes confusion, leads international tension to mount and prevents a solution to the issue.

The idea of an attack on Iraq is not directly linked to the attacks of September 2001, since the US administration had already planned an operation before they occurred. But things started happening very quickly after news of a possible attack on the Baghdad regime in May 2002 began to spread towards the end of the year.

The United States and Britain bombed the security zone established by the United Nations on several occasions during Iraq's years of isolation, but the planned intervention envisaged in this case would be a different matter. The aim would be to overthrow Saddam Hussein.

In March, taking advantage of the leeway provided by the attacks, which brought even America's most traditional opponents over to its side, the United States sent Vice-President Cheney on a tour of the Middle East. The American leader hoped to be able to gain the support of the Arab countries for an attack against Baghdad, but his proposals were rejected, even by one of his loyal allies, Saudi Arabia.

The White House began to feel disconcerted, as it not only came up against the Arab countries' reluctance to support a military operation but

also witnessed cracks appearing in the European Union, when Germany expressed its categorical opposition to participating and France made its presence conditional upon the decisions of the Security Council. Spain and Italy shared this stance. As expected, Britain was the only unconditional support the United States found among the major European powers.

Indeed, the developments within the Arab world contrasted greatly with America's designs. At the end of March the Arab League Summit was held in Beirut. During the course of these sessions the Arab governments, of their own accord, put the Gulf War behind them and the rapprochement which took place between Saudi Arabia, Kuwait and Iraq was backed by all the members of the organisation. The summit served to express the harm that the war caused the Arabs a decade ago and their wish to bridge this gap by putting into practice the unity and sentiment of the Arab "umma" to which Western analyses and calculations give little consideration.

However, backing for the Iraqi regime subsequently reached a limit in April, when Saddam Hussein proposed using oil as a war weapon by cutting off supplies to the Western countries for a number of weeks. He failed to elicit a positive reaction from the rest of the Arab states. Nor did Iran agree unless this were a joint action of the region's oil-producing states.

At the time, the "Palestinian issue", which was experiencing one of the worst moments in the Middle East Peace Process's ten-year history, was undoubtedly the weightiest argument for preventing relations between the Arab world and the West from growing even tenser. We should not forget that the same Beirut summit had unanimously approved the Saudi Arabian plan to support the Palestinian cause.

The problem flared again in July with the fresh announcement of an American attack. The decision seem so firm and so imminent that the Iraqi opposition groups in London even met to prepare a new government to take over once Saddam Hussein had been overthrown.

America's threat of acting unilaterally with the support of Great Britain unleashed a flurry of diplomatic activity from the European foreign ministries. President Bush used all possible arguments in his attempt to secure the support of the European Union. During the autumn months we were told of the "need to overthrow Saddam Hussein", the "need to send United Nations inspectors", the "need to stem the manufacture of weapons of mass destruction " and the "need for the Baghdad regime to disarm". A mishmash of ideas, but all pointing in the same direction: an attack on Iraq.

Eventually the United States managed to convince the European and Arab states of the threat that Iraq can pose to international security, but it was forced to accept all the reservations and steps required by the international community in exchange for its support. Even Turkey, which, at the beginning of the year supported a unilateral US attack, eventually came round to the United Nations' position.

Therefore, the first thing the US administration had to admit was that Iraq's supposed danger lies in its ability to manufacture weapons of mass destruction and in its intention to use them. Such an issue did not warrant a direct attack but rather a United Nations Security Council Resolution (no. 1441) requiring Iraq to allow the inspectors to return unconditionally and perform their task without hindrance. In November, following heightened international tension and contrary to America's expectations, Saddam Hussein accepted the resolution.

Although this resolution has not settled the internal problems of the Iraqi regime, it is, at least for the time being, preventing an international conflict that would probably have strengthened Saddam Hussein's position in power or created political turmoil in the republic, with obvious international implications. We should bear in mind that the consequences of the possible downfall of the Iraqi president are neither clear nor simple. The resulting situation would be highly uncertain and not without major risks for the international community.

The "Palestinian issue"

The situation in the Palestinian territories throughout the year clearly showed that US mediation is flagging and that the Middle East Peace Process is failing. None of the international players has disappeared from the scene. However, the fruits of their efforts are not only failing to ripen; rather, they appear to be withering.

The process, beset with difficulties since it was launched, began to move rapidly backwards two years ago. The outbreak of the second intifada in September 2000, triggered by the presence of Ariel Sharon on Temple Mount Esplanade, demonstrated the strength of the Palestinian people and shed light on the political crisis the Palestinian National Authority is experiencing. Both circumstances came to a head during the year.

Furthermore, also two years ago, this time in December, President Arafat rejected the Clinton plan once and for all, thereby relinquishing his last opportunity to accept what had been previously agreed on at Camp David during the summer. The Palestinian leader's refusal signified the failure of American conciliation. From that moment on, the United States entered a race of attrition which took its toll during 2001, coinciding with the change of government both in Washington and in Tel Aviv, and reached completely inadmissible extremes in 2002. It has reached a point that many do not wish to acknowledge: an open conflict between Palestinians and Israelis. Not to mention the internal rifts this has driven in the political administrations on both sides.

It is becoming increasingly obvious that the United States regarded the Camp David agreements as the last attempt to reestablish peace. That is the message that the Palestinians have had to come to terms with since then. In this respect, 11 September served as a backdrop to a decision that had already been taken. Mr Sharon's government has not hesitated to take advantage of the resulting circumstances, making the Palestinians the target of what he interprets—from his radical viewpoint—as the fight against terrorism.

Israel's course of action is favoured by the new international approach. As mentioned earlier, the United States has changed its tack and is now linking peace in the Palestinian territories to a solution to the problem in Iraq. It hopes to strengthen its negotiating position as a mediator when it has resolved the second of these issues. This is leading Israel to act with total impunity in the Palestinian territories

Furthermore, Palestinian terrorism has grown in response to the frustration and impotence. The fundamentalist groups that existed back in the eighties—such as Hamas—have been joined by new players in the past two years, the Al Aqsa Martyrs Brigades. These radical groups are winning the support of increasingly broad sectors of the population that the Palestinian National Authority is incapable of controlling. And the growing acts of terrorism, mainly human bombs, largely escape Mr Arafat's decisions.

Fundamentalist terrorism is not a new factor in the Middle East; however, we are witnessing the "divinisation" of these attacks, which justifies and exalts them in the eyes of some sectors of the Palestinian population. Israel's reaction has become increasingly violent and ineffective. The Israeli army has reoccupied the Palestinian territories, showing signs of

how mistaken and horrific the use of military force to combat terrorism—particularly when many situations are wrongfully classified as such—can be in certain situations. During the year a wall separating Arab territories from Israeli land was even built.

These circumstances have created a vicious circle that has both Yasser Arafat's and Ariel Sharon's governments in the grip of crisis. Neither of the leaders has managed to fulfil the promises their people hope for, neither that of establishing an independent Palestinian state nor that of restoring Israelis' security, respectively.

As for specific events, the year began with an open confrontation in which the police of the Palestinian National Authority showed their opposition to the presence of the Israeli army in the territories. Since then we have likewise witnessed a change of strategy in the intifada, which has shifted towards greater sophistication by using some home-made "missiles" and attacking Israeli police posts.

This change in street fighting led the prime minister, Ariel Sharon, to crack down harshly on the Palestinians, reoccupying the territories using tanks and Apache helicopters. In spring we witnessed the so-called "operation defensive wall", which was clearly aimed at hounding and harassing Yasser Arafat at his compound in Ramallah. These events were followed a few weeks later by the incident involving a group of Palestinians, described by the Israeli government as terrorists, who occupied the church of the Nativity in Bethlehem and were besieged for almost a month. During the weeks that elapsed between February and May, the Arab population of the different towns and cities was subjected to several curfews, leading to shortages towards the end of the year in Palestine. These developments have rekindled the population's bitter feelings and sparked a chain of attacks in Israel that are impossible to prevent using force. The number of Palestinian "human bombs" has multiplied, claiming many Israeli lives.

International diplomacy reacted to these developments by exerting pressure, which, despite achieving some results in the first month, subsequently proved utterly ineffective. In the first half of the year, when Spain assumed the presidency of the European Union, Mr Aznar had to step in and follow the negotiations closely.

As a result, it so happened that many of the key names on the international agenda for the Middle East were Spanish. From President Aznar and his minister of foreign affairs, Mr Piqué, to the European Union represen-

tative for the peace process, Mr Moratinos, and the Union's CFSP representative, Mr Solana.

The importance of the "Palestinian issue" led Mr Piqué to make a tour of the Middle East in the company of Miguel Angel Moratinos, as soon as Spain took over the presidency.

From the meeting of European Union ministers held at Cáceres in early February, the possibility emerged of acknowledging a Palestinian state. However, in less than a week the related declaration was postponed indefinitely in view of the spiralling violence in the territories.

Simon Peres, Israel's foreign minister, visited Madrid amid this open conflict and asked Mr Aznar for greater involvement from the European Union. This meeting already evidenced the worsening internal crisis in Israeli politics, in a national coalition government struggling to keep its head above water.

An important and novel step which, at the time, aroused certain hopes as to the effectiveness of international pressure, was the Security Council resolution (No. 1402) in March condemning Israel. This resolution called for the withdrawal of the army from Palestinian territories. For the first time the United States voted in favour, showing the new approach to the world order that 11 September seems to have brought about. However, the declarations did not lead to any action.

At the end of that month, the Arab League summit in Beirut unanimously approved the Saudi Arabian plan to support the Palestinians after considerable effort was made to force a consensus between the attendant Arab states (10 out of the 22 which were invited). President Arafat was unable to attend the event as he was confined to Palestinian territory and other notable absences were Egypt's President Mubarak and King Abdullah II of Jordan. Mr Aznar, as president of the European Union, took part in the Arab summit, ratifying the resulting position.

The plan failed to add any significant new aspects to the requirements of returning to the 1967 borders, recognition of an independent state, withdrawal of the army and resumption of negotiations. It is nonetheless important, not so much for its content as for Saudi Arabia's involvement in the peace process. This leap forward will undoubtedly influence Riyadh's future relations with Washington, but has also affected the new context in which the US administration is currently finding itself in this region.

Despite all the efforts of international diplomacy, the aforementioned violence continued. In this situation President Sharon refused to hold a meeting with Mr Aznar and Mr Arafat. President Bush even threatened to take action against his Israeli counterpart's state unless it complied with the United Nations resolution, but this warning fell on deaf ears.

Given the seriousness of the situation, the so-called "Moncloa Quartet" was formed, bringing together the efforts of all the international players, the United States, the Russian Federation, the United Nations and the European Union. Once again, the effectiveness of this pooling of wills lay in its significance with respect to the world order rather than in its objective results regarding the Palestinian situation.

This united front, for the first time, led to a global and multilateral approach to the "Palestinian issue", which was achieved thanks to the European Union's insistence. In a sense, this diplomatic merger helped save the credibility of international society, which is increasingly subjected to the will of the "major powers". At least formally, we may say that the United Nations was given a chance to regain some of the significance of its world role.

As regards the European Union, if this initiative has served some purpose it has prevented the Palestinian side from being trampled on. It is obvious that, however much Mr Arafat has been questioned, if the Palestinian National Authority managed to weather the crisis of the first months of the year, it was owing to the European Union's intervention. Given the Union's diplomatic weight, it could not have expected to accomplish any more than this, but nobody can deny that this is a considerable achievement. In Europe, these circumstances put further pressure on the Spanish presidency, which had to devote much of its activity to Middle Eastern affairs.

This was practically the last effort of international diplomacy. Although the American Secretary of State, Colin Powell, managed to resume talks between President Arafat and Mr Sharon, these were immediately marred by a host of circumstances, such as the arrest and trial of Marwan Barghouti, Mr Arafat's right-hand man, and the investigations of the "crimes of Jenin", etc. All this led to the deterioration of the negotiations between Palestinians and Israelis and the internal situation of both governments.

As for the Israeli government, cracks began to show in the Likud party in May. Benjamin Netanyahu defied Ariel Sharon by opposing his policy. As a result, the Likud ended up stating that it did not recognise the right of a Palestinian state to exist. This position was once more condemned by all the European foreign ministries. The situation subsequently worsened until the end of October, when the Labour Party reiterated its support for the national union government, forcing Ariel Sharon to form a new cabinet in which he had to make concessions to the more radical sectors by incorporating members of these groups—such as general Saul Mofaz, who was responsible for repressing the intifada. This would suggest that the current hardline policy is not going to ease. Mr Netanyahu forced the situation to bring about early elections in Israel.

In May Yasser Arafat, addressing the Palestinian parliament, had to admit to his own strategic errors, leaving the door open for a major reform. However, the Palestinian National Authority was unable to withstand the pressure from the United States and one month later President Bush announced he was willing to support the creation of a Palestinian state provided that Mr Arafat was removed from the political scene. New presidential and legislative elections were immediately announced for January 2003. The credibility of the *rais* has clearly slid to one of its worst lows and he no longer has the backing of many members of the Palestinian parliament.

Despite this announcement, nothing seems really clear in this conflict. Whether or not Mr Arafat stands for election will be a key factor when making forecasts about the future of the region. In any case, elections can only take place if the Israeli army withdraws from the Palestinian territories, but there are no signs of this happening. On the other hand, the prospect of Israeli elections should also be borne in mind when trying to figure out what the coming months hold in store for Palestine.

The situation became deadlocked in 2002. Political changes on both sides may help explode the myths surrounding the conflict, as both Mr Arafat and Mr Sharon have a long history in preventing progress being made towards new positions. With these two leaders still on the scene, the Middle East will inevitably continue with its sights set on the past. New people need to take over in order to resolve the future. On the other hand, the international community, acting jointly, ought to have much greater weight than it currently enjoys. What we do not know is whether this will be possible while there are other international priorities in the same region.

Relations with Iran

Although the Republic of Iran is geographically distant from the Mediterranean, it exercises significant influence over its Arab neighbours as an Islamic state. This year, which witnessed a restructuring of the international order, we must compulsorily include it in this section.

Iran's condemnation of the attacks on New York was essential in preventing an international Islamic insurgency. Mr Khatami's government did not allow itself to be deceived by al-Qaeda's goal of stirring an Islamic uprising against the West. Had it done so, it could have fuelled a conflict that would have risked extending quickly across the other Muslim and Arab countries of Asia. However, the Islamic Republic acted with the moderation that befits a world power.

It is surprising that Iran's position was not fully appreciated. In his address on the state of the nation, President Bush had no qualms about including the Islamic Republic of Iran in the so-called "axis of evil". This irritated Mr Khatami's government and marred relations with the United States.

Given this situation, it is hardly surprising that the European Union has attempted to protect its own interests by clearly attempting to distance itself from America's policy towards Iran.

It is in this context that we should consider the visit of President Khatami to Spain at the end of October.

THE EURO-MEDITERRANEAN PROCESS

The fifth Euro-Mediterranean Ministerial Conference of the Barcelona Process took place in April in Valencia. The situation of the Middle East conflict, which we have analysed above, was a decisive factor in the negotiations held.

The first stumbling block was the boycott staged by Syria and Lebanon in reaction to Israel's participation. It had actually been the fifteen European countries that insisted on the need for Israel's presence, hoping to overcome the current situation and steer the conclusions of the conference towards the future. By denying to take part in any case, the Beirut government postponed the signing of own association agreement with the European Union.

As a result, the conference was scarcely more than a forum for dialogue that allowed a few solutions to the eastern Mediterranean conflict to be proposed and facilitated contacts, even though this is not its purpose.

The fact that the conference was actually held was something of an achievement, although in the end the twenty-five states that attended also approved an action plan. This plan consisted of a number of political, social and economic goals that should progressively bring both sides of the Mediterranean closer together. The most notable aspects, owing perhaps to their novelty, were the creation of a Euro-Mediterranean parliamentary assembly, the inclusion of terrorism as a fundamental concern—the effect of 11 September—and co-operation in matters of justice and internal affairs.

However, let us not forget that we are dealing with intentions. The presidency conclusions expressed the increasingly pressing need to ratify and develop the commitments made at the Europe Mediterranean Forum, precisely because of the current conflict.

The situation in the Middle East undermines the credibility of this declaration of intent. Doubts arise as to whether the true objectives that inspired this process in 1995 can be achieved. We are certainly a very long way away from creating an "area of peace and stability", particularly if we do not reassess the European Union's role as a political player and merely limit it to that of financial agent. As for the attempts at reaching a "mutual understanding", it is essential to take steps to dispel the anti-Muslim prejudice that has arisen from the new international situation as soon as possible.

In addition to the Middle Eastern conflict, whose influence extends to the whole of the Mediterranean as far as the Atlantic Ocean, the other major obstacle to development in the region is the massive and rapid migratory movements that have been witnessed in recent years and continued to grow in 2002. Clandestine immigration from the Maghreb, bound largely for Spain as the gateway to Europe, is due to the current economic gap between the two shores. It is also an activity on which organised criminal groups—one of the most important destabilising factors in the source and host countries—thrive, but above all it is one of the most fertile breeding grounds for the violation of human rights. The situation led to the promise to call a new ministerial conference on Migration and Social Integration of Emigrants for the second half of 2003.

Managing these declarations properly and appropriately is one of the most urgent issues the European Union needs to address. Even if at this stage we are only dealing with intentions, it is obvious that Europe is becoming fully aware of the importance of the Mediterranean for international peace and security. There is still much room for improvement as regards acting on these ideas, but such criticisms must not prevent work continuing in this increasingly necessary process.

THE MAGHREB TRIANGLE (MOROCCO, ALGERIA AND WESTERN SAHARA) AND SPAIN

We could review the situation in the Maghreb during the year by analysing the changes that have occurred in the area independently. However, the fact that these changes have largely conditioned Spain's relations with the different regional players makes it advisable to analyse them from a joint perspective and in connection with the action of Madrid government.

Western Sahara

The current diplomatic crisis between Spain and Morocco is obviously related to the Spanish government's position with respect to Western Sahara.

The United Nations has attempted to rescue the Saharan dispute from the deadlock it has been in for some time now; however, no solution has been found despite the international efforts.

After several attempts by the Security Council to put an end to MINURSO's mandate, the withdrawal date was progressively postponed and eventually set for January 2003.

For yet another year, the continuous postponements led the United Nations' special envoy James Baker to present the Security Council with a programme with four alternatives for the future of Western Sahara.

In February, Kofi Annan disclosed the Baker Report, urging the main international players to adopt stances. The proposals were based on the following alternatives: 1) continue with the Settlement Plan, which envisages a referendum on self-determination; 2) develop and adapt the Framework Agreement, which provides for a self-governing regime and Morocco sovereignty; 3) divide the territory between Moroccans and Saharans; and 4) withdrawal of MINURSO.

The most novel aspect of the plan was, in fact, the pressure it brought to bear on both sides to shake the dispute out of its current rut. For the first time it was established that, in the event of lack of agreement, the Security Council could impose the second or third alternative. This was also the first time that the third option was considered among the possible solutions.

The members of the Security Council began to define their positions with respect to these proposals. They regarded the idea of dividing the territory as risky as it could destabilise the region as a whole, although the Saharans were willing to negotiate on this basis. The options that were discarded were the Settlement Plan and the framework agreement, as each of the parties was unwilling to accept the alternative that was less favourable to its interests. King Muhammad VI showed he was not willing to relinquish an inch of the territory of Western Sahara, while Polisario announced it would declare war if Morocco annexed it.

The United States and France were in favour of making Western Sahara a self-governing region of the kingdom of Morocco; behind this position lay the question of the future exploitation of the region's oil. Britain, which chaired the Security Council, called for a solution that respected the Saharan people's right to self-determination, although when it comes to the crunch, it is likely to cede to America's position. The Russian Federation also proposed maintaining the Settlement Plan. The nonpermanent members of the Security Council were very divided in their opinions.

These circumstances led the withdrawal of MINURSO to be postponed, first until the end of April, then to July, and finally until January 2003, as stated above.

Such was the backdrop to the Spanish presidency of the European Union. From the outset, Mr Aznar's government was determined to urge the Fifteen to agree on a common strategy to settle the dispute. However, as explained previously, European positions clashed. Spain upheld its traditional stance, insisting on the holding of a referendum on Western Sahara and opposing any other type of solution to the conflict.

In the end, the Spanish representative to the United Nations, Inocencio Arias, announced that the Madrid government would accept the solution delivered by the international organisation. The minister of foreign affairs, Mr Piqué, went even further in his statements. He said that although Spain

would abide by the decisions of the Security Council, the Spanish government could not overstep two limits: first, responsibility to history and, second, Spanish public opinion.

The fact is that Spain now stands alone with respect to its position on the Western Sahara, while the United States, France and Britain have formed a common front in favour of Morocco. On the other hand, the longer the solution to the former Spanish colony is postponed, the more likely Morocco's guarantees of carrying out its intentions to annex it are to fade and United Nations to go back to the idea of a referendum

At any rate, it is obvious that King Muhammad VI intends to maintain a firm stance with regard to the territory. Not only has he visited it on more than one occasion during the year; also, in November, without regard for the United Nations resolutions, he gave instructions to his government to draw up a set of measures to develop Western Sahara as Moroccan territory.

Morocco

While attempts were made to settle the Saharan issue, the diplomatic crisis between Spain and Morocco dragged on throughout the year. Morocco recalled its ambassador in October 2001. Subsequently, when the "Perejil crisis" flared in July 2002, the Madrid government recalled its ambassador. The countries have yet to exchange heads of mission.

The Rabat government's minister of foreign affairs, Mohammed Benaissa, explained to the Moroccan parliament that the reasons for recalling the ambassador were Spain's attitude to two key issues: immigration and Western Sahara.

As for the first of these questions, in the past two years Spain has had to step up measures to keep check on illegal immigration from Morocco, on the one hand, and, on the other, reform its Law on Aliens to tighten related legislation.

The Madrid government has not succumbed to international pressure to change its position on Western Sahara. And certainly not as a result of the high sounding declarations of Mr Benaissa, who did not hesitate to accuse Spain of blackmail when Spain's foreign minister, Mr Piqué, expressed his willingness to study the question of the Sahara provided that diplomatic relations were resumed.

The crisis was not solved; on the contrary, it progressively worsened during Spain's presidency of the European Union. In June a group of Spanish authorities and journalists were refused entry to the country. In early July, the Arabic-language Moroccan press—the *Al 'Alam* daily—accused Mr Aznar's government of trying to avenge itself for the occupation of the Sahara in 1975 and blamed it for the failure of Morocco and the European Union to reach an agreement on fishing. These incidents reached a head several days later when the so-called "Perejil crisis" erupted, shortly after Ana Palacio had taken up her post as minister of foreign affairs. It was then that Spain recalled its ambassador in Rabat, Mr Arias Salgado.

Although both the presidency and the ministry attempted to keep the issue of Western Sahara apart from the crisis triggered by Morocco's occupation of the Perejil islet, everything seemed to indicate that they were not separate matters.

The "Perejil crisis" can be interpreted in different ways. The most obvious explanation is perhaps the most widespread: that is, a provocation or threat from Morocco to Spain in reaction to the many pending bilateral issues, including, from Morocco's point of view, Ceuta and Melilla. However, this hypothesis is highly contradictory and leaves room for other interpretations that are perhaps more coherent though little consideration has been given to them. Namely a show of strength for the benefit of Moroccans.

Perhaps the message was not intended for the Madrid government but actually for Mohammed VI, and came from forces—in this case, the military—that are reluctant to forgo their political and social privileges in the reforms the monarch intends. Nor should we overlook the fact that the incident occurred during the run-up to elections in the Alawite kingdom.

Indeed, two aspects of the events of 11 July are significant. First, it seems that the occupation of the islet by the Royal Gendarmerie surprised even the Moroccan authorities. Attempts were subsequently made to change this version to attribute the monarch responsibility for the events. Second, it is highly contradictory that the royal wedding should have been postponed in April as a result of the worsening of the situation in Palestinian territories and that subsequently, in July, the day before the celebrations, the king should have triggered a crisis with Spain. Whatever the case, perhaps Morocco did not expect such a firm and unanimous response from the Spanish political forces.

Irrespective of the explanation for the "Perejil crisis", we should analyse the results in detail. Few things have changed in the Mediterranean since this incident, which almost became a footnote in current relations. For the time being, it has proved more important to bilateral relations between the Madrid and Rabat governments than to the Mediterranean states as a whole, which have lately been on their guard with all the talk of the myth of a clash of cultures. However, in the long term, it should not be regarded merely as a Spanish-Moroccan affair but as a combination of circumstances that involves the European Union as a whole.

Once again the crisis revealed the weakness of the European Union's foreign policy, which had trouble coming up with a firm and unanimous position. Although the official position supported Spain, certain countries' responses were rather lukewarm, such as that of France, which preferred to take a pragmatic stance in keeping with its own interests.

The situation in the Mediterranean proved to be much more important to the United States. The dispute between Spain and Morocco placed Washington in an awkward position, torn between a NATO ally and one of the states in which it has strategic and energy interests. Indeed, it was called on to mediate when the tension mounted.

However, the internal consequences have been considerable for both Spain and Morocco. In Spain, President Aznar strengthened his leadership in the eyes of public opinion. The main political parties managed to iron out their domestic-policy differences and agree on a foreign-policy stance—we should not forget the controversy sparked by Mr Rodríguez Zapatero's trip to Rabat in December 2001.

Furthermore, Spain's firm stand, responding to a threat against its territorial sovereignty with the armed forces, spelled out a message loud and clear to our southern neighbour regarding the cities of Ceuta and Melilla. Finally, the crisis helped raise Spaniards' excessively dormant awareness of defence, and proved the need to have the armed forces ready for conventional interventions other than peacekeeping operations. In this regard, it was a reminder of the material and human resources Spain requires for its security and defence.

It seems that with this incident Morocco attempted to further its own interests and force a move from Spain with respect to the Western Sahara issue. It also hinted at its permanent claims to Ceuta and Melilla, the Spanish self-governing cities in north Africa. As usual, these territorial

claims were repeated during the speeches to commemorate Throne Day in July and the twenty-seventh anniversary of the Green March in November. However, Morocco largely lost the bilateral wrestling match with the Spanish government, which, as expected, once diplomatic channels had been exhausted, not only reacted but had the backing of Europe and NATO.

At home, Mohammed VI was exalted by the Moroccan media and won the support of his people. This is an important fact, bearing in mind that Hassan II still enjoys a more prominent role than his successor.

All in all, the "Perejil crisis" gave rise to a host of speculations on the internal tension the Rabat government is experiencing between the influential elite and the monarch.

Therefore, apart from the Perejil incident, we should not be surprised that the major changes taking place inside Morocco are influencing the country's external action. In this connection, the result of the latest general election in late October cannot go unnoticed.

The election turnout was no higher than 52 percent according to official figures. From this we may deduce that the Moroccan people expect the election results to bring very little change. Despite the attempts at transparency and legality stressed by the Makhzen, the election was limited on two accounts. First, the three millions of emigrants residing abroad were not allowed to vote and, second, the number of constituencies where Islamist candidates were allowed to stand was restricted. Nor does it make sense that some of the territories belonging to former Spanish Sahara should have been included on the political map drawn up for the elections and, as such, interpreted as divisions of Morocco.

In other respects, despite the possible irregularities, it is important to bear in mind that Morocco's political system is similar to the Western democracies, and this should be appreciated while the bilateral diplomatic crisis remains unresolved. In any event, a bigger turnout would no doubt have been more desirable.

As expected, the Socialist Union of Popular Forces Party and the Istiqlal competed for the largest number of seats in parliament. The thirty seats for women in the parliament is a new and noteworthy feature, but more significant still was the rise in the Islamist sectors. The Justice and Development party trebled its seats, a result very much in line with what has occurred in other Muslim countries over the past year. The head of

government is now Driss Jettou, whose profile is very different from that of his predecessors and on whom great hopes are pinned for the development of Moroccan politics.

These results are also consonant with the social developments witnessed in Morocco. The votes secured by the Islamist parties are largely due to the malaise caused by the economic hardship our southern neighbour is experiencing. This situation is reflected abroad in the fast-growing stream of illegal immigrants turning up on Spain's coasts.

Algeria

We cannot omit to mention Algeria when dealing with this triangle of relations. Although the Spanish government has made a point of stressing that relations with Algeria are independent of the current crisis with Morocco, the Rabat government does not share this view.

Algeria signed an association agreement with the European Union at the Euro-Mediterranean conference in Valencia in April. At the same time, it strengthened its co-operation with NATO in the new regional security and defence framework. This Maghrebi state also held parliamentary elections in May in which, contrary to what occurred in Morocco, the Islamist sectors lost ground, although the turnout was also very low.

This led President Aznar to intensify bilateral relations with his counterpart, Abdulaziz Bouteflika. This effort culminated in the signing of a bilateral treaty of friendship, co-operation and good neighbourly relations in October. The enhancement of Spain's ties with Algeria should lead to greater economic co-operation, thereby guaranteeing energy resources and closer collaboration in combating illegal immigration.

In this new climate of closer relations, and with a view to Spain's membership of the United Nations Security Council from 2003, the Algerian government urged President Aznar to continue to press for a referendum on Western Sahara. This circumstance completes the picture of relations between the countries in this region.

Libya is not part of the Maghreb triangle we are analysing. All we will say about this country is that, as the year progressed, Colonel Gadaffi confirmed his devotion to the African Union initiative. In October, on the anniversary of the Republic, the Libyan President condemned the attacks of 11 September.

TURKEY: THE CYPRUS DISPUTE AND THE EUROPEAN UNION

Another of the disputes in the eastern Mediterranean is the internal situation of the Republic of Cyprus and its relations with the European Union. Both matters directly affect the Republic of Turkey.

As we have remarked in previous editions of the *Strategic Panorama*, this dispute has been dragging on since the sixties and progressively worsening since the end of the nineties, when Cyprus became a candidate for membership of the European Union.

Hopes of a Turkish Republic of Northern Cyprus (TRNC) were dashed in 2002. Although the United Nations had advised Cyprus to become unified before joining the European Union, this does not seem likely to happen. During his trip to Nicosia in February, Mr Aznar stated that although it would be preferable for the island to solve its domestic problems, this would not be an essential requisite for joining the Union.

This prediction made by the Spanish premier as president of the European Union was confirmed in October. Whereas the Republic of Cyprus—that is, the Greek Cypriot president Glafkos Clerides—received a definite pat on the back from Europe, with the support of Greece, the aspirations of the Turkish Cypriots have yet to be recognised.

Therefore, when the Republic of Cyprus joins the European Union in 2004, this will only affect the inhabitants of the south of the island (600,000). Those living in the north (200,000) will not be able to benefit from this membership.

Meanwhile, the Turkish Cypriot president, Rauf Denktash, will continue to seek a means of settling this dispute. He will carry on defending the sovereignty of the TRNC under a future confederate state in which foreign-policy and defence matters are shared. This possibility began to fade during the year vis-à-vis the future creation of a federal state as laid down in the 1963 agreements.

The only step made during the year was the possibility of allowing the TRNC to join as a European Union candidate before the Republic of Turkey and irrespective of Turkey's future. However, this solution Mr Denktash is offering does not seem at all feasible. First, because the self-proclaimed Turkish Cypriot republic is only recognised by Turkey; and second, because Europe has closed its doors to the Ankara government.

Indeed, no solutions were found to the Cyprus dispute during the year. Worse still, its only international champion has also had its European aspirations dashed, complicating the strategic landscape considerably.

The internal reforms carried out during the previous year by the Turkish government to earn Europe's confidence were to no avail. In October it was left off the list of ten countries recommended for the 2004 wave of enlargement.

The exclusion of Ankara seems to be related to the economic and political criteria that the European Commission has established as minimum requirements for membership. However, the situation has awakened some of Europe's dormant spectres.

The EU's decision not to allow Turkey to join has raised doubts as to whether, deep down, Europe objects to the idea of having a Muslim state in its midst, particularly given the population increase Turkey's accession would entail.

Turkey has not been rejected outright, but its candidature for the membership of the "Club" has been postponed.

The United States does not approve of Brussels' decision to keep the Turkish republic at arm's length. The US administration clearly expressed its unease at Europe's rejection of its main bastion of defence in the eastern Mediterranean. This confirms the deep contradiction and ambiguity of Turkey's situation—a member of NATO yet an outsider to the European Union.

The situation at home has not helped matters. In the November elections, the prime minister, Bulent Ecevit, was completely ousted from the political scene by the Islamist leader of the Justice and Development Party, Recep Tayyip Erdogan.

Turkey's Islamists hope to convey to Europe a very different image to that of other parties of this nature. They aim to maintain the divide between politics and religion, presenting themselves as a sort of Muslim version of "Christian Democrats". However, neither Turkey's immediate past nor the present international climate of mistrust arising from 11 September seem likely to give the Ankara government much of an opportunity.

2003 will be an important year, which should bring solutions to the issues that have arisen in this area over the past few months. Issues that are deeply rooted but undoubtedly need to adapt to the changing circumstances.

CHAPTER FIVE
IBERO-AMERICA

IBERO-AMERICA

By Marcelino de Dueñas Fontán

GENERAL OBSERVATIONS

Ibero-America, with a total area of 20 million sq km and 507 million inhabitants, is struggling to overcome the uncertainty surrounding its future as a strategic unit. The most important centrifugal forces that are holding back its integration and consolidation as a major power spring from the mistrust of its people, who are fragmented into 19 nations, and inability to identify the most important issues. Nonetheless, there are very significant centripetal forces that should facilitate this desirable integration: first, the region's common culture and two established sister languages, Portuguese and Spanish; the religion, mainly Christian; and, finally, a phenomenon whose existence is only just beginning to be recognised and which, although fought against to the point of vandalism by those who still entertain outdated ideas, time will show to be a progress factor, globalisation.

The year 2002 has had its ups and downs. Negative aspects include the pockets of economic instability that affect mainly Argentina and, to a lesser extent, Brazil and Uruguay, and political instability, located chiefly in Colombia, where an open war seems almost inevitable, but also in Cuba and Venezuela. The application of the concepts of democracy, liberty and human rights is also very limited and doubtful. Among the positive features are the glimpse of a brighter outlook following different elections, the emergence of a new generation that seems increasingly prepared to com-

(*) Translator's note: The IEEE opted for this term rather than the more commonly used «Latin America» in order to reflect the iberian peninsula's special links with those countries.

bat corruption, and the steps being taken, albeit hesitantly, towards supranational economic and political associations.

The establishment of the *Free Trade Area of the Americas* (FTAA), scheduled for 2005, after which the United States will enjoy greater influence in the area, if such a thing is possible, is not far away now. But we should not draw any negative conclusions from this, since any process that helps facilitate Ibero-America's access to well-being, prosperity and social progress, as the FTAA will, must be accepted without reservations. Even so, the desirable creation of the *Ibero-American Community of Nations* will undoubtedly be the most important milestone in these people's development.

THE SITUATION IN MEXICO

Mexico, with an area of nearly two million sq km and over 100 million inhabitants—i.e. one tenth of the total area and a fifth of the population of the whole of Ibero-America—is a very important power, not only on account of its economic and human potential but also culturally. Its proximity to the United States, its partner in the important trade association together with Canada, the North American Free Trade Area (NAFTA), is a major stimulus to foreign trade.

During the year Mexico strengthened its co-operation with Spain considerably in both the business world and in fighting terrorism. Relations with Cuba deteriorated substantially following a timid rapprochement in February, when President Fox visited Havana, until a fresh crisis erupted at the end of March over Mexico's supposed connivance with the United States in keeping Cuba out of the UN conference in Monterrey and even voting against Cuba at Geneva owing to its lack of respect for human rights.

The Pope's fifth visit to Mexico in early August to canonise the Indian Juan Diago and beatify two Zapotec Indians of Oaxaca in Guadalupe basilica bore witness to the fervour of the people and served to exalt Mexico's indigenous cultures.

April witnessed an unusual occurrence when the Senate vetoed Mr Fox's planned trip to the United States and Canada, whereupon the president, in a caustic address, denounced the destructive attitude of the opposition parties, which were attempting to hamper the implementation of his programme of reforms. He again complained bitterly about this at the EU-Latin America and Caribbean Summit held in Madrid. In July he had to resign himself to seeing his plans to build a new airport dashed by a peasants' rebellion.

The opposition parties did not have much success. On the one hand, the elections of the Institutional Revolutionary Party (PRI) in late February were highly irregular. Roberto Madrazo was proclaimed leader of the party, enabling former president Carlos Salinas de Gortari to come out of his self-imposed exile and return to Mexico. On the other, in the April elections the Democratic Revolution Party (PRD) became bogged down with the internal quarrels between the supporters of Rosario Robles and Cuauhtémoc Cárdenas instead of concentrating on building a state truly based on the rule of law.

Other matters of interest were: the tightening of the judicial net around former president Echeverría, who in July was charged with the Tlatelolco massacre of 1968; the identification in August of the remains of the guerrilla fighter Lucio Cabañas, killed by the army during the dirty war of the seventies; and, in November, the conviction for drug trafficking of two generals who furthermore will have to face a new trial for their involvement in the aforementioned dirty war. This great country's democratic health is clearly improving.

The primary sector accounts for five percent of Mexico's GNP, industry for 25 percent and the services sector for 69 percent. As for the social situation, the unemployment rate is very low, at just three percent; the growth rate of the population is a fairly high 1.47 percent; and life expectancy at birth stands at 72 years. Forty percent of the population live below the poverty line. The literacy rate is a reasonable 90 percent.

Despite its adverse indicators, Mexico's rich natural resources and well developed industry point to a positive economic outlook. After eight years of membership of the North American Free Trade Area, its foreign trade is expanding markedly. According to experts, it has overtaken Brazil as Ibero-America's most buoyant economy. Real GDP growth has been downward adjusted and is expected to end the year at 1.1 percent (versus -0.3% in 2001) and inflation at 5.1 percent (as opposed to 4.4% in 2001). Although manageable, the country's external debt is sizeable (\$172 billion), though falling slightly. The deficit in the trade balance will amount to \$9 million. The overall country risk, the indicator of the degree of confidence the international community has in the country's economy, is fairly low.

THE SITUATION IN CENTRAL AMERICA AND THE CARIBBEAN

Central America and the Caribbean comprises six nations, all of which have coastlines bordered by both Oceans except for El Salvador,

which is only bathed by the Pacific, and the Dominican Republic and Cuba, which are Atlantic islands. In general they all have considerably adverse climates and more than their fair share of seismic movements and volcanoes.

The primary sector accounts for 15 percent of these countries' Gross National Product, industry for 30 percent and the services sector for 55 percent—obviously not a desirable breakdown given their relatively low development and average unemployment rate of 13 percent. As for the social situation, apart from the major inequalities, 45 percent of the population live below the poverty line and the literacy rate is scarcely higher than 80 percent. Average life expectancy at birth is 72 years and the population growth rate 1.7 percent.

It is difficult to predict the future of this group of nations, particularly how long it will take them to become integrated into the politico-economic zones that are being shaped. However, this is bound to take place eventually. Their excentric location with respect to NAFTA makes belonging to this area a particularly attractive option.

Nonetheless, this part of Ibero-America is politically highly volatile and the real consolidation of democracy may prove a laborious task, although Costa Rica and, to a lesser extent, Panama, seem to have achieved this. Although larger than Spain, this region (672,000 sq km) accounts for little more than three percent of the total area of Ibero-America, while its 56.6 million inhabitants represent 11.2 percent of the total population. In other words, its population density is considerably greater than in the rest of Ibero-America.

A significant event in *Guatemala* was the Pope's visit at the end of July, during which he canonised Pedro de Betancourt. Also in July, members of the Intervida foundation denounced the intolerable exploitation of agricultural labourers, who live practically as slaves in conditions that are particularly hard on the women, who put up with all kinds of humiliation from their employers in order to keep their jobs, which in many cases pay no more than a dollar a day.

On 15 May, during the European Union-Latin America and Caribbean summit, *Quetzal country*, an exceptional showing of immensely valuable items from a period that spans 27 centuries of Mayan culture and three of Hispanic culture, was opened at the Centro Cultural de la Villa in Madrid. The exhibition ran until 21 July, before moving on to Vienna.

In September, a mudslide, in which stones, rocks and tree trunks were swept along, caused serious damage 155 km away from the capital of Guatemala and killed at least 23 people, mainly children.

Guatemala's main sources of foreign currency are agriculture, tourism and emigrants' remittances. The development begun six years ago following the peace agreement with the "guerilla" continues, albeit moderately. Real GDP growth this year is expected to reach 2.5 percent, lower than in 2001, and the forecast for inflation is six percent (versus 5.5% in 2001). The country's external debt will remain stable at some \$5 billion, that is, at a low level. The deficit in the trade balance will amount to \$1.5 billion, similar to the figure for 2001. Nonetheless, the overall country risk continues to be high.

The new president of *Honduras*, Ricardo Maduro, was sworn in on 28 January, taking over from Carlos Flores. The ceremony was attended by the Prince of Asturias, who visited the reconstruction work carried out after hurricane Mitch in 1998. The country is still suffering badly from the effects of both the hurricane and the drought experienced in recent years.

The forecast for real GDP growth is around one percent (compared to 2% in 2001) and inflation is expected to be up slightly from the previous year to 12.5 percent. Honduras's foreign debt will remain stable at some \$5.8 billion and its trade balance will be favourable at around \$100 million. The country risk is very high.

During his brief visit to *El Salvador* at the end of March, the US President, George Bush, offered to sign a free-trade agreement with all the Central American countries, including Belize. The Central American representatives asked Mr Bush to extend the temporary residence permits of hundreds of thousands of emigrants, particularly Salvadorians and Nicaraguans, who are nearing the end of their authorised stay in America.

One has the impression that *El Salvador* is weighed down by the heavy burden of permanently reconstructing the country following the successive disasters that occur there. Despite strong external demand, development is very slow. Real GDP is expected to grow by around two percent this year, somewhat less than in 2001, and inflation to reach 3.8 percent, similar to the previous year's figure. External debt will remain stable at some \$4.7 billion, a moderate level, and the deficit in its trade balance will amount to \$1.6 billion, somewhat lower than in 2001. The overall country risk is moderately high.

In *Nicaragua*, on 10 January, that is days after the death of the poet Pablo Antonio Cuadra, who is considered the poetic voice of Central America, the new president Enrique Bolaños was sworn in, taking over from Arnoldo Alemán. The Prince of Asturias attended the ceremony.

The former president, Mr Alemán was appointed president of Congress and dismissed from his post shortly afterwards in April after being formally accused of fraud and involvement in a corruption scheme.

Nicaragua's agricultural exports appear to have returned to normal in part, though the country is still feeling the effects of the cuts in financial aid from the international community. Real GDP growth this year is expected to amount to 2.5 percent (compared to 3% in 2001) and the forecast for inflation is 9 percent, somewhat higher than in 2001. External debt will remain stable at \$6.1 billion and the balance of trade will be close to zero (it was -\$1 billion in 2001). The country risk is very high.

The presidential elections in *Costa Rica* took place in two rounds, in February and April. The Conservative candidate, Abel Pacheco of the Social Christian Unity Party (PUSC), beat his opponent, the Social Democrat Ronaldo Araya of the National Liberation Party (PLN). On 8 May the new president took over from his predecessor Miguel Ángel Rodríguez at a ceremony attended by the Prince of Asturias.

Costa Rica has a thriving agricultural sector and microprocessor assembly plants which are contributing to its economic development, though the reforms under way, including large-scale privatisation, are progressing too slowly. Real GDP growth is expected to amount to two percent and inflation to 9.8 percent, similar to last year's figures. Foreign debt stands at \$4.5 billion and the trade balance surplus will amount to some \$800 million, similar to the figure for 2001. The overall country risk is moderately high.

In *Panama*, the presidency of Mireya Moscoso continued as normal. It is now three years since Panama took control of the Canal.

The country has a flourishing services sector in which port activity plays an important role, though its economy depends heavily on the fluctuating prices of farm produce and oil. Real GDP growth will be two percent, lower than in 2001, and inflation will also amount to two percent, higher than last year's figure. External debt remains high, at \$7.5 billion. The deficit in the balance of trade will be down from the previous year to \$2 billion. The overall country risk is moderately high.

In the *Dominican Republic*, the administration of the Social Democrat president Hipólito Mejía, who took up his post in August 2000, continued as normal.

The country is carrying out major structural reforms and has a highly developed tourist industry which, in turn, makes for a buoyant construction sector. Its economy is heavily influenced by fluctuations in the price of oil, which it imports. Real GDP growth will amount to two percent, similar to the figure for 2001, and inflation to seven percent, somewhat higher than in 2001. The country's external debt is considerable, some \$5 billion, and its trade deficit stands at around \$3.5 billion, similar to 2001. The overall country risk is moderately high.

Cuba's relations with Spain were greatly influenced by the considerable number of ETA terrorists who have taken refuge on the island, where, with the knowledge and connivance of the Cuban government, they have carried out activities that are detrimental to Spanish interests and supported Colombian terrorist groups FARC and ELN. The number of Cubans who requested political asylum or entered Spain illegally during the year was very large.

Clashes with the United States were frequent during the course of the year. American legislators, academics and high-ranking officials met in Miami in March to urge America to give a new direction to its foreign policy towards Cuba and put an end to the embargo. According to ambassador Sally Cowal, a Republican, *on occasions the US has found itself backed only by Israel and the Marshall Islands* as regards its Cuban policy. Not even the visit of former President Carter to Cuba in May served to defuse the situation, as the United States' strict application of the "democratic clause"—which, incidentally, was not applied to other dictatorships—is preventing it from easing the harsh measures currently in force.

As for the possible democratisation of the system, this is not very likely to take place during Castro's lifetime given the theatrical measures he took in June to secure millions of signatures to support the reform of the Constitution that would ensure the survival of the Communist regime.

Cuba is nonetheless pressing ahead slowly with the opening-up of its economy and structural reforms. It has important agricultural and tourist sectors and abundant oil and nickel resources, as well as a skilled work force. Real GDP growth for the year will amount to 3.5 percent, similar to the figure for 2001, and inflation to two percent (it was somewhat lower in

2001). Cuba's external debt stands at \$13.2 billion and its trade deficit at some \$3 billion, lower than the previous year. The overall country risk is very high.

THE SITUATION IN THE ANDEAN COMMUNITY

The *Andean Community* comprises five nations located geographically in the northern part of South America. Bolivia is landlocked, while Peru and Ecuador are bathed by the Pacific, Colombia by both Oceans and Venezuela by the Atlantic. Despite their sizeable natural resources, these countries' political instability—which is particularly marked in Colombia owing to terrorism and in Venezuela on account of the government policy—is a stumbling block to any integration initiative.

As a bloc, these countries are very significant. Their total area, 4.7 million sq km, is ten times the size of Spain and accounts for one-fourth of the total area of Ibero-America. The population of 116 million is equivalent to three times Spain's population and accounts for 23 percent of the total population of Ibero-America. Their best bet for the future would undoubtedly be an association with *MERCOSUR*.

The breakdown of this region's GNP is as follows: 13 percent originates from the primary sector, 32 percent from industry and 55 percent from the services sector. The unemployment rate stands at 12 percent. The average rate of population growth is 1.75 percent and life expectancy at birth is 72 years. The literacy level is around 90 percent for the countries as a whole, and is lowest (83%) in Bolivia. Sixty-five percent of the population live below the poverty line—an alarming figure.

In *Venezuela*, Mr Chávez continued to steer the country towards a Castro-style dictatorship under the guise of "Bolivarism", causing a major internal rift between his supporters, who are nostalgic for failed ideologies as a solution to their ills, and the rest of the population—including not only his opponents but also a large majority of the citizens who had once voted for him, the trade unions and much of the military.

The general strikes in April gave way to a widespread popular uprising that led to the resignation and the subsequent imprisonment of Mr Chávez within two days and his bizarre return to power. The sight of the 11 April massacre led by Castro-style gunmen, who, with the inestimable support of Spanish (ETA) and Colombian (FARC) terrorists, wreaked havoc among

the demonstrators, causing some 50 deaths in what was later become known as the "Massacre of Silence", will no doubt be engraved on the memory of the people. The opposition leader, Pedro Carmona Estanga, took refuge in Colombia.

The major demonstrations staged during the following months were quelled by Mr Chávez using the National Guard. In August, Mr Chávez fell out with the Supreme Court, which refused to apply "Chávez-style" logic to the April mutineers. In October he had to resort to army tanks to quash the demonstrations held in Caracas, in which over one million people took part. And in November, the opposition front and military caused to rumours to intensify, ranging from an imminent coup d'état to civil war. In August Mr Chávez seized control of the Metropolitan police, which gave rise to the angriest of protests. There is only one possible solution: the polls.

Despite its significant natural resources (particularly oil, but also gas and minerals) and the structural reforms carried out, Venezuela's economic development is very greatly influenced by its heavy dependence on petroleum and fluctuating crude oil prices, and its political instability. This year the country's real GDP is expected to shrink by 5.3 percent (compared to last year's growth of 2.7%) and inflation to rise to 32.8 percent (from 12.3% in 2001). Although high, its foreign debt of \$33.5 billion dollars is manageable and remains stable. The trade surplus will amount to \$10.7 billion, slightly higher than in 2001. The overall country risk is high.

In *Colombia* peace efforts continued in January and February, while the Revolutionary Armed Forces of Colombia (FARC) rationed their terrorist actions in order improve their position in the talks. On 20 February, President Pastrana considered that all negotiation channels had been exhausted and ordered the army to bomb the demilitarised zone, thereby putting an end to the cession of 43,000 sq km of land to the guerilla in 1998.

The FARC continued with its terrorist actions practically without interruption during the year, adding considerably to its list of murders and kidnappings. Its most significant actions include blowing up 30 electricity pylons in January, causing a major energy problem in Colombia; hijacking a plane with 37 people on board on 20 February; kidnapping the independent candidate Ingrid Betancourt on 22 February; almost 200 killings during the rest of the year; attempting to murder Mr Pastrana during his visit to Italy by planting a 200-kg bomb in Florence, which was fortunately

located and deactivated; the attacks during the swearing-in ceremony of President Álvaro Uribe; threatening 1,098 mayors, leading 120 to resign; and, on 11 November, kidnapping the Archbishop of Zipaquirá, Monseñor Jorge Jiménez, president of the Latin American Episcopal Council, who was freed days later in a brilliant military operation. It is not known who was responsible for the murder of the Archbishop of Cali, Monseñor Isaías Duarte Cancino, on 16 March.

By comparison, the National Liberation Army (ELN) was much more restrained in its terrorist actions, the most significant being the kidnapping of 27 people in a national park on 21 August. The United Self-Defence Forces of Colombia (AUC), an extreme right-wing paramilitary group, announced their disbandment and the end of their links with drug trafficking, although they will remain divided into a series of small groups without a common commander. They may soon agree to a permanent cease-fire.

Government military action began to reap some successes that indicate an improvement in quality following the rearmament begun in January, and the effects of the Colombia Plan. Proof of this is bombing of the demilitarised zone in February, from which the FARC was expelled, the good results of various clashes with these forces and the brilliantly executed operation to free Monseñor Jiménez in November, three days after he was kidnapped.

Legislative elections were held on 10 March, under the threat of the FARC. Both the Liberal and the Conservative parties lost seats in both houses to the independent right- and left-wing movements, which was interpreted as voters' wish to teach the traditional parties a lesson. In any rate, it became clear that the Liberal Álvaro Uribe stood a very good chance of becoming Colombia's next president.

The presidential elections held on 26 May fully confirmed these impressions, as the Liberal candidate Álvaro Uribe won outright, and a second round was not needed. Although it was feared he would adopt an excessively harsh stance, he opted for moderation from the outset and asked the UN to mediate in the conflict with terrorists. The Prince of Asturias attended his swearing-in ceremony on 7 August, when he took over from Andrés Pastrana. The FARC staged various attacks, though fortunately the largest-scale operations were thwarted. Mr Uribe's response to the attacks was immediate: on the 8th he set up an organisation of one million civilian informers and on the 12th decreed a "state of internal commotion"

(equivalent to the state of emergency) throughout Colombia for 90 days, which was extended for a further 90 on 9 November.

Colombia possesses excellent natural resources, particularly hydrocarbons and mines, and a healthy agricultural sector. It has carried out major structural reforms and receives aid from the international community. However, the social tension caused by terrorism and the high unemployment rate clearly affect its economic development. Real GDP growth is expected to amount to 1.2 percent (versus 1.6% in 2001) and inflation to six percent (compared to 7.7% in 2001). External debt is very high, at \$33 billion, though it has fallen somewhat. The slight trade surplus will amount to some \$800 million (\$500 million in 2001). The overall country risk is moderately high.

Between January and May *Peru* witnessed several outbreaks of terrorism for which different groups were responsible, including Sendero Luminoso and the "Tupamaro" Movement. However, the main causes of social turmoil were undoubtedly the clash between the Aguaruna Amazonian Indians and the colonists whom they accused of appropriating their lands in the north-east of the country in January, which ended in 30 deaths, and the June uprisings in Arequipa, Tacna and other parts of southern Peru, in protest against the privatisation undertaken by Mr Toledo's government.

The decline in Mr Toledo's authority during the year, due mainly to the opposition from various sectors to his liberalisation measures, was very considerable. In addition to having to overcome the government crisis in July, his party, Possible Peru, suffered a major setback in the regional and municipal elections on 17 November when it was defeated in at least ten regions by Alán García's APRA and in the local councils, including Lima, which passed to Luis Castañeda, of the National Unity Conservative alliance.

However, the president's resounding success—getting all Peru's political parties and social forces to sign the *National Agreement on Governance* on 22 July, with the inestimable help of former president of the Council of ministers Roberto Dañino—will one day be recognised. The agreement is aimed at consolidating democracy, alleviating poverty and achieving equitable sustained growth through a set of 20 state policies that will be binding for governments over the next 20 years.

Other matters of interest were the deaths of Fernando Belaunde Terry, president of Peru between 1963 and 1968 and between 1980 and 1985;

the sentencing of Álvaro Montesinos to nine years' imprisonment in July; and the repeated grotesque declarations of Mr Fujimori, from Japan, claiming he will stand for the elections in 2006. On a positive note, mention should be made of the award of the Spain's Planeta Prize for literature to the Peruvian writer Alfredo Bryce Echenique.

Peru has major gas deposits and considerable mineral resources and fisheries. It receives support from the international community and has carried out major structural reforms, which should influence its economic development considerably. However, it faces the daunting challenge of combating poverty and social inequalities. Real GDP growth is expected to amount to 3.5 percent (compared to 0.2% in 2001) and inflation to 1.2 percent (versus -0.1% in 2001). Although Peru's external debt is a very high \$29.5 billion and servicing it is very costly, it has diminished somewhat. Its trade surplus will amount to some \$200 million (in 2001 it recorded a deficit of \$100 million). The overall country risk is high.

The presidential elections in *Ecuador* took place in two rounds. In the first, held in October, it became clear that two opposing ideological stances would be pitted against each other in a second round: the group headed by the former colonel Lucio Gutiérrez, who led a coup several years ago, and the group led by the multimillionaire and owner of an agricultural corporation, Álvaro Noboa. Lucio Gutiérrez won the second round on 24 November by a slim margin and thanks to the votes of the indigenous population. Although he was initially dubbed as a "Chavista", his presidency will no doubt be highly beneficial to the country if he manages to maintain a moderate position.

Ecuador has significant natural resources—oil, agriculture and fisheries—and receives aid from the international community. However, it has yet to command the political support it needs to carry out the structural reforms it requires, and this is plunging the population even deeper into poverty. Even so, thanks to dollarisation, its economic indicators are acceptable. Real GDP growth is expected to amount to three percent (as opposed to 5.6% in 2001) and inflation to 11.2 percent (versus 22.4% in 2001). Its external debt is stable at \$13.5 million. The balance of trade is expected to be slightly unfavourable, around -\$800 million (-\$500 in 2001). The overall country risk is very high.

In *Bolivia*, the presidential elections held in two rounds in June and August ended in victory for the former president Gonzalo Sánchez de Lozada, of the Nationalist Revolutionary Movement (MNR), over his opponents Manfred

Reyes Villa, of the New Republican Force (NFR), Evo Morales, the leader of the cocoa leaf producers of the Movement Towards Socialism (MAS), and other candidates from parties commanding less popular support. Mr Sánchez de Lozado took over as president from Jorge Fernando Quiroga Ramírez on 6 August. The Prince of Asturias attended the ceremony.

The former President Hugo Banzer, who governed the country first as a dictator between 1971 in 1978 and subsequently as a Democrat between 1997 and 2001, the year he was forced to resign due to cancer, died in May at the age of 75.

A report published by the press in August claims that, although very slowly, the cultivation of palm hearts is gaining ground over cocoa leaf due largely to Spanish co-operation. The process of winning the war on the drug trade would be speeded up tremendously if the North American market were to open up its frontiers.

Bolivia has sizeable mining and hydrocarbon resources, which attract foreign investors. The economic readjustments made over ten years ago have helped the country achieve its current relative stability. It enjoys a special relationship with MERCOSUR, which affords it access to the important Brazilian and Argentine markets. Real GDP growth is expected to amount to 1.9 percent (compared to 1.2 percent in 2001) and inflation to 1.8 percent (versus 0.9% in 2001). The country's external debt, \$4.3 billion, is relatively very high, though it has decreased slightly. The trade deficit will amount to some \$500 million, more or less the same as in 2001. The overall country risk is high.

THE SITUATION IN THE MERCOSUR COUNTRIES PLUS CHILE

This is undoubtedly the most important area of Ibero-America. Of the five countries it comprises, one (Paraguay) is landlocked, three are located on the Atlantic coast (Brazil, Uruguay and Argentina) and one on the Pacific coast (Chile).

Its area, over 12.6 million sq km, is equivalent to 25 times the size of Spain and accounts for over 63 percent of the whole of Ibero-America. Its population of 234 million inhabitants is equal to almost six times Spain's population and over 46 percent of that of Ibero-America. Although its population density is low, less than a quarter of Spain's, its high demographic rate will lead to a significant increase in a few years' time.

The breakdown of the area's GNP, on average, is as follows: 10 percent originates from the primary sector, 30 percent from industry and 60 percent from the services sector. The unemployment rate is around 10 percent for these countries as a whole, though it is particularly high in Argentina, Paraguay and the Uruguay (25, 18 and 15 percent, respectively). The population is growing fairly steadily at an annual rate of nearly one percent in these countries on average, although it is 2.57 percent in Paraguay, and life expectancy at birth is some 75 years in all the countries except Brazil, where it stands at 64. The literacy rate is over 90 percent in all these countries, except for Brazil, where it is 83 percent. The percentage of population living beneath the poverty line is low in Uruguay (6%), high in Brazil and Chile (22%) and very high in Argentina and Paraguay (37%).

2002 was a testing year for Brazil's economy for two basic reasons: Argentina's economic crisis and the uncertain outcome of the elections in October. And this was in addition to a situation of economic recession in the two most important trade blocs, the United States and the European Union, which led to the depreciation of the *real* at the beginning of the year and an alarming rise in the premium that measures country risk. The support promised by the United States following the visit to Brazil of the Treasury Secretary Paul O'Neill in August facilitated the longed-for agreement with the IMF and calmed things to an extent. Following this, President Cardoso managed to sign a valuable pact with the main election candidates in October ensuring respect for the conditions established by the IMF for continued aid.

The lengthy run-up to the elections saw a rise in the expectations of the left-wing Workers' Party contender, Luiz Inacio "Lula" da Silva, whom the polls placed second, behind the centre-left candidate Ciro G6mes and ahead of the presidentialist candidate Jos6 Serra and the populist Anthony Garotinho. The shift towards a more moderate stance as time elapsed enabled Lula da Silva to improve his chances to the point of becoming the clear favourite after the TV debates with the other candidates. He won the 6 October elections, but with an insufficient margin. After the second round on 27 October, which he again won, this time with 61 percent of the vote, he became the President with the highest percentage of the vote in Brazil's history. He will take over as president on 1 January 2003. His declarations of "*honouring all the contracts signed by the Brazilian government*" and the promise that there will be no "*sudden changes*" dispelled all doubts about the country's economic future. The slogan "*we want a decent country*" had triumphed.

Brazil possesses substantial natural resources and a diversified economy. It also has the support of the international financial community. The various depreciations of the *real* have helped stabilise the currency and improve the trade balance. The new political era that is beginning with Lula da Silva as president should enable the reforms under way to be completed, for interrupting them would be very counter-productive for the nation's economy. This year real GDP growth is expected to amount to 1.3 percent (compared to 1.5% in 2001) and inflation to 7.6%, similar to last year's figure. Foreign debt, although dropping slightly, remains very high: \$235 billion. The depreciations will ensure a favourable trade balance of \$11.2 billion, much higher than last year's \$2.7 billion. The overall country risk is nonetheless high.

In *Argentina* the year was ushered in by continuous "pan banging" in protest against the economic policy of Eduardo Duhalde's government, which shortly afterwards decided to put an end to "dollarisation", abolishing the parity of the peso with the dollar and giving rise to a progressive and marked depreciation of the peso. The chaos that ensued was basically due to the freezing of bank deposits, referred to as the *corralito*, to prevent bankruptcy, recognition of Argentina's inability to service its external debt and the impossibility of implementing a credible economic programme for the IMF and EU to prevent social tension from mounting even further.

Galloping inflation caused the price of the shopping basket to double in March. People started to go hungry, leading to looting and vandalism across the country. Compliance with the conditions imposed by the IMF was only possible through a pact between the government and the provinces. In April the economy minister, Jorge Remes Lenicov, resigned and his department was taken over by Roberto Lavagna.

Throughout May the conditions required by the IMF for reaching an agreement began to be met: Mr Duhalde managed to earn first the confidence of the Peronist governors and then the parliamentary support necessary to repeal the "Economic Subversion" law and amend the Bankruptcy law. Despite this progress, the violent demonstrations staged in June were brutally repressed by the police and two people were killed and many were injured.

The tough negotiations with the IMF continued in the following months, during which the Fund established a political consensus as a requirement. A favourable development was Mr Duhalde's announcement, after reach-

ing an agreement with the governors, of a definitive date for the presidential elections: 27 April 2003.

As of the end of November, Argentina's image is that of a people who are resigned, unable to come to terms with how a country with such rich resources has been plunged into such a situation. An idea prevails in people's minds: the political class is one hundred percent corrupt. "Out with them all" has been the most frequently uttered slogan during this unfortunate year that is now drawing to end. Meanwhile, the news of children dying of malnutrition in Tucuman, no doubt a preview of what will occur in many other places, continued to rock the world. The only ray of hope is the slow progress, which appeared to be made in November, towards the minimum conditions laid down by the IMF for an agreement.

Argentina possesses substantial natural resources, developed agricultural and food sectors and a skilled work force. The deterioration in its political and social circumstances and the unfavourable developments in its economic situation and inability to service its foreign debt have caused it to interrupt the dollarisation process and, furthermore, have lost it almost all its international financial support. Real GDP looks set to drop by 11.3 percent this year (as opposed to a fall of 4.45 percent in 2001) and inflation to soar to 58 percent (compared to -1.55 percent in 2001). Its external debt is very high, \$158 billion, and serving it accounts for 75 percent of exports. Its trade surplus of approximately \$17 billion (versus \$6.3 billion in 2001) is the country's only positive indicator. The overall country risk is very high.

The decision made by *Uruguay* in June to allow the currency to float and abandon the price band system in force since 1992 worsened the economic and social crisis and gave rise to situations similar to those witnessed in Argentina and Brazil. As a result, the value of the dollar rose by 40 percent, inflation rocketed and banking activity came to a standstill.

The IMF made any possible aid conditional upon the restriction of withdrawals of fixed-rate deposits, a measure which created huge social tension. As in Argentina, establishments began to be looted and acts of vandalism were committed. The uncertainty continued until the beginning of August, when the reforms required to secure IMF aid were begun. This enabled the sum of \$1.5 billion granted in May to be raised to \$3.8 billion. Although this helped calm things down somewhat, the economic results for 2002 are expected to be very poor.

Uruguay has a diversified economy with substantial agricultural and services sectors and a skilled labour force and is fairly stable politically,

although the structural reforms that would ensure economic development have yet to be completed. During the year, the Uruguayan economy, ordinarily buoyant, was affected by the turmoil in Argentina. Real GDP is expected to fall by 10 percent (in 2001 it shrank 3.1%) and inflation looks set to hit 35 percent (compared to 3.6 percent in 2001). The country's external debt is likely to drop to \$7 billion and its trade balance, which is normally unfavourable owing to the preponderance of the agricultural sector, should close the year at practically zero. The overall country risk is moderately low.

In *Paraguay*, the opposition staged spectacular protests against President Luis González Macchi, demanding he resign owing to the deterioration in the country's economic and social situation. Supporters of Lino Oviedo, the former general who led a coup several years ago, were evidently involved. The demonstrations were supported by the Liberal vice-president, Julio César Franco, who has held his present post for two years thanks to Oviedo's support and hopes to succeed Mr González Macchi. On 15 July the government decreed a state of emergency throughout the country and proceeded to crack down brutally on the demonstrators and called on the armed forces to intervene. Two people were killed and over 100 were wounded. The situation aroused the mistrust of the neighbouring countries, Argentina, Brazil and Bolivia, which reinforced their borders with Paraguay. On the 17th the government lifted the state of emergency. The behaviour of Julio César Franco may have seriously affected his political future. At the end of November, the resignation of members of the government's team of economic experts as a result of the constant interference of the politicians with their work placed the country on the verge of bankruptcy.

Paraguay has a healthy and open economy with thriving agricultural and livestock sectors and major hydroelectric resources. Its economic development over the past few years has been constrained by its relative political instability and by the delayed implementation of the necessary structural reforms. Real GDP growth this year will be very close to zero (it was zero in 2001) and inflation is expected to amount to 20 percent (as opposed to 13 percent in 2001). Its foreign debt, \$3 billion, has diminished slightly. The balance of trade will be practically zero (compared to -\$500 million in 2001). The overall country risk is high.

Chile succeeded in signing a free trade-agreement with the EU during the EU, Latin America and Caribbean Summit in May. This is a very important achievement, since neither MERCOSUR nor the Andean Community

managed even a commitment of this nature. What Chile aims to accomplish next is a free-trade treaty with United States.

Although in July the Supreme Court finally dropped the case against General Pinochet, who resigned from his post as life senator, it seems that justice could reconsider stripping him of immunity. In any case, 16 of his former military chiefs were convicted in August of the murder of a trade union leader in 1982. The defence minister contends, and rightly so, that the defence minister's power to appoint armed forces commanders-in-chief should be restored.

Chile possesses considerable mining resources and fisheries, a healthy economy and a stable political system. Its economic results depend greatly on its copper exports and oil imports. It also has a major unemployment problem. Real GDP growth this year is expected to amount to 2.2 percent (compared to 2.85 percent in 2001) and inflation to 3.3 percent (versus 2.6% in 2001). The country's foreign debt is a hefty \$37 billion. Its trade surplus will amount to \$2.8 billion, somewhat higher than in 2001. The overall country risk is low.

MILITARY EFFORT

The information provided in this section is taken from the *Military Balance 2001-2002* yearbook and generally relates to 2001. The indicators do not take into account the structure of defence expenses. No data are provided for Costa Rica or Panama, as these countries do not have armed forces. The purpose of the classifications is merely to allow comparison.

The various local economic crises that are related in varying degrees to the grave situation in Argentina on the one hand and, on the other hand, the lack of conflict, except in Colombia, explain these countries' stagnant defence budgets.

Brazil has set in motion the *Phoenix Plan* to modernise its air force, to which a total of \$3.5 billion will be allocated over the next eight years, including \$700 million to build 24 modern fighter jets. It seems that the Brazilian company *Embraer*, which has links with French industry, will build most of these aircraft. In addition, the old aircraft carrier *Minas Gerais* has at last been replaced by one that is considerably better equipped, the *Foch*, recently acquired from France, which had been withdrawn from service and has been renamed the *Sao Paolo*.

Colombia has been awarded a further \$500 million on top of the initial US military aid package of \$1.3 billion in order to step up the fight against drug trafficking. The most costly items, 18 UH-60 *Black Hawk* helicopters, were delivered at the end of 2001.

Mexico, owing perhaps to the increase in oil exports to the United States, has signed a contract with Brazil's *Embraer* to build an aerial early warning and control aircraft (AEW&C) and two EMB maritime patrol aircraft.

Economic defence effort is normally closely related to a country's Gross National Product (GNP) and size. The respective efforts of the Ibero-American nations are as follows:

- High (more than \$1 billion per year): Brazil \$8.8, Argentina \$3.1, Mexico \$3, Chile and Colombia \$2.1 and Venezuela \$1.96 billion.
- Medium (between \$1 billion and \$500 million per year): Peru \$827 million.
- Low (less than \$500 million per year): Ecuador \$400, Uruguay \$367, Bolivia \$130, El Salvador \$112, Guatemala \$108, the Dominican Republic \$103, Paraguay \$81, Honduras \$35, Cuba \$33 and Nicaragua \$27 million.

Relative economic effort, or the percentage of GNP each country allocates to defence, reflects the importance it attaches to defence matters. Effort can be classified as follows:

- High (more than two percent): Uruguay 2.60%, Colombia 2.59%, Chile 2.41%, Venezuela 2.16%, and Ecuador 2%.
- Medium (between two and 1.5 percent): none.
- Low (less than 1.5 percent): Bolivia 1.38%, Brazil 1.37%, Peru 1.25%, Argentina 1.10%, El Salvador 1.06%, Nicaragua 0.87%, Paraguay 0.85%, Dominican Republic 0.76%, Guatemala 0.73%, Honduras 0.60%, Mexico 0.54% and Cuba 0.20%.

The *human defence effort* refers to the total Armed Forces personnel. This is classified, in thousands of persons, as follows:

- High (more than 100): Brazil 288, Mexico 193, Colombia 158 and Peru 100.
- Medium (between 100 and 50): Chile 87, Venezuela 82, Argentina 70 and Ecuador 59.

- Low (less than 50): Cuba 46, Bolivia 32, Guatemala 31, Dominican Republic 25, Uruguay 24, Paraguay 19, El Salvador 17, Nicaragua 16 and Honduras 8.

Relative human effort is the total number of military personnel per thousand inhabitants for each country. It reflects the importance attached to defence. The categories are as follows:

- High (more than three military per thousand inhabitants): Uruguay 7.1, Chile 5.7, Ecuador 4.6, Cuba 4.1, Peru 3.8, Bolivia 3.7, Colombia 3.6, Venezuela and Paraguay 3.3, and Nicaragua 3.1.
- Medium/high (between three and two): Dominican Republic 2.8, Guatemala 2.7, and El Salvador 2.6.
- Medium (between two and one): Mexico and Argentina 1.9, Brazil 1.7, and Honduras 1.3.

As an indicator of *quality of equipment* we have chosen the arbitrary figure equivalent to one-fifth of the result of dividing defence expenditure by total number of military personnel. The levels are as follows.

- High (over \$4,000 per person per year): Argentina \$8,850, Brazil \$6,120, Chile \$4,800 and Venezuela \$4,700.
- Medium (between \$4,000 and \$2,000): Mexico \$3,100, Uruguay \$3,070 and Colombia \$2,660.
- Low (under \$2,000): Peru \$1,650, Ecuador \$1,350, El Salvador \$1,330, Paraguay \$870, Honduras and the Dominican Republic \$840, Bolivia \$830, Guatemala \$690, Nicaragua \$340 and Cuba \$140.

Although the military effort indicators provided for the Ibero-American countries may not be entirely accurate, if we compare them with the indicators for 2001 we may deduce that relative effort, both economic and human, has generally not varied. The same is true of quality of equipment.

RELATIONS WITH THE UNITED STATES AND THE EUROPEAN UNION

In April Chile and EU agreed on the basic points of a wide-ranging free trade agreement. The commitment was signed at the Madrid summit on 17 May. It envisages the progressive abolishment, over a seven-year period, of tariffs, restrictions and quotas.

On the eve of the Madrid summit, President Aznar and the US President, Mr Bush, met at Camp David to exchange points of view and co-ordinate different aspects of their respective government policies, including, in particular, Ibero-America and the delicate economic situation of some of these countries, and the war on terrorism.

The *2nd summit of heads of state and government of the European Union, Latin America and the Caribbean* took place in Madrid on 17 and 18 May and was attended by 52 delegations. Messrs Castro and Chávez sent representatives. The agenda included many issues of great interest, such as human rights, democracy, co-operation against terrorism and drug trafficking, trade between the EU and Ibero-America, the integration processes, technical backwardness and sustainable development.

Although the aforementioned agreement, the second of its kind after the EU-Mexico accord, was concluded between the EU and Chile, it became clear that for the time being it will not be possible to sign another similar agreement with MERCOSUR, despite both sides' interest. It was decided to hold meetings every six months to boost the necessary negotiations. Demonstrations were staged by the anti-globalisation groups which, as usual, commanded the support of the most left-wing parties. One of the keys to the Madrid commitment was the EU's statement of its intention to conclude co-operation agreements with Central America and the Andean Community. The negotiations will begin in 2004 and 2005, respectively.

Without undue haste, the United States carried on with the process of creating the Free Trade Area of the Americas (FTAA), which is due to be completed in 2005. For this purpose it maintained contacts with different Ibero-American countries during the year, particularly Brazil, Argentina and Uruguay.

Furthermore, on 6 August President Bush enacted the so-called Trade Promotion Authority, commonly known as "fast track" authority. This will allow him to negotiate trade agreements with the countries of the region with certain guarantees of parliamentary support for a five-year period. The act also renews the *Andean Trade Preferences Act*, which grants tariff relief to certain products from Colombia, Peru, Bolivia and Ecuador, countries which in turn undertake to collaborate in a fighting drug trafficking. The United States adopted similar measures with respect to its trade relations with Guatemala.

THE 12TH IBERO-AMERICAN SUMMIT

The *12th Ibero-American Summit of Heads of State and Government* was held at Punta Cana (Playa Bávaro, Dominican Republic) on 16 and 17 November. It was attended by his Majesty the King and representatives of the 21 countries, including Portugal and Spain. The Cuban, Panamanian and Peruvian presidents, Fidel Castro Panama, Mireya Moscoso and Alejandro Toledo, did not attend personally, and sent representatives.

The *Punta Cana Declaration* focused on three main issues. First, all the Ibero-American nations called upon both the European Union and the United States to dismantle the existing anti-liberal protectionist barriers which, in the case of Europe, are due to be in force until 2013. Second, all the participants underlined their willingness, as requested by King Juan Carlos, to show greater commitment and greater co-ordination in fighting terrorism in all forms, including the first outbreaks of Islamic fundamentalism detected in South America. Finally, they stressed the need to assess migratory flows from the Ibero-American countries towards the European Union and, very specifically, towards Spain and Portugal, host nations which are asked to put in place a balanced policy with respect to taking in immigrants.

The proposal tabled by the Spanish president, José María Aznar, of adopting a set of measures designed to give fresh impetus to the summit, was approved unanimously and greatly celebrated. In order to implement such measures, the Brazilian president, Fernando Henrique Cardoso, upon stepping down from his post on 1 January, will chair a working group that is due to submit reports on several areas to be studied at the next summit, which will take place in Bolivia in November 2003. The first of these issues is the stance with respect to countries wishing to join the Ibero-American Community, one of which is Puerto Rico. The second point to be studied is whether to transform the Secretariat for Ibero-American Co-operation, which is based in Madrid, into a permanent secretariat; this would be more operative and could represent the Community at major international forums. And lastly, the current organisation of the summits needs to be reviewed in order to adapt it progressively to a scheme that is more similar to that of the European Union and, in particular, sectorial ministerial meetings and Ibero-American development co-operation should be fostered.

SPAIN AND IBERO-AMERICA

In 2002, as in previous years, relations between Spain and the Ibero-American countries have been intense.

On 16 May Their Majesties the King and Queen granted audience to the heads of state and government attending the Madrid summit. On 15 and 16 November they attended the 12th Ibero-American summit held in the Dominican Republic and, immediately afterwards, paid a state trip to Mexico from the 17th to the 20th.

On 29 April His Majesty the King received the Brazilian minister of foreign affairs. On 8 November he officially opened the Ibero-American Forum in Toledo. As regards cultural affairs, on 24 April he presented the Cervantes Prize for literature to the Colombian writer Álvaro Mutis.

The Prince of Asturias attended the swearing-in ceremonies of the presidents of Nicaragua (10 January), Honduras (28 January), Costa Rica (8 May), Bolivia (6 August) and Colombia (7 August). Likewise, on 21 October he officially opened the "10th Ibero-American Conference of Ministers for Youth Affairs" in Salamanca and the "10th anniversary of the Ibero-American Youth Organisation". On 10 November he delivered the closing speeches at the Ibero-American Forum in Toledo, stressing the importance Spain attaches its pivotal role in the EU's relations with Ibero-America. On 20 November he opened the European Forum of Ibero-American Enterprises in Madrid.

Aside from his regular relationship and almost daily telephone conversations with different Ibero-American presidents, President Aznar's activities relating to Ibero-America were particularly intense, especially during Spain's presidency of the European Union during the first half of the year, though also on account of his participation in different international forums representing Spain. On every occasion, whenever appropriate, he called for international aid for Argentina and other Ibero-American countries affected by economic crisis. In this respect, his participation in the meetings of the *UN Forum on Financing for Development*, held at Monterrey (Mexico) at the end of March, the *World Food Summit* held in Rome in June, the *G-8 Summit* in Kananaskis (Canada) at the end of that same month and the *World Summit on Sustainable Development* or "Earth Summit" in Johannesburg (South African Union) in September, as a follow-up to the Rio Summit of 1992, was particularly important.

A foundation with close links to Ibero-America was set up in Madrid in January: the *Elcano Institute*. Conceived as a centre for providing the government with analyses of and proposals for international and strategic matters, it will undoubtedly play a decisive role in consolidating Ibero-America's position on the map of the world of well-being, which coincides with that of democracy and liberalism.

The *Course on Higher Strategic Studies* for high-ranking Ibero-American officials, which was organised by the Centre for Higher National Defence Studies (CESEDEN) and held in Madrid during the first quarter of the year, was described by the Spanish defence minister as "*a first step*" towards shaping the common future of the armies of the Ibero-American Community so that its military "*can think and plan together*" based on the shared principle of "*peace, justice, freedom and solidarity of their peoples*".

On 7 May Madrid hosted the *10th Summit of Mayors of Ibero-American Cities*—26 Ibero-American capitals plus Madrid and Barcelona—an institution which has completed its 20th year of existence and is an instrument for exchanging experiences which are always of great interest.

A meeting took place on 13 May to establish the *Madrid Club* as undertaken at the *Conference on Democratic Transition and Consolidation* in October 2001. Former presidents and prominent politicians from 27 countries, many of them Ibero-American, will participate in this forum, which is intended to support democratic transition. It will be chaired by Fernando Henrique Cardoso, who will take up his post when he steps down as president of *Brazil*.

FINAL REMARKS

During the year that is now drawing to a close, the greatest causes for concern in Ibero-America are the social situation in the Andean Community and Central America and the Caribbean where, respectively, 65 and 45 percent of the population lives beneath the poverty line (under \$1 per capita per day), the grave economic crisis in the MERCOSUR countries, the political conflicts in Colombia and Venezuela and Castro's dictatorship in Cuba.

The United States' economic embargo on Cuba is growing increasingly unpopular; even many American high-ranking officials and intellectuals regard it as counter-productive and unfair.

"Globalisation", through its mechanisms and economies of scale, is a progress factor. Aside from ignoring its positive contribution, its opponents—who are generally nostalgic for Marxism-Leninism—are unwilling to admit that the system that inspires them, apart from being an iron-fisted dictatorship that was as heinous as Nazism but caused ten times as many deaths (100 million as opposed to 10 million), had much of mankind living in dire poverty for over 70 years.

The US's FTAA project should not hinder but complement other free-trade initiatives undertaken by the Ibero-American countries, particularly those focusing on Europe.

Populistic systems often fail to restrict public spending sufficiently or keep external debt in check. This gives rise to situations where countries are no longer able to service their debts and are drawn into a spiral leading to economic collapse.

During the year, as a result of the US initiative, the co-ordination of counterterrorism between the United States, Ibero-America and the European Union improved considerably. The effects will be felt on both sides of the Atlantic.

Many Ibero-American countries are clearly disillusioned with their still incipient democracies, which have failed to eradicate corruption. Many Ibero-Americans attach greater importance to their household economies than to the old ideological debates and to enjoying a system of freedoms.

The serious economic crisis the MERCOSUR countries are experiencing can only be overcome if they adopt structural measures that convince the IMF.

The dubious political behaviour of some presidents elected this year, who in principle seem akin to Mr Chávez, is causing concern in and outside Ibero-America.

2002 was a very good year for Mexico and Chile. For Mexico, because its economy seems to have secured it the position of leading Ibero-American power, and for Chile because, despite difficulties, it is overcoming the transition, has achieved very good economic results and has signed an important trade agreement with the European Union.

Spain, in co-ordination with Portugal, should continue to act as a bridge between Ibero-America and the European Union.

CHAPTER SIX

AFRICA

AFRICA

By Alejandro Cuerda Ortega

Few developments in sub-Saharan Africa have managed to attract the world's attention this past year (2002). Nor has the—as usual—pessimistic news had much of an impression on the developed world, which soon forgets scenes that are no novelty. Many people in the West wonder whether it is worth while making an effort to improve the lot of this long-suffering continent which it perceives as remote, even though nowadays distances mean nothing. But Black Africa is a continent of 650 million expectant people: many of them are hoping for a day's sustenance, others for the arrival of aid from the powerful countries, and others still for the chance to escape to the white world or merely to the nearby big cities that are sprawling into huge pockets of poverty; others hope for some improvement in their lives or in their environment, maybe not much but probably with enthusiasm because Africa's population is largely young and easy to please; and many are merely waiting for the end of their existence, because 340 million people live on less than one dollar a day and 24,000 die of starvation in the world, also every day.

It is well known that, given the precarious conditions in which many people of Black Africa live, any major climate change is a threat to thousands of people whose only means of subsistence is the fragile produce of the land. This year, once again, 13 million people in southern Africa—43 percent of the population—were in danger of starving to death after their crops were devastated by flooding and subsequently droughts. International organisations, particularly the UN, appealed for urgent food aid. In September, particularly in Malawi, tens of thousands of people were dying.

But this fragile and uncertain lifeline—simply managing to eat every day—has snapped on other occasions and in different parts of the continent for many reasons, such as wars, exploitation of the weak, plundering of resources, political persecution, plagues, paralysing diseases and mismanagement and corruption, which go hand-in-hand. This is the case of Malawi, where the plight of the 3.2 million hungry people was worsened by the government's fraudulent sale of grain reserves to Kenya and to government workers at below-cost price, causing losses of \$40 million. The problem of famine in the area has also worsened as a result of several of the countries' refusal to accept genetically modified grain offered by the UN World Food Programme (WFP).

Sub-Saharan Africa was also rocked by a series of conflicts and clashes, wars, massive population displacements and violence as the only dialectic during 2002. These are summed up as follows:

- *Angola*: the war, which had been dragging on for 27 years, lasted until April, when a peace treaty was signed. The rebel guerrilla fighters in the Cabinda enclave continued. The country is devastated.
- *Burundi*: the cruel civil war continued, despite the efforts of the United Nations and Nelson Mandela.
- *Central African Republic*: old quarrels resurged in October and were quelled by government troops with the help of Libya.
- *Côte d'Ivoire*: the military uprising in September caused 340 deaths. A ceasefire was reached in October. The country is now divided into two zones, north and south.
- *Democratic Republic of the Congo*: the signing of the peace treaty with Rwanda in July may have put an end to the bloody four-year war. The troops of the five invader nations have withdrawn, but rebel factions, hatred, weapons and riches are still rife—a worrying combination for a very weak government.
- *Guinea-Conakry*: Constant skirmishes between guerrilla fighters at the border with Sierra Leone and Liberia.
- *Liberia*: Clashes between the government and the guerrilla group LURD (Liberians United for Reconciliation and Democracy). Attempts at negotiating peace were made in September and October. There are currently 165,000 displaced people.
- *Senegal*: Casamance pro-independence uprising continues.

- *Sierra Leone*: the bloody civil war against the RUF (Revolutionary United Front) seems to be drawing to an end. The UN organised the withdrawal of MINUSIL (17,500 soldiers). There are thousands of refugees in concentration camps and hundreds of mutilated people.
- *Somalia*: country divided and dominated by warlords. In October attempts were made to achieve a very difficult reconciliation. Acts of vengeance and sporadic clashes continue.
- *Sudan*: 19 years of war between the Muslim north and the Christian south. Any truces reached last only hours. The US pressed for peace. A new ceasefire in October.
- *Uganda*: ten years of guerrilla actions and slaughters supported by Sudan.

However, having referred to the negative aspects, which we should perhaps recognise as constant features of sub-Saharan Africa for many generations to come, we should point out that many circumstances point to hopes of pacification and development, the signs of peace. And a truly valuable and promising development is that African organisations and leaders are repeatedly talking of shedding their egotism, hatred, dictatorial regimes, corruption and violation of human rights; of the pressing need to focus their attention and efforts on the people and their basic requirements and endeavour jointly to steer these nations towards development and improve production and trade, by reinforcing their civil society and rescuing the African identity, that which is specific to their society, its values and principles.

On 30 July a peace agreement was signed by Rwanda and the Democratic Republic of the Congo (DR Congo) and two months later foreign troops withdrew. In Angola, devastated by 23 years of civil war, the process of rebuilding peace and the nation itself is progressing, albeit with huge difficulties. The settlement of the conflict between Ethiopia and Eritrea, another of Africa's recent horror stories, has been upheld. And Mozambique has progressed from 16 years of civil strife and a post-war period beset with huge difficulties and floods that rocked the world to powerful development. Positive signs of peace have been glimpsed in Sudan and Côte d'Ivoire and between chaotic Somalia's 22 discordant warring factions. These are clear signs of the pacification of the continent, which must be appreciated and actively supported.

On another note, the established of the African Union (AU) has aroused hopes and excitement, as has the New Partnership for African Development (NEPAD), which we will discuss further on. The continent needed a lofty cause to unite its political, economic and social forces and these two organisations have provided just that; both need to be developed, completed and carried forward with hope and effort, but their first steps constitute a promise and deserve confidence and firm support, as if they were Africa's last opportunity to start going it alone. It is surprising to note the collective enthusiasm they have aroused and the extent and impact of the appeals for good governance.

We should not omit to mention the good news that the desert is beginning to shrink in the Sahel, as evidenced by the comparison of satellite photographs. The plant cover has grown in parts of southern Mauritania, north-east Niger, the north of Burkina Faso, central Chad and parts of Sudan and Eritrea—an encouraging phenomenon that has enabled many farming families to go back to working the land and enjoy a means of subsistence.

To end this review of Black Africa, towards the end of the year encouraging news came of an agreement that had been reached at the ministerial meeting of the World Trade Organisation (WTO) in Sydney (15 November 2002) on the production and sale of generic drugs to combat Third-World epidemics such as AIDS, malaria and tuberculosis, which claim millions of lives. So far the unlucky ones infected with these diseases have had no choice but to await their death, almost always in a state of neglect, as they lack the means to acquire the costly medicines available in the developed world.

Thanks to the courageous decision of India and Brazil, the production of these patented medicines at a very low cost had been authorised for exclusive use in poor countries, but they could not be marketed; as a result, nations lacking pharmaceuticals laboratories continued to be deprived of them. This prohibition has now been lifted. From now on, with appropriate controls, the countries least favoured by fortune with populations afflicted by these devastating diseases will be able to acquire them for their patients at very low costs. The agreement needs to be ratified at the forthcoming WTO meeting in Geneva at the end of the year, but there is no doubt this will occur, as the news has already reached the millions of dying people for whom there is now hope.

I will end these introductory remarks by stating that progress is being made in Black Africa. Millions of starving people have been saved; many

hospitals, schools and wells have been built; life expectancy has risen by four or five years; dictatorial governments are being harassed and isolated and are loosening their grip; and in many nations it is now possible to ask and make demands without fear. There is still much to change and abolish, and a huge amount of education and training to be done, but it is worth the Western world's while to continue to strive to help these hundreds of millions of humans who have no wish to go back to being colonies, but are still unable to stand on their own two feet.

WESTERN PRESENCE IN AFRICA

- *The US.* During the year America continued to show an interest in Africa, carrying on with the opening-up process that was determinedly launched by Mr Clinton and appears to be backed by the secretary of state, Colin Powell: "trade, not aid", as Mr Clinton put it. In May the United States passed the Africa Growth and Opportunities Act (AGOA), which led to George W. Bush's first meeting with 30 African countries and high-ranking American officials in Philadelphia at the end of October 2001. Washington considers this to be a productive law as it promotes free trade and the opening up of markets.

President Bush told the African leaders that no nation has entered via the fast-track route without first opening up its economy to the world markets. The act enables the sub-Saharan countries to export their goods to the US in theoretically advantageous conditions, though many observers fail to see these advantages. In order to benefit from this law, the African countries must meet a number of conditions: eliminate aid and the price controls to which certain products are subject, step up the privatisation underway and demolish all barriers to American exports and investments. However, even if the country meets all these criteria, its exports to America are not guaranteed, as America can deny preferential treatment to some of these African products if it considers they compete with similar products of its own or harm its trade interests in any way. These products include, for example, coffee and sugar, traditional African produce, and textiles unless made from American fabric, yarn or thread.

Other requirements laid down by the AGOA are political. African countries wishing to benefit from the act must respect human

rights and be democratically governed, in the opinion of the Bush administration. Washington's criteria for approving or disapproving of a government do not appear very clear, since Rwanda, Uganda, Gabon, Guinea Conakry, Chad and Madagascar, whose democratic systems are very dubious, feature on the list of eligible countries, whereas Côte d'Ivoire and Angola, which continue to be two of America's main African suppliers, do not.

Even so, trade is growing. In 2000 African exports to the US increased by 67.2 percent, while American exports to Africa by only 6.4 percent. But it should be stressed that Africa exports mainly raw materials such as oil, precious metals, diamonds and iron. And Mr Clinton's slogan of "trade not aid" is being put into practice, as trade is growing and aid is constantly diminishing. America's response to Kofi Annan's request for aid to set up a fund for fighting AIDS—for which between \$7 and \$10 billion are reckoned to be required—was rather feeble: \$200 million. And for the time being, it has shown no signs of intending to reduce the African countries' debt, which stands at some \$300 billion.

However, America appears intent on maintaining its commercial presence in Africa. In April, the USA signed an agreement with eight African countries to stimulate investments and promote economic reforms, and expressing the intention to lower trade barriers to exports from the black continent—the real means of facilitating African development, which had been repeatedly requested by the African leaders.

America's action is not limited to the sphere of trade—or perhaps its interest in trade arouses its interest in other African problems. During the first half of the year, Paul O'Neill, then US treasury secretary, made a 12-day tour of four African countries, Ghana, South Africa, Uganda and Ethiopia. After his journey he stated that he was very impressed and moved by everything he had seen and willing to promote an attitude of co-operation with the African countries. Later on, President Bush approved an aid package of \$500 million to combat AIDS in Africa. He also granted \$375 million worth of aid to Mali under the new co-operation plan (2003-2012) for health, education, administrative decentralisation and communications. Also worth mentioning are the frequent visits paid by high-ranking US delegations to Sudan, where they have performed valuable mediation work in the peace talks aimed at ending the civil

war that has been dragging on 19 years, though Sudan is also an oil rich country and is located near the centres of Islamic terrorism. And America is always willing to invite and receive African leaders to discuss democracy.

However, there is one murky aspect of America's African policy that contradicts its campaigns for democratisation and goodwill, namely its relations with Rwanda and Uganda. The United States had not had any forces in Africa for nine years. Following the failure of operation "Restore Hope" in Somalia in 1993, it has not ventured to send more troops, even when the huge-scale killings occurred in Rwanda the following year, despite the clear signs that a massacre was being prepared. And it did its utmost to prevent the UN intervening, just as it did later, in 1996, when the refugee camps in northeast Zaire were attacked. And more recently the US administration has not hesitated to back, even with military assistance, these two nations' occupation of territories they have maintained for years in the eastern part of the DR Congo. This occupation, with the force of arms, has been the main cause of destabilisation and many atrocities and has only one explanation: the plundering of rich mineral resources from which American and European companies benefited.

However, the events of 11 September (2001) seem to have prompted America to reconsider its attitude of nonintervention in Africa: it has some 800 soldiers in Djibouti, stationed at "Camp Lemonier", once a French base, special anti-terrorist units, and naval forces keeping a close and permanent watch on Somalia, where al-Qaeda refugees are thought to hang out. It has also reactivated the African Crisis Response Initiative (ACRI) programme that was launched by Mr Clinton in 1996 to train and equip African intervention troops. At the beginning of the year, high-ranking American and British officials visited Kenya's President Daniel Arap Moi to study the possibility of establishing an Anglo-American base from which to crack down on terrorism in Somalia. It seems that Italy also intends to join this initiative.

These initiatives are causing the United Nations Secretary-General Kofi Annan fresh concern, given that the West's war on terrorism is not restricted to the geographic limits of Afghanistan, as stated in the related Security Council resolution; rather, it threatens to extend to other nations.

- *European nations.* Unlike American diplomacy, that of the European countries in Africa, with a few exceptions, is almost non-existent and their interest in lending aid minimal. Almost all the nations have trimmed the proportion of GDP allocated to development assistance; nowadays, on average, the percentage scarcely amounts to half of the 0.7 percent agreed at the United Nations in 1970. France, the former colonial power that has so far been the most active in Africa, began to withdraw its support years ago, even when it still enjoyed this status, after gradually realising that its relations with Africa were more troublesome than beneficial. This withdrawal became official in 1998 when it carried out an institutional reform of its co-operation system and closed down its military bases in some African countries. This decision was largely due to the consequences of the Rwandan genocide in 1994, which called into question French policy in the Great Lakes region.

Today, France appears to have clearly ceded its position to America, though it has not turned its back on its old contacts and continues to take pride in its long relationship with that world and to defend Africa's specificity. In February, President Chirac invited 13 African heads of state to Paris to promote the new NEPAD joint development initiative. He expressed concern at the scant international aid Africa receives, describing it as "unacceptable". This concern is rather puzzling bearing in mind that France itself has slashed its aid from 0.56 percent in 1994 to the current 0.34 percent.

Nor has Spain stood out particularly this year because of its concern for the problems that plague sub-Saharan Africa. Its full dedication to exercising the presidency of the EU in the first half of the year, the cooling of the European economy in general and, above all, its financial efforts to achieve budgetary balance—which proved successful—diminished its ability to allocate larger sums of money to development assistance (ODA) for the Third World. The percentage of GDP Spain has devoted to ODA in recent years is small, 0.22 percent. This year this figure is up 0.1 percent or so but remains low. Of this aid, only 19 percent goes to sub-Saharan African countries. Regrettably, the hardships and pressing needs of some developing countries leave no margin for coping with temporary downturns in the developed countries' economies.

Although we are dealing with European matters, it is worth pointing out that *China* has become active on the African continent, though purely in matters of trade and industrial expansion as opposed to the humanitarian field. It is snapping up projects and infrastructure construction in several countries whenever it has the chance, not to mention its various activities in previous years. In October it began to build a dam in Ethiopia costing \$224 million.

- *The European Union (EU)*. Unlike the individual European nations, the EU, as a multinational organisation, continues to allocate aid to the needy African countries and it is perhaps this that is providing its member nations with an excuse for being less generous. This year the earliest and most significant aid package, a total of \$120 million, was allocated on 21 January as part of the NIP (National Indicative Programme) for the DR Congo. This marked the official resumption of development assistance for this nation, which had been suspended in 1991 owing to the serious disturbances in the democratic process. This amount makes up the total package of \$200 million granted for humanitarian assistance and reconstructing the country.

Other actions include: various contacts and a fishing agreement with Senegal, the EU's most important partner in West Africa, in June (\$16 million per year); 95,000 tonnes of food aid for Malawi; the agreement during Romano Prodi's visit to the new President Ravalomanana to increase aid to Madagascar by 40 percent to \$577 million over a five-year period; in April, the European commission for development and humanitarian aid carried out a tour of several West African countries, meeting their government authorities; the signing of a NIP with Cape Verde worth \$39 million for the 2002-2007 period; and an agreement worth \$191 million with Mauritania.

Apart from providing specific material aid, the EU, as an organisation with foreign-policy aspirations, also endeavours to intervene in African crises and conflicts as a mediator, arbiter, adviser or promoter of human and children's rights, often with considerable success, such as in the seminar held in Gabon in September to fight against child trafficking.

Returning to the case of the European nations individually, their lack of interest in Africa, which is particularly regrettable given the

urgent and critical need for food, was sadly demonstrated at the Second World Food Summit organised by the FAO (Food and Agriculture Organisation) in Rome in June. The first summit had taken place in 1996, also in Rome, and a number of commitments were made with the aim of halving, to 400 million, the number of hungry people in the world by 2015. There are now 840 million. At the second summit the FAO presented data showing that the programme launched six years ago is proving a flop. So far the number of hungry people has been reduced by only 30 million—a long way off the goal of 420 million in 20 years. This will go down as yet another promise that the powerful countries have failed to keep and another disappointment for the populations abandoned by fortune.

The idea, in June 2002, was to assess what had happened and find a way of giving fresh impetus to the programme. But the developed world did not seem interested. Whereas one hundred or so heads of state and government from the Third World attended the meeting, only two from the powerful Western world deigned to participate: the host, Silvio Berlusconi, and the Spanish premier, José María Aznar, then president of the EU. We should mention that that day, as on every other day, another 24,000 people died of starvation. The West's credibility took a serious knock.

South Africa's president Thabo Mbeki expressed his disappointment:

All the West European and American leaders were here, in Rome, two weeks ago to discuss NATO. All of them without exception turned up; but they are not here today. I imagine it is because they do not consider that the problem of over 800 people who are afflicted by hunger to be important.

The director general of the FAO, Jacques Diouf, stated:

How many OCDE heads of state and government have bothered to come to this summit of the poor? Only two, out of a total of 29! That is an indicator of the priority attached to the tragedy of hunger.

It should be noted that the US delegation at the summit—with the tacit agreement of the EU—opposed including a reference to the existence of "the right to food" in the final declaration. And also that

none of the Western countries that engage in extraction of nonrenewable raw materials in Africa has yet ceased to exploit these resources.

EMIGRATION TO SPAIN

The most prominent aspect of relations between Spain and Africa, and one that is both disturbing and involves exceptional effort with little to show for it, is illegal immigration. Over the past year, Spain has been literally swamped by a continuous flow of illegal immigrants from the African coasts who amazingly defy the hostility of the night, an element most are unfamiliar with—the sea—the tight surveillance of the Spanish security forces and adverse weather conditions in order to risk their lives in primitive boats to reach the coast of Spain, which is the coast of Europe, where they are subsequently easily spotted, unable to conceal their distinctive racial features. They are obviously driven by necessity, fleeing from the dire poverty of their hometowns, but the toll of deaths from drowning and the list of missing persons are impressive.

To make matters even worse, these poor people, who risk everything to improve their own lives or those of the families they leave behind, have to pay the criminal gangs who organise the smuggling of people disproportionate sums of money for these risky and unbearable crossings. How they manage to come up with the cash, which logically has to be paid compulsory in advance, is very difficult to imagine. The price is equivalent to five or six months' wages from the exacting jobs that the few "lucky ones" managed to secure later on, but in their countries of origin or transit, which is where they have to earn the money needed to pay for the crossing in the flimsy boats, it can take five or six years of effort and sacrifice to save it up.

If, on top of this string of hardships, we consider that some have to travel many kilometres, sometimes thousands, in the most precarious of conditions to reach the clandestine ports where they embark, the trials and tribulations of these poor people seem absolutely inhuman. However, as mentioned earlier, the number and frequency of these arrivals is normally described as an avalanche.

Anyone, including the Spanish government, tends to pity these human beings who are driven by poverty and despair to endure such hardship; but this does not mean that immigrants should be allowed to enter freely

and in an uncontrolled manner. Africa has 800 million inhabitants, possibly over half of whom would like to live in Europe. Even if this were only true of one-tenth of the population, it would be impossible to cope with such an influx. It is essential to regulate immigration and control arrivals. The Spanish government has designed and adopted a whole range of measures to perform both tasks and to ensure the peaceful social integration of immigrants. It should be borne in mind that Spain not only has to deal with an inflow of African migrants but also an inflow of migrants from Spanish-speaking America, which is similar in size though very different, as well as East Europeans, who have specific characteristics of their own but also account for a significant proportion of migrants.

Every year Spain establishes a quota of immigrants whom it can take in on the basis of existing jobs and available social facilities for easing integration. The figure for 2002 was 32,000. In view of the existence of a considerable number of irregular immigrants, who were not subject to any control or entitled to social assistance—some 350,000, 70 percent of whom are exploited by employers—in the past two years the government has launched four special regularisation processes. As a result, 428,924 foreign nationals managed to legalise their situation and obtain residence permits and access to the labour market. A further 250,000 could not be dealt with and had no choice but to return to their countries of origin and reapply another year.

At the beginning of the year, the total number of foreign nationals with residence permits amounted to 1,243,919, 3.11 percent of Spain's population. Of these, 323,705 are Africans, who account for 0.81 percent of the population according to the census. Although in itself this figure is not alarming, we should note that it has grown in a very short time, that 102,595 are unemployed, 250,000 are totally illegal and the rate of arrivals remains very high and has climbed by 34.72 percent this past year. Some 9,000 pitch up in Madrid every month.

It is obvious that the issue of illegal immigration, with its tragic and regrettably frequent losses of human lives in the Strait of Gibraltar, which causes adverse reactions from people living near the pockets of illegal immigrants and requires increasingly integrated efforts to control the massive arrivals, would not exist without the criminal groups. This smuggling of people should not only be combated at the arrival points, but also in the countries of origin, which should be offered, in exchange, as many jobs for their citizens as circumstances allow. For this purpose, the Spanish

government has signed or is currently preparing treaties with Morocco, Algeria, Nigeria, Mauritania, Mali, Senegal, Côte d'Ivoire, Cape Verde, Angola and Ghana.

THE MONTERREY SUMMIT

The UN Forum on Financing for Development began in Monterrey (Mexico) on 18 March. It goes without saying that the meeting ended without any formal commitments of assistance, although there were novelties that may mark a substantial change in criteria.

This conference—as is well known—was supposed to request a special financial contribution to enable poverty in the world to be halved by 2015, but America, represented by President Bush, announced that it wanted to change the criteria for reaching a new agreement, and was supported by the EU. Mr Bush stated that there will be no more money unless changes are made in the poor countries' political and economic structure:

For decades, the success of development aid was measured only in the resources spent, not the results achieved. Yet, pouring money into a failed status quo does little to help the poor, and can actually delay the progress of reform.

He specified that, in order to reduce poverty, trade needs to be developed. He cited as an example South Korea, China and Chile, countries which trade has helped "to replace despair with opportunities for millions of their citizens". This proposal surprised many of those present but the fact is that, in the end, they all signed the "Monterrey consensus", except for Fidel Castro of Cuba. As immediate backing for the new policy, the EU and the US promised two aid packages of \$8 and \$5.6 billion respectively—substantial figures which nevertheless scarcely account for 20 percent of the annual requirement. The European countries also expressed their willingness to boost their contributions. During the 2001-2004 period, Spain will allocate \$7 billion, over \$1.7 annually; this amounts to roughly 0.28 percent of GDP, and should be increased to 0.33 percent in 2006.

THE JOHANNESBURG SUMMIT

The World Summit on Sustainable Development or "Earth Summit" was held in Johannesburg at the end of August. It was the biggest confe-

rence in the UN's history, as it was attended by over 1,500 ministers from all over the world and some 100 heads of state and government. The US President did not attend. This time the EU showed notable interest in its representation and arguments. Two major issues were discussed: eliminating poverty and fighting against environmental deterioration, and it therefore cannot be said that the EU's active participation was due to either.

The summit was intended to be a follow-up to the previous one (1992) held in Rio de Janeiro. The "Rio Summit" aroused great expectations and ended with the conviction that the developed nations were seriously willing to help the poor countries fight poverty, but the resolutions adopted were no more than good intentions that have never been put into practice.

On this occasion, the EU had prepared its addresses and proposals diligently, convinced of the need to make determined progress both in finding an effective solution to the huge pockets of poverty in the world and in consolidating its leadership in the defence of nature and opposition to human-induced climate change, as stated in the "Kyoto Protocol". In this chapter we will only deal with the first of these goals, poverty, water, health and farming, which are fully relevant to Africa's situation.

It was a key occasion for concluding specific agreements to enable the essential goal of what has been called the "Millennium Declaration" to be achieved: halving the number of people who live in dire poverty by 2015. The EU centres its greatest effort on the problem of water, given that millions of people die every year because they have no access to safe drinking water and one-third of the world's population lives in countries with insufficient water to meet their basic consumption and hygiene needs. The aim was to have halved the number of people without water by 2015, allocating to this goal the sum of \$1.4 trillion, to be invested in 2003, and increased in the following years.

On this occasion, the African countries, and many others attending the summit, did not waste the opportunity to express their disapproval of America's policy, which they regarded as showing little solidarity towards mankind's great problems. The secretary of state, Colin Powell, who headed the US delegation, had to listen to loud protests when beginning his address and some of the attendees even left the room. It was not just that the most powerful country in the world was addressing the representatives of 815 million hungry people; or that its president had chosen not to attend the "famine forum". On top of all this, the US policy of farm subsidies is seriously hampering the trade in Third World countries' agricultural

produce and textiles, America did not wish to sign the Kyoto protocol, and is the nation that allocates the least to development assistance in terms of effort, a mere 0.11 percent of its GDP.

But America appeased its critics with money for the most needy and presented five aid initiatives with financial backing: water distribution, with \$970 million in three years; access to energy, with \$43 million in 2003; combating famine in Africa, with \$90 million in 2003; protecting the Congo forests, with \$53 million in four years; and combating AIDS, tuberculosis and malaria, with \$1.2 billion in 2003.

As usual, the expectations of the Johannesburg summit were scarcely met—"very ambiguous results", as Kofi Annan put it. However, governments and enterprises committed themselves to halving the number of people without access to clean water by 2015.

NEW ORGANISATIONS IN AFRICA

- *The African Union (AU)*. Officially established in Durban (South Africa), on 9 July, in the presence of 40 heads of state or government and the UN Secretary-General. Mainly promoted by Libya's Muammar Qaddafi, and based on the EU, this new multilateral organisation has now begun its activity after a long period of negotiations and agreements and has replaced the old "Organisation for African Unity" (OAU), whose 38th and last summit was held on that day and in that city.

The OAU was established in 1963 as a pan-African organisation. The "fathers" of colonial emancipation pinned great hopes on it. However, it had been flagging to the point of becoming almost totally inoperative and had turned its back on reality. To cite Yoweri Museveni, the president of Uganda, it had become a "union of dictators and criminals". The OAU never made an effort to promote freedom and progress, or Africa's political and economic emancipation, the purpose for which it was set up. With the excuse of "not interfering in domestic affairs", it failed to prevent or put an end to any of the many conflicts that have so often plagued the black continent. Nor did it ever go any further than rhetoric in the wars of liberation that some countries waged on the colonial powers or defend freedoms. Indeed, it was eventually made up of, and even presided by, notorious dictators and perpetrators of genocide.

The new AU aims to model itself on the EU, though no compulsory exclusive requirements have been established as to the democracy of its members, without which it will never succeed in resembling the European organisation. What it has envisaged is a committee to verify the degree of democracy and respect for human rights of the member states, but it has also established that membership of this committee is voluntary and only its members can be examined. Colonel Qaddafi has made a point of stating that he will not be supervised by anyone.

However, the nascent AU has already made some decisions of far-reaching importance. The first was to address the problem of corruption that seems to be costing the continent some \$148 billion every year. In September a project, under consideration for a year, to invite all government officials to declare their assets when taking up office and to ensure ethical conduct was approved in Addis Ababa (Ethiopia). It is to be ratified by the heads of state at the forthcoming summit, which will take place in Maputo (Mozambique) in 2003.

Certainly, some leaders are seriously willing to solve the major chronic problems of the African world, though there are also doubts about whether this is possible, bearing in mind the vices, methods and arbitrary impositions that have characterised African governance for many years. Kofi Annan has suggested that the African leaders should avoid complacency at all costs, reminding them of the vast size of the continent, its economic underdevelopment, its debts and legacy of wars, and inviting them to ratify the project for a parliament to provide the AU with a legislative body.

The newly established AU has been given a one-year transition and running-in period. The documents submitted speak of structuring and regulating the four principal organs: the conference of heads of state, the executive ministerial council, the commission and committee of permanent representatives. It will also have its own parliament, central bank, security council and peacekeeping force. It will be based on the New Partnership for African Development (NEPAD).

Morocco, one of the founders of the OAU, has refused to join the association if the Saharan Democratic Arab Republic belongs as an independent nation.

- *New Partnership for African Development (NEPAD)*. This new partnership, NEPAD, seems to have got off to a good start. Established in 2001 within the nascent AU on the initiative of several African leaders and encouraged by South Africa's President Mbeki, it is inspired by the US Marshall Plan for reconstructing Europe after the Second World War. Its purpose is not to increase the humanitarian assistance these countries receive but to promote foreign investment in the continent, at the same time helping to place African products on the world market. The four member states who lead the initiative are South Africa, Algeria, Nigeria and Senegal.

The optimism inspired by its first steps springs from the fact that it has been particularly well received by the main world organisations, perhaps because, for the first time, it constitutes an attempt to promote new African markets instead of the usual requests for humanitarian assistance. On 25 March its leaders met at Abuja (Nigeria) to establish the NEPAD's priorities and adapt them to the international community's development programmes in order to subsequently present them at the G-8 summit in Canada. Four priority sectors were defined: agriculture and access to international markets; infrastructure (water, transport, energy and information technology); capital flows; and human development (health and education).

Between 15 and 16 April a conference on financing the NEPAD was held in Dakar (Senegal), attended by 30 African leaders and representatives of international organisations and private companies, 50 of them American. The World Bank expressed great interest, supporting the recent decisions taken at Monterrey. However, as its establishment and launch hinged on financing the plan, it was in June, at the "Group of Eight" (G-8) summit in Canada, when NEPAD achieved its first significant success. In view of the Canadian prime minister's appeal for solidarity and the United States' promises of support, the representatives of the eight richest countries in the world recognised that they cannot continue to be passive observers of the dire poverty in which millions of Africans live and decided to back the NEPAD.

The G-8 leaders asked the four African heads of state attending the conference to prepare a plan to launch the partnership, warning that their effort would be limited to African nations that opened their

doors to foreign investment and, subsequently, upheld the principles of good governance, with democratic systems and respect for human rights. They also made it clear that their contributions would be supervised as closely as possible to prevent the squandering and ineffectiveness witnessed in some cases in the past.

They agreed on a financing scheme establishing that half of the ODA committed at Monterrey, \$12 billion, would be allocated to the 53 African countries as a whole. They also agreed on a supplementary effort of \$1 billion to reduce these countries' foreign debt and progress towards fully cancelling that of the most heavily indebted countries and those worst hit by the fall in the prices of commodities. The biggest contributions came from Japan and America. This was only the beginning, but a very encouraging one. In mid-September the United Nations General Assembly devoted a special session to Africa and, specifically, to examining the NEPAD.

AFRICAN OIL

That there is oil in Africa is nothing new. What is new is the discovery of oilfields (and the resulting negotiations over their exploitation), the plans for an international oil pipeline and some quarrels over the delimitation of unclear borderlines which had never given rise to any friction or recourse to international courts but have become possible sources of crises now that they have been found to contain oil. While these developments, in themselves, would not warrant world attention, we should point out the changes they have brought about in the strategic interests of some major powers, which seem determined to take up more advantageous positions that guarantee them supplies of these new energy sources.

The fact is that the new deposits are located around the Gulf of Guinea, which already produced a significant amount of oil, but now enjoys greater importance than before as a strategic objective following the discovery of the new oil traps. This interest is even greater bearing in mind that the Middle East, hitherto a key source of supply to the West, is a politically unstable region in permanent conflict with increasingly demanding and changing leaders, some of whom do not bother to conceal their growing animosity towards the Western world and, more specifically, towards the United States. And the fact that Islamic terrorism seems to have established its headquarters there, without obvious protests from the neigh-

bouring countries and with proclamations and categorical threats of harming the interests of America and its allies, makes the region even more inaccessible and insecure. These negative circumstances do not apply to African oil.

Estimated crude oil reserves in the Gulf of Guinea, as far as Angola, are as follows: *Nigeria*, 28 billion barrels; *Angola*, seven billion; *Sao Tomé and Príncipe*, four billion; *Gabon*, 2.5 billion; *Congo-Brazzaville*, 1.5 billion; *Chad*, which will soon begin to pump 200 thousand barrels daily along a 1,070-km pipeline as far as the coast, via Cameroon, one billion; *Equatorial Guinea*, 500 million; and *Cameroon*, 400 million. That is, some 45 billion barrels worth of identified and measured reserves, not to mention the oil that is produced, in smaller quantities, in Côte d'Ivoire, DR Congo and Benin, all of which are in the same area.

Although this volume accounts roughly for only one-sixth of the 261 billion barrels produced by Saudi Arabia, experts say that the potential for expansion is very great. In six years Equatorial Guinea has gone from producing 17,000 to 300,000 barrels daily; new petroleum deposits have been located in Mauritania since 2001, and in the Central African Republic; and Morocco recently granted permission for prospecting in the disputed waters of Western Sahara.

Apart from its abundance, which looks set to increase, African oil has other advantages: it is high-grade, has a low sulphur content, which makes it easier to refine, is concentrated around the Gulf of Guinea area, that is, by the open Atlantic Ocean and sea traffic does not have to navigate any straits or channels such as Suez, the Red Sea, Mandeb, Hormuz and Gibraltar in the Middle East region; and there are abundant offshore drilling and production rigs, which make it easier to supervise, protect and control both the platforms themselves and the tankers that transport the oil.

The oil companies Total-Fina-Elf, Royal Dutch Shell, Texaco, Agip and other smaller ones have been operating in the region for a long time, but the new oil wells have been snapped up by the US giants Exxon Mobil and Chevron and the independent Amerada Hess. The American firms have been particularly indulgent with the leaders of the new oil producing countries, such as Equatorial Guinea. African oil, including that from the north of the continent, covers 15 percent of America's needs and this figure is expected to reach 25 percent by 2015. Indeed, Africa is one of that market's fastest-growing sources of oil and gas.

Apart from heavy pollution and irreparable damage to the environment, this significant oil production provides these impoverished African countries with billions of dollars that ought be spent on areas so badly in need of assistance such as education, infrastructure and health, though in many cases this has not occurred. Nigeria has exported \$320 billion worth of oil over the past 30 years, yet practically the only improvements in its infrastructure are a few neglected highways and several sports centres. One of its recent leaders, General Sani Abacha, who died in 1998, is believed to have amassed a fortune of over \$4 billion.

Angola is another case: an IMF report released in early October revealed that \$4 billion had been siphoned off the state budget in the past five years. It is feared that the huge sums of money that are entering Africa are encouraging its dictators' greed.

COMMENT

We must remain hopeful that Africa will not always be a problem and will overcome the precarious situation we are so familiar with. It is endowed with huge human resources and its raw materials are coveted by many developed countries. Its population's youth—for over 50 percent of Black Africa's inhabitants are less than 20 years old—is an encouraging factor. But, without help, Africa cannot build a better future. We must admit that although some foreign efforts have proved useful, other operations have contributed to disorganisation and corruption. Many Africans are determined to overcome the social and economic difficulties that are holding back the continent's development. Education at all levels is undoubtedly the key to Africa's future.

TWO WARS END (FOR THE TIME BEING) AND ONE BEGINS

Angola (1,246,700 sq km)

On 22 February, Jonas Savimbi, the legendary leader of the UNITA movement (National Union for the Total Independence of Angola) died in combat when fighting against the government forces. He had fought for 27 years against the MPLA (Popular Liberation Movement of Angola) and its leader, the nation's President José Eduardo Dos Santos.

The MPLA had been a Marxist-oriented movement backed by the USSR and Cuba. UNITA was formed to fight against Portuguese colonial rule and, once Angola was independent, gained the favour and support of the Western world, particularly America, in its fight against communism. It is now many years since the support and favours ceased. In some cases, its friends changed sides, such as America, which is said to have done so when huge petroleum deposits were discovered in the territory controlled by Mr Dos Santos. But the devastating war continued, plunging the country into the cruellest suffering and poverty.

News of Mr Savimbi's death prompted the people to take to the streets, dressed in festive white, in the government-controlled cities; but people throughout the nation hoped that peace could have arrived at last, and the flags of UNITA and the MPLA were seen together. On 12 March Antonio Dembo, Mr Savimbi's successor, also fell. The following day the government ordered actions against UNITA to be called off and proposed negotiations, promising an amnesty if it laid down its weapons. The first agreements were reached two days later. The ceasefire agreement was signed on 31 March and immediately afterwards parliament passed an amnesty law for the rebels. Peace was proclaimed on 4 April.

So ended 27 years of cruel war and abundant use of materiel by both sides; the MPLA financed theirs with oil sales and UNITA with the proceeds of the diamond trade. The irreconcilable positions, the immediate failure of the attempts at reaching a treaty owing to Mr Dos Santos's intransigence and the accumulated hatred fuelled by the huge damages suffered by both sides left no other hope than the death of one of the leaders, as has occurred.

Following disarmament, the outcome is as follows: one million dead out of a population of 13 million inhabitants; four million people who had fled and were displaced and are now returning to search for what remains, if anything, of their properties. A country that is devastated, razed to the ground, sown with four or five million mines that are preventing the essential crop cultivation and cause some 60 accidents daily, including deaths and injuries. Seventy-eight percent of the rural population lives in poverty and in most population centres the only means of existence is rummaging in trash. And thousands of starving people flock to the cities in the hope of finding some means of subsistence; many die of starvation every day. Today Angola is at the bottom of the world ranking with respect to child survival rates—some 300 children per thousand live births die before reaching the age of five.

The UN, the EU, NGOs and many other international organisations have launched appeals for urgent relief. In September the World Bank promised \$120 million to help reconstruct the country. The WFP (World Food Programme) provided aid for 1.5 million Angolans in September and for 21.8 million in October. Four million people require urgent daily assistance. In July the country urgently required \$171 million for its most pressing needs. In May the EU began to deliver 125 million worth of aid and the NGOs launched a programme to vaccinate 172,000 children.

Special mention should be made of the demobilised UNITA troops, some 55,000 combatants. According to the Lusaka Protocol establishing the peace conditions, some 5,000 UNITA soldiers and commanders must be integrated into the national army. It is essential to reintegrate the remaining 50,000 into society promptly.

For this purpose, the government has set up a "special service for national reconstruction", one of the priorities of which is to provide accommodation for the UNITA combatants and their families. Logically, it also focuses on solving the problems of the war victims, procurement of provisions and agricultural tools and rebuilding infrastructure, particularly hospitals. Today UNITA is merely an enfeebled political party bereft of support.

At the same time, it taking care not to neglect the enclave of Cabinda—located between Congo Brazzaville and the DR Congo—which possesses considerable petroleum resources and has been struggling for independence for several years. The UN has also set up a joint commission to support and supervise the peace process, and to ensure it is compatible with measures to remedy the critical humanitarian situation.

Angola is now much poorer than when it gained its independence. Twenty-seven years of war have plunged it into a state of dire poverty. But it has also endured 23 years of incompetent and corrupt government. Despite this nation's vast oil, gold and diamond resources, the Bank of Angola has neither gold nor currency reserves. Inflation is running at around 325 percent, its GDP per capita at the current exchange rate stands at some \$700 and much of its population subsists on international relief. The massive proceeds of oil sales seem to have gone mostly to financing the war and to private bank accounts.

With the attention of the world organisations focused on Angola and with elections around the corner, we are now hearing proclamations of good governance. Certainly, the end of the war has put paid to the excu-

ses of purchases of materiel that enabled fortunes to be amassed. If Angola eventually has a clean and transparent government, investigations of the immediate past may give Jonas Savimbi the victory he failed to achieve in his lifetime.

Democratic Republic of the Congo (DR Congo)

As is well known, following the murder of Laurent Desiré Kabila, on 17 January 2001, his son Joseph Kabila was appointed his successor. The new president began his mandate by meeting the heads of state of the three nations that had sponsored the ceasefire agreements of Lusaka in 1999 (the USA, France and Belgium) and the UN Secretary-General. He informed them all of his intention to establish peace in the DR Congo and pointed out that the main stumbling block was the presence of foreign troops from six nations and asked for help in ensuring their withdrawal, particularly those of Uganda and Rwanda, which were fighting against his government with 30,000 soldiers.

Since then the tensions, clashes and killings have not ceased. Joseph Kabila has been subjected to all kinds of pressure. His government has been characterised by instability and inability to put a stop to all these outrages. One of the essential conditions for restoring peace was to establish a dialogue between all the parties to the conflict and the civilian population, attempting to reach agreements that made co-existence possible, the so-called "inter-Congolese dialogue". Mr Kabila has attempted to bring about these meetings, which have resulted in all kinds of interruptions, cancellations and rebuffs.

The UN has either not hit upon the means or not managed to promote peace in a clear, determined and resolute manner. It is hard to justify its passivity. Taking action would not even have amounted to interfering in domestic matters since, first, there were plenty of humanitarian reasons for stepping in; second, an invasion by force of a sovereign nation had occurred (Uganda and Rwanda); and lastly, the president of the nation had asked the UN for help.

Even in 2001, the UN Security Council had merely called on the many clashing rebel groups to withdraw their troops and asked Uganda and Rwanda to pull back 15 km from the line of fire, which eventually, after considerable delay, occurred in May that year. These movements were scarcely relevant to the true reasons for their presence in the DR Congo,

namely continuing to plunder its resources. Even Angola and Zimbabwe, which were theoretically on the Kinshasa government's side, have been reluctant to abandon their positions for the same unmentionable reasons as Uganda and Rwanda since Laurent D. Kabila appealed for their help.

At the beginning of this year, 2002, which got off to a bad start with the eruption of the Nyiragongo volcano that destroyed 80 percent of the town of Goma by the border with Uganda, the sad situation of suffering, massacre and disregard for people's fundamental rights continued, while the international community failed to act and with the complicity of some self-interested Western countries that benefited from what was occurring there. Eventually, Uganda announced the withdrawal of 10,000 of its men, but Paul Kagame of Rwanda maintained his prolonged presence on Congolese territory, blatantly rejecting international demands and continuing his predatory activities.

The atrocities committed by Rwandan forces in May in the Kisangani area once again rocked the world. The Kinshasa government filed a complaint with the International Court of Justice (ICJ) of The Hague, asking it to find the invader nation guilty of genocide against 3.5 million Congolese and to order Rwanda to withdraw immediately from its territories. However, Kigali (Rwanda) has never recognised the ICJ and two weeks later the court declared it was not competent to hear the case and abstained from ordering any measures to be taken. The UN asked for a humanitarian aid corridor to be established in the area and in July the leaders of DR Congo and Rwanda met Kofi Annan in South Africa to attempt to reach an agreement.

These outrages were accompanied on occasions by actions directed at UN officials, who were expelled from the territory, including the Secretary-General's special envoy for humanitarian affairs, who was declared a "persona non grata" and accused of conniving with the Kinshasa authorities. The Security Council merely asked for an end to the harassment of its officials.

Meanwhile, the peace process agreed in Lusaka (Zambia) struggled to stay alive, though falteringly, admirably encouraged by South Africa, which had also promoted the aforementioned agreement. Apart from demanding an immediate cessation of hostilities, the disarmament of the opponents and the logical withdrawal of all the foreign forces from Congolese territory—blatantly ignored for 21 months—it envisaged the essential "inter-Congolese dialogue" between the leaders of all the groups involved in the conflicts and representatives of civil institutions.

In January this year, Belgium, the former colonial power which is largely responsible for many of the events in its subsequent history, organised a round table in Brussels with the political parties, Congolese civil society and non-belligerents. It was attended by 85 representatives and delegates from the UN, the OAU and the EU. The participants reached a full consensus on the elections to be held, interim institutions, the future constitution and the national army.

On 25 February the inter-Congolese dialogue began in Sun City (South Africa) after huge difficulties, objections and demands. Two days later, the talks were broken off and resumed the following day. It was considered unacceptable to continue with the dialogue while the violent quarrels persisted, and the Ugandan and Rwandan officials were asked to leave the room. At last, on 6 March, political dialogue was initiated in a plenary session attended by 360 participants and observers from the UN, OAU, South Africa and Zambia. Aside from the many difficulties and quarrels, the stumbling blocks to the process are basically the transition government and the new army, particularly because everyone wants the top posts.

The majority proposal, which was internationally supported, was that Joseph Kabila should preside over the transition, and the thousand or so other clauses and details negotiated at last met with the approval of Uganda and its supporters in July, in Pretoria, and—this is the real triumph of the process—also of Rwanda and its supporters subsequently. So ended eight hard weeks of negotiations and controversy. On 30 July the presidents of the DR Congo and Rwanda shook hands, officially concluding the agreement to withdraw troops within 90 days.

Having achieved this major basic and essential step, the next stage was to progress immediately to putting what had been agreed into practice, though it was soon realised that implementation poses difficulties. None of the agreements, not even the initial Osaka Protocol, establishes development clauses, even though certain questions of maximum importance cannot be improvised, such as the demobilisation of forces and withdrawal of foreign troops. The UN contingent is not capable of controlling the process, nor does it have the authority to oblige them to disarm, and nor does the small, badly organised Congolese Army.

Another extremely serious question is the emergence of a dangerous power vacuum in the areas from which the Ugandan and Rwandan armies are pulling out. There are no troops to control this huge area plagued with guerrilla fighters and inundated with weapons and desires for vengeance.

In September the UN Secretary-General proposed building up the MONUC contingent to 8,700, though this is still clearly insufficient; in Sierra Leone, which is 30 times smaller, the UNAMSIL had 18,000 men at its disposal to perform a similar task. Fear of the eruption of anarchy and violence led the UN to ask Uganda to keep a force in the DR Congo.

At last the foreign troops and military bases were dismantled between 28 August, starting with Zimbabwe, and 5 October, when Rwanda and the UN announced the end of foreign military presence in the DR Congo. Troops from Angola, Zimbabwe, Burundi, Uganda and Rwanda have withdrawn and the Mayi-Mayi, Hema and Lendu guerrilla fighters have also pulled out. The Congolese people, after four years of torment, watched the caravans of troops, heavy artillery, armoured tanks, helicopters and hundreds of vehicles disappear with a mixture of satisfaction and a certain amount of fear. On 29 October, the new national unity government set to work. The peace process, extremely fragile and beset with problems, got off to a slow start, surrounded by threats and the indifference of the international community.

Côte d'Ivoire

The situation was relatively calm at the beginning of the year (2002). A "Forum for National Reconciliation" was mediating between the sides. The economic situation had improved, some aid was received from International organisations and the "Paris Club" cancelled \$911 million of the country's debt and staggered the pending payments. It is assumed that this external support was designed to defuse the existing tension. Four of the main players even met: President Gbagbo, Mr Outtara, General Gueï and the overthrown president Bedie, which seemed to help iron out some of the differences. But none of this was sufficient to bring about full reconciliation.

During the regional elections in July, political differences again surfaced, leading to more radical stances, though the peace was not broken. But September saw the emergence of bloody clashes: on the 19th, while the president was on an official trip to Italy, 750 military staged an uprising in which General Gueï, the minister of the interior and 80 people were killed in the economic capital, Abidjan, and 150 were wounded. The rebels were subdued in the capital but managed to take Bouaké, the country's second largest city. The prime minister hastily declared that the attempt had failed,

and President Gbagbo continued his Italian visit. The government held General Gueï responsible for the coup.

But the rebellion had not been quashed. The rebels held on to Bouaké and also took Korhogo, in the north, the domain of Alassane Outtara, who by then had taken refuge in the French embassy in Abidjan. The government began to speak of an "external aggression" and "war of occupation", implying, without actually saying so, that Burkina Faso was behind it. Fearing for its compatriots, France announced it was sending more troops, 70 paratroopers, to reinforce the contingent of 600 men already deployed to Côte d'Ivoire, but explained that it did not wish to participate in the revolt in any way. By then the death toll had risen to 270 and 300 people had been wounded; the disturbances were growing and hundreds of dwellings were burned down, including that of the main opposition leader, Mr Outtara.

On 27 September, eight days after the coup, President Gbagbo returned to the nation, which he found split into two—a loyal south and 40 percent of the territory in the north in the hands of the rebels. Burkina Faso, in the north, closed its borders to prevent being drawn into the disturbances, though its nationals living in Côte d'Ivoire were suffering reprisals. The fact is that Abidjan held it responsible for encouraging the incidents. Burkina's President Campoaré denied any involvement and stated he would assume his responsibilities if the Côte d'Ivoire authorities guaranteed his subjects' safety, but his embassy was assaulted, as were the houses and shops belonging to Burkinan citizens, 200,000 of whom fled from the city. Widespread destruction and looting occurred. The US ordered its citizens to abandon the country.

Nigeria, Ghana and Togo pledged their support for the Côte d'Ivoire government, as did the ECOWAS (Economic Community of West African States), which offered to mediate between the parties and send a peace-keeping force. At the end of September the CEDEAO, assisted by French, American and British officials, met the commanders of the Côte d'Ivoire army and the rebels to mediate between them and propose the deployment of a peacemaking force to ensure a ceasefire. But President Gbagbo had other ideas and remained determined to quash the uprising. He declared the areas occupied by the rebels to be war zones and ordered his army to launch a counteroffensive to win back Bouaké; this effort had failed within two days. South Africa sent 200 mercenaries to protect the president and Angola also sent men and two armoured tanks.

At the beginning of October the two sides met in Lomé (Togo), but proved to be intransigent. Neither the rebels nor the government were willing to cede. There is a risk of religious implications as the president has always been intolerant towards Islamic tendencies and the Muslims immediately sided with the rebels. What seems certain is that this conflict will seriously damage Côte d'Ivoire's fragile economy and cacao crops, of which it is the world's leading producer.

EQUATORIAL GUINEA

Spain's former colony in Africa. According to 2000 data, its GDP had grown at an impressive 48.2 percent in five years since its oil production installations came into service. However, 75 percent of the population lives in poverty and corruption seems to be soaring. According to the World Bank, a mere five percent of the population has benefited from the huge increase in revenue in past years.

The country's President Teodoro Obiang Nguema, in power since 1979, has blocked all reforms designed to liberalise the regime and there are many reports of human rights violations. According to the American NGO Freedom House, Equatorial Guinea ranks fourth among the eleven countries with the fewest freedoms in the world. But its extraordinarily rich oil resources have led some of the major powers that exploit them, such as the US, to take an indulgent attitude. As for Spain, after years of chilly relations and unfriendly attitudes on the part of the Ecuadorian president, it renewed its tentative contacts in 2001.

News broke out on 14 March that the Guinean authorities had arrested 144 people for attempting a coup d'état. President Obiang Nguema has always been surrounded by his Praetorian guard, in addition to establishing a police regime and web of informers that extends to all corners, however seemingly confidential. Given these circumstances the information, published by the interior minister to justify these arrests, that *the government in recent days has been enduring provocations and acts of violence committed by the radical opposition* is hard to believe, as it is practically impossible for such a large dissident movement to have been formed without their initial contacts and commitments being detected by the dense intelligence network.

The many arrests, including recently dismissed high-ranking politicians and military, was followed by total silence from the government, which was

accused of carrying out "a wave of arrests without court orders". At the end of March, Amnesty International pointed out that the detainees were being held incommunicado and in danger of being tortured and executed, though the government spokesman denied these claims.

The trial began on 23 May, attended by a Spanish delegation of observers. The prosecution asked for the death penalty or 30 years' imprisonment for eight people for attempting to assassinate the president of the nation and staging a coup. The defence lawyers complained of serious irregularities. In the end 68 people were sentenced to between six and twenty years' imprisonment and 76 were acquitted.

On another note, in April Equatorial Guinea and Cuba signed a co-operation project to build the first food factory in Malaba the following month. Also in April the UN Human Rights Commission recalled its representative in Equatorial Guinea in view of the Malabo government's scant co-operation and encouraged Obiang Nguema's executive to launch a national action plan on human rights with the technical assistance of the High Commission.

As regards social development, mention should be made of the marked and humiliating differences witnessed in the capital, Malabo, between the 50,000 locals and the wealthy sector consisting of some 500 people who have settled there since the discovery of oil. In the former one finds unpaved streets, uncovered drains, jerry-built houses with zinc roofs, no refuse collection service or public transport, little street lighting and obvious poverty. The other area has luxury houses, hotels and cars and large green spaces with entrance restrictions. The only Guineans allowed in are tradesmen, household employees, cleaners, hotel workers and gardeners.

CHAPTER SEVEN

ASIA

ASIA

By Fernando Delage Carretero

INTRODUCTION

Tension between India and Pakistan, Islamist terrorism in Indonesia and the Philippines, signs of economic reform and the recognition of North Korea's nuclear programme, and a new Chinese leader are the main points of interest in Asian security in 2002. They all reflect the twofold transformation—both internal and regional—the continent is undergoing. Different national programmes for political and economic transition are being implemented across Asia, with undeniable implications for peace and security in the region. Furthermore, the past 12 months have witnessed a certain readjustment in the balance between the major powers as a result of the emergence of China and India, the lengthy Japanese crisis and Russia's overtures to the United States.

Regional security has grown more fluid and complex, yet the main threats to peace have not disappeared: in June there was a certain risk of armed conflict in Kashmir, while tension continues in the Taiwan Strait and on the Korean peninsula. To this must be added the instability of Pakistan and Indonesia, worsened by the rising popularity of the Islamist parties in the polls in the first case, and by the terrorist attack in Bali in the second. Nonetheless, the year witnessed renewed interest in finding a collective solution to security problems. Concern about China's growing power, Beijing's keenness to earn its neighbours' confidence, Pyongyang's urgent wish to open up a diplomatic channel and America's need for partners in the war on terror have had the effect of consolidating the Regional Forum of the Association of South-East Asian Nations (ARF), the only multilateral organisation in this field.

Practically all the Asian countries joined in the United States' condemnation of terrorism, though the whole region is concerned about Washington's policy. Although more discreetly than their European counterparts, the United States' Asian allies—particularly Japan and South Korea—have expressed their doubts about its unilateralism, North Korean strategy and alarmism about China, while seeking greater autonomy of their own. The paradox that Washington seems to be keeping its relations with Beijing in check while growing apart from its allies is striking, as this is precisely the opposite of what President Bush intended when he took up office.

The Republican team hoped to establish a new balance in Asia by attaching less priority to China than the Clinton administration did in its foreign policy. Mr Bush aimed to bolster his relations with Japan and South Korea and, following 11 September, also with India and the Association of South-East Asian Nations (ASEAN). During the 2000 election campaign, Mr Bush continually referred to China as a "strategic competitor", though he has never used this term since becoming president. Yet the Quadrennial Defense Review Report adopted on 30 September 2001 expressed the same idea: it pointed out the possibility that "a military competitor with a formidable resource base" may emerge in Asia and stated that the East Asian coastline—from the Bay of Bengal to the Sea of Japan—represents a particular challenge. The events of 11 September may explain why tension between Beijing and Washington has eased (we will deal with this later on), though America still perceives China's emergence as a risk, as other documents showed throughout the year.

The war on terrorism and the supposed ties between the radical South-East Asian groups and al-Qaeda—confirmed after the attack on the Indonesian island of Bali on 12 October, attributed to the Jemaah Islamiyah—have reinforced US security relations with the region. From the troops it sent to the Philippines in January to joint intelligence with Singapore and Malaysia and the resumption of relations with the Indonesian armed forces, Washington currently enjoys a military co-operation that had not been witnessed since the end of the Cold War. Following years of oblivion, South-East Asia has become a new strategic priority for the United States, though there are risks that the region will grow more unstable in the future. As one of Thailand's former foreign ministers, Surin Pitsuwan, has pointed out, the "commitments" springing from this strategy could signify a step backwards for democratisation and the advancement of human rights in Asia.

Irrespective of the impact of 11 September and the evolution of US policy, the major forces that operate in Asia continued to follow their course. The following points should be taken into account when analysing the events of the past year:

- *Internal political instability.* The main requisite for peace and security in Asia is political stability, which is uncertain in several countries in the region. In North-East Asia, China faces the biggest change in its leadership since the establishment of the People's Republic in 1949; Japan remains immersed in its political and economic crisis, though Prime Minister Junichiro Koizumi enjoys considerable popular support; and in South Korea the December elections put an end to the second and last term of President Kim Dae Jung and, probably, to his strategy of rapprochement with the North (known as the "sunshine policy"). If confirmed, the signs that North Korea is opening up would be one of the highlights of the year, though more for their diplomatic consequences than the likelihood of immediate political reform.

As regards domestic-policy issues, the biggest problem in South-East Asia is Indonesia, whose economic recovery seems to have come to a standstill. Violence continues to be rife and not only the country's fragile democracy but also its territorial integrity are at stake. The confirmation, with the Bali attack, of the existence of terrorist groups raises serious questions about the governance of the archipelago and President Megawati Sukarnoputri's ability to face the challenges. The country's size, population, geographic location and resources make Indonesian instability the region's main medium-term security hazard. The Philippines and Thailand are still struggling to overcome the weakness of their democratic institutions, while Malaysia is about to enter a new era following the announcement in June of the retirement of Prime Minister Mahathir Mohamad in 2003 after 20 years in power. And in South Asia, Pakistan's internal situation is another of the biggest risks to regional security, as we will examine later on.

- *Economic uncertainty.* Many Asian regimes—especially China and the South-East Asian countries—have made their legitimacy dependent on economic growth, and this is therefore a key element of political stability. The World Bank forecasts for the People's

Republic of China are GDP growth of 7.4 percent in 2001 (compared to 7.5 percent in 2003). However, despite this extraordinary figure, it has yet to correct serious structural problems, such as bad debts (which probably account for over 35 percent of GDP), the technical bankruptcy of over half the state companies, lower tax revenues (17 percent of GDP in 2001) and insufficient job creation (eight million jobs per year as opposed to the necessary 20 or so). The transition to a proper market economy has yet to be completed and the implementation of the commitments springing from its membership of the World Trade Organisation (WTO) could trigger social problems.

In the South-East Asian countries, the Asian Development Bank estimates that GDP will grow by an average of 3.8 percent in 2002 (4.6 percent in 2003), driven particularly by consumption and an upsurge in exports. However, investments have still to recover since the financial crisis of the late nineties. The biggest concerns are the health of the US economy, given the region's dependence on its exports to that market; the fiscal deficit, which is alarmingly high in countries such as the Philippines; and the bad loans that are strangling almost all the area's economies.

Japan remains bogged down in a recession, though so far this has not affected its political stability or regional security (though it may influence the world financial system in the medium term). South Korea has surprised the world with its economic performance—the growth forecast is six percent in 2002 (5.8% in 2003)—in addition to completing a proper structural transformation of its economy. And finally, India and Pakistan will grow by four and 3.6 percent respectively in 2002. These are respectable figures but insufficient, bearing in mind that 300 million Indians and 56 million Pakistanis live on less than one dollar a day.

- *Military modernisation and proliferation.* Regional defence expenditure does not show any signs of being trimmed. Two of the six countries with the biggest defence budgets in the world are located in Asia—Japan and China—while defence spending in China and India have been increasing at a much higher rate than economic growth for several years now. But the most immediate concern relates to the proliferation of missiles and weapons of mass destruction, particularly since in October North Korea recognised that,

contrary to the Geneva agreement of 1994, it did not abandon its nuclear weapons programme, which has been developed with the aid of Pakistan. According to Beijing, Pyongyang could have four or five nuclear bombs, while the Pentagon reckons that North Korea has over 100 Rodong missiles (with a range of some 1,600 km). China, for its part, continues to deploy more missiles to the Taiwan Strait (over 300 so far) and, like North Korea, is developing inter-continental rockets.

- *Burgeoning regionalism.* The experience of the financial crisis of 1997-1998, excessive dependence of exports on the US market and the need for self-defence mechanisms in the current era of globalisation have given impetus to Asian regionalism. While negotiations are being conducted on the enlargement of the European Union and the establishment of the Free Trade Area of the Americas, the Asian countries believe it is necessary to create their own continental bloc in order to increase their weight in multilateral trade negotiations. At the same time, growing rivalry between China and Japan for influence in the region is also driving both countries closer to the ASEAN, bringing North-East and South-East Asia together in new regional partnerships.

The annual ASEAN and ASEAN+3 summit (the 10 ASEAN members plus China, Japan and South Korea), held in Cambodia's capital, Phnom Penh, in November confirmed these developments. China's proposal to set up a free-trade area with ASEAN in ten years' time was formalised. This will be the biggest of its kind in the world and will expand the ASEAN's own Free Trade Area (AFTA), which was promoted again in January despite the huge economic differences within the organisation. Japan found itself obliged to counter Beijing's initiative with the proposal of an economic association with ASEAN, which Mr Koizumi presented in January on his visit to Singapore, the country with which Tokyo signed its first ever free-trade agreement.

Despite the greater economic integration that has resulted from trade flows and investments in the region, the political and diplomatic implications should not be ignored. To the aforementioned consolidation of the ARF should be added Beijing's growing multi-lateral activism and the progressive strategic convergence of the regional security interests of China, Japan and South Korea.

NORTH-EAST ASIA

China

China's accession to the WTO at the end of 2001, the effects of this on the country's economic reform policy and the access to power of a new generation following the 16th Congress of the Chinese Communist Party (CCP) in November 2002 marked a period of transition during which its leaders' attention was focused on internal affairs. But China's economy continues to grow, just as its military modernisation has not ceased to progress. East Asia as a whole and the United States take for granted in their strategic calculations that a new superpower has emerged, even if they have not yet managed to fathom its intentions. In the past year at least, Chinese foreign policy has displayed considerable pragmatism and moderation, as evidenced in China's relations with Washington, defence of the multilateral processes under way and relations with Japan, South Korea and the ASEAN. The priority of growth and today's economic interdependence no doubt make any other alternative unadvisable.

Following the 16th Communist Party Congress, Jiang Zemin handed over his post as the party's secretary general to Hu Jintao (who will also take over from him as president of the Republic in March 2003) and new people were appointed to the main party organs, including the Standing Committee of the Political Bureau, whose membership has increased from seven to nine, reflecting the shift to collective management as opposed to the personal leadership of previous periods. The Congress began on 8 November—despite being scheduled for September—after weeks of speculation about Mr Jiang's supposed intentions to remain in power. It was confirmed that Mr Jiang will continue to chair the Central Military Committee (the same position Deng Xiaoping held for two years after stepping down from the Standing Committee) and will retain very considerable influence, as he has placed as many as five of his loyal supporters in Committee posts. One of them is Zeng Qinghong, who is to be watched in coming years and will be responsible for foreign-policy and security matters. Mr Jiang's successor as party leader, 59-year-old Hu Jintao, is a dark horse who nevertheless fits the profile of the classic Chinese leaders. He visited several European countries in autumn 2001 and paid a trip to the United States from 27 April to 3 May 2002.

In addition to renewing its leadership, the Congress espoused a new ideological platform to adapt its official doctrine to the changes China's

society and economy are undergoing. Mr Jiang succeeded in having his theory of the "three representations" officially adopted and it will become a third doctrine or pillar of Chinese communism, together with the thought of Mao and the theory of Deng. According to his principles, the party must represent the interests of the middle classes and employers, as well as those of the proletariat, its traditional support base.

The busy agenda for internal affairs has taken priority over diplomacy, which has nonetheless made an effort to convey an image of moderation. In particular, China has maintained good relations with the United States since 11 September. Beijing voted in favour of the Security Council resolutions against terrorism, sent a delegation of counterterrorism experts to Washington, reinforced security measures at its border with Afghanistan and froze bank deposits linked to extremist organisations. But it is undeniably in China's interests to maintain this co-operative attitude: Beijing wants to appear a responsible member of the international community, shares with the United States a concern about the stability of Central and South Asia—particularly in relation to Pakistan, which developed its nuclear programme with Chinese help—and has its own problem of terrorism in the Xinjiang region (According to the deputy premier, Qian Qichen, some 1,000 Chinese Muslims were trained by al-Qaeda in Afghanistan).

However China's reaction does not conceal its underlying perceptions. Beijing cannot fail to be concerned to see that the United States has strengthened its alliance with Japan, developed a closer relationship with India, renewed its defence relations in South-East Asia and established bases in Central Asia. The changing relationship between the United States and Russia also poses a challenge to Chinese foreign policy. Beijing gradually shaped a strategy of rapprochement with the Central Asian republics and Moscow, both of which are vital to its diplomatic and energy needs. This is well illustrated by the institutionalisation of the Shanghai Corporation Organisation in June 2001 and the treaty of friendship and co-operation signed with Russia the following month. China sought a means of countering the United States' power and curtailing its influence in the region. Following the Russian-US nuclear agreement of 24 May 2002, the intended "strategic partnership" between Beijing and Moscow lost all its credibility. But far from seeing itself subject to an isolation policy, China has actively engaged in Asian diplomacy and this has helped improve its relations with South Korea, Japan and, particularly, the ASEAN. The aforementioned agreement between Beijing and the 10 members of ASEAN to build what will be the biggest free-trade area in the world in 10 years' time

is part of a sophisticated Chinese strategy that will also have considerable positive effects for regional security.

In a year of political transition, Beijing has aimed to ensure that the United States does not consider it a potential adversary. The war on terrorism provided both with a common goal on which to build closer co-operation, but, as Mr Bush's visit to Beijing (21 to 22 February) proved, reluctance to establish a proper strategic dialogue has not been overcome. Indeed, two studies published in Washington in summer again underlined the fact that China represents a challenge to the United States. The first of these, a report from the Pentagon to Congress released on 12 July, stated that the People's Republic is rapidly modernising its armed forces in order to counter US power in the Pacific and pressure Taiwan into agreeing to reunification. The second, dated three days later, is a report by a Congress-appointed commission, the US-China Security Review Commission, which suggested adopting measures to stall Beijing's strategic and economic progress.

The conclusions of the Pentagon report, the Bush administration's first analysis of China's Armed Forces, do not differ greatly from those reached during the Clinton era, although they describe Beijing's ambitions and their potential threat more aggressively. The report reckons that the People's Republic spends some \$65 million annually on modernising its army (the official figures announced in March are \$20 million) and states that it is reinforcing its ballistic arsenal. According to the report, China is replacing its 20 DF-5 intercontinental missiles, which can reach the western part of the United States, with an even longer-range version, and adding some 50 short-range missiles every year to an arsenal that already surpasses 350 units, mostly deployed in the province of Fujian facing the Taiwan Strait.

As opposed to what would have happened in previous periods, China's official complaints about these reports went unnoticed. This shows the extent to which the circumstances of 11 September have transformed the atmosphere of bilateral relations. Whereas China had been obsessed with the idea of a unipolar world and American hegemony since the end of the Cold War, it is now aware of its financial and technological inability to compete strategically with the United States. Furthermore, in order to ensure its internal stability, it must continue to grow, and this in turn requires close trade relations with America. Washington, for its part, needs China as an ally in its campaign against terrorism, to get the Security Council to adopt a resolution against Iraq and to settle the crisis

triggered by Pyongyang in October when it recognised its nuclear weapons programme.

These converging interests were reflected in Jiang Zemin's visit to George W. Bush's ranch in Crawford, Texas, on 25 October, and days later at the Asia-Pacific Economic Co-operation (APEC) summit in Los Cabos, Mexico. However, in the long term, the development of their relations will continue to be marked by deep mutual distrust. The United States seems prepared to co-operate with China, but wants to be the dominant military power. And Beijing shows no intention of challenging America's military presence in Asia, but will continue to seek greater political and economic influence by fostering the establishment of a regional security system that could weaken Washington's web of bilateral agreements.

Taiwan

The climate of détente in Chinese-US relations is also reflected in the problem of Taiwan. The United States has not modified the 2001 agreement on the sale of weapons, though there are certain doubts as to what systems it will supply in the end. The Taiwanese defence minister visited Florida in March (the highest level visit since 1979, though it was not official) and Congress even designated Taiwan a "non-NATO ally" in September, despite the absence of formal bilateral relations. High-ranking officials from the Pentagon, including the deputy defence secretary, Paul Wolfowitz, publicly renewed the commitment announced by President Bush in April 2001 to protect the island, "whatever it takes", and expressed their concern about Chinese military reinforcement along the Strait. Beijing's reaction was scarcely heard.

Tension mounted again on 3 August, when Taiwan's president, Chen Shui-bian, made his most provocative declarations since coming to power in May 2000 in a video-conference address to group of sympathisers ("the World Association of Taiwanese Associations") in Tokyo. Mr Chen stated that Taiwan and China are both "a country either side of the Strait" and pointed out that Taiwan's future ought to be decided in a referendum—the "red line" he had promised not to cross. China immediately stated that such a referendum would lead to disaster, though the controversy died down within a few days.

Mr Chen's declarations should probably be interpreted from the point of view of domestic affairs. His goodwill gestures towards Beijing—the

promises that Taipei would not declare independence, hold a referendum or refer to the former President Lee Teng-hui's definition of relations between both sides of the Strait as "state-to-state" relations, while limits on investments in the continent have been abolished—have benefited the People's Republic though China failed to offer anything in exchange. Perhaps Mr Chen wished to recover part of the popular support he has lost with a message of firmness.

Japan

In April Junichiro Koizumi completed his first year as prime minister, though his reformist programme has failed to make the slightest progress. His latest plan to lick the financial system into shape was presented in October (bad loans amounted to a massive \$45 billion at the close of the fiscal year in March), and again put on ice by the government due to opposition from the Liberal Democratic Party and various interest groups. Japan's immobilism explains its greater activism abroad, the most prominent example of which was by Mr Koizumi's visit to Pyongyang on 17 September, although what is obliging Japan to adopt a more independent international position is the new Asian strategic balance. Whereas up until the end of the nineties its foreign policy was basically determined by its economic interests and alliance with the United States, it is now shaped by the changes in the regional security landscape, particularly as a result of China's growing influence and the threat North Korea poses to its security.

The Japanese leaders need to give a new direction to the foreign policy they have pursued since the end of the Cold War, but are not sure what direction that should be. Does the alliance with United States define their strategy as a whole? Should the country be more Asian oriented? It is sufficient to have a discourse based on the United Nations, multilateralism or economic regionalism? The economic and strategic circumstances of the nineties have put further pressure on Japan to clarify its international position and objectives in order to maintain its influence in a period characterised by loss of relative power. The past year showed signs of renewed debate on these issues and the pursuit of greater autonomy in three areas: boosting the role of the self-defence forces; a new balance in relations with United States through its unilateral opening-up to North Korea; and co-operation, and also competition, with China in the regional context.

Since the terrorist attacks of 11 September, Japan has begun to transform its army's role. In October 2001, the Diet passed a set of laws enabling its forces to provide logistic support to American troops conducting military operations as part of the war on terrorism. A month later, Tokyo sent two destroyers and a support ship to the Indian Ocean in what was its first military incursion in the region since the Second World War. Japan finds itself forced to shun the indecision that characterised its response during the Gulf War in 1990-1991. Therefore, although in force for only two years and applicable only to fighting terrorism, the new legislation sets a precedent in that it marks a shift away from Japan's traditional position (and stretches the constitutional constraints on its Armed Forces to a limit). It indicates an about-turn in the government's attitude and perhaps also in public opinion, as well as an improvement in its ability to respond to international crises. In March 2002 it became known that new legislation was being drawn up in this connection.

Another of Japan's priorities is to seek a new balance in its relationship with Washington. As mentioned earlier, when Mr Bush took up office he intended to make Japan the centrepiece of the United States' Asian policy, and Tokyo (from 17 to 19 February) was the first stop on his official trip to the region. Japan appreciates this interest after the relatively little attention paid to it by the Clinton administration, but is aware that its own perception of international problems does not necessarily have to coincide with Washington's. These divergences came to light in recent months in connection with the war on terrorism, the Middle East and North Korea.

Like its European allies, Japan questions the United States' unilateral policy and recourse to military power as the only means of tackling terrorism. Tokyo has accordingly attached importance to providing economic aid to the countries of Central Asia and to the national construction process in Afghanistan. The holding of the donors' conference in Japan in January reflected this priority.

This different approach to the problem was also manifested in the case of the Middle East, where Japan has significant economic and strategic interests. Nearly 80 percent of Japanese oil imports come from that region, and its policy therefore does not coincide at all with Washington's. It has been offering co-operation assistance to the Arab countries and the Palestinian Authority for years and even maintains close relations with Iran. As a result, Japan disagrees with the talk of the "axis of evil" and

Washington's policy towards the peace process and does not share America's definition of the Iraqi problem.

But perhaps it is in regional security where this pursuit of independence has been witnessed most clearly. Mr Koizumi's trip to Pyongyang in September was perhaps the first time in almost half a century that Tokyo adopted diplomatic initiatives of such importance without consulting Washington. North Korea's recognition of the kidnapping of Japanese citizens in the eighties and the revelations, weeks later, about its nuclear programme, detracted from the significance of Mr Koizumi's step somewhat, but did not alter the fact that Washington and its Asian allies hold different points of view about the regime of Kim Jong Il.

As for China, since the end of the nineties one has the impression that the economic growth of the People's Republic and Japan's crisis have sharpened competition for regional leadership between the two countries. The manner in which both seek greater influence in the ASEAN through their respective proposals for economic partnerships is the clearest example of this witnessed in 2002. But Tokyo's concern about China's emergence lacks the necessary alarmism to warrant a policy directed at stalling its rise. On the contrary, both sides have shown very considerable moderation in the past year. The so-called "problem of history" remains alive and Mr Koizumi had to cancel his trip to Beijing to commemorate the 30th anniversary of the normalisation of diplomatic relations between the two countries on 29 September after China protested at his visit to the Yasukuni Temple in Tokyo dedicated to the memory of the war heroes. At the same time, for the second year running, Japan has trimmed its development assistance to China by 25 percent. But unless the hegemonic intentions of the People's Republic become evident, Japan will continue to be guided by a political realism that is amply justified.

Despite its growth rate, the Chinese economy is scarcely one-quarter the size of Japan's. Its level of development furthermore makes the two economies complementary rather than competitive, not to mention China's potential as a market and industrial base for Japanese interests, and Japan's investments in the People's Republic have grown 64 percent over the past two years. Whereas Japan regards the United States as an economic rival, it sees China as a difficult partner but one that is indispensable to regional co-operation. The development of Japanese interests in China has also led to a closer political dialogue, both bilateral and in the framework of ASEAN+3. The aforementioned November summit at Phnom

Penh reflected this rapprochement, which can also be interpreted as a strategic move by Tokyo to reinforce its position with respect to the United States.

The two Koreas

Although the inter-Korean summit in June 2000 aroused great expectations of a *détente* and even the reunification of the peninsula in the medium term, little progress was made the following two years. The new Republican team who accompanied Mr Bush to the White House was intent on dropping the Clinton administration's North Korean policy, although after several months of consideration, in June 2001 Washington announced its readiness to engage in talks with Pyongyang without prerequisites.

It is therefore surprising that Mr Bush should have included North Korea in the "axis of evil" referred to in his address on the state of the nation on 30 January 2002. By doing so, the United States not only dashed any chances of negotiating with Pyongyang but also undermined the policy of one of its most staunchest allies in Asia—the South Korean President Kim Dae Jung—weakening his political grip at home during his last year of government. For its part, Pyongyang described Mr Bush's address as "almost a declaration of war" and threatened to reinforce its military capabilities. The months that ensued held many surprises in store.

Mr Bush arrived in Seoul on 19 February on an official visit. He attempted to soften his earlier declaration in view of the South Korean public opinion's growing anti-American sentiment. Mr Bush made another offer of dialogue to North Korea, which was rejected by Pyongyang as a "pretext for invasion". However, a few weeks later Kim Yong Il's regime re-established communications with Seoul, which had been broken off in October 2001. At the beginning of April, North Korea received a special envoy sent by Kim Dae Jung, with whom he agreed to resume talks with Washington, to undertake family reunification and to foster economic operation between the two countries.

Two months later, a fresh incident almost caused things to grind to a halt. On 29 June a collision between ships in the Yellow Sea brought the two Koreas into conflict (according to Pyongyang, the South Korean ship had violated its territorial waters). Clashes of these kind, which frequently occurred in the past owing to disagreement over the maritime boundaries between the two republics, had not occurred since 1999. The immediate

effect of this incident was to disrupt the dialogue between North Korea and United States: on 2 July the State Department announced it was cancelling the planned trip of an envoy to Pyongyang.

However, on 25 July, in an announcement that took observers by surprise, North Korea apologised for the naval incident and expressed its wish to resume talks with Seoul. The declaration came days after information began to circulate about the adoption of economic reforms. Apparently, Kim Jong Il had decided to adopt some market-oriented elements and put an end to the system of rationing. Some analysts found similarities with the beginnings of the Chinese reform at the end of the seventies, as wages and the prices of staple goods were raised and the first steps towards opening up were taken by creating a special economic area at the border with China. These changes are the first signs of what will probably be an inevitable transformation. But the security problems continued to be a focus of attention during the following weeks.

On 31 July, during the ASEAN Regional Forum meeting in Brunei, the US Secretary of State, Colin Powell, and the North Korean foreign minister, Paek Nam Sun, held the first official meeting that had taken place between the two countries since Mr Bush took up office. Mr Paek stated that they had agreed to resume talks, while Mr Powell stressed that the agenda should include missile exports, deployment of conventional forces at the southern border and monitoring of the 1994 agreement on the freezing of its nuclear programme (issues that were not dealt with during the meetings with the Clinton administration).

The seventh round of inter-Korean ministerial talks (12-14 August), the first held in nine months, led to the resumption of dialogue. From 20 to 24 August, Kim Jong Il visited the Russian Far East, where he attempted to glean information on the economic reforms carried out by President Putin. But the following surprise was the Japanese Prime Minister Junichiro Koizumi's announcement on 30 August that he would travel to Pyongyang on 17 December to attempt to normalise bilateral relations following decades of conflict. The visit, analysed in the previous section, seemed to be part of an attempt by North Korea to open up, though perhaps it was merely a tactical movement: Washington's harassment of the regime has forced it to come out of its diplomatic isolation by making overtures to its neighbours, South Korea, China, Japan and Russia.

However, speculation about its intentions ceased momentarily on 17 October when the United States disclosed that during the deputy secre-

tary of state for Asia-Pacific affairs, James Kelly's visit to Pyongyang at the beginning of the month, his interlocutors—pressured by the intelligence the Americans had shown them—admitted to having kept secret their uranium enrichment programme, violating the agreed framework of 1994. The news not only upset the Asian balance but also brought the Bush administration face to face with two simultaneous crises with countries that are developing weapons of mass destruction: Iraq and North Korea (which perhaps explains why the United States kept the information to itself for two weeks).

The revelations made the Agreed Framework of 1994 a dead letter and put paid to the scant credibility that the North Korean regime may have had. Pyongyang may have recognised its nuclear programme in order to put an end to its economic and political isolation. Perhaps it has learnt from India and Pakistan that rearmament is its best guarantee of security. Maybe it is a manoeuvre to bolster its negotiating position vis-à-vis the United States. The uncertainty regarding its motives complicates Washington's attitude and explains its doubts: North Korea is a risk for which formulas like those advocated for changing the Baghdad regime are not valid. Especially when Seoul, despite the news, has not broken off dialogue. Indeed, most South Koreans believe that Pyongyang's weapons serve as a deterrent against United States and are not an offensive threat to them. (South Korea's attitude could change, however, following the 19 December elections, in which the favourite is the Conservative Lee Hoi Chang, who opposes the policy of rapprochement with the North).

Washington, unable to resort to military means, had no choice but to demand that North Korea abandon its nuclear arms or prepare for complete economic isolation. Despite its defence capability, North Korea's economy is extraordinarily vulnerable: survival of the regime depends on the food, money, fertilisers and fuel oil it receives from the United States, South Korea and Japan. However, withdrawing aid is a double-edged sword: it could trigger a humanitarian crisis that would create very serious problems for the South (this is also the biggest risk from the point of view of Beijing and Tokyo). Worse still, a regime that felt cornered could resort to military action.

On 30 October, during the first round of talks held in Kuala Lumpur to normalise relations with Japan, North Korea not only refused to abandon its nuclear programme but even threatened to resume its missile trials if the negotiations failed to progress (during Mr Koizumi's visit it had pro-

mised to honour its voluntary moratorium of 1999). On 14 November Washington responded to North Korea's nuclear blackmail by breaking off talks and adopting sanctions: no more shipments of fuel oil from December onwards.

A conflict is not inevitable, but the rhetoric of both sides has caused tension to mount again. This is an unfortunate development: the current regional landscape and its apparent attempt at economic reform suggest that North Korea's recognition of its nuclear programme could mark the country's first strategic reorientation in half a century and, ironically, help diminish instability on the peninsula.

SOUTH-EAST ASIA

Although the United States described South-East Asia as a "second front" in the fight against terrorism, not all specialists were convinced of the link between the radical groups of the region and al-Qaeda. The attack on the Indonesian island of Bali on 12 October, in which 180 people were killed and over 300 were injured, put an end to many people's scepticism. The terrorists enjoy little popular support and are opposed by most of the Islamist organisations, yet the problem exists and is confused with the separatist movements and ethnic and religious conflicts in the region, not to mention the social instability caused by the economic difficulties and tensions of the democratisation process. The problems of governance have worsened, particularly in Indonesia, where the government does not seem capable of addressing its growing problems.

South-East Asia's Islamic populations account for 20 percent of the total world population. They constitute a majority in three countries: Indonesia (200 million or 88 percent of the population), Malaysia (14 million or 60 percent) and Brunei (230,000 or 67 percent). In Singapore, the Philippines and Thailand they are a minority (15, five and four percent, respectively), but in the Philippines and Thailand Islamic groups have been up in arms against the central government for decades. A recent study published by the Malaysian Institute of Strategic and International Studies pointed out that South-East Asia was the region with the lowest number of terrorist attacks in the world between 1984 and 1996. But following summer 2001, members of military groups suspected of ties with Bin Laden's organisation began to be arrested in Singapore, Malaysia and the Philippines. The ASEAN countries then began to discuss the problem and

seek common policies, while Washington, after years of relative indifference, made the region a strategic priority. The Bush administration sent 660 soldiers to the southern Philippines at the end of January to train Filipino security forces in fighting against extremists, has strengthened its co-operation with Singapore and Malaysia in intelligence matters and seeks to renew its collaboration with the Indonesian armed forces (prohibited by US Congress until the military accused of human rights violations are tried). The United States' main objective is to prevent South-East Asia becoming a haven for al-Qaeda once its network in Central Asia is dismantled.

On 7 May, Malaysia, Indonesia and the Philippines signed an agreement on counterterrorism measures, which focus above all on improving the exchange of information between the security forces. The joint action plan against terrorism adopted by the ASEAN ministerial meeting in Kuala Lumpur (21-22 May) was followed by a declaration agreed at the ASEAN Regional Forum meeting in Brunei (1 August) by the United States and the ASEAN members. It was decided to set up a counterterrorist intelligent network based at the US Pacific command headquarters in Honolulu.

The attack in Bali will merely exacerbate Indonesia's national problems. In addition to its economic (external debt alone stands at \$130 billion, equivalent to total GDP) and political problems—the fragility of its institutions and the secessionist pressure—it must now tackle the war on terrorism. Before 12 October, the government was hesitant in its responses. Unlike Malaysia, Singapore and the Philippines, President Megawati avoided taking any determined action against the extremist groups. Only as a consequence of the international pressure did she begin to show a firmer attitude which led, in May, to the arrest of Jaffar Umar Thalib, the leader of Laskar Jihad, one of the main Islamist movements which had not been prosecuted for its violent attacks on Christians in the Molucca Islands and Sulawesi. Only after the attack in Bali did the arrests take place of Abu Bakar Bashir, the spiritual leader of Jemaah Islamiyah, who is held responsible for the attack, and Habib Rizieq Shihab, the leader of the Front for the Defenders of Islam, another violent group. Despite repeated warnings from the United States and Singapore about the planning of different terrorist attacks, the Indonesian government had not yet recognised the existence of the Jemaah Islamiyah. On 15 October, Laskar Jihad announced its disbandment and shortly afterwards President Megawati signed two anti-terrorist decrees with the support of the country's two main Islamic organisations, Nahdlatul Ulama and Muhammadiyah.

In the Philippines, the attacks in Zamboanga, the week after Bali, showed that the Abu Sayyaf group remains active despite anti-terrorist efforts and the help of the United States (most of its soldiers abandoned the archipelago on 31 July). The Moro National Liberation Front, at war with the central government for over 20 years on the island of Mindanao, has even gained ground. President Gloria Magapagal Arroyo has skillfully negotiated a new financial aid package with Washington, but now faces a complex situation at home given the economic problems and fragility of the Philippines' democracy. Her crusade for "peace and order" has failed to put an end to the secessionist violence in the south of the country, which the security forces have very few means to tackle.

In Malaysia, where over 70 members of the main extremist group (Kumpulan Mujahideen Malaysia, KMM) have been arrested, the fight against terrorism has helped strengthen the position of the governing alliance, UMNO, and the prime minister, Mahathir Mohamed. Citizens' frustration with the corruption and authoritarianism of UMNO resulted in a bigger share of the vote for the fundamentalist Parti Islam Se-Malaysia (PAS), which is now the leading opposition party following the 1999 elections. Concern about Islamism has partly restored the government's lost support, which, in turn, enabled Mr Mahathir to announce by surprise on 22 June that he would retire from politics in October 2003.

The proven link between the terrorist groups in all three countries suggests the existence of a broader organisation with Jemaah Islamiyah at the centre, which advocates the establishment of an Islamic union of Indonesia, Malaysia and the southern Philippines. The bombing in Bali is therefore regarded as a worrying warning. It indicated, first of all, that terrorists are now shifting their targets from local to foreign interests. Second, the attack seems to be designed to harm Indonesia's moderate government as much as possible and accordingly trigger an instability that would spread to the whole of South-East Asia.

The repercussions of the attack on the tourist industry are huge, while foreign investments—vital to the region and not yet back to normal following the financial crisis of the late nineties—will be diverted to China, a growing economic rival of the ASEAN countries (which explains the previously mentioned proposal of creating a free-trade area between the two). Furthermore, the risk of Indonesia becoming fragmented also affects the neighbouring countries, especially the Philippines and Malaysia, owing both to the danger of contagion of their respective Muslim populations and

to the wave of refugees they will have to cope with. Under such conditions, combating social and economic circumstances that are conducive to the mobilisation of radical groups would be an even harder task. The problems of governance in South-East Asia will complicate what had been a fairly stable regional security landscape up until this year.

SOUTH ASIA

India

In 2002 India's political scene continued to be marked by violence between Hindus and Muslims (with over 1,200 deaths in the state of Gujarat in March), the complex balancing act of the governing coalition and the slow progress of economic reform. Despite the popularity of the prime minister, Atal Behari Vajpayee, his party (the Bharatiya Janata Party, BJP) lost its majority in three states and has not managed to stem corruption or deliver better economic results than previous governments.

In February the Congress Party—in power in India from independence to 1999—defeated the BJP alliance with Ahali-Dal in Punjab and the BJP in Uttaranchal. More important still were the elections in Uttar Pradesh, India's biggest state (166 million inhabitants), where the BJP also failed to win a majority. The elections thus point to the comeback of the Congress Party, which now controls 14 states, whereas the BJP and its allies have only four. It is thought that Gandhi's party could return to power in the 2004 elections, though it will have to team up with other groups to do so: the fragmentation of Indian politics since the nineties makes it practically impossible for either of the two major parties to achieve an absolute majority on their own in future.

India's economy is weighed down by the heavy burden of public deficit, which is equivalent to 10 percent of GDP, and the lowest rate of industrial growth in the last decade. The political impact of its economic problems has been offset by four-percent growth in 2002 due basically to the recovery of agriculture. But the variety of interests at stake makes it difficult to achieve a national consensus on structural reforms. The huge public sector, which accounts for over 25 percent of GDP and employs two-thirds of the population, leaves no room for manoeuvre. A further worrying statistic is the downturn in foreign investment: scarcely \$4 billion in 2001 (compared to \$47 billion received by China).

In foreign policy, the nationalist government's strategy aimed at securing the status of major power for India has translated into rapprochement with United States. This goal coincided with the aim of the Bush administration to develop a close alliance with New Delhi, which it considered a more reliable partner than Islamabad and with which it furthermore shared an interest in stemming Beijing's strategic ambitions. The war on terrorism, which obliged the United States to accept the support of the Pakistani government, worried the Indian authorities: the country they hold responsible for terrorist attacks on their territory was praised as a Washington ally. However, despite these reservations, the antiterrorist campaign and its development over the past year have brought the United States and India the closest they have been since the Kennedy presidency. They even carried out (in May) their first joint military exercises for 40 years.

Pakistan

The Indian subcontinent's long-term strategic stability largely depends on whether General Pervez Musharraf remains in power. His position is increasingly precarious, particularly after he betrayed his promises of a transition to democracy.

On 5 April, General Musharraf announced he was holding a referendum on extending his mandate for five years. The referendum, which took place on the 30th of the month, had a turnout of between 10 and 20 percent of voters according to independent observers, though the government quoted a turnout of 50 percent and outcome of 97 percent in favour of the general. The controversy over the referendum and General Musharraf's dwindling popularity failed to deter him from his policy of tightening his grip: on 21 August he added 29 amendments to the 1973 constitution by presidential decree, which Parliament cannot modify. A new security council was set up with the ability to supervise the elected government, and the president will be directly responsible for the appointments of ministers, magistrates and army officers.

All the parties opposed these measures. Consequently, the results of the elections called for 10 October hinged on the armed forces. As it turned out, the elections confirmed the rise of the Islamic parties: the Muttahida Majlis-e-Amal coalition (MMA), with 50 seats in parliament, became Pakistan's third political force following the splintering of the Pakistan Muslim League which supports General Musharraf (PML-Q) and

the Pakistan Peoples Party of Pakistan (PPP) led by former Prime Minister Benazir Bhutto. Not only have the religious parties become key players in the formation of government; they furthermore control two of the four provincial governments, Baluchistan and the North-West Province, both of which border on Afghanistan.

The Islamists, whose campaign consisted of denouncing the United States' policy, benefited from General Musharraf's attack on the lay parties that opposed his reforms of the constitution and the April referendum. As a result of the elections, not only is General Musharraf's position weaker; rather, the rise of the fundamentalist groups is threatening national stability.

Equally dangerous is the re-emergence of al-Qaeda cells with the support of extremist groups within the Armed Forces and intelligence services. An unstable country permanently in conflict with India could provide the fundamentalists with the opportunity they seek to establish an Islamic state. Tighter oppression combined with economic difficulties and lack of democratic alternatives is favouring the radicals. Forty percent of the population, some 56 million people, live below the poverty line: 15 million more since the coup staged by General Musharraf in 1999. There are three worst-case scenarios: the hardline military seize power; the fundamentalists take over; or the country is plunged into turmoil, resulting, after Afghanistan, in another failed state in the region.

Kashmir

General Musharraf's true obsession, like that of previous Pakistani leaders, is Kashmir. Since 1989, the Pakistani intelligence services (ISI) have been backing the radical Kashmiris who want independence from India. This permanent stumbling block in bilateral relations has intensified as a result of 11 September. New Delhi, which has always attempted to have the Kashmiri separatists classified as terrorists, attempted to link its own campaign with the United States' broader war on terror. India's support was important to Washington, though it also placed it in a tricky situation with regard to Pakistan, an essential partner for getting rid of al-Qaeda and the Taliban government in Afghanistan. Preventing tension mounting between Delhi and Islamabad became one of Washington's priorities during the year.

After the terrorist attack on the Indian parliament on 13 December 2001 by two groups linked to Pakistani services, Jaish-e-Mohammed and Lashkar-e-Taiba, New Delhi announced it would declare war unless

Islamabad proved it had ceased to support terrorist actions against India. A deadline was set (until spring) and, meanwhile, India embarked on a strategy of "coercive diplomacy" designed to increase pressure on Islamabad without having to resort to use of force. New Delhi cut off air, rail and road traffic between the two countries, recalled its diplomatic representative in Islamabad and deployed more forces to the border with Pakistan.

The concentration of as many as one million soldiers on both sides of the border and the escalating tension brought the countries close to a war in June. General Musharraf failed to comply with most of India's demands, but the risk of a conflict between two nuclear powers and the impact of the crisis on the fight against al-Qaeda forced the Bush administration to take action. Its constant intervention and the repeated visits of high-ranking officials, including the secretaries of state and defence, managed to contain New Delhi, though Washington has not been able to ease its pressure on the Indian government since then.

The elections in Kashmir, which ended at the beginning of October, dealt another surprise: the defeat of the party which had dominated the scene since the fifties, the Jammu and Kashmir National Conference, which is part of the coalition that governs the country. Such an outcome ruled out any possibility of accusing New Delhi of predetermining the election result. What is more, Mr Vajpayee offered to negotiate with all the Kashmiri political forces on the future of the region after free elections are held. This suggests that self-government under India is a possibility.

On 16 October, New Delhi withdrew thousands of troops from the border (except for the "line of control" that divides Kashmir). On the following day Islamabad made a similar announcement. But India stated that it had no intention of renewing talks with Pakistan unless the incursions into its territory ceased. Despite the military demobilisation, negotiations will have to wait for New Delhi's talks with the Kashmiri militants and, perhaps, the existence of a civil government in Islamabad (the army will not relinquish its goal of taking over the Indian province).

CONCLUSIONS

The problems of Kashmir, Islamic terrorism in South-East Asia, North Korea and Taiwan will not disappear in 2003. But all these issues illustrate

the diversity of the security problems—and their development—affecting Asia's three strategic environments.

- Whereas, in the Indian subcontinent, New Delhi and Islamabad remain immersed in the conflict that erupted when they gained independence and is symbolised by Kashmir, the tension between both sides has ceased to be a bilateral issue and has acquired a regional and global dimension as they are both nuclear powers. The political situation in Pakistan is an additional cause for alarm.
- In South-East Asia, countries which generally approached their security problems from an internal perspective are now witnessing how the emergence of terrorist groups is obliging them to reconsider their strategic concepts. They have gone from being concerned about national stability to organising a joint manner of addressing transnational threats.
- In the Northeast, the Korean peninsula and Taiwan are relics of the Cold War and the main reason for the traditional policy of power balancing, which is nonetheless developing as China grows and Japan loses relative power. However, without renouncing their national priorities, Beijing and Tokyo—together with Seoul—are showing a progressive strategic convergence, which, in the medium term, could give way to a new political and military balance. Their extension to South-East Asia would be an inevitable consequence, establishing an area of security that would oblige the United States to redefine its role as guarantor of regional stability.

EPILOGUE

EPILOGUE

THE BUILDING OF EUROPE

By Javier Pardo de Santayana

The last summit of the year ended with two major successes which relate to developments of far-reaching importance in the building of Europe.

The Copenhagen European Council, held on 12 and 13 December, gave the go-ahead to the biggest enlargement ever undertaken throughout this complex process, confirming the results of the October summit in Brussels. Enlargement will take place on 1 May 2004 and will result in a Union of 25 countries with a total population of 450 million. Poland, the only "big" country of the ten candidates, asserted itself by pressing its demands to such an extent that the Danish presidency had to remind it that it could be expelled from the group. The Union ended up making substantial concessions to Poland. Romania and Bulgaria will have to wait until 2007, as envisaged. And Turkey had to make do with an arrangement it had previously considered unacceptable to its public opinion, according to which a date for beginning negotiations will be set once, in December 2004, it proves to have met the democratic requirements for belonging to the Union.

The fact that the Turkish government agreed to this arrangement indicates that it intends to overcome the misgivings to which the political earthquake of the arrival in power of an Islamist party may have given rise. What is more, Turkey withdrew its reservations about "Berlin Plus". This is precisely the second major success of the Copenhagen summit, since it will allow the process of shaping the European security and defence

dimension to continue, the European military force to achieve operability in 2003, and the Union to at last assume responsibility for operations in the Balkans and, more specifically, as intended, for "Amber Fox" in Macedonia. However, it was too late to solve the problem of the reunification of Cyprus and, although Ankara promised to adopt a constructive position, Cyprus's accession to the Union continues to be limited for the time being to the Greek part of the island.

As regards the problem of Iraq, the Union waited expectantly to see how the situation developed, refraining from establishing a common position for the time being. Germany qualified its election promise of not becoming involved in a possible attack by announcing that, if necessary, it could deliver "Patriot" missiles to Israel and authorise flights and stopovers at its American bases.

In operation "Enduring Freedom" conducted in the Indian Ocean, Spanish warships pursued the "So San", a ship flying no flag and included on the list of suspicious vessels. It fled and was eventually captured after the Spanish vessels fired several warning shots. Concealed beneath a cargo of cement were an undocumented shipment of chemical products and 15 Scud missiles from North Korea, one of the countries regarded by the United States as belonging to the "axis of evil". The shipment was bound precisely for the Middle East, that is, an area that is particularly conflictive and highly topical owing to the possibility of the military operation against Iraq.

America's interest in preserving Yemen's friendship prevailed over other considerations when Yemen claimed the shipment and the operation ended in the release of the vessel. It remains to see how, at the current time, the deployment of several Scud missiles in such an unstable area can be justified; the capture of the "So San" therefore raises certain doubts about the coherence of Washington's efforts to crack down on the proliferation of weapons of mass destruction.

Relations between Spain and Morocco, which were tense for a good part of 2002, improved slightly as a result of two events: the return visit paid by the Moroccan foreign minister after his Spanish counterpart visited Rabat shortly after the "Perejil" crisis and the Moroccan king's offer to let Spain use his country's fishing grounds in view of the disastrous effects of the accident of the "Prestige" oil tanker on northern Spain's coasts. These overtures could have a lot to do with Spain's seat on the United Nations Security Council from 1 January 2003.

The active response of the Spanish government and the European transport commissioner enabled the problem of the risks posed by vessels

carrying potentially hazardous cargoes that do not meet minimum security requirements to be fitted into the agenda of the Copenhagen Summit, and a set of measures designed to increase the safety of the maritime transport of dangerous cargo was approved. Meanwhile, many European Union ships co-operated with Spanish vessels in an operation designed to mitigate the effects of the "Prestige" disaster. France and Spain immediately agreed to take steps to ban the traffic coastal of suspicious vessels, and Portugal and Italy promptly joined in this decision.

Protecting the environment was precisely one of the new aspects of the Strategic Defence Review which was presented by the Spanish government to Congress on 19 December and extends to 2015. This review addresses the new threats, particularly terrorism and the proliferation of weapons of mass destruction, explaining how they affect the use of the Armed Forces, and establishes a joint rapid response force.

As for the economy, the good news came on 5 December that interest rates, which had remained unchanged for over a year, were to be lowered. The 0.5 percent cut bringing rates down to 2.75 percent should be interpreted as an attempt to activate the French and German economies, particularly the latter, which became further bogged down as the year progressed. This is a cause for concern for Spain, whose problem is not growth as such, as it is still growing at a considerably higher rate than the EU average, but rather inflation. This problem could be worsened by the decision of the European Central Bank, which also lowered its growth forecasts for the euro zone and estimated that economic recovery would be delayed to 2004 as a result of the current uncertainty that is reflected in a situation the bank describes as "disappointing".

CENTRAL AND EASTERN EUROPE AND EURASIA

By María Angustias Caracuel Raya

In December 2002 the Balkans and the Russian Federation were the main focuses of attention in the field of security owing to very different reasons and circumstances that arouse contrasting feelings.

On the one hand, the presidential elections in Serbia and Montenegro on the 8th and the 22nd, respectively, will have to be repeated in both republics as in both cases voter turnout failed to meet the minimum 50 percent. As the conclusions of the reports by the OSCE and the Council of Europe parliamentary assembly show, in the short term it will be necessary to consider abolishing this requirement for future elections bearing in mind the huge cost of these failures in terms of citizens' confidence and the international credibility of both Yugoslav republics.

However, more encouraging events have taken place on the Balkan peninsula. On the one hand, an agreement has been reached on Prevlaka as a result of the direct negotiations between Croatia and the Yugoslav Federal Republic. The Montenegrin authorities participated in these talks, which were supervised by the EU's secretary-general/ high representative for common foreign and security policy, Javier Solana. On the other hand, Croatia and Yugoslavia have signed a free-trade agreement which envisages abolishing tariffs by 2007. These agreements will not only help normalise political relations between both countries but also improve their prospects of economic co-operation by boosting trade and investments, thereby fostering regional stability.

However, the situation in the Former Yugoslav Republic of Macedonia (FYRM) required considerable attention from the European regional organisations and member states given the possibility of the EU taking control of the NATO-led "Amber Fox" mission. However, the expected agreement between the Atlantic Alliance and the EU, which will allow the Union access to NATO planning capabilities, was postponed until the 16th, the date that NATO's mandate in Macedonia expires, and after the Copenhagen European Council of the previous week.

Although the EU had expressed its willingness to take over the military operation in the FYRM as soon as possible (paragraph 28) and to lead a military operation in Bosnia as a continuation of SFOR (paragraph 29), the lack of a permanent arrangement between the EU and NATO led the Alliance to extend its mandate in this country, in response to President Trajkovski's request. The new operation, called "Allied Harmony", will have a twofold objective: to support the work of the international supervisors and to assist the Macedonian government in guaranteeing the security of the country. It is to be hoped that, once this NATO mandate expires and the EU completes its list of military options and corresponding plans, the Union will finally take the lead in this area, helping minimise any potential danger of destabilisation.

However, instability worsened in Chechnya in December, particularly following the attacks carried out by kamikaze terrorists in Grozny, the capital, where over 60 people died, and in the Chechen city of Argun, although on this occasion nobody was killed. The overall situation in Chechnya continues to deteriorate and risks being drawn into an action-reaction spiral of violence that will be difficult to overcome if the federal government continues to accuse the Chechen guerrilla of its links to international terrorism and the guerrilla to blame the government for violating human rights.

According to information released by the Russian authorities in December, the number of casualties since 1999 resulting from Moscow's military intervention in the republic that seeks independence amounts to 14,316 on the part of the Chechen rebels and 4,700 on the part of Federal troops. However, there is no information about the civilian population, though it is reckoned that over 140,000 Chechen refugees are currently confined to camps in Ingushetia, suffering the consequences of a conflict that seems endless.

Although the peace plan designed by Moscow for the separatist republic envisages holding a constitutional referendum in March, which should be followed by legislative and presidential elections, it will be difficult to implement the so-called "normalisation process" in the republic if the plan does not allow the Chechen sectors that do not back violence to participate.

In this context, the role of the international organisations continues to be limited. Since the signing of the Founding Act in May 1997, NATO and Russia have made it clear that one of the principles that would regulate relations between both sides would be respect for the sovereignty, independence and territorial integrity of all the states. The European Union has maintained the same position. Even so, their respective secretaries general, Lord Robertson and Javier Solana, carried on attempting to exercise their political influence, placing particular emphasis on the idea that the methods used to settle a conflict should always be proportional and this should be applicable not only to the Chechen conflict but also to any conflict in which military action is involved. In particular, during his trip to Moscow on the 9th, Lord Robertson pointed out that use of military force should always be accompanied by a political strategy, as otherwise, it would fail in the attempt to resolve this conflict.

The OSCE, in contrast, has an excellent opportunity to give fresh impetus to finding a lasting solution for this north Caucasian republic, particu-

larly if it continues to defend one of the goals of the Assistance Group established by the organisation on 11 April 1995, whose mandate expired on 31 December 2002, namely:

To promote the peaceful resolution of the crisis and the stabilization of the situation in the Chechen Republic, in conformity with the principle of the territorial integrity of the Russian Federation and in accordance with OSCE principles and "pursue dialogue and negotiations, as appropriate", with a view to establishing cease-fire and eliminating source of tension.

All in all, a new OSCE decision strengthening the Assistance Group for Chechnya is considered essential if the peace plan sponsored by Russia is to satisfy, as far as possible, both sides' aspirations. International public opinion demands this. If this fresh opportunity is wasted in 2003, the situation would reach a very dangerous limit which, if crossed, would make Chechnya, as some analysts have pointed out, a second Palestine versus Israel, only in Russia.

THE MEDITERRANEAN

By María Dolores Algora Weber

As regards the "Iraqi question" and the "Palestinian question", the situation in the Middle East has continued to worsen with tension mounting and violence escalating, as in previous months.

The inspectors from the United Nations Monitoring, Verification and Inspection Commission and the International Atomic Energy Agency set to work at the end of November and continued throughout December, failing to find any traces of the manufacture and storage of weapons of mass destruction.

Nonetheless, the results of the inspection have aroused different reactions which have caused international tension to mount. Although the United Nations Secretary-General, Kofi Annan, declared at the end of the month that there were no grounds for justifying an attack on Iraq, the United States' position is not consonant with these conclusions.

The Iraqi report submitted to the Security Council on the country's weapons arsenals was received with huge scepticism by the US administration, which did not hesitate to express its doubts about the truthfulness of the information and the omission of important questions. A few days later, Hans Blix, the chief weapons inspector, stated that the information provided by the Baghdad regime was only slightly more extensive than the knowledge possessed in 1998, when the inspectors were forced to leave.

On the one hand, Saddam Hussein has been co-operating with the inspectors, allowing them to perform their work without interruptions. However, on the other hand, he has accused them of spying for the United States and Israel, particularly when they asked for lists of scientists involved in the weapons programmes.

These circumstances allowed President Bush to start preparing for an attack on Iraq, leaving the decision of when for the end of January or beginning of February 2003. US troops have been stationed in the Gulf region, where they await instructions. Britain and France have also begun to take precautions.

The Moscow government toughened its attitude towards Saddam Hussein's regime after contracts with the three main Russian oil companies were terminated. This move has not done Iraq much good as it risks losing the support of the Russian Federation in the United Nations Security Council. At the same time Saudi Arabia, another of the key players in the regional strategic landscape, while not distancing itself from the US, has surprisingly re-established communications with the Iraqi government, interrupted during the Gulf War of 1991. Everything seems to indicate Saudi Arabia's willingness to mediate before a conflict erupts.

In view of the circumstances, the Iraqi opposition to Saddam Hussein met in London and reached a basic agreement on the future of Iraq once the current regime has been toppled. Although divided among 50 political and religious groups, they managed to reach a decision to set up a committee that would govern the country provisionally and eventually be replaced by a multi-ethnic, democratic and federal government. But we will have to wait and see whether or not the intention to maintain a united Iraqi state evaporates during a possible post-war period.

Public opinion has basically come to terms with the idea that there will be some kind of conflict against Iraq sooner or later, even though the outlook is still very unclear and international attitudes vary.

The "Palestinian question" continued to be caught up in a wave of Palestinian suicide attacks and Israel's response in the territories of the National Authority.

At the beginning of the month, the prime minister, Ariel Sharon, spoke of the idea of creating a Palestinian state. However, the Israeli politician's plan was rejected by Yasser Arafat since, according to the spokesman for the negotiations, Saeb Erekat, what was offered was once again an interim agreement on the future of Palestine.

Yasser Arafat asked the al-Qaeda network and Osama bin Laden to stop hiding behind the Palestinian cause, since inciting young people to carry out attacks against the Israeli population is counterproductive to Palestinian interests.

We continued to witness the occupation of Palestinian territories by the Israeli army, which made use of excavators, tanks and helicopters and killed innocent civilians. The death toll at year end amounts to over 2,778 since the beginning of the second intifada in September 2000, 2,049 Palestinians and 680 Israelis.

The so-called "Madrid Quartet" (United States, Russia, European Union and United Nations) again appealed for the end of violence and Israeli withdrawal from the Palestinian territories. However its declarations failed to lead to any action.

In view of the foregoing, the Palestinian president has called off the elections scheduled for January 2003 indefinitely, since it is impossible for them to take place in current conditions.

The United States continues to centre its attention on the Iraqi issue and, given the possibility of a widespread conflict in the Middle East, once again is stretching international legislation to a limit in its support of Israel. During the month the Security Council issued a resolution condemning Israel for the death of three United Nations staff in the Palestinian territories in November. The resolution accused the Israeli government of disproportionate use of force and destroying a United Nations Food Programme warehouse in Gaza, killing three members of the international organisation. After the Security Council resolution had been approved by 12 votes, including that of Great Britain, the United States decided to exercise its right of veto, showing up the legislation of the Geneva Convention on the civilian victims of humanitarian organisations. President Bush has also lowered the status of the PLO's office in United States, which will be reviewed in six months' time.

On a different subject, in December we also witnessed certain progress in Turkey, both in its domestic policy and in its relationship with the European Union.

The Turkish parliament voted in favour of the constitutional amendment ratified by President A.N. Sezer, allowing R.C. Erdogan to take up his post of prime minister. This has settled the problem arising from the November elections in which the Justice and Development party won, but its leader was unable to exercise his post owing to an 1998 conviction banning him from public office for inciting to religious hatred. He will be able to take over from the current prime minister Abdullah Gul in February 2003.

As for Turkey's negotiations on accession to the European Union, the Ankara government took advantage of the Copenhagen Summit to get the Council of Europe to set a date for assessing its candidature. After intense diplomatic demarches to the European leaders, Turkey managed to get them to fix a date, December 2004, although its intentions became clear when it announced its willingness to make every effort to ensure it meets the European Union criteria much earlier, by October 2003.

The situation in Turkey has given impetus to the "issue of Cyprus". The Turkish government proved willing to settle the division of the island, hoping for a satisfactory response from its European partners. However, although this decision went down well, care was taken not to treat it as a requisite or lever to pressure the European Union, which did not consider unification an essential requirement for the accession of the Republic of Cyprus. Greece, for its part, has also adopted a more flexible position regarding this dispute, agreeing to abide by the settlement plan that the United Nations is currently drawing up.

Spain's bilateral relations with Morocco improved during December. The foreign ministers of the two countries, Ana Palacio and Mohammed Benaissa, met in Madrid. This meeting replaced the visit that should have taken place in September. Both states clearly showed a wish to normalise their relations, although a date for the return of their ambassadors has yet to be set.

Following the ecological disaster caused by the sinking of "Prestige" off the Galician coasts, King Mohammed VI of Morocco opened up Moroccan fishing grounds to Spanish fishing vessels. The Madrid government interpreted this as a gesture of goodwill which will hopefully lead to an improvement in relations with the Rabat government.

IBERO-AMERICA

By Marcelino de Dueñas Fontán

In December events in *Venezuela* were particularly significant. The fourth general strike Mr Chávez faced in one year began on the 2nd and is due to last indefinitely, and, indeed, it continued as 2002 ended. Called by the opposition parties which teamed up to form the Democratic Co-ordination Committee, it was backed by the main employers' association, Fedecámaras, and workers' union, the Confederation of Venezuelan Workers (CTV). The strike aims to find a peaceful, democratic and electoral solution to the grave crisis that is ravaging the country: violence, corruption, disastrous management of the economy and a discredited political class.

The opposition had presented over three million signatures asking for a referendum to decide on the continuity of Mr Chávez's rule, which the president opposes. However, in accordance with the Supreme Court of Justice, the Electoral Council agreed to call the referendum for 2 February. The question will be: "Do you agree with asking the president of the Republic, citizen Hugo Rafael Chávez Frías, to resign voluntarily?"

The secretary general of the OAS and former Venezuelan president César Gaviria, putting in practice an OAS initiative, sponsored talks aimed at getting both sides to agree to settle the problem at the polls.

On the 6th, growing pressure in the streets prompted Mr Chávez to use an indeterminate number of gunmen and snipers, who fired shots at the demonstrators and wounded several.

In a short article entitled "Chávez, the Castro-style murderer" published in *La Razón*, the newspaper of which he is director, on 8 December, the prestigious Spanish journalist Luis María Ansón states that this is the second time Mr Chávez has sent gunmen from the Bolivarian Circles to break up a public demonstration with gunfire. He denounces the Stalinist procedures used by Mr Chávez, which are clearly expressed in his maxims: "It is not permitted to uphold any ideology that strengthens the defunct democracy" and "Opponents must be combated with the weapons of terror". He describes Mr Chávez as a protector of ETA terrorists, sponsor of the Colombian guerrilla and the man who has armed the

Bolivarian Circles, the pro-communist militiamen who are prepared to kill in order to protect their privileges.

To counter the effects of the strike on Venezuela's economy, particularly its substantial petroleum industry, Mr Chávez ordered the army to raid oil tankers, which helped keep the spectre of famine at bay. On the 16th the police used real fire against the first demonstration known as the "trancazo" aimed at blocking Caracas's roads, which was followed by several others.

Playing for time, Mr Chávez insisted that, in accordance with the Constitution, the referendum should be held at the end of his mandate, in August 2003. What he does not realise is that the law can also be amended to bring forward the election, just as he has introduced substantial amendments to the Constitution since coming to power in order to adapt it to his totalitarian practices, including an invasion of the legislature and the judiciary.

In an interview with the newspaper *ABC* published on 23 December, the secretary-general of the Venezuelan trade union (CTV), Manuel Cova, explains, clearly contradicting the ideas of nostalgia for communism, that 70 percent of Venezuelans are poor and that fewer than 25 percent support Mr Chávez, and that it is therefore not true that all the poor people vote for him. Perhaps 50 percent of the poor is a more realistic figure. As the former foreign minister Miguel Angel Burelli Rivas told the BBC, at least 80 percent of Venezuelans oppose Mr Chávez.

For the time being, the military continue to support Mr Chávez. The Armed Forces, traditionally not affected by party rivalry, now seem to be politicised, though it is not clear what attitude they would take in the event of civil strife.

Although the negotiations may soon arrive at an agreed solution, the opposition is preparing the people to take the presidential residence of Miraflores, for which there is talk of 23 January and 2 February as dates; the second would coincide with the envisaged referendum, though it is doubtful it will be held.

Other interesting developments in December occurred in *Argentina*, *Brazil*, *Mexico* and *Ecuador*.

In *Argentina*, on 2 December the government put an end to the "corralito", and Argentines were able to withdraw almost two-thirds of their bank

deposits which had been frozen (some \$5.8 billion), though the "corralón", the restriction on deposits transformed into fixed-term deposits (over \$3 billion), remains in force. A calm atmosphere and stability of the peso were the most prominent features. As of year end, an agreement with the IMF seems very near.

In *Brazil*, Luiz Inacio Lula da Silva was sworn in as the president of the Republic on 1 January. The ceremony was attended by a large number of Ibero-American dignitaries and the Prince of Asturias.

On 11 December, after eleven years of negotiations, *Chile* and the United States agreed to sign a bilateral treaty on free trade. The agreement paves the way for a future free trade area (FTAA) throughout the continent, for which negotiations will begin in 2003 and are expected to end in 2005.

The president elect of *Ecuador*, the retired colonel Lucio Gutiérrez, paid a visit to Spain and on 20 December was received by His Majesty the King and President Aznar. Speaking in Madrid, he defined himself as a nonpartisan, advocate of dialogue, patriotic, sociable and deeply Christian. He added that his values are those that the Christian religion teaches: freedom, justice and peace. He confessed that the malicious comparisons with Hugo Chávez bothered him and that he had not even spoken on the telephone with Mr Chavez or Mr Castro.

Let us hope that no new leaders emerge who succumb to the temptation of totalitarianism and that the systems of this type that are in place in some countries soon give way to democratic alternatives.

AFRICA

By Alejandro Cuerda Ortega

Democratic Republic of the Congo (DRC)

Following the initial agreements reached in July between the president of the nation, Joseph Kabila, the Ugandan and Rwandan presidents and the leaders of the different clashing parties and factions, a new agreement

for the pacification and democratisation of the country was signed on 18 December, also in Pretoria. The agreement establishes a two-year transition period during which Mr Kabila will continue to be president of the nation and will share the task of governing the country with four vice-presidents appointed as follows: two representatives of the two main parties, the RCD (Congolesse Rally for Democracy) and the MLC (Movement for the Liberation of the Congo); one representative from the unarmed opposition; and one from civil society. The transition government departments were divided among the signatories, who were awarded seven each and entrusted with the basis task of preparing for the general elections in 2004.

The precariousness and fragility of this situation, commented on previously, was confirmed by a number of incidents that do not bode well for the country's future: the leader of the RCD, Adolfo Onusumba, asked for a thousand soldiers to be placed under his control to guarantee the security of his group, which the head of MONUC described as a "recipe for chaos"; when asked about the possibility of his army returning to DR Congo in an interview carried out by the *Financial Times*, the president of Rwanda, Paul Kagame, said "We might go back. I don't rule that out and we won't ask anybody for permission. The only thing that will dictate what course of action we take will be facts on the ground", once again alleging security reasons for his nation, while Rwandan dissidents take refuge in the neighbouring nation.

Côte d'Ivoire

At the end of the year the instability triggered by the military uprising and attempted coup in September continued, with each side blaming the other. After several attempts by the ECOWAS and France to reach a peace agreement, on 1 November, in Lomé (Togo), encouraged by the president of the host nation, Mr Eyadema, the rebels and the government finally managed to outline an amnesty agreement for the 750 rebel military, which will allow them to keep their jobs. But what failed to be sorted out was the serious situation in the north of the country, which is held by the rebels and Islamists; and the conditions imposed by the dissidents were even more difficult to meet as they called for the resignation of President Gbagbo, the drawing up of a new constitution and the holding of elections.

Nine days later the talks were broken off yet again and fighting resumed, which continued until the end of the year. On 31 December a

government helicopter attack killed twelve people and put paid to the fragile truce established days earlier for the Christmas period.

France continued to support Mr Gbagbo's government and persuaded the parties to meet again in Paris on 15 January.

Equatorial Guinea

The presidential elections, originally scheduled for 2003, were brought forward by Teodoro Obiang Nguema to 15 December. In view of the combination of circumstances, there was little doubt beforehand as to what the outcome would be—fully favourable to the leader: he had won the previous elections with 99 percent of the vote; dissidents were subject to strict control and surveillance; the opposition leader had been put in jail six months earlier together with another 60 political adversaries; there were entrance restrictions on the international press; and the government made a suspicious statement about the official census of inhabitants, citing the figure of 1,014,999, whereas the previous year the figure had been taken to be 500,000.

Three hours after the polling stations were opened, the four opposition parties announced they were standing down due to abnormalities and irregularities, such as the fact that at 90 percent of the voting took place publicly as opposed to secretly, ensuring 100 percent of the vote for Obiang Nguema at most of the stations. In some cases people presiding over the polling stations were arrested for attempting to make voting secret.

After describing the withdrawal of the opposition as "illegal", the interior minister and president of the election committee announced the outcome—99 percent of the vote for the Democratic Party of Equatorial Guinea, meaning that Teodoro Obiang Nguema's mandate will be extended for another six years.

Kenya

The end of the year brought two events of great significance. The first was the terrorist attacks in Mombassa on 28 November: two missiles missed an Israeli plane during takeoff, and 13 people were killed and over 80 injured in an attack against a hotel used regularly by Israeli tourists. The terrorist group al-Qaeda, which has often threatened Israeli and US interests, claimed responsibility for the attack.

It is worth remembering the August 1998 attacks against the US embassies in Nairobi and Dar-es-Salam in which 224 people were killed. Al-Qaeda was also held responsible for these attacks. The choice of Kenya as a target by the terrorists can be explained not only by the regular presence of Israelis but also by its proximity to the areas and nations where factions of this criminal organisation are known to exist, such as the Horn of Africa and Yemen.

The other news is the presidential elections held in Kenya on 27 December, which marked the end of the 24-year uninterrupted mandate of Daniel Arap Moi. Despite the many cases of corruption during Mr Arap Moi's mandate, Kenya stood out among its neighbouring countries for its political stability and peaceful social life. Such characteristics are surprising bearing in mind the country is surrounded by states which have been tormented by instability or cruel armed conflicts for many years, such as Somalia, Sudan, DR Congo, Uganda, Rwanda, Burundi, Ethiopia, Eritrea and Zimbabwe.

The two presidential candidates, Uhuru Kenyatta—the son of the country's first president and the candidate sponsored by the outgoing Arap Moi—and the favourite, 71-year old Mwai Kibaki, are moderate people who made cracking down on corruption and determination to lick the ailing economy into shape the centrepiece of their election campaigns. It is reckoned that over half the population of 30 million live on less than one euro a day, and that 10 percent are infected with the AIDS virus.

The elections took place in a peaceful and exemplary manner. Even before the votes were counted Mr Kibaki was assumed—correctly, as he secured 63 percent of the vote—to be the winner. His win put an end to the long-lasting dominance of the KANU party (Kenyan African National Union). In his initial statements he said his government's first task was to put an end to corruption and show their wealth and where it had come from, establish an anticorruption institution and trim down the civil service.

The EU has expressed its satisfaction with this result and stated it will shortly renew its aid to this African country.

Controlling immigration in Spain

At the end of 2002, the Spanish government published some interesting statistics about African immigration: 74,000 illegal immigrants were

returned to their countries of origin, 58 percent more than the previous year. Also 735 people-smuggling organisations were disbanded and 2,070 of their members arrested, 69.25 percent more than in 2001.

ASIA

By Fernando Delage

During the last weeks of 2002, tension on the Korean peninsula was the main Asian security concern. On 12 December, Pyongyang announced it was reactivating its nuclear programme, which had been frozen since 1994. This announcement came as a result of the United States' decision to suspend shipments of fuel oil to North Korea after the latter admitted (in October) it had secretly continued with an uranium enrichment programme.

Observers coincide in their interpretation of the decision as an attempt to force the United States to return to the negotiating table: the official communiqué stated that whatever was done in the future depended on the United States. But Washington continues to refuse to hold any talks unless Pyongyang promises nuclear disarmament. Meanwhile, the USA will continue with its policy of sanctions. According to some analysts, the economic collapse of North Korea is the fastest and surest way of getting it to disarm, but it also poses considerable risks: Pyongyang could resort to use of force if it feels threatened. A compromise solution of some kind seems inevitable, though the question is which side will be first to step down in this escalating rhetoric.

The declaration came days before the presidential elections in South Korea on 19 December, in which the differences between the main candidates related to their attitudes towards the North. The winner was Roh Moo Hyun, of the governing Democratic Party of the Millennium, who will carry on with the sunshine policy towards Pyongyang that has been promoted since 1997 by his predecessor Kim Dae Jung. The United States had staked its bets on the opposition candidate, Lee Hoi Chang, who is in favour of taking a harder line with the North Korean regime. Washington's

support has probably fuelled the growing anti-Americanism that is currently being witnessed in the country and drove younger voters to choose Mr Roh, who advocates greater independence in foreign policy.

The tension continued during the following weeks when North Korea deployed two machine guns to the demilitarised zone—violating the armistice agreement that marked the end of the Korean war in 1953—and three inspectors from the International Atomic Energy Agency left the country on 31 December. Pyongyang announced it was removing the IAEA tags and surveillance cameras from its nuclear power stations in addition to threatening to withdraw from the Nuclear Non-Proliferation Treaty.

China, South Korea and Japan stressed the need to denuclearise the peninsula but they all stated they would maintain their own channels of dialogue with Kim Jong Il's regime (neither Beijing nor Seoul wishes to have to cope with the humanitarian crisis that the economic collapse of North Korea would provoke). Mr Kim accused the United States of driving the peninsula to the edge of the abyss and claimed to possess defensive and offensive capabilities for defeating the enemy. This situation triggered concern about Washington having to face a second military front when it is already involved in the preparations for a possible attack against Iraq. On 7 January, while Pyongyang described the US sanctions as a declaration of war, after a meeting with Japanese and South Korean diplomats the US state department again stressed its readiness to hold talks if North Korea renounces its atomic bombs.

COMPOSITION OF THE WORKING GROUP

Coordinator: D. JAVIER PARDO DE SANTAYANA Y COLOMA

Army Lieutenant General (Rve.).

Diplomas from the Spanish and US General Staff colleges. He previously served as the first head of the Spanish Mission to the Supreme Commander for Europe, Joint Chief of Staff, Chief of Troops and Military Governor of Las Palmas de Gran Canaria, Chief of the Western Pyrenees Military Region and Director of the Centre of National Defence Studies.

A lecturer on international strategic and military themes, author of articles and contributor to prominent military and cultural publications.

Member of EuroDéfense-Spain.

Secretary: D. FERNANDO DE LA GUARDIA SALVETTI

Navy Captain (Rve.).

Holds diplomas in Naval Warfare and Joint General Staff from Spain and the US.

Formerly Chairman of the Naval Board (NATO).

Currently holds a post at the Spanish Institute for Strategic Studies.

He has written articles and analyses, mainly on naval topics, for naval history journals.

Members: D. RAMÓN ARMENGOD LÓPEZ

Ambassador of Spain

Holds a degree in Law and Political Sciences.

Ambassador of Spain in Kuwait and the United Arab Emirates (1972-1976); Consul General in Jerusalem (1981-1984); Ambassador of Spain in Jordan (1987-1991); Director of the Diplomatic School (1991-1994).

Lecturer at the Department of International Relations of the Complutense University, Madrid, and the Diplomatic School.

Member of the Club of Rome and Vice Rector of the Society of International Studies.

D^a MARIA ANGUSTIAS CARACUEL RAYA

PhD in Political Sciences and Sociology.

Formerly a researcher with the North Atlantic Assembly, the WEU Institute of Security Studies and NATO.

Has taken part in the security studies program of the United States Information Agency (USIA) of the US State Department and the EU TEMPUS Program (Trans-European Mobility Program for University Studies) in Central and Eastern European countries.

She is currently an International Security and Defence Analyst at the Secretariat General for Defence Policy.

She has written a number of books and articles on European security and defence.

D^a MARIA DOLORES ALGORA WEBER

PhD in Contemporary History.

Assistant lecturer in Contemporary History and International Relations at the San Pablo CEU University.

Holds a diploma in International Relations from the Society of International Studies.

Masters degree in Peace, Security and Defence from the Gutierrez Mellado Institute, UNED.

European Union observer for the Palestinian elections (1996) and OSCE supervisor in Bosnia Herzegovina (1996, 1997 and 1998).

D. FERNANDO DELAGE CARRETERO

Assistant director of the Journal "Política Exterior".

Lecturer on Security in Asia-Pacific at the General Gutiérrez Mellado Institute.

Lectures regularly on Asia at the Complutense University, the Diplomatic School and the Armed Forces School.

Guest lecturer at Yokohama National University (Japan) in 2002.

Author of various publications.

Co-editor of the publication "El nuevo orden internacional en Asia-Pacífico" ("The new international order in Asia-Pacific", 2002).

D. MARCELINO DUEÑAS FONTÁN

Rear Admiral of the Navy (Rve.).

Holds a diploma in Naval Warfare.

Formerly Deputy Director General for Medical Care and Social Action (Ministry of Defence), head of the Auxiliary Agency of the Logistic Support Command and Director of Naval Infrastructure.

D. ALEJANDRO CUERDA ORTEGA

Navy Captain (Rte.).

Holds a diploma in Naval Warfare and Joint General Staff.

He completed the Naval Command Course at the Naval War College in Newport, USA and the NATO Defence College.

He previously served as Secretary of the Spain-US Standing Committee and as Naval Attaché in London.

He formerly held a post at the Spanish Institute for Strategic Studies (1992-1999).

INDEX

	<i>Page</i>
CONTENTS	9
INTRODUCTION.....	11
<i>Chapter I</i>	
A STRATEGIC OVERVIEW OF 2002/2003	15
Introduction	17
America's greatness	18
— Consequences of 11 September 2001.....	19
Relations between Europe and the US in 2002.....	23
— Contrasting mutual perceptions	24
Conclusion.....	27
Events of 2002	27
Spain's foreign policy in 2002	29
— The Spanish presidency of the EU	30
— Current formulation of Spain's foreign policy	34
<i>Chapter II</i>	
THE BUILDING OF EUROPE	39
Overall impression.....	41
The Barcelona summit (15 and 16 March).....	50
The Seville summit (21 and 22 June).....	51
The Brussels summit (24 and 25 October) and the presentation of the work of the convention	54
A strategic year for Spain.....	56

	<u>Page</u>
<i>Chapter III</i>	
CENTRAL AND EASTERN EUROPE AND EURASIA	61
Introduction	63
The Baltic states, on the doorstep of the European institutions	65
Central Eastern Europe: torn between hope and the uncertainty of integration.....	66
South-East Europe: torn between consolidating democracy and the survival of the state	68
The Commonwealth of Independent States: in pursuit of a new strategic framework.....	72
— The Russian Federation as a “Major Power”	73
— Belarus: another “failed state”?	75
— Transition in Ukraine	76
— Moldova and its pursuit of a national identity	77
— The Caucasian republics and their stagnant conflicts	78
— The Central Asian republics: new demands and security needs .	79
Spain’s contribution to stability in eurasia	83
 <i>Chapter IV</i>	
THE MEDITERRANEAN.....	85
The Middle East: From a Mediterranean order to a world order	90
— The “Iraqi issue”	93
— The “Palestinian issue”	95
— Relations with Iran	101
The Euro-Mediterranean process.....	101
The Maghreb triangle (Morocco, Algeria and Western Sahara) and Spain	103
— Western Sahara	103
— Morocco.....	105
— Algeria.....	109
Turkey: the Cyprus dispute and the European Union	110
 <i>Chapter V</i>	
IBERO-AMERICA	113
General observations	115
The situation in Mexico	116

	<i>Page</i>
The situation in Central America and the Caribbean	117
The situation in the Andean Community	122
The situation in the Mercosur countries plus Chile.....	127
Military effort.....	132
Relations with the United States and the European Union	134
The 12 th Ibero-American summit	136
Spain and Ibero-America	137
Final remarks	138
 <i>Chapter VI</i>	
AFRICA.....	141
Western presence in Africa	147
Emigration to Spain.....	153
The Monterrey summit	155
The Johannesburg summit.....	155
New organisations in Africa.....	157
African oil.....	160
Two wars end (for the time being) and one begins.....	162
– Angola.....	162
– Democratic Republic of the Congo (DR Congo)	165
– Côte d'Ivoire	168
Equatorial Guinea.....	170
 <i>Chapter VII</i>	
ASIA.....	173
Introduction	175
North-East Asia	180
– China.....	180
– Taiwan	183
– Japan	184
– The two Koreas.....	187
South-East Asia.....	190
South Asia	193
– India	193
– Pakistan	194
– Kashmir.....	195
Conclusions.....	196

	<i>Page</i>
EPILOGUE.....	199
COMPOSITION OF THE WORKING GROUP	219